Retirement News Highlights

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Maryland Comptroller Brooke Lierman pushes for modernization during first 100 days in office

By Hannah Gaskill
The Baltimore Sun
April 26, 2023

Before her election, Brooke Lierman had not even been inside the treasury building in Annapolis. Now, Maryland's first woman to hold the office of comptroller is focused on making tax season easier for citizens, updating her department's aging infrastructure and her next 100 days in office.

A former member of the House of Delegates, Lierman was busy most of her first 100 days in office with the 2023 legislative session, which ended April 10. She said she sought to use her new role to collaborate with her former colleagues.

"I understand what it's like to sit on the other side of the desk," Lierman, the state's 34th comptroller, told The Baltimore Sun in an interview last week. "So I tried very hard to explain the agency in a way that would make it relevant to our delegates and senators, and so that they could understand how we can be a partner to the work that they're trying to do."

Lierman had seven bills introduced on her behalf in 2023, including legislation to create a taxpayer advocate division to assist people filing their taxes and collect data to address areas within the agency that taxpayers struggle with the most. The bill passed out of the legislature but has yet to be signed by Democrat Gov. Wes Moore.

"But we also had hundreds of bills that we were tracking because they impacted the agency, whether it was because they were tax-related, or because of revenue estimates that were needed," Lierman said.

Though she spent eight years in Annapolis representing South Baltimore neighborhoods in the House, Lierman felt herself to be an outsider with inside perspective upon her election to a four-year term as comptroller.

“I had never set foot inside the treasury building until the press conference announcing my transition team,” she said. “I didn’t even know that the comptroller’s office had three buildings on the campus here.”

Lierman’s work began within days of her election, when she announced a transition team headed by female leaders from across the state — and the outgoing comptroller, Democrat Peter Franchot.

Ahead of her inauguration, Lierman convened six work groups with dozens of stakeholders to study policy areas that involve the agency: data and innovation, local government engagement, pension and investment, procurement and the Board of Public Works, public engagement, and tax administration and customer engagement.

Her administration released a 44-page report on the teams’ findings shortly after Lierman took office, and is working with deputy comptrollers and division directors to implement its recommendations. They include the creation of a chief equity officer position and the establishment of data-sharing standards between the office and other entities. The comptroller’s office already has created a position this year to help the agency interact with local governments, based on some of the challenges noted in the report.

The comptroller oversees state income tax collection; imposes state taxes on gasoline, alcohol and tobacco; and has a seat on the three-person Board of Public Works, which approves major state contracts. The comptroller makes $165,000 annually.

According to Lierman, her office receives 2,500 calls and 800 emails and holds 250 in-person meetings daily during tax season.

“It’s a huge amount of work,” she said.

Lierman also is responsible for chairing the state Board of Revenue Estimates. She said her first meeting “was a tough one” because the forecast predicted the state would bring in almost $480 million less than previously anticipated due to slower economic growth.

“But it also presented us with an opportunity” to work with Moore and the legislature on how to home in on weak spots in the state’s economy, Lierman said, like Maryland’s “rapidly aging workforce” and its dependence on high-income earners.

Lierman has prioritized making her agency easier to navigate for Maryland taxpayers, while also making it a better workplace.

The comptroller’s buildings on the State House campus — the treasury building, the revenue administration building and the Annapolis data center — were in dire need of repair. According to Lierman, one of the buildings had bats nesting in holes in its walls and ceiling. That work is underway already.

At the retirement party of a secretary who worked under five comptrollers over 42 years, the outgoing employee joked “it took a woman comptroller to get new toilet paper dispensers in the bathrooms,” Lierman said.

“That’s sort of just emblematic of the state, of the infrastructure writ large within the complex of the Treasury buildings,” she said. “I say this not to complain, but to say ... we need to build an infrastructure that will support our employees, so that they feel proud to work here and want to come to work.”

Lierman also emphasized the need to modernize the agency’s technology infrastructure, which is operating on aging mainframes that use outdated coding languages. According to the comptroller, Maryland’s tax processing and general accounting systems “are some of the oldest in the country.”

This session, Lierman worked with State Treasurer Dereck E. Davis and Department of Budget and Management Secretary Helene Grady to successfully pass legislation to move the state from a legacy accounting system to a cloud-based platform. It will take a few years to implement, she said.

“When we are modernizing, it’s not for modernization’s sake that we do that,” she said. “It’s to have better results, to make government work better, be more interactive with constituents, with agencies, with colleagues to get data that can actually drive policymaking and help people do their jobs better.”

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Maryland Comptroller Brooke Lierman Celebrates First 100 Days in Office

by David M. Higgins II, Publisher/Editor
The Southern Maryland Chronicle
April 25, 2023

Maryland Comptroller Brooke Lierman will mark her first 100 days in office on April 26, becoming the 34th comptroller of the state and the first woman to hold the position. During this time, Comptroller Lierman has been focused on building a new team, forging partnerships with the General Assembly, and realigning the office.

Since taking office on January 16, Comptroller Lierman has presided over the 2023 tax season, during which the agency processed over 2.7 million tax returns and sent out 1.8 million refunds valued at more than $2.25 billion. She has also reviewed and voted to approve $2.061 billion in state investments, 46 contracts to prime certified small businesses, $116.3 million in small business prime contracts, and 27 prime contracts totaling more than $80 million to minority business enterprises.

As a member of the Maryland State Retirement and Pension System Board, Comptroller Lierman has been an active participant, working to ensure changes are made at Hearthside Foods, a private equity company in which the Maryland Pension System invests and which was recently the subject of an exposé by the New York Times for federal labor law violations.

During the 2023 General Assembly session, Comptroller Lierman worked with Speaker Adrienne Jones and Senate President Bill Ferguson to pass six legislative priorities, including creating an Office of the Taxpayer Advocate to better assist Marylanders with their tax needs and setting in motion the modernization of Maryland’s accounting systems. She also advocated for and secured more than $7 million in the FY24 budget to hire new staff and acquire new technology to increase the efficiency of the Comptroller’s Office as a whole.

In February, Comptroller Lierman released her Transition Report, a list of more than 60 recommendations generated by more than 100 Marylanders to help reshape and guide the activities of the Office of the Comptroller. She has also made two historic hires, the first Chief Information Officer and the first Chief Equity and Transformation Officer for the Office of the Comptroller, in line with recommendations from the Transition Report.

Comptroller Lierman's leadership has been focused on building partnerships and promoting equity and inclusion. During her Branching Out statewide tour of Branch Offices, she met with staff and taxpayers to discuss ways to improve the services offered by the Comptroller's Office. She also spoke at the CASH Campaign event in Baltimore to assist Marylanders with federal and state tax return filings and encouraged them to take advantage of the Earned Income Tax Credit, which helps low to moderate-income families.

Looking ahead, Comptroller Lierman will continue to focus on modernizing the Office of the Comptroller and providing best-in-class service to the diverse businesses, families, and organizations that depend on it. "While plenty of work remains to be done, we have set a clear course toward modernizing the Office of the Comptroller with an eye toward providing best-in-class service to the diverse businesses, families and organizations that depend on us," Comptroller Lierman said.

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Comptroller Lierman Celebrates Agency's Many Achievements During First 100 Days in Office

by WCBC Radio
April 25th, 2023

Comptroller Brooke Lierman on Wednesday will mark the passage of her first 100 days as the 34th Comptroller of the State of Maryland and the first woman to hold the position, underscoring the new team she has built, partnerships with the General Assembly she has forged, and realignment of the office that has begun.

"Because we worked so diligently between November and January, my team hit the ground running and has been working in close partnership with our staff and division leaders to strengthen the overall function of the agency while delivering on commitments made during my campaign and transition to begin building more equitable, resilient, and prosperous Maryland communities," Comptroller Lierman said. "While plenty of work remains to be done, we have set a clear course toward modernizing the Office of the Comptroller with an eye toward providing best-in-class service to the diverse businesses, families and organizations that depend on us."

Comptroller Lierman's administration has wasted no time since taking office on January 16 to deliver for Marylanders. Since her inauguration, the Comptroller has presided over the 2023 tax season, during which the agency has processed more than 2.7 million tax returns and has sent out 1.8 million refunds valued at more than $2.25 billion.

As a member of the Board of Public Works, Comptroller Lierman has reviewed and voted to approve:

- $2.061 billion in state investments

- 46 contracts to prime certified small businesses, including veteran-owned small businesses
- $116.3 million in small business prime contracts
- 27 prime contracts totaling more than $80 million to minority business enterprises (MBEs)

Comptroller Lierman also was elected to serve as the Vice Chair of the Maryland State Retirement and Pension System Board, where she has been an active participant. At the March meeting, she led an effort to engage with Charlesbank, a private equity company in which the Maryland Pension System invests, and which owns Hearthside Foods, recently the subject of an exposé by the New York Times for federal labor law violations. She worked to ensure a unanimous vote by the Board to push Charlesbank to ensure changes are made at Hearthside.

Under Comptroller Lierman's leadership, the 2023 General Assembly session was one of the most consequential legislative sessions ever for the Office of the Comptroller. She and her team worked with Speaker Adrienne Jones and Senate President Bill Ferguson to pass six legislative priorities, including creating an Office of the Taxpayer Advocate to better assist Marylanders with their tax needs and setting in motion the modernization of Maryland's accounting systems.

Additionally, as a result of her advocacy, the Governor and the General Assembly awarded the Comptroller's Office more than $7 million in the FY24 budget to hire new staff and acquire new technology to increase the efficiency of the Comptroller's Office as a whole.

In February, Comptroller Lierman released her Transition Report, a list of more than 60 recommendations generated by more than 100 Marylanders, to help reshape and guide the activities of the Office of the Comptroller. She also kicked off her tour of the Branch Offices across the State, meeting with staff and taxpayers to discuss ways to improve the services offered by the Comptroller's Office. In line with recommendations from the Transition Report, she has made two historic hires, the first Chief Information Officer and the first Chief Equity and Transformation Officer for the Office of the Comptroller.

Key Accomplishments Over the First 100 Days

Jan. 16 – Brooke E. Lierman took oath of office as the 34th Comptroller of Maryland.

Jan. 17 – Comptroller Lierman elected Vice Chair of the State Retirement & Pension Board.

Jan. 19 – Comptroller Lierman briefed the House Appropriation Committee on agency budget priorities to modernize the agency. She outlined the need to make it easier for families and businesses to pay taxes and to take advantage of underused state programs, while streamlining the state procurement and payment systems to encourage more participation from small, minority, woman-owned and veteran-owned businesses.

Jan. 23 – Comptroller Lierman kicked off the 2023 Tax Season.

Jan. 25 – Comptroller Lierman participated in her first Board of Public Works meeting as a voting member.

Jan. 27 – Comptroller Lierman spoke at the CASH Campaign event in Baltimore to assist Marylanders with federal and state tax return filings. Comptroller Lierman spoke about the Earned Income Tax Credit that helps low to moderate-income families and urged them to take advantage of this underutilized tax credit.

Feb. 1 – Comptroller Lierman recognized National Unclaimed Property Day to remind Marylanders to check the state database to reclaim lost property.

Feb. 27 – Comptroller Lierman released her Transition Team's Report.

Feb. 28 – Comptroller Lierman outlined her legislative agenda at a press conference in the Assembly Room joined by leaders of the CASH Campaign of Maryland, the Maryland Society of Accounting and Tax Professionals, CASA of Maryland, Turn Around, Inc., and the Maryland Center on Economic Policy.

Mar. 1 – Comptroller Lierman spoke in support of the Family Prosperity Act at a press conference with CASA de Maryland, Lt. Governor Aruna Miller, Vice Chair Jheanelle Wilkens, and Delegate Palakovich Carr.

Mar. 6 – Comptroller Lierman kicked off her "Branching Out" statewide tour of Branch Offices with a visit to the Greenbelt Branch Office in Prince George's County.

Mar. 8 – Comptroller Lierman held the first "Getting to Know You" staff listening session as part of her commitment to proactively engage staff and ensure they have a voice in shaping the direction of the office.

Mar. 15 – Comptroller Lierman voted as a member of the Board of Public Works on the first Bond Sale of 2023. Afterward, Comptroller Lierman led Governor Moore and Treasurer Davis on a tour of the art of The Black Art Foundation's "We the People" project, on display in the Treasury Building.

Apr. 11 – Comptroller Lierman celebrated legislative victories upon the conclusion of the 2023 General Assembly Session.

Apr. 18—Comptroller Lierman marked Tax Day and celebrated the close of the 2023 Tax Season in Maryland.

Apr. 26 – Comptroller Lierman will mark her 100th day as Comptroller of Maryland.

Office of the Comptroller Legislative Priorities (2023)

The Tax Parity for Delayed Unemployment Insurance Payments, HB708 / SB661, passed the Senate, not the House. This legislation establishes a rebate program to refund taxes withheld from or paid as a result of Unemployment Insurance payments received in 2022 to bring the recipients into parity with other taxpayers whose benefits were both earned and paid during the timeframe envisioned by the RELIEF Act of 2021.

21st Century Financial Systems Council-Establishment, HB709 / SB659, signed into law. Brought by the Comptroller in partnership with the Treasurer and Secretary of Budget & Management, this legislation directs the Comptroller, with partners, to investigate, adopt, and implement a new general accounting system for the entire state government. Maryland has one of the oldest accounting and payment processing systems in the country and needs to begin a thoughtful but expedient process to replace this outdated system to guarantee continued service to vendors, businesses, and non-profits who rely on timely state agency payments as well as to balance the state's checkbooks every year.

The Supporting All Taxpayers Act of 2023, HB707 / SB660, will be signed into law by the Governor. This legislation establishes an Office of the State Taxpayer Advocate within the Comptroller's Office and provides at least six staff members to assist Marylanders with timely resolutions to tax issues and work to identify and address systemic challenges to efficient tax processing and problem resolution for Marylanders. This legislation mirrors best practices from other state and the IRS.

Three other bills brought by the Office of the Comptroller are more technical in nature:

Commercial Law – Abandoned Property – Alterations, SB241, signed into law. This allows the Comptroller's Office to dispose of abandoned property with no commercial value. These items have been abandoned for years and the state has been unable to reunite them with an owner. These are items like human hair and baby teeth, that have been held by the agency's Unclaimed Property division.

Income Tax – Work Opportunity Tax Credit – Technical Correction, SB242, signed into law. This bill corrects certain incorrect cross-references to the federal Internal Revenue Code relating to the federal work opportunity credit in the state code.

Income Tax – Child and Dependent Care Tax Credit – Alterations, SB243, signed into law. This legislation closes a loophole in the law to ensure only Maryland residents can claim the child and dependent tax credit.

Updating the rules for Pass-Through-Entities to level the playing field for Maryland small businesses with out-of-state peers (SB240). This legislation fulfils the original goal of revenue-neutrality for the 2020 PTE legislation and promotes fairness by putting Maryland-based PTEs on equal tax footing with out-of-state peers by requiring resident members of pass-through entities that paid entity-level taxes to another state to 'add back' the amount of the credit received in that other state.

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Peter Jensen: Probably going to wing that retirement thing as it comes along. Wait — is that bad? | COMMENTARY

By Peter Jensen
The Baltimore Sun
April 25, 2023

Now that the kids are grown and a major family health scare is in the rearview mirror, my spouse and I have finally turned our attention to retirement planning. I am excited to report that, first, we've no idea what we're doing; second, we're surely inadequately funded; and finally, we're looking to attach ourselves to the next generation like one of those enormous squirting cysts in Dr. Pimple Popper, that extremely gross dermatology show on TLC. Not even Dr. Sandra Lee will be able to extricate us.

Don't worry, there's a Plan B. I'm encouraging Fox News to knowingly report falsehoods about me — or at least fire me from a prime-time show. Should all that fail, there's still Mega Millions. The odds are a mere 1 in 302 million. Heck, with that kind of probability, you really don't have to buy anything. It's about the same chance of running across a winning ticket lying in the gutter. Incidentally, I blame my wife for all this uncertainty. I told her I'd take care of retirement planning. What was she thinking when she agreed?

In my defense, I've not been entirely inattentive to this important matter. But two things kept getting in the way: pride and ignorance. Oh, and probably greed. And sloth. Wait, I'm up to four. Envy, too. Not to mention really bad math skills. I also blame my late father. He was a civil servant who had a public pension. He took no pay cut when he concluded his government career. What kind of example was that to set for one's offspring?

Of course, I tucked away a little bit of my salary each pay period in a retirement account for years and years. But when it came time to get advice from people who knew what they were doing, I ran into a problem. Either they expected what seemed to me an enormous sum to receive their counsel (either as a percentage of investments or a fee-for-service), or I could get free advice from various sources and manage it all myself. Fond as I am of free stuff, I assumed this personal finance business couldn't be all that tough. I knew some personal finance writers. They weren't all that smart. That is to say, they seemed a lot like me.

But here's where things went a little south. Have you actually read personal finance articles? There are whole lot of media outlets devoted to this subject, and they produce consistently well-written, extensively reported, imaginatively illustrated and compelling but either ridiculously obvious or wholly contradictory reports. What am I talking about? Trust me, if you have reached the age of AARP solicitation, you see this crap already. They come with headlines like "Why you should be invested in stocks" quickly followed by "Why you should not be invested in stocks." Then there is the ever-present "Why you should be in annuities" and its companion, "Why you should never invest in annuities." And don't get me started with tax planning, Medicaid options or when it's time to take your Social Security benefits. One day you should be looking to retire early, the next you will be told that decision will likely kill you.

Now, let me offer an overdue warning. Please don't follow my example or advice. Or possibly follow my example and advice. I'm not sure at this point about what would be the smartest course of action. Frankly, I'm still caught up on that enormous boil on the backs of my kids' metaphor. (Again, what was my wife thinking when she married me?)

I'm a bit surprised more Americans aren't appalled by this increasing dependence on 401(k) accounts to finance retirements and the burden this places on everyone. In France, they riot over raising the national pension retirement age from 62. We seem to quietly accept a life of not only waiting until decrepitude to retire, but having to figure out how to beat Wall Street or at least tie or maybe finish a respectable second place. It's been estimated that the United States faces a $7 trillion retirement "crisis," with 47 million older adults already struggling to make ends meet. If we aren't lining the streets of Paris swinging pots and pans, shouldn't we be at least a little cranky at family gatherings? Son, please pass the roast beef and how about a little Roth IRA on the side? By the way, kids, have you ever thought about carrying me on your back like an angry boil?

In the meantime, I will continue reading my NerdWallet and Forbes, my Motley Fool and Kiplinger hoping that one day they will all agree on the exact right strategy beyond why I really should start saving early and as much as I can afford. Or, my personal favorite, the need to not live beyond my means. When I talk to my spouse about retirement, I will use specialized words like "fiduciary" and "variability" that suggest I know exactly what I'm talking about. But mostly I'll keep my eyes peeled for errant winning lottery tickets.

Peter Jensen is an editorial writer at The Baltimore Sun; he can be reached at pejensen@baltsun.com.

Delaware legislators float reinstating deferred comp plan match

By Brian Croce
Pensions & Investments
April 25, 2023

Delaware legislators introduced a bipartisan bill to reinstate the employer match for state employee contributions to the deferred compensation program, known as DEFER.

The state suspended the match in July 2008 during the early part of the Great Recession when budgets were tight. Previously, the employer match for contributions to DEFER plans — which comprise 457, 401(a) and 403(b) plans totaling $1.3 billion as of Dec. 31 — was a maximum of $10 per pay period.

Sponsored by Democrats state Sen. Trey Paradee and House Majority Leader Valerie Longhurst, the bill was introduced April 19 and would set the new maximum at $20 per pay period. There are 26 pay periods in a year, a spokesman for state Treasurer Colleen C. Davis, who proposed the bill, confirmed in an email.

“It was always the intent of the General Assembly to revive the match after lawmakers reluctantly put it on hold in order to cut costs,” Ms. Davis said in a news release. “In fact, every budget bill since fiscal year 2008 contained language reading ‘It is the intent of the General Assembly that this program be reinstated when funding becomes available.’”

When the state offered the employer match, the employee participation rate was growing at an average of 3.25% per year, but after it was suspended, employee participation declined at an average rate of 1.6% per year, according to the news release.

“For over a decade, the State of Delaware provided a meager match to the deferred compensation program as a way to encourage state workers to save for their future,” Mr. Paradee said in a statement. “Now, after six straight years of surpluses, I think it’s time we finally keep our promise and restore a match that keeps pace with inflation. This legislation is not only good for state workers, it also will help the State of Delaware at a time when it’s getting harder to compete with the private sector.”

The bill also authorizes the state to contribute to an employee’s retirement account if the employee is making payments on student loans, and as a result, the employee cannot afford to contribute to their retirement account. The measure was made possible by a provision in SECURE 2.0, a comprehensive retirement security bill Congress passed in December.

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Bill to close North Dakota public employees' pension plan goes to Burgum

By Jack Dura
The Bismarck Tribune
April 25, 2023

Legislation to close North Dakota's public pension plan is on its way to Gov. Doug Burgum's desk.

The state House of Representatives concurred with Senate amendments and passed House Bill 1040 in a 76-17 vote Tuesday. The Senate on Friday passed the bill, 28-19.

The bill would close the pension plan to new hires beginning in 2025 and put them in a defined-contribution plan, similar to a 401(k). House Majority Leader Mike Lefor, R-Dickinson, has shepherded the bill from the Legislature's interim Retirement Committee.

The House killed Senate Bill 2239 by Sen. Sean Cleary, R-Bismarck, 19-74. The bill sought to preserve the pension plan.

The two bills competed on one of the session's foremost issues: the future of the pension plan and how to address its roughly $1.9 billion unfunded liability, or shortfall. Burgum supports 1040.

North Dakota United, the union that represents state employees, wants to stick with the pension plan. The pension plan as of last year had more than 53,000 members, including more than 23,000 current employees and nearly 14,000 retirees and beneficiaries. About 60% of employees participating in the plan are employees of local governments.

The Senate earlier this month had passed House Bill 1040, 29-18, sending it to Senate budget writers to review, with amendments sent back to lawmakers.

The bill proposes a 30-year plan -- up from 20 as initially proposed -- updated every two years, for calculations of components to make the pension plan solvent, including a one-time infusion of $135 million from a state fund derived from oil taxes.

The bill includes a $10,000, three-year incentive for public employees enrolled in the pension plan and hired in the last five years to switch to the bill's defined-contribution plan. New hires beginning in 2025 would have only the defined-contribution plan.

The bill also includes a mandatory 2023-24 interim legislative study of best practices for public employee retirement plans, and removes $70 million deposits every two years from earnings of the state's Legacy Fund oil tax savings into the pension fund to help make it solvent. The amendments also add $65 million from oil taxes every two years for the pension plan.

The House in February had passed bill, 77-16.

Lefor on Tuesday called the bill "a long-term plan, and we're looking out on the horizon several decades."

"This has been well thought out. This has been well vetted. It's time to close the defined-benefit plan. It's time to open up a best practices, defined-contribution plan for the betterment of our state," Lefor told the House.

Rep. Corey Mock, D-Grand Forks, said the bill "will likely cost the state billions of dollars we close out this plan.

"There is no solution before us that is free. We cannot kid ourselves. No course of action has a zero price tag, so it's a choice: Do we double down and invest to make the plan whole, or do we buy ourselves out of this obligation and chart a new path forward?" Mock told the House.

Cleary said the Senate-passed version of 1040 "does improve the bill marginally," but he opposed the bill, citing its cost and "what else could we be doing with that money instead of closing that pension plan," such as potential future tax cuts.

"Over the next 30 years, this is just going to be an incredible amount of money that we're going to be putting in to closing this plan, biennium after biennium," Cleary said Friday.

PERS Executive Director Scott Miller told the Tribune that Lefor's bill would cost $4.94 billion and Cleary's bill would cost $930 million, both over the next 30 years.

"At over $4 billion dollars difference, HB 1040 is about to be the most expensive mistake in the history of the state of North Dakota," Miller told the Tribune.

Lefor cited work by TIAA and the Reason Foundation in the proposal, and told the House, "Let's look at solid statistics given to us by experts in the field, not by someone who has a vested interest like PERS. I don't read PERS fiscal notes anymore."

Fiscal notes are a state agency's cost estimates to implement legislation.

TIAA is a financial services company. The Reason Foundation is a libertarian think tank.

Senate Majority Leader David Hogue, R-Minot, said lawmakers "have to acknowledge that the PERS defined-benefit plan is a ticking fiscal time bomb, and we have to have the courage today to defuse, because if we don't ... the hole's going to get deeper, and so we have to have the courage to do it."

"If we look at the big picture, I think, and look at the numbers, you'll have to acknowledge that we're providing stability for that plan and we're also telling new employees that, 'Hey, you come to work for North Dakota, you get to own your retirement assets, and nobody's going to manage them for you,'" Hogue told the Senate, who lauded the bill's $200 million "injection" as "a very good down payment into that fund."

When the defined-benefit plan will run out of money depends on a number of factors, including how many retirees are being paid, how long they live, and what future salaries are, according to Lefor.

In 2000, the plan was 114% funded; now it's about 65%, according to Lefor, who called that drop "unsustainable." The state for years hasn't put in money to address the unfunded liability, he said.

Supporters said the portability of a defined-contribution plan would appeal to younger, newer employees.

Cleary sought to preserve the pension plan with a $250 million infusion from the general fund in the 2023-25 biennium and contributions from the state over the next three decades. The bill would have increased employee contributions by 1% and employer contributions by 3.6%, according to Cleary.

The legislation also would have expanded the option of enrolling in the state's defined-contribution plan to all employees. Cleary has said his bill "gives everyone the choice of both, who is coming in as a new employee."

North Dakota United President Nick Archuleta said 1040 "will undoubtedly have devastating effects on our state’s ability to recruit and retain workers into our public workforce."

"To help retain this world-class workforce, the state of North Dakota has offered a secure, modest but dependable retirement plan. This arrangement has worked exactly as intended for more than a generation. We are disappointed to see this important tool for recruitment and retention come to an end," he said.

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