
AGENCY OVERVIEW**192 Public Employees Retirement System**

Date: 01/13/2011**Time:** 11:09:59**Statutory Authority**

North Dakota Century Code Chapters 39-03.1, 52-09, 52-11-01, 54-52, 54-52.1, 54-52.2, 54-52.3 and 54-52.6.

Agency Description

The Public Employees Retirement System is the administrator of several employee benefit plans for state employees and employees of participating political subdivisions. The plans include the following:

- Seven Defined Benefit Retirement Plans
- Defined Contribution Retirement Plan
- Deferred Compensation Plan
- Retiree Health Insurance Credit Plan
- Group Health Insurance Plan
- Group Life Insurance Plan
- Voluntary Insurance Products (dental, vision, long-term care plans)
- Employee Assistance Program
- Pretax Benefits Program (FlexComp)

Agency Mission Statement

The mission of the Agency is to design, communicate and efficiently administer a viable employee benefits program within a framework of prudent risk taking, applicable state and federal laws, and professional and ethical standards so as to provide an employee benefits package to North Dakota public employees that is among the best available from public and private employers in the upper Midwest, the most affordable for our participating employers and beneficial to the taxpayers of North Dakota.

Agency Performance Measures

NDPERS is audited annually by an independent audit firm. The agency has always received a clean, unqualified financial audit opinion.

NDPERS has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for our comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The agency has prepared a CAFR and received this award for the last fourteen consecutive years.

Major Accomplishments

1. Bid the vision plan and health plans.
2. Sent out an RFP for the defined contribution plan and 457 plans for record keeping and investment services.
3. Conducted an experience study and asset/liability study on the PERS Retirement plans.
4. Conducted annual Wellness Forums for the Employer Based Wellness Program.
5. Completed annual renewals of the Employer Based Wellness Program.
6. Received additional funding to continue a Smoking Cessation program for state employees.
7. Implemented the PERSLINK project.
8. Implemented legislation passed by the 2009 legislative session and updated administrative rules.
9. Established a collaborative drug therapy program for the treatment of diabetes with the North Dakota Pharmacist Association.

Future Critical Issues

- Impact of federal legislation on state and local government pension plans, thus requiring plan modifications to remain in compliance.
- The impact health care reform will have on the PERS health plan.
- Enhance the long term funding position of the PERS retirement plans.
- Ability to maintain an affordable health insurance plan in an environment of rising health care costs.

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- Continue to increase participation in the deferred compensation plan, which we feel is presently being underutilized.
- Integrate and maintain the new business application system (PERSLink).
- Ability to enhance technology and maintain it at a level that allows us to continue providing services to our members in an efficient manner.
- Keeping our administrative cost per member stable without decreasing the level or quality of service provided to our members.
- Maintaining a low level of staff turnover.
- As the scope of programs PERS administers expands ability to maintain a prudent level of financial oversight.
- Maintain a sufficient rate of return on investments so current contribution rates for our retirement plans remain stable.

REQUEST SUMMARY

192 Public Employees Retirement System

Bill#: SB2022

Date: 01/13/2011

Time: 11:09:59

Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
PERS	10,029,595	10,881,214	(4,349,543)	6,531,671	0
Total Major Program	10,029,595	10,881,214	(4,349,543)	6,531,671	0
By Line Item					
Salaries and Wages	3,685,561	4,236,489	81,799	4,318,288	0
Operating Expenses	6,344,034	1,659,999	303,384	1,963,383	0
Technology Project Carryover	0	4,734,726	(4,734,726)	0	0
Contingency	0	250,000	0	250,000	0
Total Line Items	10,029,595	10,881,214	(4,349,543)	6,531,671	0
By Funding Source					
General Fund	0	13,000	(13,000)	0	0
Federal Funds					
Special Funds	10,029,595	10,868,214	(4,336,543)	6,531,671	0
Total Funding Source	10,029,595	10,881,214	(4,349,543)	6,531,671	0
Total FTE	33.00	33.00	0.00	33.00	0.00

REQUEST DETAIL

192 Public Employees Retirement System

Bill#: SB2022

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:09:59

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	2,699,274	3,039,081	69,919	3,109,000	0
Temporary Salaries	7,513	0	0	0	0
Overtime	5,393	5,700	(500)	5,200	0
Fringe Benefits	973,381	1,191,708	12,380	1,204,088	0
Total	3,685,561	4,236,489	81,799	4,318,288	0
Salaries and Wages					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	3,685,561	4,236,489	81,799	4,318,288	0
Total	3,685,561	4,236,489	81,799	4,318,288	0
Operating Expenses					
Travel	53,570	90,949	(24,034)	66,915	0
Supplies - IT Software	12,075	13,600	0	13,600	0
Supply/Material-Professional	8,945	6,812	0	6,812	0
Miscellaneous Supplies	1,737	1,000	0	1,000	0
Office Supplies	29,787	32,501	0	32,501	0
Postage	198,975	213,441	6,869	220,310	0
Printing	144,804	92,877	(8,323)	84,554	0
IT Equip Under \$5,000	25,089	37,000	(19,000)	18,000	0
Office Equip & Furn Supplies	24,902	5,000	0	5,000	0
Insurance	3,925	4,800	0	4,800	0
Rentals/Leases-Equip & Other	35,113	50,000	(15,000)	35,000	0
Rentals/Leases - Bldg/Land	221,439	236,333	6,091	242,424	0
Repairs	2,787	9,000	0	9,000	0
IT - Data Processing	520,534	330,581	(33,652)	296,929	0
IT - Communications	56,974	53,631	0	53,631	0
IT Contractual Srvcs and Rprs	4,846,844	200,000	500,000	700,000	0
Professional Development	49,791	46,112	0	46,112	0
Operating Fees and Services	44,024	89,205	5,590	94,795	0
Fees - Professional Services	62,719	147,157	(115,157)	32,000	0
Total	6,344,034	1,659,999	303,384	1,963,383	0
Operating Expenses					
General Fund	0	13,000	(13,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	6,344,034	1,646,999	316,384	1,963,383	0

REQUEST DETAIL192 Public Employees Retirement System
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Total	6,344,034	1,659,999	303,384	1,963,383	0
Technology Project Carryover					
IT Contractual Svcs and Rprs	0	4,734,726	(4,734,726)	0	0
Total	0	4,734,726	(4,734,726)	0	0
Technology Project Carryover					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	4,734,726	(4,734,726)	0	0
Total	0	4,734,726	(4,734,726)	0	0
Contingency					
Special Line Other	0	250,000	0	250,000	0
Total	0	250,000	0	250,000	0
Contingency					
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
Funding Sources					
General Fund	0	13,000	(13,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	10,029,595	10,868,214	(4,336,543)	6,531,671	0
Total Funding Sources	10,029,595	10,881,214	(4,349,543)	6,531,671	0

CHANGE PACKAGE SUMMARY
192 Public Employees Retirement System
Biennium: 2011-2013

Bill#: SB2022

Date: 01/13/2011

Time: 11:09:59

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 1 Remove one time expenditures		0.00	(13,000)	0	(4,862,152)	(4,875,152)
Total One Time Budget Changes		0.00	(13,000)	0	(4,862,152)	(4,875,152)
Ongoing Budget Changes						
A-A 2 General operating expense		0.00	0	0	(3,538)	(3,538)
A-A 3 IT Plan changes		0.00	0	0	447,348	447,348
Base Payroll Change		0.00	0	0	81,799	81,799
Total Ongoing Budget Changes		0.00	0	0	525,609	525,609
Total Base Budget Changes		0.00	(13,000)	0	(4,336,543)	(4,349,543)

BUDGET CHANGES NARRATIVE

192 Public Employees Retirement System

Bill#: SB2022

Date: 01/13/2011

Time: 11:09:59

Change Group: A	Change Type: A	Change No: 2	Priority: 1
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General operating expense

Change #1: General Operating Expense

Expenses were changed as follows:

Travel was decreased to reflect a reduction in out-of-state travel.

Postage was increased by 4% to reflect an increase in postage rates.

Printing was reduced to more accurately reflect anticipated level of spending.

Equipment rent was reduced to reflect cost of rental agreements currently in place.

Office rent was increased by 2% for inflation based on an estimate from building management.

Operating fees were increased to reflect the projected increase in the SWICAP indirect cost allocation provided to our agency by OMB.

Change Group: A	Change Type: A	Change No: 3	Priority: 1
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IT Plan changes

Change #2: IT Plan changes

Data processing expenses paid to ITD have been reduced to reflect retiring our mainframe applications. However, as a result of PERSLink, we have additional fees for hosting the application, disaster recovery and using the ITD Service Desk to help support our external customers.

The increase in IT contractual services reflects the costs for contracting with our software vendor to provide maintenance and ongoing production support for our new system.

The reduction in IT Equipment reflects the agency's 4 year hardware replacement cycle. Desktop computers were replaced during the 2009-11 biennium, therefore this expense is reduced.

Change Group: A	Change Type: E	Change No: 1	Priority: 1
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Remove one time expenditures

Change #3: Remove one-time expenditures

BUDGET CHANGES NARRATIVE**192 Public Employees Retirement System****Bill#: SB2022****Date:** 01/13/2011**Time:** 11:09:59

The agency had a carryover appropriation of \$4,734,726 from the 07-09 biennium for IT contractual services, which was used to complete the PERSLink IT project. The project will be completed during the 09-11 biennium; therefore, these costs will not be carried forward into the 11-13 biennium. In addition, operating expenses were reduced by \$127,426. The 09-11 budget included funding to rent additional office space for the project team and also included funding to hire additional help through a temporary service agency which was used at various times throughout the duration of the project. These expenses will no longer be necessary.

The agency also had a general fund appropriation of \$13,000 which was requested to pay benefits to the remaining beneficiary of the OASIS retirement plan. The beneficiary has deceased; therefore, no on-going funding is required to pay benefits under this plan.