Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Thursday, October 1, 2026
Room 327B, State Capitol
Bismarck, North Dakota

Senator Sean Cleary, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Sean Cleary, Brad Bekkedahl, Claire Cory, Kyle Davison,* Kristin Roers*; Representatives Landon Bahl,* Karen Grindberg, Mitch Ostlie, Austen Schauer, Steve Vetter, Jonathan Warrey

Member absent: Representative Jorin Johnson

Others present: Senators Kieth Boehm and Donald Schaible; Representative Scott Louser
Dylan Wheeler, Sanford Health Plan; Nick Archuleta, North Dakota United
See Appendix A for additional persons present.
**Attended remotely*

It was moved by Senator Bekkedahl, seconded by Representative Vetter, and carried on a voice vote that the minutes of the May 7, 2026, meeting be approved as distributed.

HUMAN RESOURCE MANAGEMENT SERVICES

Ms. Molly Herrington, Chief People Officer, Human Resource Management Services Division, Office of Management and Budget, introduced Mr. Kevin Cronen, Total Rewards Manager, Human Resource Management Services Division, Office of Management and Budget, to the committee.

Mr. Cronen provided a report (Appendix B) as required under North Dakota Century Code Section 54-06-31 regarding state employee recruitment and retention bonus programs. He noted:

- 11 agencies made 274 recruitment bonus payments totaling $988,981.
- 6 agencies made 90 referral bonus payments totaling $119,183.
- 9 agencies made 222 retention bonus payments totaling $860,359.

STATE EMPLOYEE COMPENSATION STUDY

Ms. Herrington presented information (Appendix C) regarding the results of recent compensation and benefits surveys conducted by the Human Resource Management Services Division. She noted:

- The division conducted a survey of 40 North Dakota public and private employers regarding employee benefits and a total rewards survey of 5,025 state employees to identify the benefits state employees consider most important to state employment.
- The employer survey indicated approximately 9.7 percent of surveyed private sector employers offer a defined benefit retirement plan, compared to approximately 88.9 percent of surveyed public sector employers.
- Private sector employers reported an average employee turnover rate of approximately 22.4 percent, compared to 12.8 percent for public sector employers and 11 percent for state agencies.

- The total rewards survey identified health insurance, the state retirement plans, and increased salary as the most important benefits to state employees. The most frequently cited desired benefit changes were competitive pay, additional time off, and better health insurance.
- National and regional labor market comparisons conducted in 2026 indicated state employee salaries were approximately 2 to 12 percent below private market salaries for comparable occupations. Market comparisons conducted in 2024 indicated state employee salaries were approximately 3 to 14 percent below private market salaries.

In response to a question from a committee member, Mr. Cronen noted the private sector employers surveyed pay an average of 84 percent of health insurance premiums for covered employees, while the state pays 100 percent of health insurance premiums for state employees.

In response to questions from committee members, Ms. Herrington provided information (Appendix D) regarding retirement and turnover data included the compensation and benefits surveys.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Mr. Derrick Hohbein, Chief Operating and Financial Officer, Public Employees Retirement System, presented information (Appendix E) regarding the status of the defined contribution retirement plan. He noted:

- As of June 30, 2026, the plan had 4,823 members, including 191 members in the legacy defined contribution retirement plan as of December 31, 2024, 144 members who transferred through a special election, and 5,184 new hires enrolled since January 2025, offset by 696 withdrawn accounts. Of the new hires, 2,697 elected a 3 percent contribution, 269 elected 2 percent, 228 elected 1 percent, 551 elected a 0 percent contribution, and 1,305 did not submit an election.
- The plan had approximately $56.2 million in total assets. Approximately 96.8 percent of participants used the target-date investment strategy, which accounted for 70.2 percent of plan assets; 3.1 percent selected the do-it-yourself strategy; and 0.1 percent selected the brokerage strategy.
- The Public Employees Retirement System (PERS) provided educational resources for new hires and participants regarding the defined contribution retirement plan, including live and on-demand webinars and individual consultations.

In response to a question from a committee member, Mr. Hohbein noted the average account balance in the defined contribution retirement plan was $11,532.79 as of June 30, 2026.

BILL DRAFT ACTUARIAL REPORTS AND RECOMMENDATIONS

The committee received technical comments, actuarial information, and comments by interested persons regarding the following bill drafts over which the committee took jurisdiction because the bill drafts affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, or health and retiree health plans of state employees or employees of any political subdivision, pursuant to Section 54-35-02.4:

- Bill Draft No. 33 [27.0033.01000], relating to the automatic renewal of pretax benefit elections;
- Bill Draft No. 43 [27.0043.02000], relating to the volunteer first responder retirement plan;
- Bill Draft No. 56 [27.0056.02000], relating to diagnostic breast examination and supplemental screening breast examination cost-sharing restrictions;
- Bill Draft No. 87 [27.0087.01000], relating to health insurance benefits coverage provided by the Uniform Group Insurance Program;
- Bill Draft No. 104 [27.0104.01000], relating to membership in the public safety retirement plan;
- Bill Draft No. 106 [27.0106.01000], to provide for a transfer to the Highway Patrol Troopers' Retirement Fund;

- Bill Draft No. 107 [27.0107.01000], relating to the computation of final average salary;
- Bill Draft No. 109 [27.0109.01000], relating to inservice benefit distributions to county elected officials and county elected officials' participation in retirement plans administered by PERS;
- Bill Draft No. 110 [27.0110.01000], relating to the exemption of retirement benefits from legal process and administering PERS;
- Bill Draft No. 113 [27.0113.01000], relating to Uniform Group Insurance Program benefits for retired peace officers;
- Bill Draft No. 117 [27.0117.01000], relating to health insurance benefits coverage provided by the Uniform Group Insurance Program and state employee contributions for enhanced coverage;
- Bill Draft No. 119 [27.0119.01000], relating to participation in the Teachers' Fund for Retirement (TFFR) and postretirement adjustments;
- Bill Draft No. 120 [27.0120.01000], relating to public employee fertility health benefits;
- Bill Draft No. 121 [27.0121.01000], relating to public employee fertility preservation health benefits;
- Bill Draft No. 130 [27.0130.01000], relating to political subdivision participation in the Uniform Group Insurance Program;
- Bill Draft No. 190 [27.0190.01000], relating to retirement benefits for public safety retirement plan members; and
- Bill Draft No. 191 [27.0191.01000], relating to retirement benefits for public safety retirement plan members.

Ms. Rebecca Fricke, Executive Director, Public Employees Retirement System, provided technical comments (Appendix F) and actuarial information on the bill drafts relating to PERS.

Ms. Fricke provided technical comments (Appendix G) and presented the actuarial report (Appendix H) relating to Bill Draft No. 33. She noted the bill draft requires the automatic renewal of pretax premium elections under the PERS flex comp plan for dental and vision plans effective with the plan year beginning January 1, 2028.

Senator Keith Boehm submitted comments (Appendix I) regarding the bill draft. He noted the bill draft allows employees to maintain their existing benefit while simplifying the process and reducing the risk of employees unintentionally losing the benefit by failing to make an annual election.

It was moved by Senator Bekkedahl, seconded by Representative Vetter, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 33 [27.0033.01000]. Senators Cleary, Bekkedahl, Cory, and Davison and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." Senator Roers voted "nay."

Ms. Fricke provided technical comments (Appendix J) and presented the actuarial report (Appendix K) relating to Bill Draft No. 43. She noted the bill draft:

- Requires PERS to establish and administer a new length-of-service award plan for volunteer first responders and defines the eligibility requirements for entities and volunteers to participate.
- Includes survivorship and disability benefits of up to 40 months of payments.
- Creates an unfunded liability of $25.5 million as of July 1, 2026, and the actuarially determined contribution from the state is estimated at $6.8 million for the first biennium.

Senator Donald Schaible provided comments regarding the bill draft. He noted the bill draft is being considered by the interim Emergency Response Services Committee and is modeled after Montana's Volunteer Firefighters' Compensation Act.

Ms. Jodi Smith, Executive Director, Retirement and Investment Office, provided comments regarding the bill draft and expressed a desire to work with the bill draft sponsor to revise the provision relating to the investment of funds.

It was moved by Representative Schauer, seconded by Representative Vetter, and carried on a roll call vote that the committee give a recommendation of no recommendation on Bill Draft No. 43 [27.0043.02000]. Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix L) and presented the actuarial report (Appendix M) relating to Bill Draft No. 56. She noted the bill draft establishes coverage requirements for medically necessary diagnostic and supplemental breast examinations consistent with National Comprehensive Cancer Network guidelines, limits member cost-sharing for these services, and exempts qualifying high-deductible health plans until the minimum deductible is met.

Representative Karen Karls provided comments regarding the bill draft. She noted breast cancer remains one of the most commonly diagnosed cancers among women and is one of the most expensive conditions to treat.

Ms. Andrea Pfennig, Vice President of Government Affairs, Greater North Dakota Chamber, provided comments regarding the bill draft. She noted the organization's membership continues to remain concerned about the cost of health insurance mandates for employers.

Mr. Dylan Wheeler, Head of Government Relations, Sanford Health Plan, provided information (Appendix N) regarding Sanford Health Plan's general opposition to health care coverage mandates.

It was moved by Senator Bekkedahl, seconded by Representative Grindberg, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 56 [27.0056.02000]. Senators Cleary, Bekkedahl, Cory, and Davison and Representatives Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." Senator Roers and Representative Bahl voted "nay."

Ms. Fricke provided technical comments (Appendix O) and presented the actuarial report (Appendix P) relating to Bill Draft No. 87. She noted the bill draft requires PERS to provide nongrandfathered large employer group coverage, in addition to the existing preferred provider organization and basic grandfathered plan coverage, for eligible state employees and pre-Medicare retirees.

It was moved by Senator Roers, seconded by Representative Grindberg, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 87 [27.0087.01000]. Senators Cleary, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix Q) and presented the actuarial report (Appendix R) relating to Bill Draft No. 104. She noted the bill draft allows eligible state emergency medical services professionals to join the public safety plan.

It was moved by Representative Schauer, seconded by Senator Cory, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 104 [27.0104.01000]. Senators Cleary, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix S) and presented the actuarial report (Appendix T) relating to Bill Draft No. 106. She noted the bill draft provides for a cash infusion for the Highway Patrol Troopers' retirement plan to be 100 percent funded based on a 20-year amortization.

It was moved by Senator Davison, seconded by Representative Grindberg, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 106 [27.0106.01000]. Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix U) and presented the actuarial report (Appendix V) relating to Bill Draft No. 107. She noted the bill draft changes the final average salary calculation requirements. However, PERS no longer plans to introduce the bill draft. The committee did not take action on the bill draft.

Ms. Fricke provided technical comments (Appendix W) and presented the actuarial report (Appendix X) relating to Bill Draft No. 109. She noted the bill draft resolves a conflict between federal and state law that impacts PERS retirement plans.

It was moved by Representative Vetter, seconded by Representative Grindberg, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 109 [27.0109.01000]. Senators Cleary, Cory, and Davison and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix Y) and presented the actuarial report (Appendix Z) relating to Bill Draft No. 110. She noted the bill draft includes technical corrections and clarifications regarding retirement and health plans administered by PERS.

It was moved by Representative Vetter, seconded by Representative Warrey, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 110 [27.0110.01000]. Senators Cleary, Cory, and Davison and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix AA) and presented the actuarial report (Appendix BB) relating to Bill Draft No. 113. She noted the bill draft creates a new subgroup for eligibility in the Uniform Group Insurance Program for retired peace officers who meet certain requirements.

Representative Dori Hauck provided comments regarding the bill draft. She noted the proposal is intended to support police officer recruitment and retention and provide health insurance coverage during the period between retirement eligibility and Medicare eligibility.

It was moved by Representative Vetter, seconded by Representative Schauer, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 113 [27.0113.01000]. Senators Cleary, Cory, and Davison and Representatives Bahl, Grindberg, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Fricke provided technical comments (Appendix CC) and presented the actuarial report (Appendix DD) relating to Bill Draft No. 117. She noted the bill draft creates a third plan option for state employees under the Uniform Group Insurance Program which must include enhanced benefits of a large employer nongrandfathered plan under the federal Affordable Care Act and requires the employee selecting the coverage option to pay the cost of the enhanced coverage.

Representative Austen Schauer provided information (Appendix EE) regarding the bill draft. He noted the bill draft ensures the health insurance benefits provided by PERS remain a competitive component of the state's total rewards package while providing employees with greater flexibility to choose the coverage that best meets their family's needs.

Mr. Nick Archuleta, President, North Dakota United, provided comments regarding the bill draft. He noted he appreciates that the bill draft is permissive rather than prescriptive.

It was moved by Representative Vetter, seconded by Senator Davison, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 117 [27.0117.01000]. Senators Cleary, Cory, and Davison and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Ms. Smith introduced Mr. Chase Kauffeld, Chief Retirement Officer, Retirement and Investment Office, to the committee. Mr. Kauffeld provided information and the actuarial report (Appendix FF) relating to Bill Draft No. 119. He noted:

- The bill draft establishes a voluntary Tier 3 for approximately 2,772 nongrandfathered Tier 1 TFFR members, allowing eligible members to retire under the Rule of 85 with a 6 percent early retirement reduction.
- Funding Tier 3 is estimated to require a one-time payment of $143.2 million by July 1, 2027, and an ongoing contribution increase of 0.31 percent of employee pay, or approximately $2.8 million annually.
- The bill draft also would increase monthly benefits by $50 for approximately 9,700 retirees and beneficiaries. This increase is estimated to cost $53.6 million if funded July 1, 2027, through a General Fund transfer to TFFR.

It was moved by Representative Schauer, seconded by Representative Warrey, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 119 [27.0119.01000]. Senators Cleary, Cory, and Davison and Representatives Grindberg, Ostlie, Schauer, and Warrey voted "aye." Representatives Bahl and Vetter voted "nay."

Ms. Fricke provided technical comments (Appendix GG) and presented the actuarial report (Appendix HH) relating to Bill Draft No. 120. She noted the bill draft requires PERS to expand its coverage of fertility treatment, removing the lifetime maximum of $20,000 and lifetime deductible of $500, and replacing these maximums with required coverage for specific services.

It was moved by Representative Schauer, seconded by Representative Warrey, and failed on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 120 [27.0120.01000]. Representatives Grindberg, Ostlie, Schauer, and Warrey voted "aye." Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representative Vetter voted "nay."

It was moved by Senator Bekkedahl, seconded by Representative Ostlie, and carried on a roll call vote that the committee give a recommendation of no recommendation on Bill Draft No. 120 [27.0120.01000]. Senators Cleary, Bekkedahl, Cory, and Davison and Representatives Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." Senator Roers voted "nay."

Ms. Fricke provided technical comments (Appendix II) and presented the actuarial report (Appendix JJ) relating to Bill Draft No. 121. She noted the bill draft requires PERS to provide coverage for standard fertility preservation services, if recommended and medically necessary, for a covered individual who has a diagnosed medical condition or genetic condition that may cause impairment of fertility affecting the reproductive organs or processes.

It was moved by Representative Bahl, seconded by Representative Vetter, and carried on a roll call vote that the committee give a recommendation of no recommendation on Bill Draft No. 121 [27.0121.01000]. Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Vetter, and Warrey voted "aye." Representative Schauer voted "nay."

Ms. Fricke provided technical comments (Appendix KK) and presented the actuarial report (Appendix LL) relating to Bill Draft No. 130. She noted the bill draft requires public school districts, if eligible under federal law, to participate in the Uniform Group Insurance Program.

Representative Scott Louser provided comments regarding the bill draft. He noted he does not plan to introduce the bill draft. The committee did not take action on Bill Draft No. 130.

Mr. Hohbein provided technical comments (Appendix MM) and presented the actuarial report (Appendix NN) relating to Bill Draft No. 190. He noted the bill draft enhances benefits for members of the public safety plan.

Representative Steve Vetter provided comments regarding the bill draft. He noted the bill draft increases the benefit multiplier for all public safety plan members to 2.25 for all years of service, with the state making a cash contribution to cover the increase for past service and members paying increased contributions for future service, without changing employer contributions.

It was moved by Senator Davison, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee give a recommendation of no recommendation on Bill Draft No. 190 [27.0190.01000]. Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

Mr. Hohbein provided technical comments (Appendix OO) and presented the actuarial report (Appendix PP) relating to Bill Draft No. 191. He noted the bill draft enhances benefits for members of the public safety plan.

Representative Vetter provided comments regarding the bill draft. He noted the bill draft increases the benefit multiplier to 2.5 for public safety plan members for service after January 1, 2028, with members paying increased contributions for future service and having the option to make additional contributions to apply the 2.5 multiplier to prior service, and leaves employer contributions unchanged.

Mr. Matt Gardner, Executive Director, North Dakota League of Cities, provided comments regarding the bill draft. He noted the purpose of the bill draft is to recruit and retain police officers.

It was moved by Senator Bekkedahl, seconded by Representative Ostlie, and carried on a roll call vote that the committee give a recommendation of no recommendation on Bill Draft No. 191 [27.0191.01000]. Senators Cleary, Bekkedahl, Cory, Davison, and Roers and Representatives Bahl, Grindberg, Ostlie, Schauer, Vetter, and Warrey voted "aye." No negative votes were cast.

No further business appearing, Chairman Cleary adjourned the meeting at 3:29 p.m.

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Beth Dittus
Assistant Legal Division Director

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Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:42