

**Testimony Presented on HB 1039 and HB 1040 to the
House Government and Veterans Affairs Committee**

By

Jill Minette, SPHR, SHRM-SCP, IPMA-SCP

Director of Human Resources

City of Fargo

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This statement expresses opposition to House Bill 1039 and House Bill 1040 that propose closing the North Dakota Public Employee Retirement System's (NDPERS) Defined Benefit Plan and converting to a defined contribution system.

The City of Fargo has participated in the NDPERS Defined Benefit Plan since 2008. Currently, approximately 620 employees or 64% of our workforce participates in the NDPERS Defined Benefit Plan.

The NDPERS Defined Benefit Plan has been a cornerstone of the benefit package offered to City of Fargo employees. As a public employer, we face similar challenges to the private sector in attracting and retaining a highly skilled workforce. While it is increasingly difficult to remain competitive with private sector compensation, the defined benefit plan has provided an essential tool in recruiting qualified employees. As importantly, the NDPERS Defined Benefit Plan has been essential in the retention of trained, experienced employees within our workforce.

For a prospective employee who is considering whether to accept a position within the public sector or private sector, the retirement plan can be a major factor in their decision-making. A defined contribution plan, similar to a 401k commonly offered in private sector, is unlikely to tip the scales toward public employment for a prospective employee as they compare the benefit package of a public employer versus a private employer. Likewise, employees working under a defined contribution plan are less likely to stay with their public employer if a similar retirement plan, such as a 401k, is being offered in the private sector position.

The employees of the City of Fargo, as well as state and local government employees throughout the state, play an integral role in creating safe, thriving and growing communities that support the retention of citizens, attract individuals and families to move to our state as well as supporting economic development throughout the state. The ability to attract and retain a highly skilled and talented workforce is essential to supporting our communities and state and to continue providing the best public service possible. The NDPERS Defined Benefit Plan is an important component in supporting public workforce stability within communities throughout the state.

The NDPERS Defined Benefit Plan is an essential benefit offering to current and prospective City of Fargo employees. Without this crucial benefit, we believe the draw to public employment may diminish and the workforce challenges within the public sector, here in Fargo as well as throughout the state, will become even greater.

The NDPERS Defined Benefit Plan incentivizes public employees to reach long periods of employment and in some cases working their entire careers with their current employers. Additionally, for those public sector employees who are looking to make a change, the NDPERS Defined Benefit Plan incentivizes employees to remain in the public sector within North Dakota with the ability to transfer and retain their service.

The importance of the NDPERS Defined Benefit Plan for the City of Fargo as well as public employers throughout the state cannot be overstated. The NDPERS Defined Benefit Plan is essential in order to attract and retain a talented workforce and to support workforce stability in public employment throughout the state.

The City of Fargo strongly encourages your committee to recommend "Do Not Pass" for this bill.

Thank you for your consideration.