

Department 190 - Retirement and Investment Office
House Bill No. 1022

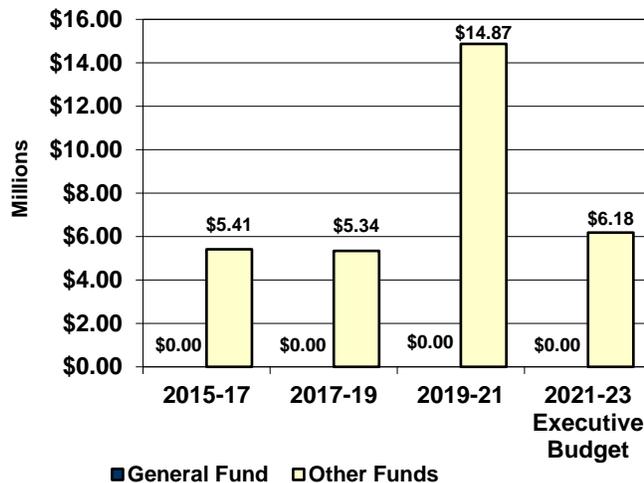
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	20.00	\$0	\$6,180,318	\$6,180,318
2019-21 Legislative Appropriations	20.00	0	14,869,164	14,869,164
Increase (Decrease)	000	\$0	(\$8,688,846)	(\$8,688,846)

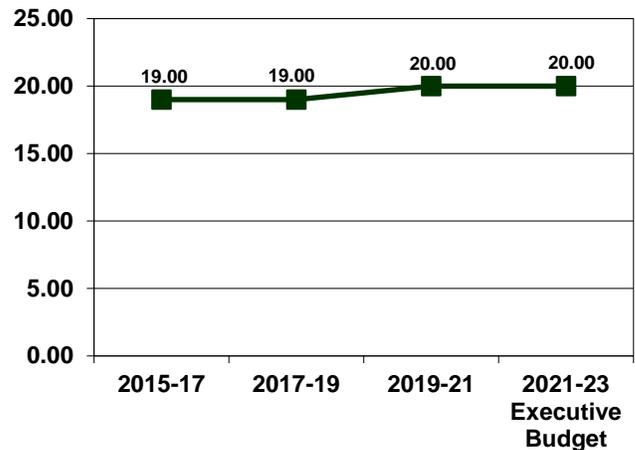
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$6,180,318	\$0	\$6,180,318
2019-21 Legislative Appropriations	5,869,164	9,000,000	14,869,164
Increase (Decrease)	\$311,154	(\$9,000,000)	(\$8,688,846)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$6,180,318	\$6,180,318
2021-23 Base Level	0	5,869,164	5,869,164
Increase (Decrease)	\$0	\$311,154	\$311,154

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$131,891 is for salary increases, \$981 is for health insurance increases, and \$27,454 is for retirement increases	\$0	\$160,326	\$160,326
2. Decreases funding for operating expenses primarily related to information technology costs	\$0	(\$107,934)	(\$107,934)
3. Adds funding for desktop support	\$0	\$70,920	\$70,920
4. Increases funding for Microsoft Office 365 license expenses	\$0	\$2,203	\$2,203

Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)

Contingencies line item - Section 3 would provide, upon approval of the State Investment Board, the Retirement and Investment Office may transfer from the contingencies line item in Section 1 of the bill to all other line items.

Information technology project exemption - Section 4 would provide an exemption for a pension administration information technology project to continue any unexpended 2019-21 biennium funds for this project into the 2021-23 biennium.

Continuing Appropriations

Investment expenses - North Dakota Century Code Section 21-10-06.2 - Investment management, custody, consulting, income offset, and due diligence/education costs.

Benefits and refunds - Section 15-39.1-05.2 - Benefits and refunds from the Teachers' Fund for Retirement.

Administrative charges - Section 15-39.1-05.2 - Income offset and Teachers' Fund for Retirement consulting costs.

Significant Audit Findings

The audit for the Retirement and Investment Office conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2020, did not identify any significant audit findings.

The schedule of employer allocations and pension amounts by employer prepared for the Retirement and Investment Office and audited by CliftonLarsonAllen LLP, for the period ending June 30, 2019, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1037 - Establishes a percent of market value method for determining the amount of legacy fund earnings available to be spent each biennium and creates a legacy earnings fund.

Retirement and Investment Office - Budget No. 190
House Bill No. 1022
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	20.00	\$0	\$5,869,164	\$5,869,164
2021-23 Ongoing Funding Changes				
Base payroll changes			\$185,639	\$185,639
Salary increase			131,891	131,891
Retirement contribution increase			27,454	27,454
Health insurance increase			981	981
Decreases funding for operating expenses			(107,934)	(107,934)
Adds funding for desktop support			70,920	70,920
Increases funding for Microsoft Office 365 licensing expenses			2,203	2,203
Total ongoing funding changes	0.00	\$0	\$311,154	\$311,154
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$311,154	\$311,154
2021-23 Total Funding	20.00	\$0	\$6,180,318	\$6,180,318
<i>Total ongoing changes as a percentage of base level</i>	0.0%		5.3%	5.3%
<i>Total changes as a percentage of base level</i>	0.0%		5.3%	5.3%

Other Sections in Retirement and Investment Office - Budget No. 190

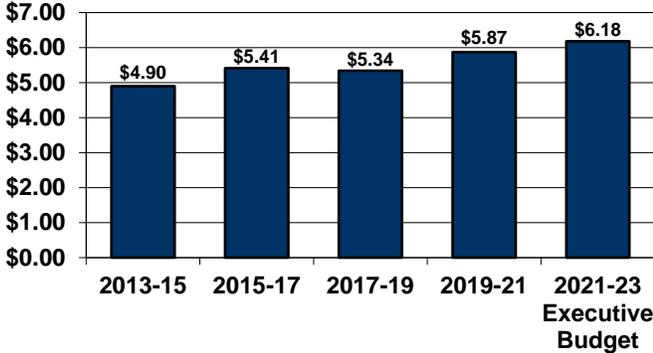
	Executive Budget Recommendation
Contingencies line item transfers	Section 3 would allow the Retirement and Investment Office to transfer from the contingencies line item to any other line item, upon approval of the State Investment Board, during the 2021-23 biennium.
Information technology project exemption	Section 4 would provide an exemption to continue unspent prior biennium appropriations into the 2021-23 biennium related to an information technology project.

Department 190 - Retirement and Investment Office

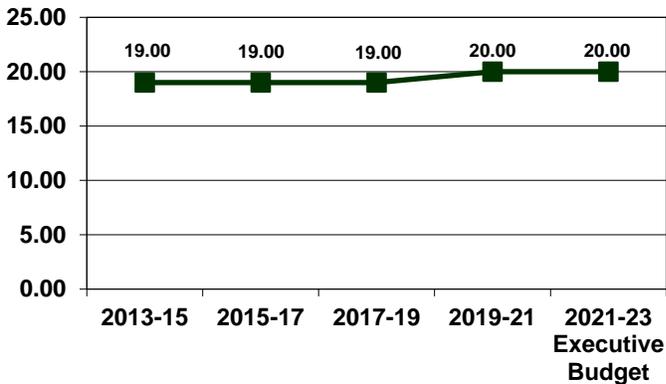
Historical Appropriations Information

Ongoing Total Fund Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



Ongoing Total Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing total fund appropriations	\$4,899,369	\$5,413,425	\$5,340,054	\$5,869,164	\$6,180,318
Increase (decrease) from previous biennium	N/A	\$514,056	(\$73,371)	\$529,110	\$311,154
Percentage increase (decrease) from previous biennium	N/A	10.5%	(1.4%)	9.9%	5.3%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	10.5%	9.0%	19.8%	26.1%

Major Increases (Decreases) in Ongoing Total Fund Appropriations

2015-17 Biennium

- 1. No major changes

2017-19 Biennium

- 1. Adjusted funding for operating expenses (\$128,390)
- 2. Reduced contingency funding to \$52,000 (\$30,000)

2019-21 Biennium

- 1. Added 1 FTE investment analyst position (\$294,996) and related operating expenses (\$14,450) \$309,446
- 2. Added funding for Microsoft Office 365 license expenses \$12,000

2021-23 Biennium (Executive Budget Recommendation)

- 1. Decreases funding for operating expenses primarily related to information technology costs (\$107,934)
- 2. Adds funding for desktop support \$70,920
- 3. Increases funding for Microsoft Office 365 license expenses \$2,203

**GOVERNOR'S RECOMMENDATION FOR THE
RETIREMENT AND INVESTMENT OFFICE AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys from special funds derived from income for the purpose of defraying their expenses, for the biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$4,928,230	\$345,965	\$5,274,195
Operating Expenses	888,934	(34,811)	854,123
Contingencies	<u>52,000</u>	<u>0</u>	<u>52,000</u>
Total All Funds	\$5,869,164	\$311,154	\$6,180,318
Less Estimated Income	<u>5,869,164</u>	<u>311,154</u>	<u>6,180,318</u>
Total General Fund	\$ 0	\$ 0	\$ 0
Full-time Equivalent Positions	20.00	0.00	20.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
TFFR Pension Administration System	<u>\$9,000,000</u>	\$ 0
Total Special Funds	\$9,000,000	\$ 0

SECTION 3. APPROPRIATION LINE ITEM TRANSFERS. Upon approval of the state investment board, the retirement and investment office may transfer from their contingency line item in section 1 of this Act to all other line items. The agency shall notify the office of management and budget of each transfer made pursuant to this section.

SECTION 4. EXEMPTION. The amount appropriated in section 1 of chapter 47 of the 2019 session laws for the pension administration system project is not subject to section 54-44.1-11 and any unexpended funds are available for completing the project during the biennium beginning July 1, 2021 and ending June 30, 2023.