

HB 1039 & 1040– Testimony by Dustin Gawrylow (#266) North Dakota Watchdog Network

The North Dakota Watchdog Network has long supported genuine permanent reforms to North Dakota’s pension system – including the conversion to Defined Contributions for new hires.

The perpetual and ever-worsening unfunded liabilities situation means that no matter what, taxpayers will be asked to bailout the fund to fulfill the promises previously made. This will likely cost multiple billions of dollars over the actuarial life of the fund going forward ~80+ years into the future. But by closing the current fund at least there will be an end point.

We also support as part of the reform a change to the investment expectations. The traditional 8% return target is not consistently realistic with needs to the plan, as proven by the fact that two decades of volatility has drastically diminished the plan’s ability to pay out without constant cash infusions and increases to both employer and employee contribution rates.

Because there are multiple bills in the works, we will wait until a final “vehicle” is developed before declaring support for any plan.

One thing we will not support is a bailout without reform and without strings attached.

The status quo is not working.

The legislature had a chance a decade ago to fix this, and failed to, and now it is \$2 billion in the hole instead of only \$1 billion in the hole.

Please remedy this so that it does not drag the state down 30-80 years from now.