

# Professional Fire Fighters of North Dakota

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Senate State and Local Government Committee

Madam Chairwoman and members of the State and Local Government Committee.

My name is Darren Schimke, President of the Professional Fire Fighters of North Dakota. I rise before you on behalf of the PFFND in support of SB 2239.

Valued by employers as a workforce management tool to recruit and retain talent, offering defined benefit (DB) pension benefits is one way that employers send a loud signal to employees that they are committed to a long-term relationship. This provides a meaningful incentive for employees to stay in their job. Employees value pensions as a path of economic security in retirement. Your support of SB 2239 will deliver that signal loud and clear.

As a 30-year employee of the City of Grand Forks Fire Department, I have witnessed firsthand the negative effects when decreases are made to a retirement plan. In January 1996, the City choose to close the DB plan, which was in existence since 1970, to all new hires and opened a DC (Defined Contribution) retirement plan. Approximately 5 years after the DC implementation and as the Grand Forks firefighter's Local 242 union president, I noticed within my own department, and heard from other departments, that we were all experiencing major turnover. As stated in the exit interviews, the majority of these departures were for better retirement benefits. I then inquired on employee morale. It was staggering to hear how low it was and the actions that were being taken to demonstrate low morale by employees. With that concern and learning about the ND PERS Retirement plan, I inquired with the Human Resource Department and the Finance Department about joining the ND PERS Retirement Plan. A few of my many selling points to them were plan longevity, plan stability, and recruitment/retention success stories.

In the end, the City of Grand Forks joined the ND PERS plan and the DC plan participants are now in a DB plan along with all new hires. Within a few short years, I can honestly say the level of morale rose drastically. Observing my coworkers get back their DB plan was remarkable. It was like watching a weight gradually being lifted off their shoulders. We no longer watching 911 dispatchers leave our employment and begin working 22 miles East in Crookston MN. The firefighter and police turnover slowed drastically as well. Improvements were noticed across all departments.

SB 2239 is good for the worker and the State. The worker keeps their DB plan and the State saves approximately \$4.5 billion over 30 years with a plan that's 100% funded. Now that's fiscally responsible.

We understand that circumstances change and adjustments need to be made from time to time. That time is now! The members of my PFFND and thousands of workers and their families throughout our state are depending on you and the hard work that you do here.

Thank you for the opportunity to stand in front of you today and now I will take any questions that you may have.

Darren Schimke

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