



HB1039

House Government and Veterans Affairs Committee

January 13, 2023

David Krebsbach, Vice Chancellor of Administrative Affairs and CFO, NDUS
701.328.4116 | david.krebsbach@ndus.edu

Chair Schauer and members of the House Government and Veterans Affairs Committee. My name is David Krebsbach, and I serve as the Vice Chancellor of Administrative Affairs & Chief Financial Officer for the North Dakota University System (NDUS). I am here today on behalf of the NDUS and its eleven institutions to provide neutral testimony related to HB1039.

HB1039 closes the NDPERS Defined Benefit plan (DB) to new members effective January 1, 2024. Existing DB participants will remain in the plan; however, the NDUS and its 11 institutions will be obligated to pay an additional contribution, the Actuarily Determined Contribution (ADEC), in addition to the regular retirement contributions for about 20 years. HB1039 does not include a state appropriation with which to make these ADEC payments.

NDUS has approximately 2,400 employees participating in the DB Plan. These individuals work in the Technical & Paraprofessional, Office Support, Crafts/Trades and Services broadband classifications. The estimated minimum cost of the ADEC for these employees is \$56.8 million for the 2023-2025 biennium. Per institution amounts are as follows:

PERS Defined Benefit Plan Closure HB1039			
HB1039 - Fiscal Note 2023-25 - NDUS Cost			
NDUS Entity	General Fund	Special Fund	Total
NDUSO	\$ 1,526,391	\$ 605,108	\$ 2,131,499
BSC	1,241,354	1,768,872	3,010,226
LRSC	574,479	757,848	1,332,327
WSC	339,268	450,019	789,287
UND	4,838,274	16,330,743	21,169,017
NDSU	3,912,069	11,950,503	15,862,572
NDSCS	1,549,924	1,786,786	3,336,710
DSU	614,960	709,202	1,324,162
MaSU	813,137	1,265,199	2,078,336
MiSU	1,095,993	1,609,574	2,705,567
VCSU	649,728	645,736	1,295,464
DCB	380,103	336,520	716,623
Forest Service	979,608	31,600	1,011,208
Total	\$ 18,515,288	\$ 38,247,710	\$ 56,762,998

The NDUS cannot absorb such a significant expense without a state appropriation that covers the total cost of this change. The alternative would be to use special funding sources, which for higher education are derived from tuition paid by students & their families. Raising the cost of education



when families are already struggling to cover increasing prices of fuel, housing, and food would not benefit anyone and may lead to decreased enrollment in post-secondary education. This could in turn negatively impact the number of qualified employees in the ND workforce at a time when employees are desperately needed.

If HB1039 is moved forward, the NDUS respectfully requests the addition of a general fund appropriation to cover the \$56.8 million in increased costs of the ADEC.

This concludes my testimony. I will stand for questions from Committee members.