

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Thursday, February 5, 2009
Fort Union Room, State Capitol
Bismarck, North Dakota

Representative Bette B. Grande, Chairman, called the meeting to order at 8:00 a.m.

Members present: Representatives Bette B. Grande, Jim Kasper, Matthew M. Klein, Joe Kroeber; Senators Ralph L. Kilzer, Karen K. Krebsbach, Carolyn Nelson, Curtis Olafson

Member absent: Representative Eliot Glassheim

Others present: See [Appendix A](#)

It was moved by Senator Krebsbach, seconded by Representative Kroeber, and carried on a voice vote that the minutes of the January 28, 2009, meeting be approved as distributed.

At the request of Chairman Grande, committee counsel reviewed House Bill No. 1575 [\[90963.0100\]](#) and a proposed amendment [\[90963.0103\]](#) to the bill. Committee counsel said the amendment authorizes the Public Employees Retirement System Board to provide a supplemental retiree benefit payment equal to 75 percent of the August retirement allowance to eligible retirees of the Highway Patrolmen's retirement system and the Public Employees Retirement System as of August 1, 2009.

Chairman Grande recognized Representative Lisa Wolf. She said the Public Employees Retirement System Board had introduced a bill to provide a benefit enhancement for retired state employees. However, she said, the enhancement was removed by the standing committee considering the bill. She said the proposed amendments to House Bill No. 1575 would provide a one-time supplemental retiree benefit payment. She said she has received more constituent communications on this issue than any other issue being considered by the Legislative Assembly. She said the Legislative Assembly is considering a pay package for state employees and the Legislative Assembly should provide a benefit enhancement for retired state employees.

Chairman Grande recognized Mr. Sparb Collins, Executive Director, Public Employees Retirement System. He reviewed technical comments ([Appendix B](#)) prepared by The Segal Company--the actuarial consultants for the Public Employees Retirement System. He also distributed three funding options ([Appendix C](#)) for the amendment and a map ([Appendix D](#)) showing the distribution of public employee retirees and benefits paid by

county. He said the actuarial consultant calculated the amount of a 13th check payable on August 1, 2009, as \$5,353,337 for the Public Employees Retirement System and \$227,023 for the Highway Patrolmen's retirement system. He said the 13th check would increase the actuarially determined contribution rate .06 percent for the main system, .14 percent for the judges' retirement system, .02 percent for the National Guard retirement system, .03 percent for the law enforcement with prior main service system, and .23 percent for the Highway Patrolmen's retirement system. He said the cost as a percentage of pay from July 1, 2009, to June 30, 2011, is .42 percent for the main system, .98 percent for the judges' retirement system, .18 percent for the National Guard retirement system, .24 percent for the law enforcement with prior main service system, .01 percent for the law enforcement without prior main service system, and 1.75 percent for the Highway Patrolmen's retirement system.

In response to a question from Representative Kasper, Mr. Collins agreed that many private sector retirement plans have experienced substantial losses and the owners or beneficiaries of those plans have had to adjust accordingly. However, he noted, some private plans have a guaranteed benefit or cost-of-living adjustment and those plans have paid the benefits contractually required. Also, he said, any retirement enhancement enacted by the Legislative Assembly would be injected back into North Dakota's economy providing an economic stimulus for the state.

It was moved by Representative Klein, seconded by Representative Kroeber, and carried on a voice vote that the committee accept jurisdiction over the proposal.

Chairman Grande recognized Senator Kilzer. He noted that he has many retired state employees in his district and noted that the Legislative Assembly has increased the multiplier periodically to provide a benefit enhancement for retired state employees.

Chairman Grande recognized Representative Kroeber. He said the Public Employees Retirement System and the Teachers' Fund for Retirement have reached their goal of a 2 percent multiplier and the multipliers have not been increased recently. He said retirees are seeing a proposed increase for active state employees and a large ending fund balance. He said retired state employees are not

participating in the proposed salary increase for state employees. He said the proposed amendment would do this.

It was moved by Representative Kasper, seconded by Representative Klein, and carried on a roll call vote that the proposal be given an unfavorable recommendation. Representatives Grande, Kasper, and Klein and Senators Kilzer, Krebsbach, and Olafson voted "aye." Representative Kroeber and Senator Nelson voted "nay."

No further business appearing, Chairman Grande adjourned the meeting at 8:30 a.m.

Jeffrey N. Nelson
Committee Counsel

ATTACH:4