



RETIREMENT COMMITTEE

Tuesday, August 22, 2023
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Jason Dockter, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Jason Dockter, Mike Lefor, Scott Louser, SuAnn Olson, Mitch Ostlie, Brandy Pyle, Austen Schauer, Greg Stemen; Senators Randy A. Burckhard, Dick Dever, Karen K. Krebsbach*, Dean Rummel, Shawn Vedaa, Mark F. Weber

Members absent: Representatives Jorin Johnson and Bernie Satrom

Others present: See [Appendix A](#)

**Attended remotely*

Ms. Jennifer S. N. Clark, Senior Counsel and Code Revisor, Legislative Council, presented a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

Mr. Levi Kinnischtzke, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Retirement Committee - Background Memorandum](#). He reviewed historical information related to the Public Employees Retirement System (PERS), the work of the 2021-22 interim Retirement Committee, and legislation approved by the Legislative Assembly during the 2023 session to close the PERS main system defined benefit retirement plan and require new employees to participate in a defined contribution retirement plan.

Mr. Scott Miller, Executive Director, Public Employees Retirement System, presented information ([Appendix B](#)) regarding the status of the closure of the PERS main system defined benefit plan, timing of transitioning to the new defined contribution plan, any concerns or challenges with the transition, the status of newly authorized full-time equivalent positions being hired, and efforts to notify public employees of changes to the retirement plan. He noted:

- The PERS Board has determined PERS will not be prepared to close the PERS main system defined benefit retirement plan and open the new defined contribution retirement plan on January 1, 2024, and will focus on retirement plan transition effective January 1, 2025.
- In consulting with its legal counsel, PERS was informed it does not qualify for emergency rulemaking for purposes of implementing 2023 legislation relating to PERS.

A committee member expressed disappointment in the amount of time PERS is taking to implement House Bill No. 1040, which provides for closure of the defined benefit retirement plan and opening of the new defined contribution retirement plan.

Ms. Molly Herrington, Chief People Officer, and Mr. Lynn Hart, Total Rewards Manager, Human Resource Management Services, Office of Management and Budget, presented information ([Appendix C](#)) regarding the status of state employee compensation, state employee retirement needs for recruitment and retention, and suggestions for improvement or concerns with the future of the PERS main system retirement plan. Ms. Herrington noted:

- Opportunities exist to use artificial intelligence without sacrificing human connection.
- Human Resource Management Services will work with the Department of Commerce regarding opportunities related to legal immigration.

Mr. Nick Archuleta, President, North Dakota United, presented information ([Appendix D](#)) regarding suggestions for improvement or concerns with the future of the PERS main system retirement plan. He noted any messaging from North Dakota United to its members will be fact based.

Mr. Aaron Birst, Executive Director, North Dakota Association of Counties, presented information regarding suggestions for improvement or concerns with the future of the PERS main system retirement plan and the feasibility of counties paying for a portion of the PERS main system defined benefit retirement plan unfunded liability. He noted an increase in employer contributions for the retirement plans will result in county governments either reducing services or increasing property taxes.

Mr. Matt Gardner, Executive Director, North Dakota League of Cities, presented information regarding suggestions for improvement or concerns with the future of the PERS main system retirement plan, and the feasibility of cities paying for a portion of the PERS main system defined benefit retirement plan unfunded liability.

Ms. Angela Rowe, Policy Specialist, National Conference of State Legislatures, presented information ([Appendix E](#)) regarding examples of other states that have closed their primary defined benefit retirement plan and the status of the retirement plan and benefits and shortcomings of alternative retirement plan designs, including cash benefit plans, side-by-side hybrid plans, and stacked hybrid plans. She noted she will provide the committee with followup information on the following:

- Whether hybrid retirement plans and cash benefit retirement plans positively affect recruitment and retention, and if so, which has a more positive impact.
- Whether Oklahoma, Texas, and other states that have closed their defined benefit retirement plans transferred state funding to their retirement fund to reduce the plans' unfunded liability.
- Data indicating whether Alaska's problems with recruitment and retention are related to closure of the state's defined benefit retirement plan.
- Data on the costs associated with closure of a state defined benefit retirement plan.
- Data on the cost effectiveness for hybrid retirement plans.
- Data on the length of time to implement a defined contribution retirement plan when a state moves away from a defined benefit plan.

Mr. Matt Petersen, Executive Director, National Association of Government Defined Contribution Administrators, presented information ([Appendix F](#)) regarding examples of states that have established a primary defined contribution retirement plan and the status of the retirement plan, best practices for state government defined contribution plans, and benefits and shortcomings of alternative retirement plan designs, including cash benefit plans, side-by-side hybrid plans, and stacked hybrid plans. He noted it typically takes at least 2 years for a state to transition from a defined benefit plan to a defined contribution plan.

The committee discussed its study charges, noting:

- An interest in reviewing the new defined contribution retirement plan vesting schedule.
- The importance of coordinating with PERS in conducting the studies.
- The importance of having time to conduct beta tests as PERS moves to open the defined contribution retirement plan.
- The interest in evaluating defined contribution retirement plan best practices and how the new plan could be enhanced.

Chairman Dockter questioned whether the committee might be interested in seeking Legislative Management authorization to expand the committee's study scope to include a study of the state's law enforcement retirement plans. The committee did not express an interest in pursuing an expansion of the committee's study charge.

No further business appearing, Chairman Dockter adjourned the meeting at 2:57 p.m.

Jennifer S. N. Clark
Senior Counsel and Code Revisor

Levi Kinnischtzke
Senior Fiscal Analyst

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