
PROGRAM NARRATIVE

192 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Date: 12/13/2006

Time: 11:43:08

Program: PERS

Reporting Level: 00-192-100-00-00-00-00000000

PROGRAM PERFORMANCE MEASURES

Program Performance Measures

Customer Service. The agency sends out report cards once a week with correspondence going to members. The report cards rate courtesy received from NDPERS staff, promptness of response to inquiry, and if information provided is easy to understand. The agency goal is to maintain an average rating of 3.5 on a scale of 1-4. The agency started measuring this in 2002. The overall average for the agency as of 2005 was 3.56.

The agency also monitors customer service provided by Blue Cross Blue Shield. Twice a year, BCBS provides performance statistics on their call center and average time to process claims. Performance is monitored to insure there are no unacceptable variances in the level of service provided.

Defined Benefit Retirement Plans. One of the goals of the agency is to provide benefit plans that are competitive and affordable. The agency measures this by comparing the plans administered by NDPERS to other public retirement systems, using a Public Fund Survey prepared by a national organization. This comparison shows that our retirement plans provide a competitive level of benefits at less than average costs.

Health Insurance Plan. One of the goals of the agency is to provide benefit plans that are competitive and affordable. The agency measures this by comparing the health plan administered by NDPERS to other health plans, using various national surveys. This comparison shows that our health plan provides a competitive level of benefits at less than average costs.

PROGRAM STATISTICAL DATA

RETIREMENT:

Participation in the retirement plans continues to grow. Since last biennium, there was a 5.5% increase in the number of participants in the defined benefit plan and an 11% increase in the deferred compensation plan. The number of political subdivisions who participate in the retirement plans is also growing. There was a 6% increase in political subdivisions who participate in the defined benefit plan and a 20% increase in the deferred compensation plan. Following are statistics on participation in each of the retirement programs.

PERS Defined Benefit Retirement Plans

(Includes PERS, Highway Patrol, Judges, Law Enforcement and Prior Service Plans)

Active Participants:	23,241
Retired Participants:	6,365
State Agencies:	92
Political Subdivisions:	266

Job Service Retirement Plan
 Active Participants: 49
 Retired Participants: 222
 State Agencies: 1
 Political Subdivisions: Not eligible for this plan

Oasis Retirement Plan
 Retired Participants: 1

Defined Contribution Retirement Plan
 Active Participants: 287
 Inactive Participants: 42
 State Agencies: 81
 Political Subdivisions: Not eligible for this plan

Deferred Compensation Plan
 Active Participants: 6,735
 Retired Participants: 1,100
 State Agencies: 92
 Political Subdivisions: 130

Retiree Health Insurance Credit Plan
 Active Participants: 23,241
 Retired Participants: 3,792
 State Agencies: 92
 Political Subdivisions: 266

GROUP INSURANCE:

Participation in the insurance plans continues to grow. Since last biennium, the number of participants in the health insurance plan increased by 2% and participation in the voluntary insurance programs increased by 17. The amount of coverage in force for the life insurance plan increased by 7.5%. There was an 8% increase in the number of political subdivisions who participate in the health insurance program. Following are statistics on participation in each of the insurance programs.

Life Insurance

Active Members: 17,610
 Retired Members: 3,016
 State Agencies: 92
 Political Subdivisions: 74
 Coverage in force: \$946 million

Health Insurance

Active Members: 18,266
 Retired Members: 5,715
 State Agencies: 92
 Political Subdivisions: 179
 Total Covered Lives: 55,442

Voluntary Insurance Programs
(Includes dental, vision and long term care plans)

Active Members:	6,213
Retired Members:	1,622
State Agencies:	92
Political Subdivisions:	Not eligible for these plans

Employee Assistance Program

Active Members:	14,575
Retired Members:	N/A
State Agencies:	92
Political Subdivisions:	Not eligible for this program

FLEXCOMP:

Participation in the medical and dependent care spending accounts has decreased. Since last biennium, the number of participants in the medical spending account decreased by 2.6% and participants in the dependent care spending account decreased 8.9%. However, the annual salary reductions remain fairly constant. Following are statistics on participation in the FlexComp program.

Medical Spending:	2,628
Dependent Care:	395
Premium conversion:	7,800
State Agencies:	83
Political Subdivisions:	Not eligible for this program

Annual salary reductions exceed \$5.1 million per year

EXPLANATION OF PROGRAM COSTS

The salaries and wages line item accounts for 63% of the budget request for the agency. This includes 16 FTE for the retirement programs, 9 FTE for the insurance programs and 4 FTE for the FlexComp program.

Operating expenses account for 32% of the budget request. Information technology costs account for 42% of the operating expense line item. All the data bases and programs necessary to perform the administrative functions for the retirement, insurance, deferred comp and retiree health insurance credit programs are maintained on ITD's mainframe. In addition, the agency scans the documents pertaining to the members in these programs and the FlexComp program and is storing them on Filenet - ITD's Electronic Document Management System. Postage, printing, office rent and professional services represent 39% of the operating expense line item. The benefit programs administered by the agency serve approximately 30,000 active and retired members and over 300 employer groups, therefore, communication is a substantial portion of the printing and postage expenses.

The contingency line item accounts for 5% of the budget request.

All programs administered by the agency are funded through special funds. However, the agency is requesting a general fund appropriation of \$2,500 for the 07-09 biennium to pay benefits for the OASIS retirement program.

PROGRAM GOALS AND OBJECTIVES

RETIREMENT:

Defined Benefit Retirement Plan:

- Enable career employees to care for themselves and their dependents at retirement and to provide a plan that will reduce personnel turnover and encourage career employment to high grade men and women.
- Establish a mechanism to insure that career employees can care for themselves and their dependents in retirement by maintaining the purchasing power of current retirement benefits.
- Improve the desirability of state and political subdivision employment by developing more options on how a member could access, contribute to, supplement, and draw their retirement funds.
- Insure that members will be better able to care for themselves and their dependents in retirement and to improve the desirability of state and political subdivision employment by providing incentives and rewards to members who engage in supplemental retirement savings.

Defined Contribution Retirement Plan:

- Provide an alternate defined contribution retirement plan for non-classified state employees that offers a diversified set of mutual fund options.
- Provide information to each eligible employee in a timely manner.
- Establish investment guidelines for the funds and review their performance on a regular basis.
- Provide the members the opportunity for investment education.

Deferred Compensation Plan:

- Provide a supplemental retirement plan that will allow employees to augment their retirement benefits.
- Establish investment guidelines for the Companion Plan funds and review their performance on a regular basis.
- Provide the members the opportunity for investment education.
- To encourage and enroll all members who are eligible to participate in the plan.

Retiree Health Insurance Credit Program:

- Increase the retiree health insurance credit to reduce the health premium for retiree health insurance coverage.

GROUP INSURANCE:

Life Insurance:

- Provide for a single, understandable and non-discriminatory life insurance plan to members at affordable premiums.
- Supplement the existing life insurance program with other programs.
- Have a premium structure that is the lowest and best available.

Health Insurance:

- Provide understandable options at affordable premiums which protect public employees and their families from excessive medical expense.
- Promote positive competition through PERS or group purchasing initiatives with providers who emphasize and practice the principles of continuous quality improvement.
- Develop and maintain an information database on quality and costs.
- Provide information and assistance in community, legislative and national matters related to health care services.
- Consider modifications and improvements to the benefit plan design that can be accomplished within the constraints of available funding.
- Encourage healthy lifestyles and preventative attitudes in an effective and cost efficient manner.
- To encourage our participating employers to sponsor wellness programs.

Voluntary Insurance Plans (Dental, Vision, Long Term Care):

- Provide state employees and retirees access to affordable dental, vision and long term care premiums that also provide for a reasonable level of coverage.

Employee Assistance Program:

- Provide state employees access to an EAP that effectively responds to employee's needs as well as the needs of the employer.

FLEXCOMP:

- Administer a program that allows state employees to elect to reduce their salaries to pay for qualified insurance premiums, medical expenses and dependent care expenses on a pretax basis.
- Remain budget neutral - the employer FICA savings cover the expenses of administering the program.

REQUEST DETAIL BY PROGRAM

Date: 12/13/2006

192 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Bill#: SB 2022

Time: 11:43:08

Biennium: 2007-2009

Program: PERS		Reporting Level: 00-192-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	1,889,201	2,124,800	82,304	2,207,104	181,992
SALARIES - OTHER	12,068	9,874	-9,874	0	240,678
OVERTIME	0	0	5,382	5,382	5,382
FRINGE BENEFITS	641,712	750,852	26,708	777,560	85,020
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	2,542,981	2,885,526	104,520	2,990,046	513,072
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	2,542,981	2,885,526	104,520	2,990,046	513,072
TOTAL	2,542,981	2,885,526	104,520	2,990,046	513,072
OPERATING EXPENSES					
FRINGE BENEFITS	2,270	0	0	0	0
TRAVEL	49,376	66,700	6,400	73,100	0
SUPPLIES - IT SOFTWARE	10,715	26,200	-13,200	13,000	2,400
SUPPLY/MATERIAL-PROFESSIONAL	5,839	11,550	0	11,550	0
MISCELLANEOUS SUPPLIES	4,168	0	0	0	0
OFFICE SUPPLIES	25,094	33,191	1,660	34,851	8,400
POSTAGE	246,963	207,600	-31,368	176,232	0
PRINTING	67,563	106,356	-28,648	77,708	0
IT EQUIP UNDER \$5,000	43,271	17,937	-17,937	0	6,400
OFFICE EQUIP & FURN SUPPLIES	5,972	30,078	-30,078	0	21,700
INSURANCE	6,801	4,800	0	4,800	0
RENTALS/LEASES-EQUIP & OTHER	59,988	58,374	-3,574	54,800	0
RENTALS/LEASES - BLDG/LAND	165,032	172,700	9,200	181,900	84,768
REPAIRS	3,433	9,000	0	9,000	0
IT - DATA PROCESSING	523,159	577,552	-163	577,389	12,192
IT-COMMUNICATIONS	34,963	43,148	6,435	49,583	6,048
IT CONTRACTUAL SERVICES AND RE	20,623	0	0	0	8,900,000
PROFESSIONAL DEVELOPMENT	37,584	43,444	2,172	45,616	0
OPERATING FEES AND SERVICES	28,397	45,866	2,293	48,159	0
FEES - PROFESSIONAL SERVICES	24,237	129,215	23,708	152,923	0
BENEFITS PAID TO PARTICIPANTS	0	0	0	0	0

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Program: PERS		Reporting Level: 00-192-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
TRANSFERS OUT	0	0	0	0	0
TOTAL	1,365,448	1,583,711	-73,100	1,510,611	9,041,908
OPERATING EXPENSES					
GENERAL FUND	0	19,000	-16,500	2,500	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	1,365,448	1,564,711	-56,600	1,508,111	9,041,908
TOTAL	1,365,448	1,583,711	-73,100	1,510,611	9,041,908
SPECIAL LINES					
CONTINGENCY	0	250,000	0	250,000	0
TOTAL	0	250,000	0	250,000	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	250,000	0	250,000	0
TOTAL	0	250,000	0	250,000	0
PROGRAM FUNDING SOURCES					
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	3,908,429	4,700,237	47,920	4,748,157	9,554,980
GENERAL FUND	0	19,000	-16,500	2,500	0
PROGRAM FUNDING TOTAL	3,908,429	4,719,237	31,420	4,750,657	9,554,980
FTE EMPLOYEES	.00	29.00	.00	29.00	4.00
FUNDING DETAIL					
GENERAL FUND	0	19,000	-16,500	2,500	0
SPECIAL FUNDS					
470 GROUP INSURANCE PLAN PERS 470	3,908,429	1,335,072	44,816	1,379,888	2,822,562
472 FLEXCOMP PLAN 472	0	445,024	48,199	493,223	940,858
481 DEFERRED COMPENSATION PLAN 481	0	890,047	34,595	924,642	2,028,150
483 PUBLIC EMPLOYEE RETIREMENT SYS 483	0	2,030,094	-79,690	1,950,404	3,763,410
TOTAL	3,908,429	4,700,237	47,920	4,748,157	9,554,980

CHANGE PACKAGE DETAIL

Date: 12/13/2006

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PROGRAM: PERS	REPORTING LEVEL: 00-192-100-00-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	104,520	104,520
1 Costs to Continue	.00	-16,500	0	-56,600	-73,100
Agency Total	.00	-16,500	0	47,920	31,420

OPTIONAL REQUEST

2 Salary Equity Adjustment	.00	0	0	202,760	202,760
3 IT - Legacy Application System Replacement	4.00	0	0	9,352,220	9,352,220
Optional Total	4.00	0	0	9,554,980	9,554,980