

Vetter, Steve M.

From: Vetter, Steve M.
Sent: Tuesday, January 26, 2021 8:09 AM
To: Vetter, Steve M.

Chairman Owens and Members of the House Education Committee. I am here before you today to introduce HB 1404, a simple bill that will not only allow us to give back to our peace officers who serve our communities, but also create a more efficient recruitment, retention, and training system for our police officers.

First and foremost, these past 2 years have been especially trying on our law enforcement. Riots have broken out in Fargo, and across the nation police officers have been constantly demonized as they try and protect us. My home city, Grand Forks, lost a bright young officer to violence, and his death serves as a reminder that it can and does happen here. These officers give their all, every single day to keep us safe, and as a result we should do our best for them. Before I was born, our country decided that in the wake of World War II, after all our military veterans had given to us, they deserved a modern education and gradually the federal government has expanded education programs to law enforcement officers but not for state loans. Currently, a 4 year degree at UND costs without scholarship \$32,000, while a peace officer with a degree is only expected to make \$49,417/year (according to recent job postings in Bismarck). The average college graduate earns \$64,896/year (Bureau of Labor Statistics), so an officer with a degree sacrifices 14,000 a year and knowingly goes into a dangerous profession due to their call to service. HB 1404 seeks to rectify this disparity by providing 24,000\$ over a 10 year period against their student loans, as an additional benefit to compensate for the lower salary. While the balance sheets are still net negative for the officer, this reward for their service is morally right.

I mentioned earlier in my testimony that beyond the moral argument there existed a fiscally pragmatic one. While this bill has a fiscal note of 1.3M dollars, what you do not see is the savings expected to occur as a result of higher officer retention. Note that in the bill, the payments do not start until 1 year after they join the force to prevent grifters. It has been estimated that we lose 10% of our officers per year, due to more competitive out of state options, and we believe this bill will ensure officers stay in North Dakota. To train an officer costs 1/3rd of an FTE at \$98,834 for said FTE. This means across the entire police force, assuming the 10% arbitrage, we are training 210 officers per year, for a total of 70 FTEs, which means our training costs are 6.9M/biennium. Please note that this cost doesn't include supplies for training or other benefits such as healthcare. If you observe the fiscal note it is estimated that only 10% of all officers will use this program, but we believe the ones using the program will skew towards new officer and younger officer, meaning we will benefit from the full 10 years of their service. For every dollar we spend, we therefore save \$5.32 meaning the program breaks even in 2-3 years. In short, we get a better educated, better trained, and younger officer, solving our age and retention problem and we achieve it all for a better price. Sometimes to save money you have to spend money, and this is a classic example of previously unrealized savings due to fear of a fiscal note.

While this bill was originally intended to only be a pilot program by limiting its scope to Bank of ND loans exclusively, I would like to make the committee aware of an alternative option should they so choose to act upon it. Currently, under federal law if an individual makes the minimum payment on their student loans for 10 consecutive years, the loan is fully forgiven. It is possible, therefore that we could piggyback on this, and according to officers I have spoken to, the average minimum payment is usually around \$200/month. If we applied this as a direct credit to their loans, the federal government would pay off the remainder, giving the police officer an additional benefit valued at \$8000 if they had attended UND. This constitutes a roughly 20% federal match to the state, making our dollar go even further. I will leave it to the committee if they simply wish to advance the pilot program, and see how it affects officer retention, or if they wish to go the federal route. Please be aware that the federal route will have a larger fiscal note, however, given the massive savings we recoup on training, it is likely to still be cost efficient.

I urge the committee to recommend a DO PASS on HB 1404 and will stand for questions.

North Dakota Legislative Branch

View Requested Fiscal Note

Fiscal Notes

Details

Bill Number: HB 1404
Original: 21.0650.02000
Requested: 01/18/2021 01:15 PM
Revision Requested:
Next Hearing: 01/26/2021 10:00 AM
Engrossment Status:
Assigned To/Due: Tammy Dolan, 01/22/2021 12:00 AM
Agency Comments:

Amendment:
In Context:
Engrossment:

Fiscal Note

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021		2021-2023		2023-2025	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenue						
Expenditures			\$1,323,000		\$1,323,000	
Appropriations			\$1,323,000		\$1,323,000	

1B. County, city, school district and township fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021	2021-2023	2023-2025
Counties			
Cities			
School Districts			
Townships			

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1404 creates a peace officer student loan forgiveness program which provide \$4,800 of student loan forgiveness payments to peace officers every year until the loan is fully paid.

2B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

To be eligible for the program, peace officers must be a resident of ND; working as a full-time peace officer in the state for at least 12 months; have successfully completed a qualifying educational program; and, have a student loan with the BND. The SBHE would administer the program and could establish other eligibility qualifications.

Qualified applicants would receive up to \$200 per month for student loans held by the BND. Applicants could not receive an amount exceeding their monthly payment. The SBHE would make payments directly to BND.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

According to the Peace Officer Standards & Training Board, there are approximately 2,100 licensed peace officers working in the state. It is estimated that approximately 10% of these officers have student loans at the BND. Each qualified officer would be eligible for up to \$4,800 per biennium in loan payments, which equates to \$1,008,000 per biennium. [\$200/mo. X 24 mos. X 210 officers = \$1,008,000.] This cost estimate does not include added costs for new officers hired each year.

The bill does not cap the loan forgiveness amount that each individual could receive. Therefore, officers could receive up to \$4,800 per year until their student loans are completely paid off, if the program continues to be funded by the legislature.

The NDUS would need to develop a scholarship system to manage the program, which, based on previous project, is estimated to cost \$110,00. NDUS would