

TESTIMONY OF

Lisa Kudelka, Director of Operations, Human Resource Management Services (HRMS)

Chairman Kasper and members of the Government and Veterans Affairs Committee, I am Lisa Kudelka, Director of Operations, HRMS within the Office of Management and Budget (OMB). I am here to testify in support of Senate Bill No. 2046 relating to increased employer and employee contributions under the public employee's retirement defined benefit and defined contribution plans. In order to limit the amount of testimony you are provided for this bill, I have worked with several agencies to develop and present this testimony.

In collaboration with cabinet agencies, including the Department of Transportation, Department of Human Services, Department of Corrections and Rehabilitation, Information Technology, Game and Fish Department, Adjutant General's Office, Job Service North Dakota, Workforce Safety and Insurance, Highway Patrol and Department of Health, OMB is supportive of legislative action that would increase the long-term funding for the North Dakota Public Employee's Retirement System (NDPERS). We support legislation that would increase the contribution rate for both employers and employees and provide additional funds for the retirement plan.

The financial stability of the NDPERS defined benefit retirement plan is important to the financial well-being of state government and the political subdivisions that participate in the retirement programs. We understand increasing the employer and employee contributions to NDPERS is a sizable financial commitment. However, delaying action will not decrease the cost; instead, it will continue to increase the cost for both employers and employees.

The commitment of state funds and the funds of political subdivisions is difficult with many competing needs and interests. Just as each of us determines how much or little we wish to invest in our own retirement plans vs. our present day needs and wants. When I was 21, my father, who was an accountant, encouraged me to invest in my first IRA. To say I was skeptical, is an understatement. At the time, I had many other important priorities in my life. After all, I had bills to pay and other items I wanted to purchase. However, I did take his advice and continued to invest in my retirement. Today I'm thankful for his advice. This is the same advice financial consultants give their clients. The earlier you begin investing in your retirement account the longer the period to maximize your investment and decrease your overall

investment of money. Although this is my story, there are countless stories from employees and individuals with similar experiences.

On behalf of OMB, and Cabinet Agencies included on the Cabinet HR Team, I am asking you to support increased funding for NDPERS by increasing the contribution rates for both the employer and employee. Having a solid defined benefit retirement plan helps state government and political subdivisions recruit new employees and retain our veteran employees. A defined benefit plan provides a stable source of income for retirees who continue to support North Dakota businesses and pay taxes on these benefits.

We urge your support of SB 2046. Mr. Chairman and committee members, this concludes my testimony. I would be happy to answer any questions.