

## NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

**EMPLOYEE BENEFITS PROGRAMS COMMITTEE**

Thursday and Friday, October 25-26, 2018  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Representatives Mike Lefor, Randy Boehning, Jason Dockter, Vernon Laning, Alisa Mitskog, Mark S. Owens; Senators Brad Bekkedahl, Dick Dever, Karen K. Krebsbach, Oley Larsen, Gary A. Lee, Carolyn C. Nelson

**Member absent:** Representative Roscoe Streyle

**Others present:** See [Appendix A](#)

**It was moved by Representative Dockter, seconded by Representative Boehning, and carried on a voice vote that the minutes of the October 19, 2018, meeting be approved as distributed.**

Chairman Lefor reviewed the motions the committee would consider over the course of this meeting, including a committee favorable, unfavorable, or no recommendation on the 11 bill drafts for which the committee received actuarial reports.

**RECRUITMENT AND RETENTION BONUSES REPORT**

Chairman Lefor called on Ms. Becky Sicble, Interim Director, Human Resource Management Services Division, Office of Management and Budget, for presentation ([Appendix B](#)) of a report, as required under North Dakota Century Code Section 54-06-31, on the implementation, progress, and bonuses provided by state agency programs to provide bonuses to recruit or retain employees in hard-to-fill positions.

In response to a question from Representative Laning, Ms. Sicble said the recruitment and retention bonus program is effective. She said an evaluation of individual payments indicated the payments have helped agencies fill positions and have decreased turnover. She said state agencies appear to be using the program as intended.

In response to a question from Senator Nelson, Ms. Sicble said the reason for instances of multiple payments to an employee is that the payment agreements often provide for multiple payments over time to ensure the employee continues in the position.

**ACTUARIAL VALUATIONS OF THE TEACHERS' FUND FOR RETIREMENT**

Chairman Lefor called on Ms. Kim Nicholl, Senior Vice President, and Ms. Tanya Dybal, Senior Actuarial Analyst, The Segal Group, Inc., for a presentation providing an overview ([Appendix C](#)) of the Teachers' Fund for Retirement (TFFR) valuation process and the July 1, 2018, actuarial valuation of TFFR ([Appendix D](#)).

In response to a question from Senator Bekkedahl regarding slide 14 of the overview presentation, Ms. Nicholl said for purposes of the calculations of active and retired membership, it is assumed the active teacher population is flat. However, she said, if the population of the state is growing and more teachers enter the workforce, this increase in the number of active teachers paying into the fund will be beneficial for the fund.

In response to a question from Senator Dever regarding slide 17 of the overview presentation, Ms. Dybal said as it relates to the disparity of monthly payments of past retirees versus current retirees, the benefits are based on projected salaries, thereby recognizing the increasing amount of benefits as employees retire over time.

In response to a question from Senator Lee regarding slide 23 of the overview presentation, Ms. Nicholl said the information is designed to provide a historical view of the trends of contributions versus benefits. She said if the number of active employees increases, the two lines will come closer together. She said the current shortfall is being covered by investment income on the plan. She said although the projections are based on a steady workforce, additional projections could be made based on presumptions of an increasing workforce. She said to

make projections based on an increasing workforce, it is necessary to identify the level of growth and the period of growth.

In response to a question from Senator Krebsbach, Ms. Nicholl said the valuation projects retirement payments will be based on higher payroll.

Senator Bekkedahl said it will be important to make calculations based on future population and workforce growth. He said the Legislative Assembly will be making critical decisions regarding TFFR and education and will need this information.

Ms. Nicholl said she will work with TFFR to calculate new projections based on an increasing workforce.

Chairman Lefor requested TFFR provide the committee with additional information related to projected increases in the number of active members and the impact this might have on the valuation report.

Ms. Fay Kopp, Chief Retirement Officer, Teachers' Fund for Retirement, said TFFR regularly monitors the number of active members. She said although the state's population has grown, in the recent past the number of active employees was decreasing. She said for purposes of this annual actuarial valuation report, TFFR chose to take a more conservative approach. As a result, she said, the report is based on a steady active employee population.

In response to a question from Senator Larsen, Ms. Kopp reviewed the history of the changes made to the number of years taken into account in calculating final average salary. She said if the committee takes jurisdiction over proposed legislation amending this calculation, TFFR will conduct the required actuarial reports.

Chairman Lefor called on Mr. David J. Hunter, Executive Director/CIO, Retirement and Investment Office, for comments regarding the market. Mr. Hunter said although the Standard and Poor's 500 Index is down approximately .50 percent and international equity markets are down 3.5 percent since June 30, 2018, since the Retirement and Investment Office is not a hedge fund, but instead has long-term goals to exceed the index benchmark returns by at least .50 percent, these market changes are not as notable as the media would have us believe.

## **BILL DRAFT ACTUARIAL REVIEWS**

### **Jurisdiction**

The committee considered Bill Draft No. 382 [[19.0382.01000](#)], which would provide for closure of the Public Employees Retirement System (PERS) main plan for new state hires and provide for the use of legacy fund principal to pay the unfunded liability of the plan; Bill Draft No. 383 [[19.0383.01000](#)], which would provide for closure of the PERS main plan for new state and political subdivision hires and provide for the use of legacy fund principal to pay the unfunded liability of the plan; and Bill Draft No. 388 [[19.0388.01000](#)], which would provide state employees who opt for family health insurance coverage would be responsible to pay 15 percent of the difference between the cost of an individual plan and a family plan, to determine whether the bill drafts would affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision pursuant to Section 54-35-02.4.

Senator Dever said Bill Draft Nos. 382 and 383 provide for ongoing expenditures from the principal of the legacy fund.

The Legislative Council staff said because Section 26 of Article X of the Constitution of North Dakota provides expenditures of principal of the fund require a two-thirds vote, this may be topic of interest if multiple disbursements only require a single vote.

**It was moved by Senator Bekkedahl, seconded by Representative Laning, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 382 and direct PERS to have an actuarial review prepared.** Representatives Lefor, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**It was moved by Representative Laning, seconded by Senator Larsen, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 383 and direct PERS to have an actuarial review prepared.** Representatives Lefor, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**It was moved by Representative Laning, seconded by Senator Larsen, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 388 and direct PERS to have an actuarial review prepared.** Representatives Lefor, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

### Recommendations

The committee considered technical comments, actuarial information, agency comments, and public comments relating to the bill drafts over which the committee took jurisdiction which affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision pursuant to Section 54-35-02.4.

**Bill Draft No. 126 [19.0126.01000]** updates provisions of Century Code relating to the TFFR to remain in compliance with the federal Internal Revenue Code.

Ms. Nicholl, as part of her overview presentation, provided technical comments on Bill Draft No. 126.

Ms. Kopp presented the technical comments ([Appendix E](#)) of TFFR consultant, The Segal Group, Inc., and comments from TFFR ([Appendix F](#)).

**It was moved by Senator Nelson, seconded by Senator Dever, and carried on a roll call vote that the committee give Bill Draft No. 126 [19.0126.01000] a favorable recommendation.** Representatives Lefor, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft No. 20 [19.0020.01000]** revises the duties of the Employee Benefits Programs Committee.

Ms. Nicholl, as part of her overview presentation, provided technical comments on Bill Draft No. 20.

Ms. Kopp presented the technical comments ([Appendix G](#)) of TFFR consultant, The Segal Group, Inc., and comments from TFFR ([Appendix H](#)).

Mr. Scott Miller, Executive Director, Public Employees Retirement System, provided technical comments ([Appendix I](#)) of PERS consultant, Gabriel, Roeder, and Smith & Company Holdings, Inc., (GRS) and comments ([Appendix J](#)) from PERS on the remaining bill drafts relating to PERS.

Senator Dever said the Employee Benefits Programs Committee does good work in performing its job and it provides valuable information to legislative sponsors and committees.

**It was moved by Senator Dever, seconded by Senator Nelson, and carried on a roll call vote that the committee give Bill Draft No. 20 [19.0020.01000] an unfavorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft No. 19 [19.0019.01000]** provides if a state employee elects family health benefits coverage, the employee pays the difference between the cost of the individual coverage and the family coverage.

Senator Larsen said he intended to introduce this in 2017, but decided to have the draft reviewed by the Employee Benefits Programs Committee review process during the interim. He said most small businesses in the state pay for employees' individual plans and the employees pay the cost for dependents. He said his goal is to level the playing field with the taxpayers of North Dakota so state employees' benefits are more in line with the rest of the employees in the state.

Mr. Miller presented the technical comments ([Appendix K](#)) of the PERS consultant, Deloitte Consulting, LLP, and provided comments from PERS.

Senator Dever said during the 2009-10 interim, the Hay Group performed a study of the state employee benefit package. He said on average state employee salaries are 92 to 93 percent of those in the private sector. He said in the 1980s, the state made a concerted effort to focus on state employee compensation and on the benefit package. He said regardless of the changes considered to the PERS health insurance, it is important to keep in mind our state compensation is based on this benefit package and if the Legislative Assembly removes or decreases this benefit, the result will be to underpay state employees.

Senator Krebsbach said if health benefits are decreased, it will be necessary to make up this loss to state employees in payroll.

Senator Larsen said the Hay Group study may be out of date.

Senator Dever said Human Resource Management Services may be able to respond to whether the Hay Group study has been updated.

Representative Laning said it is important to recognize health insurance premiums increase faster than state employee payroll.

Senator Bekkedahl said in a competitive labor market, insurance and flexible scheduling has been important. He said in Williston, the city went to 80/20 employer/employee contribution for health insurance several years ago, but recently changed to 90/10 because of the tight labor market.

Representative Boehning said perhaps the bill draft could be amended to be limited in application to new hires.

The Legislative Council staff said a substantive amendment to the bill draft may necessitate a new actuarial report.

**It was moved by Senator Dever, seconded by Senator Nelson, and carried on a roll call vote that the committee give Bill Draft No. 19 [19.0019.01000] an unfavorable recommendation.** Representatives Lefor, Dockter, Mitskog, and Owens and Senators Dever, Krebsbach, Lee, and Nelson voted "aye." Representatives Boehning and Laning and Senators Bekkedahl and Larsen voted "nay."

**Bill Draft No. 117 [19.0117.01000]** provides contracts for the provision of health benefits coverage may not exceed 2 years and may not be renewed, and updates the law relating to the PERS self-insurance health plans.

Mr. Miller presented the technical comments ([Appendix L](#)) of the PERS consultant, Deloitte Consulting, LLP, and provided comments from PERS.

In response to a question from Chairman Lefor, Mr. Miller said if the health benefits contract went out to bid every 2 years, the cost of PERS's consultants would increase and it is likely the premium would increase based on the increased frequency of putting the contract out to bid.

Ms. Lisa Carlson, Senior Director of Market Strategy, Sanford Health Plan, said if contracts are rebid every 2 years, it will negatively impact premium rates and disincentivize the carrier from seeking to meet benchmarks. She said in the four states Sanford Health Plan does business, renewal is tied to successfully meeting benchmarks.

Senator Dever said he does not support having the Legislative Assembly making a decision on whether to go to self-insurance. He said in the past, PERS has received bids on self-insurance; however, based on the totality of the information has decided to not pursue the self-insurance. Additionally, he said, he does not support limiting the contract term to 2 years. He said a carrier makes a significant investment when it takes over the PERS plan.

**It was moved by Senator Dever, seconded by Senator Krebsbach, and carried on a roll call vote that the committee give Bill Draft No. 117 [19.0117.01000] an unfavorable recommendation.** Representatives Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." Representatives Lefor and Boehning and Senator Larsen voted "nay."

**Bill Draft No. 128 [19.0128.01000]** provides if health benefits are provided through a self-insurance health plan, PERS is not required to provide prescription drug coverage through a third-party administrator and is not required to provide stop-loss coverage for prescription drug coverage. The bill draft also clarifies only vested members of the Highway Patrolmen's retirement system are qualified to purchase service credit and that retiree health benefits are able to be used for any dental, vision, and long-term care benefits.

Mr. Miller presented the technical comments of the PERS consultants, GRS ([Appendix M](#)) and Deloitte Consulting, LLP, ([Appendix N](#)) and provided comments from PERS.

**It was moved by Senator Nelson, seconded by Senator Larsen, and carried on a roll call vote that the committee give Bill Draft No. 128 [19.0128.01000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft Nos. 129.01 [19.0129.01000] and 129.02 [19.0129.02000]**, for new hires, reallocate the 1.14 percent employer contribution currently allotted to the retiree health insurance credit fund to the general pool of funds in the main plan. The only difference between the two bill drafts is the effective date.

Mr. Miller presented the technical comments ([Appendix O](#)) of the PERS consultant, GRS, and provided comments from PERS. He said the consultant provides a single report for Bill Draft No. 129 because the difference between the two versions is limited to the effective date. He said if PERS introduces this bill draft it will introduce the second Bill Draft No. 129.02 so the effective dates better coordinate with Bill Draft No. 130. Additionally, He presented technical comments ([Appendix P](#)) of the PERS consultant, GRS, providing an analysis of the combined impact of Bill Draft Nos. 129 and 130.

Senator Dever said it is time for the Legislative Assembly to make a decision. He said if the Legislative Assembly continues with the defined benefit retirement plan, the Legislative Assembly needs to adequately fund the plan, and if instead the Legislative Assembly decides to move forward with a defined contribution plan, the Legislative Assembly needs to adequately fund the plan.

**It was moved by Senator Krebsbach, seconded by Representative Laning, and carried on a roll call vote that the committee give Bill Draft No. 129.01 [19.0129.01000] an unfavorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**It was moved by Senator Bekkedahl, seconded by Senator Larsen, and carried on a roll call vote that the committee give Bill Draft No. 129.02 [19.0129.02000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft Nos. 130.01 [19.0130.01000] and 130.02 [19.0130.02000]**, which for new hires, decrease the retirement multiplier from 2.0 to 1.75 percent. Bill Draft No. 130.01 includes a sunset provision upon reaching 100 percent funding.

Mr. Miller presented the technical comments of the PERS consultant, GRS, for Bill Draft No. 130.01 ([Appendix Q](#)) and for Bill Draft No. 130.02 ([Appendix R](#)) and provided comments from PERS. He said if PERS introduces one of these bills, it will introduce Bill Draft No. 130.02.

**It was moved by Representative Laning, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee give Bill Draft No. 130.01 [19.0130.01000] an unfavorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**It was moved by Representative Laning, seconded by Representative Dockter, and carried on a roll call vote that the committee give Bill Draft No. 130.02 [19.0130.02000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." Representative Owens voted "nay."

**Bill Draft No. 131 [19.0131.01000]** provides for an increase in employee and employer contribution for the main retirement fund and the defined contribution plan.

Mr. Miller presented the technical comments ([Appendix S](#)) of the PERS consultant, GRS, and provided comments from PERS.

In response to a question from Senator Nelson, Mr. Miller said Bill Draft Nos. 129, 130, and 131 provide three fund recovery options. He said the PERS Board will need to address its legislative package before the December agency bill draft filing deadline. He said benefit equity is one consideration when multiple tiers are created, such as the tiers created under Bill Draft Nos. 129 and 130. In comparison, he said, Bill Draft No. 131 maintains benefit equity between current and future employees.

Senator Dever said if PERS introduces multiple fund recovery options, the bills should be considered in the same house to ensure they are considered together.

In response to a question from Representative Boehning, Ms. Sharon Schiermeister, Chief Operating Officer and Finance Manager, Public Employees Retirement System, said for the first biennium the anticipated cost to the state would be about \$10 million, which is based on going into effect January 1, 2020. However, she said, for the

second biennium the fiscal cost to the state would be closer to \$13 million. She said the fiscal impact on political subdivision employers for the first biennium would be approximately \$6.8 million and for the second biennium a little over \$9 million. She said some political subdivisions pay all or a portion of the employee share and in that case, the costs may have a higher impact on those political subdivisions.

**It was moved by Senator Dever, seconded by Senator Larsen, and carried on a roll call vote that the committee give Bill Draft No. 131 [19.0131.01000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft No. 135 [19.0135.01000]** provides for future terminations, final average salary is the higher of two alternative calculations.

Mr. Miller presented the technical comments ([Appendix T](#)) of the PERS consultant, GRS, and provided comments from PERS.

**It was moved by Representative Owens, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee give Bill Draft No. 135 [19.0135.01000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

**Bill Draft No. 146 [19.0146.02000]** provides for a health savings account alternative to the traditional health benefits coverage for state employees and provides for a report to the Employee Benefits Programs Committee.

Mr. Miller presented the technical comments ([Appendix U](#)) of the PERS consultant, Deloitte Consulting, LLP, and provided comments from PERS.

Representative Boehning said his goal is to recognize state employees who have family health coverage through a spouse.

Mr. Miller said he is not aware of an opportunity for a federal waiver to allow a health savings plan without an accompanying high-deductible plan; however, there may be an option for a health reimbursement account, which does not require the companion high-deductible health plan.

**It was moved by Senator Nelson, seconded by Senator Dever, and carried on a roll call vote that the committee give Bill Draft No. 146 [19.0146.02000] an unfavorable recommendation.** Representatives Lefor, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." Representative Boehning and Senator Larsen voted "nay."

**Bill Draft No. 289 [19.0289.01000]** provides the Insurance Department regulates PERS self-insurance health plans, revises the requirements of a self-insurance health plan, and revises the contract renewal requirements for a PERS health benefits contract.

Mr. Miller presented the technical comments ([Appendix V](#)) of the PERS consultant, Deloitte Consulting, LLP, and provided comments from PERS.

**It was moved by Senator Nelson, seconded by Senator Larsen and carried on a roll call vote that the committee give Bill Draft No. 289 [19.0289.01000] a favorable recommendation.** Representatives Lefor, Boehning, Dockter, Laning, Mitskog, and Owens and Senators Bekkedahl, Dever, Krebsbach, Larsen, Lee, and Nelson voted "aye." No negative votes were cast.

The committee recessed until 8:30 a.m. on Friday, October 26, 2018.

## **PUBLIC EMPLOYEES RETIREMENT SYSTEM**

### **Public Employees Retirement System Status Report**

Chairman Lefor called on Mr. Miller and Ms. Schiermeister to provide an update ([Appendix W](#)) on the activities of the PERS Board.

In response to a question from Senator Larsen, Mr. Miller said Medicare Part D will remain bundled with the medical supplement plan for 2019.

Senator Bekkedahl said although dentists are responsible for approximately 8 percent of opioid prescriptions, a recent initiative resulted in a 75 percent decrease in dental opioid prescriptions. When reviewing data on dental prescriptions, he said, it is important to distinguish between dentists and oral surgeons.

In response to a question from Senator Nelson, Mr. Miller said as it relates to the pharmacy benefit manager transition under the Sanford Health Plan policy, it is his understanding the new pharmacy benefit manager will have a full network in the state.

In response to a question from Senator Nelson, Mr. Miller said regarding the discontinuation of the long-term care plan, although PERS will no longer administer the long-term care plan, members who have existing coverage will be able to continue to participate.

In response to a question from Chairman Lefor, Ms. Schiermeister said Section 54-52.1-05 directs the state to pay the full premium for the health insurance plan for eligible state employees. However, she said, based on legislative funding levels, PERS considers plan design options. She said to be proactive and prepared for the legislative session, PERS is considering plan design changes and other options to decrease premiums.

Senator Dever said in 2017, the premium increase for the PERS health plan was recognized via three methods--plan design, use of reserves to pay premium, and increased employer contributions. He said it is important to recognize the health plan design changes are not initiated by the carrier.

### **Actuarial Valuations of the Public Employees Retirement System Funds**

Chairman Lefor called on Mr. Lance Weiss, Senior Consultant, Gabriel, Roeder, Smith & Company Holdings, Inc., for a presentation ([Appendix X](#)) regarding an overview of the PERS valuation process and the July 1, 2018, actuarial valuations of the PERS main retirement system, judges' retirement fund, Public Safety retirement system, Highway Patrolmen's retirement system, Job Service North Dakota retirement system, and Retiree Health Insurance Credit Program.

In response to a question from Senator Bekkedahl, Mr. Weiss said the actuarial assumptions take into account several factors, including projected benefit amount. He said the actuarial contribution rate is calculated based on deviation in salary, which is updated annually.

In response to a question from Senator Dever, Mr. Weiss said the amount of the cash infusion required to fully fund the PERS fund is approximately \$1.1 billion; however, it is not necessary to be fully funded today because not everyone will retire today.

In response to a question from Chairman Lefor, Mr. Weiss said because investment income is a large component of the fund's health, there is value to early infusion of money to more fully fund a retirement fund.

In response to a question from Senator Krebsbach, Mr. Weiss said although the goal is to get to 100 percent funding for a retirement fund, in reality, 90 percent funding reflects a healthy fund and is a reasonable goal.

In response to a question from Senator Bekkedahl, Mr. Weiss said the judges' fund can be distinguished from the Job Service fund in that the Job Service fund is closed to new members.

Ms. Schiermeister said the Job Service fund was closed to new participants in the 1980s. She said current Job Service North Dakota employees are covered under the PERS main plan. She said for comparison, when the Old-Age and Survivor Insurance System plan closed and the last beneficiary was paid, there were some leftover assets, which were returned to the general fund. However, she said, in the case of the Job Service fund, there are some federal assets as part of this plan, so when the last beneficiary dies, it will have to be determined what to do if there are leftover assets.

Mr. Weiss said the judges' fund statutory contribution rate is overfunded and it may be appropriate to consider changing that contribution rate.

Senator Dever said a contribution rate of 4.05 percent is the appropriate contribution to fund the PERS fund at 100 percent. He said any rate above a 4.05 percent contribution is designed to address the fund shortfall. However, he said, the defined contribution contribution amount is based on the contribution amount designed to make the plan whole, which seems inconsistent.

Mr. Weiss said in comparing defined benefit to defined contribution plans, the return on investment for defined benefits generally is better than the return on investment for defined contribution. However, she said, the

comparison ultimately depends on the benefits under the defined benefit plan. He said although the PERS defined benefit plan has good retirement benefits, retiring members depend on contributions of current employees because the fund is not fully funded.

Chairman Lefor recognized and thanked Senator Nelson for her 32 years of service in the Legislative Assembly. Senator Nelson made closing remarks and thanked the committee, saying she has continued to learn throughout her service with the Legislative Assembly.

**It was moved by Senator Nelson, seconded by Senator Krebsbach, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and present the report to the Legislative Management.**

No further business appearing, Chairman Lefor adjourned the meeting at 10:15 a.m.

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Jennifer S. N. Clark  
Counsel

ATTACH:24