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[Thank you to highway patrol. Stuck in snowbank.]

Every day, public employees get up and serve the people of North Dakota with dignity. They plow the roads, supply children with healthy meals, and oversee essential measures like flood preparedness. They've dedicated their working lives to bettering North Dakota and fostering a nationally recognized high standard of living.

This year, legislators are weighing HB 1040, which will gut public employees' defined-benefit pensions. The bill will harm recruitment and retention, jeopardize public servants' retirement security, and threaten the state's economic stability and, with it, the North Dakota way of life.

Some lawmakers want to spend \$5.5 billion over 20 years to destroy the family budgets of devoted nurses and educators. As KFYP-TV has noted, this **\$5.5 billion** dollar bill is the **most expensive legislation in state history**.

States like West Virginia made a similar switch and saw the unfunded liability of their pension funds increase significantly, putting active workers' and fixed-income retirees' economic security at risk.

After decades of underfunding, West Virginia closed their teachers' pension system and transitioned to a 401(k)-style system. After a 2005 study, the state reinstated the pension plan. If North Dakota elected officials pass this bill now and then reverse course down the road, future costs to reopen the system would be over and above today's **\$5.5 billion price tag, which is already today the most expensive bill in state history, the equivalent of more than \$7,000 for every resident in the state**.

This bill would further undermine North Dakota's ability to retain and recruit essential government workers. This year, Oklahoma and Alaska are considering reopening now-closed pension plans because they are desperately short on public workers, damaging core services

like police and fire. Pensions are proven to be a valuable tool in recruiting and, in particular, retaining skilled public servants.

AS we sit here in a hearing about closing a pension system, Alaska is moving in the opposite direction. They made this short-sided choice 15 years ago, and now they regret it. There, legislation is moving quickly that would reintroduce a defined benefit pension. Why? Because they are seriously struggling to recruit public employees. In fact, since they gutted their defined benefit pension system, today, one in five public sector positions go unfilled. The city of Juneau is offering a \$40,000 recruitment bonus for bus drivers. The state is paying millions to train teachers, firefighters, and police, only to watch them leave for states with pensions just a few years later.

North Dakota often tops the quality of life charts. Public employees and public employee pensions support this culture. The National Institute of Retirement Security found that in 2020, state and local pensions yielded \$598.5 million in total economic output, 3,725 jobs in the state, and \$63.8 million in tax revenues. So not only would closing the pension plan cost \$5.5 billion (did I mention that would be the most expensive bill in state history? But it would reduce revenues for state and local governments and jeopardize the state's quality of life.

Legislators have a choice. Will you support the workers who maintain the Peace Garden State way of life?

Or will you choose the West Virginia/Oklahoma mimicking, mimicking states that rank near the bottom in the same livability metrics North Dakota now proudly touts?

North Dakota should learn from states that have made these costly mistakes.

HB 1040 is fiscally reckless. It will exasperate the state's already alarming public sector human resource challenges, harm the local economy, and put lives at risk.

As a clause in the North Dakota constitution reminds us, "government is instituted for the protection, security, and benefit of the people."

HB 1040 fails the test on all three.