

BURLEIGH COUNTY

HUMAN RESOURCES DEPARTMENT

PAMELA J BINDER, SPHR, SHRM-SCP
HR DIRECTOR

HUMAN RESOURCE ASSISTANTS:
MEGAN MARTIN
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January 16, 2025

Political Subdivisions Chairman and Committee

RE: House Bill #1177 – Allows Correctional Officers to be Enrolled in the Public Safety Plan Upon Employment

Dear Chairman Longmuir and Committee Members,

I am submitting my testimony in favor of House Bill #1177. As the current Human Resource Director for Burleigh County, I see the need to change (amend) this definition N.D.A.C. 71-02-01.10.

I feel that I need to explain my background in order to give credibility to my testimony. I have worked for twenty-seven (27) years in various positions within the Human Resources career field. The majority of those 27 years were spent working with employee benefit plans in some form or another. I have years of experience with both Defined Contribution Plans such as 401(a), 401(k), and 457 plans and Defined Benefit (Pension) plans. My retirement plans benefits experience comes from both the private and the government sectors.

As the definition of “Corrections Officer” reads currently within the NDPERS Public Safety Plan, that Corrections Officers do not qualify for enrollment into the NDPERS Public Safety Plan until after they complete their Correctional Officer Basic Training certificate.

Although the employee has up to twelve (12) months to complete this Correctional Officer Basic Training, The Burleigh County Sheriff’s Department has a standardized training curriculum that has the Correctional Officer Basic Training course as one of the first training sessions that a newly hired Correction (Detention) Officer completes. This Correctional Officer Basic Training certificate is usually obtained within two (2) months from the Correctional (Detention) Officer’s hire date. However, on rare occasions a new employee may not be able to attend the Correctional Officer Basic Training course in its entirety due to possible military leave, illness or injury. When this happens, the Correctional (Detention) Officer is put through the training as soon as the training schedule will allow. Usually no later than six months. If a Detention Officer does not pass the Correctional Officer Basic Training course or any other part of the training curriculum, their employment with Burleigh County is terminated.

Under normal circumstances the new Correctional (Detention) Officer would have their Correctional Officer Basic Training certificate within two months from their hire date. The

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current definition of Corrections Officer will not allow Burleigh County to enroll our new employee into the NDPERS Public Safety Plan until they receive that certificate. However, by state law, we as the employer; must enroll the newly hired employee into the NDPERS Defined Contribution Plan within their first 30 days of employment. Burleigh County is one of the few political subdivisions that operate on a biweekly payroll basis. As a result, the thirty days can be truncated down to as short of a time frame as one week due to the biweekly payroll processing.

For example, Detention Officer Doe is enrolled in the NDPERS Defined Contribution Plan for the first two months after their hire date. Detention Officer Doe has two months' worth of employee & employer contributions that are deposited into their Defined Contribution account through Empower (NDPERS Defined Contribution Provider). Detention Officer Doe has to go online and choose their investments prior to contributions being deposited into their Defined Contribution Account.

Detention Officer Doe receives their Correctional Officer Basic Training certificate and is eligible for the NDPERS Public Safety plan at the beginning of their third month of employment. NDPERS has to suspend Detention Officer Doe's Defined Contribution Account and enroll Detention Officer Doe into the NDPERS Public Safety Plan (Defined Benefit Plan).

Now Detention Officer Doe has two different types of retirement plans associated with their Burleigh County employment. Detention Officer Doe is still employed with an NDPERS participating provider (Burleigh County) and therefore is not able to take a distribution for the two months of contributions that were deposited into the Defined Contribution (Empower) account. My understanding is this account just sits out there and as Detention Officer Doe had to choose investment funds for these contributions there are fees that will come out of Detention Officer Doe's account through Empower. Investment funds have Expense Ratio fees (12b1). This is a percentage the fund manager charges to manage the fund. If Detention Officer Doe chose the target retirement date type of fund, which does the rebalancing for the participant automatically, the expense ratio is higher. The average expense ratio fee is anywhere between .78% and 2.25%. This percentage is taken from the account balance either monthly, quarterly, or annually depending on how the fund operates. There are also market gains and losses that come out or get added to the account balance. Most of the time the provider charges a monthly administrative (recordkeeping) fee to operate the employee's account. This recordkeeping fee is either paid by the Plan Sponsor or the employee. The Defined Contribution Account will more than likely decrease in the account balance rather than increase because it will not have any more contributions being deposited into it, yet expenses will be deducted from the account.

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If NDPERS decides to pay the Administrative (recordkeeping) fee that Empower charges, then the Defined Contribution account will end up costing the State of North Dakota and Burleigh County more and it will not be a cost neutral event.

The other factor is how do you provide training and knowledge to a new employee on the Defined Contribution Plan and then two months later tell them they now go into the NDPERS Public Safety Plan. When we had the NDPERS Main Defined Benefit Plan and the NDPERS Public Safety Defined Benefit Plan, educating the employee was easier as these two plans were the same type of plan. We could present the employee with an apples-to-apples comparison. Now with the Defined Contribution Plan and the NDPERS Public Safety Defined Benefit Plan being two different plan types, the education for the employee is more of a comparison of Apples to Oranges. This will confuse the employee as the average employee is not an expert on retirement plans or investing.

I would like to thank you for allowing me to present my testimony in favor of House Bill #1177.

Sincerely,



Pamela J. Binder, SPHR, SHRM-SCP
HR Director Burleigh County