

## **TESTIMONY OF SCOTT MILLER**

### **Senate Bill 2043 – Highway Patrol Retirement Plan Contribution Increase**

Good Morning, my name is Scott Miller. I am the Executive Director of the North Dakota Public Employees Retirement System, or NDPERS. I appear before you today in support of Senate Bill 2043.

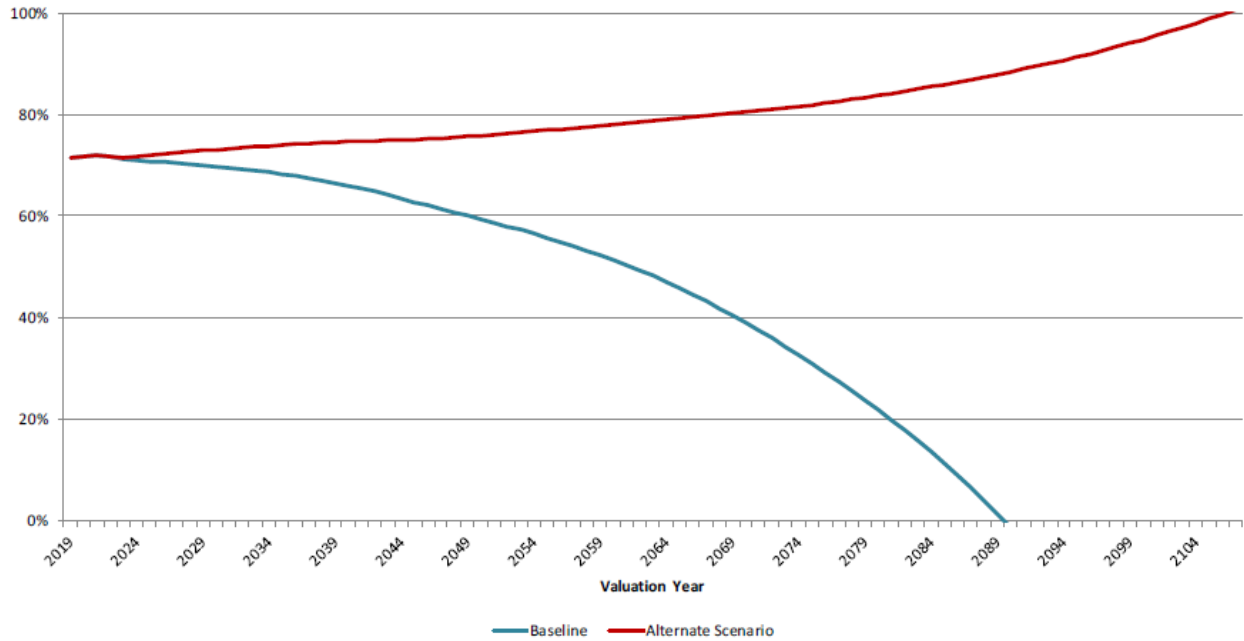
Senate Bill 2043 proposes to increase the employer contribution to the Highway Patrol Retirement Plan by 2% a year for two consecutive years, starting in January of 2022. The Highway Patrol asked the NDPERS Board to submit this bill on their behalf, and the Employee Benefits Programs Committee gave it a favorable recommendation.

The reason for this bill is that the Highway Patrol Plan is significantly underfunded and is never projected to become 100% funded. In fact, the Highway Patrol Plan is projected to run out of money to pay benefits in 2090. The Plan would then become a pay-as-you-go retirement plan, completely dependent on Legislative appropriations every biennium to pay benefits.

It is not difficult to see how we got to this point. The tech bubble, the Global Financial Crisis, the pandemic; each of them affected our assets negatively. As a result, the current statutory contribution rate of 19.70% is 14.07% below the Actuarially Determined Contribution (ADC) rate of 33.77%.

Two, 2.0% increases will not be a miracle cure for this plan – we would still be over 10% below the ADC rate. However, instead of running out of money to pay benefits in 2090, the Plan would be on course to becoming fully funded in 2107, as you can see in the below graph.

**Highway Patrol Projected Funded Ratio  
Based on Updated Assumptions Adopted by the Board  
Under Baseline and Alternate Scenario (Additional 2.00% Employer Contribution  
Beginning January 1, 2022 and Another 2.00% Beginning January 1, 2023)**



This concludes my testimony. I ask for your favorable consideration of this bill. I would be happy to answer any questions you may have.