

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Wednesday, April 15, 2020

Representative Mike Lefor, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Mike Lefor, Jason Dockter, LaurieBeth Hager, Craig Johnson, Vernon Laning, Matthew Ruby, Austen Schauer; Senators Howard C. Anderson, Jr., Brad Bekkedahl, Dick Dever, Karen K. Krebsbach, Richard Marcellais, Kristin Roers

Members absent: None

Others present: Representative Todd Porter, Mandan David J. Hunter, Retirement and Investment Office, Scott Miller and Rebecca Fricke, Public Employees Retirement System

It was moved by Representative Schauer, seconded by Senator Roers, and carried by a voice vote that the minutes of the January 15, 2020, meeting be approved as distributed.

RETIREMENT AND INVESTMENT OFFICE

Chairman Lefor called on Mr. David J. Hunter, Executive Director and Chief Investment Officer, Retirement and Investment Office, for a presentation ([Appendix A](#)) on the status of state investments.

In response to a question from Senator Bekkedahl, Mr. Hunter said the asset allocation information on page 7 of his presentation is current through March 31, 2020, whereas the information on page 8 is current through April 10, 2020, reflecting some recovery of the market.

CHANGES IN FEDERAL RETIREMENT LAW

Chairman Lefor called on Mr. Scott Miller, Executive Director, Public Employees Retirement System, to request approval of terminology adopted by the Public Employees Retirement System (PERS) Board ([Appendix B](#)) to comply with federal requirements pursuant to North Dakota Century Code Sections 39-03.1-29 and 54-52-23.

It was moved by Senator Krebsbach, seconded by Representative Laning, and carried on a roll call vote to approve the requested terminology change adopted by the PERS Board. Representatives Lefor, Dockter, Hager, Johnson, Laning, Ruby, Schauer and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

ACTUARIAL REVIEW OF BILL DRAFT

Chairman Lefor called on Mr. Miller to present the actuarial report ([Appendix C](#)) and technical comments ([Appendix D](#)) on Bill Draft No. 20 [[21.0020.01000](#)], which would add public safety telecommunicators to the public safety plan.

Chairman Lefor called on Representative Porter to comment on the bill draft. He said this bill draft conceptually is similar to a recently passed bill that authorized local firefighters to join the public safety plan. He said as the bill draft moves forward, he will address any federal Internal Revenue Service issues that may arise. However, he said, Illinois allows 911 dispatchers to participate in a retirement plan that allows for early retirement. He said the rationale for early retirement includes the emotional stress of performing this job and the related limited number of years a person can perform this job.

It was moved by Senator Anderson, seconded by Representative Ruby, and carried on a roll call vote to provide a favorable recommendation to Bill Draft No. 20 [[21.0020.01000](#)] adding public safety telecommunicators to the public safety plan. Representatives Lefor, Dockter, Hager, Johnson, Laning, Ruby, Schauer and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

JURISDICTION OF BILL DRAFTS

The committee reviewed, received comments regarding, and determined whether to take jurisdiction over 11 bill drafts--2 sponsored by legislators and 9 sponsored by PERS.

Legislator-Sponsored Bill Drafts

Bill Draft No. 55

The committee reviewed Bill Draft No. 55 [[21.0055.01000](#)], which provides a health insurance policy that covers an annual physical examination must allow for a physical examination that meets the requirements for a federal Department of Transportation physical examination.

Bill Draft No. 68

The committee reviewed Bill Draft No. 68 [[21.0068.01000](#)], which provides PERS prescription drug benefits coverage must include certain drugs imported from Canada.

In response to a question from Senator Roers, Ms. Rebecca Fricke, Public Employees Retirement System, said the PERS health benefits plans do not provide coverage for drugs imported from Canada.

Senator Anderson said historically the United States Food and Drug Administration had not approved any drug importation programs until a recent movement to seek approval.

In response to a question by Representative Ruby, the Legislative Council staff said PERS health benefits plans copayment amounts typically are set through legislative intent based on the level of legislative funding for the plans.

Public Employees Retirement System-Sponsored Bill Drafts

The committee received comments ([Appendix E](#)) from PERS regarding the following nine PERS-sponsored bill drafts.

Bill Draft No. 87

The committee reviewed Bill Draft No. 87 [[21.0087.01000](#)], which provides a 1.95 percent increase in the employer contribution for the PERS retirement plans.

Bill Draft No. 88

The committee reviewed Bill Draft No. 88 [[21.0088.01000](#)], which provides a 2 percent increase in the employer and employee contributions for the PERS retirement plans.

In response to a question from Senator Anderson, Mr. Miller said PERS has four contribution increase bill draft alternatives.

In response to a question from Senator Bekkedahl, Mr. Miller said PERS is not sponsoring a cash infusion bill draft for the 2021 legislative session. He said PERS is focusing on conducting its experience study and the financial impacts this study may have before PERS makes a presentation to the committee on the cash infusion options.

Chairman Lefor said the committee will have an opportunity to address the feasibility and desirability of cash infusion legislation at a future meeting.

Senator Anderson said there is a statutory requirement any legislation affecting PERS must undergo an actuarial report and be accompanied by a report from this committee.

Chairman Lefor said this committee can waive the April 1 deadline for legislation and conduct an actuarial report and committee report before introduction. He said he recognizes extenuating circumstances related to Coronavirus (COVID-19) and the related oil revenue issues.

Mr. Miller said PERS will request an actuarial report after the committee takes jurisdiction over a bill draft.

Senator Dever said a cash infusion assessment performed today likely would look significantly different from an assessment performed 6 months from now. He said as the committee moves forward he is interested in legislation that would provide for a combination of a cash infusion and increased contributions. He said he seeks full funding within 20 years.

Bill Draft No. 89

The committee reviewed Bill Draft No. 89 [[21.0089.01000](#)], which would provide for a 5.12 percent increase in the employer and employee contributions for the PERS retirement plans.

Bill Draft No. 90

The committee reviewed Bill Draft No. 90 [[21.0090.01000](#)], which would provide for an increase in the employer contribution for the Highway Patrolmen's retirement system.

In response to a question from Senator Bekkedahl, Mr. Miller said the bill draft provides for an employer contribution increase of 4 percent. He said the current employee contribution is 13.3 percent.

Senator Krebsbach said highway patrolmen differ from other employees in that they are not eligible for social security.

Bill Draft No. 91

The committee reviewed Bill Draft No. 91 [[21.0091.01000](#)], which provides a penalty for late payments or failures to follow required PERS processes.

In response to a question from Chairman Lefor, Mr. Miller said the amount of the penalty likely would not cover the expenses to PERS; however, he hopes the threat of a penalty will change the behavior of the political subdivisions.

Bill Draft No. 92

The committee reviewed Bill Draft No. 92 [[21.0092.01000](#)], which provides for technical corrections and updates to PERS laws.

Bill Draft No. 93

The committee reviewed Bill Draft No. 93 [[21.0093.01000](#)], which provides an exception for PERS Medicare part D pharmacy benefits requirements.

Bill Draft No. 94

The committee reviewed Bill Draft No. 94 [[21.0094.01000](#)], which provides for the assessment of administrative expenses for the PERS deferred compensation plan.

In response to a question from Senator Bekkedahl, Mr. Miller said this bill draft would increase the cost to deferred compensation participants. He said PERS incurs uncovered administrative expenses for this program.

Senator Bekkedahl said he wants to ensure the bill draft limits the program cost increase to cover expenses of the program and nothing more.

Bill Draft No. 95

The committee reviewed Bill Draft No. 95 [[21.0095.01000](#)], which provides a 1 percent increase in the employer and employee contributions for the PERS retirement plans.

Committee Directive

Chairman Lefor asked whether the committee members would like to consider any bill drafts separately.

It was moved by Senator Krebsbach, seconded by Representative Laning, and carried on a roll call vote that the committee take jurisdiction of the 11 bill drafts that affect PERS. Representatives Lefor, Dockter, Hager, Johnson, Laning, Ruby, Schauer and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

Chairman Lefor said the tentative date for the next meeting of the committee is Wednesday, August 19, 2020.

No further business appearing, Chairman Lefor adjourned the meeting at 10:40 a.m.

Jennifer S. N. Clark
Counsel

ATTACH:5