



NORTH DAKOTA

Pensionomics 2023:

Measuring the Economic Impact of DB Pension Expenditures

Key Findings

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of North Dakota.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

In 2020, expenditures stemming from state and local pensions supported...

3,725 jobs that paid \$192.3 million in wages and salaries

\$598.5 million in total economic output

\$63.8 million in federal, state, and local tax revenues

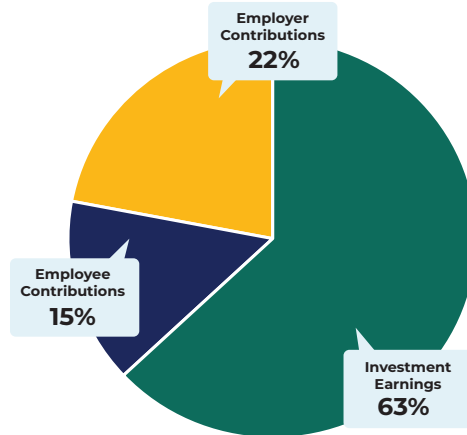
... in the state of North Dakota.

Each dollar paid out in pension benefits supported \$1.26 in total economic activity in North Dakota.

Each dollar "invested" by North Dakota taxpayers in these pension plans supported \$5.74 in total economic activity in the state.

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to North Dakota communities and the state economy. In 2020, 23,823 residents of North Dakota received a total of \$474.7 million in pension benefits from state and local pension plans.



The average pension benefit received was \$1,660 per month or \$19,925 per year. These modest benefits provide retired teachers, public safety personnel, and others who served the public during their working careers income to meet basic needs in retirement.

Between 1993 and 2020, 22% of North Dakota's pension fund receipts came from employer contributions, 15% from employee contributions, and 63% from investment earnings.* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 3,725 jobs in the state. The total income to state residents supported by pension expenditures was \$192.3 million.

To put these employment impacts in perspective, in 2020 North Dakota's unemployment rate was 5.1%. The fact that DB pension expenditures supported 3,725 jobs is significant, as it represents 0.9 percentage points in North Dakota's labor force.

Economic Impact

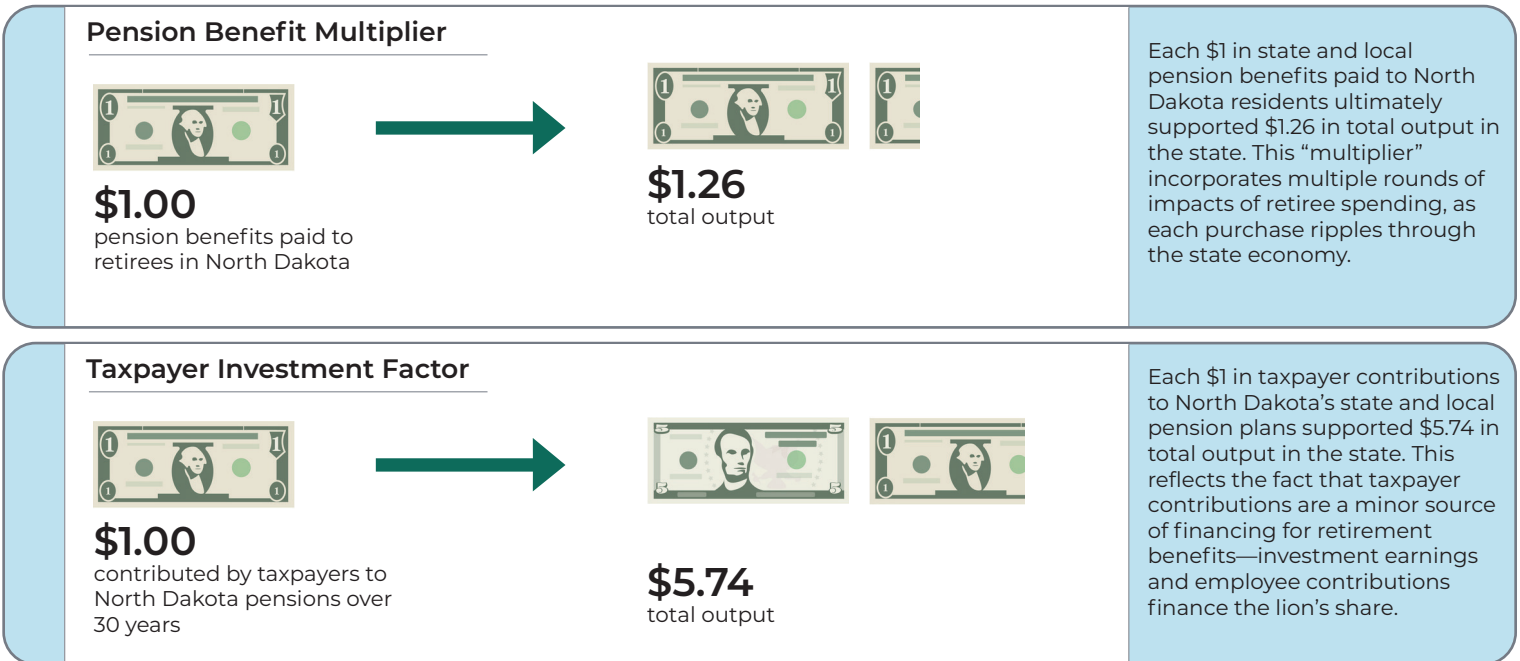
State and local pension funds in North Dakota and other states paid a total of \$474.7 million in benefits to North Dakota residents in 2020. Retirees' expenditures from these benefits supported a total of \$598.5 million in total economic output in the state, and \$326.1 million in value added in the state.

Impact on Tax Revenues

State and local pension payments made to North Dakota residents supported a total of \$63.8 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$9.4 million. Taxes attributable to pension expenditures in the local economy accounted for \$54.4 million in tax revenue.

Federal Tax	\$26.3 million
State/Local Tax	\$37.5 million
Total	\$63.8 million

Economic Multipliers



*Caution should be used in interpreting these numbers. See the Technical Appendix of the full *Pensionomics* report for details.

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in North Dakota. The five industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Hospitals	371
Limited-service restaurants	210
Full-service restaurants	146
Retail - general merchandise stores	126
Nursing and community care facilities	120

Industry totals include the first round of impacts from pension payments to state residents, and do not account for recaptured “leakage” to or from other states.

Economic Impacts by Occupation Category

The pension benefits in North Dakota supported jobs in every civilian job category, as shown in the table below.

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
Food Preparation and Serving Related Occupations	417	\$8,155,255	\$1,467,011	\$9,622,266
Sales and Related Occupations	389	\$13,888,880	\$2,624,043	\$16,512,924
Office and Administrative Support Occupations	364	\$15,867,096	\$3,224,141	\$19,091,237
Healthcare Practitioners and Technical Occupations	345	\$31,601,086	\$6,868,843	\$38,469,929
Transportation and Material Moving Occupations	224	\$8,857,997	\$1,852,052	\$10,710,049