



SB2239

House Government and Veterans Affairs Committee

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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 providing testimony today on behalf of the NDUS and its eleven institutions to provide testimony in favor of SB2239.

SB2239 maintains the NDPERS Defined Benefit plan (DB) as an active plan and provides an amount on a level percent of compensation basis for all main system defined benefit retirement plan employees sufficient under the actuarial valuation to meet both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability. The NDUS and its 11 institutions will be obligated to pay an additional 4% contribution effective January 1, 2024 and 3.6% contribution effective July 1, 2025, in addition to the regular retirement contributions for about 30 years. SB2239 does not include a state appropriation with which to make these 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 4% additional employer contribution for these employees is \$6.4 million for the 2023-2025 biennium. The estimated minimum cost of the 3.6% additional employee contribution for these employees for the 2025-2027 biennium is approximately \$8.5 million.

2023-25 biennium amounts per institution are as follows:

PERS Defined Benefit Plan SB2239			
SB2239 - Fiscal Note 2023-25 - NDUS Cost 2023-25 Biennium			
NDUS Entity	General Fund	Special Fund	Total
NDUSO	\$ 161,068	\$ 63,852	\$ 224,921
BSC	130,991	186,656	317,646
LRSC	60,620	79,970	140,590
WSC	35,800	47,487	83,287
UND	679,013	1,982,765	2,661,778
NDSU	412,811	1,261,045	1,673,856
NDSCS	163,552	188,546	352,097
DSU	64,892	74,837	139,729
MaSU	85,804	133,507	219,311
MiSU	115,652	169,846	285,498
VCSU	68,561	68,140	136,700
DCB	40,109	35,510	75,620
Forest Service	103,371	3,335	106,705
Total	\$ 2,122,243	\$ 4,295,495	\$ 6,417,738

The NDUS cannot absorb such an 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 and fees for auxiliary services 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 SB2239 is moved forward, the NDUS respectfully requests the addition of a general fund appropriation to cover the \$6.4 million in increased costs of the 4% employer increase in the 2023-2025 biennium and beyond.

This concludes my testimony. If any members of the Committee have questions, please let me know by email (david.krebsbach@ndus.edu) or call me at 701-328-4116.