

Good morning, Chairman Vigesaa and members of the House Appropriations Committee.

My name is Austen Schauer, District 13, West Fargo.

Senate Bill 2120 was submitted by the **NDPERS** Board to provide funding stability to the **Highway Patrol Defined Benefit Plan** by providing a cash infusion of **\$35.7 million dollars**.

The Highway Patrol **DB** Plan is the primary retirement benefit to **147 retirees**, and **167 active employees**.

As of January 2025, employees contribute **15.3%** and the employer contributes **21.7%** of pay into the plan. The average monthly benefit paid to retirees is **\$4,346**.

Employees of the Highway Patrol **do not** participate in Social Security, and for many, this is the only source of retirement income.

With this cash infusion, the **NDPERS** actuary calculates the Highway **DB** plan will be **90% funded** by January 1, 2026.

Over the last two sessions, the legislature has tried to make progress to put this plan on track to full funding, avoiding what happened to the Main DB Plan.

In 2021, **Senate Bill 2043** established gradual retirement contribution increases to the Plan. The statutory employer and employee contributions each increased by **0.5 percent** of pay every year from January 1, 2022, to January 1, 2025, ultimately increasing both by **2.0 percent** of pay.

Last session, the Plan received a one-time cash infusion of \$3 million.

Despite these efforts to stabilize the funding of the Plan, it was never expected to reach a 100 percent funded status.

Getting the Plan to **90 percent funding** by January 1, 2026, will put it on a trajectory to be fully funded in roughly 25 years.

NDPERS has charts to show the actuarial analysis of the bill comparing the plan as it sits today versus the trajectory if \$35.7 million is approved.

The Highway Patrol has told the **NDPERS Board** it is interested in the Board setting the contribution levels on a biennial basis based on the Actuarially Determined Employer Contribution, or ADEC, similar to how the Public Safety Plan contribution rates are set.

This would ensure the plan will **not be** underfunded in the future.

For an **ADEC** arrangement to be a possibility, however, the funding status of the plan needs to be increased so the contribution adjustments set by the Board can be as reasonable as the contributions are today.

Your **GVA** Committee believes the **NDPERS Board**, and the **Senate** are correct in addressing the Highway Patrol **DB** Plan now to offset a major financial issue in the future.

The combination of 90% funding level by January 1, 2026, (based on this cash infusion), along with Highway Patrol **ADEC** funding arrangement, will give this plan **financial stability** and **peace of mind** for these peacekeepers.

The **NDPERS Board** is asking for the cash infusion to come from the **SIIF Fund** but is open to alternative sources.

In the interim, the Employee Benefits Programs Committee gave the bill a favorable recommendation. It has also received full backing from the Senate.

Mr. Chairman and members of the House Appropriations committee, we now seek your support of **SB 2120**.

The **NDPERS** experts are here to address any technical question you may.

Thank you for your time.

