

HB1486

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 on behalf of the NDUS and its eleven institutions related to HB1486 and to request an appropriation be added to the bill.

HB1486 closes the NDPERS Defined Benefit plan (DB) to new members effective January 1, 2025. Existing DB participants will remain in the plan; however, the NDUS and its 11 institutions will be obligated to pay amounts in addition to the regular retirement contributions for about 20 years. HB1486 does not include a state appropriation with which to make these increased 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 additional contributions for these employees is \$9.9 million for the biennium. 2023-2025 per institution amounts are as follows:

NDUS Entity	PERS Defined Benefit Plan Closure HB1486		
	HB1486 - Fiscal Note 2023-25 - NDUS Cost		
	General Fund	Special Fund	Total
NDUSO	\$ 268,447	\$ 106,421	\$ 374,868
BSC	218,318	311,092	529,410
LRSC	101,034	133,283	234,317
WSC	59,667	79,145	138,812
UND	850,910	2,872,097	3,723,007
SMHS	280,778	432,511	713,289
NDSU	688,018	2,101,742	2,789,760
NDSCS	272,586	314,243	586,829
DSU	108,153	124,728	232,881
MaSU	143,007	222,511	365,518
MiSU	192,753	283,077	475,830
VCSU	114,268	113,566	227,834
DCB	66,849	59,184	126,033
Forest Service	172,284	5,558	177,842
Total	\$ 3,537,072	\$ 7,159,158	\$ 10,696,230
Effective Date 1/1/2025			

The NDUS cannot absorb such a significant 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 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 HB1486 is moved forward, the NDUS respectfully requests the addition of a general fund appropriation to cover the \$10.7 million of increased contributions.

The NDUS would gladly provide additional information to the committee if requested.