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**Testimony on SB 2046
House Government and Veterans Affairs Committee
April 19, 2021**

Chairman Kasper and members of the Committee, for the record, my Name is Nick Archuleta, and I am the president of North Dakota United. North Dakota United is an association of public employee professionals. I rise today in opposition to the proposed amendment to SB 2046 and to urge a Do Not Pass recommendation.

When SB 2046 was first heard in the Senate GVA, I rose to support the bill. The original iteration of the bill called for an increase of both the employer and employee contribution to the Public Employee Retirement System of one percent beginning January of 2022. That would have raised the employee contribution to 8 percent and the employer contribution to 8.12 percent. Our members were in support of that version of SB 2046 because they saw the bill as finally funding the final year of the PERS recovery plan that we have sought since 2011. They looked forward to, at long last, a plan that set PERS on a course of becoming fully funded.

The proposed hoghouse amendment to SB 2046, however, does not save the PERS defined benefit retirement plan, it ends the plan. And it does so unnecessarily. When this amendment was introduced last Thursday, it was stated that current employees will not be affected should this version of the bill become law. However, we fear that once the plan is closed, the rate at which PERS spirals into bankruptcy will accelerate, affecting the viability of the plan for thousands of current employees.

Mr. Chairman, our members know that the defined benefit plan provides a powerful incentive as state agencies and political sub-divisions compete with the private sector to recruit and retain a high-quality workforce. Public employees, regardless of their age, prefer the DB plan over the DC plan because they know that the only thing guaranteed in a defined contribution plan is the contribution. In 2008 and 2009, when markets collapsed, millions of Americans saw their DC plans crater, along with their dreams of a secure retirement. That is not a fate we wish on anyone.

Finally, Chairman Kasper and members of the Committee, we have concerns about the process by which this amendment came to be. In his presentation last Thursday, Rep.



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Delzer acknowledged that neither the PERS Board nor the PERS Executive Director had been consulted in the development of the amendment. We feel that legislation as potentially impactful as this should be as well informed as possible and that all stakeholders should be brought to the table. Equally concerning to all our members, especially our K-12 members, is the possibility that what is proposed for the PERS DB plan, could also happen to TFFR. At the hearing last Thursday, Rep. Rohr rightfully observed that there were four groups not impacted by this bill, higher ed, teachers, judges, and law enforcement. She then asked Rep. Delzer, "Are we going to be looking in the future at a bill like this for each of those entities?" His response was, "You never know." That exchange has had a chilling effect on our members who value their defined benefit retirement plans. With that, Mr. Chairman, and members of the Committee, I will conclude my testimony and urge a do not pass recommendation for the amendment to SB 2046.