



MEMORANDUM

Date: July 25, 2024

To: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)
Local Governmental Employees' Retirement System Board of Trustees (LGERS Board)

Cc: Joint Legislative Commission on Government Operations
Fiscal Research Division of the North Carolina General Assembly

From: Patrick Kinlaw, Director of Policy, Planning, and Compliance

Re: Legislative Enactment Implementation Arrangement (LEIA) – Annual Report

Purpose of the LEIA

Two LEIA accounts were established effective October 1, 2017, one for TSERS and the other for LGERS. Each system's LEIA account is placed under the management of the system's Board of Trustees (Board). The governing provisions are G.S. 128-29(g) for LGERS and G.S. 135-7(h) for TSERS, enacted under Session Law 2017-129 as amended by Session Laws 2020-29 and 2024-8.

If the General Assembly creates or modifies any provision pertaining to retirement benefits for public officers or public employees, which has a cost savings as measured by actuarial note, either Board or both Boards may direct up to one one-hundredth of a percent of covered payroll (0.01%) out of the required employer contribution rate to pay for the administrative implementation of the cost-saving provision. Effective June 20, 2024, the Boards may similarly direct contributions toward the LEIA for administrative or information technology purposes when necessary to prevent an interruption to the normal operation of the Retirement Systems. All contributions, once approved, will be deposited in a fund separate from the fund into which regular employer contributions are deposited. Unused LEIA funds are transferred to the Retirement System as employer contributions. The Boards are not permitted to direct contributions into the LEIAs after November 1, 2035.

Boards' Authority

The LEIA is administered by the Boards, which must compile and maintain records necessary or appropriate for administration. The Boards have full discretionary authority to interpret, construe and implement the LEIA and to adopt any rules and regulations to implement LEIA provisions.

For LEIA allocations supporting implementation of new legislation, the Boards must identify the implementation project necessitated by legislation enacted within five years before the allocation; the Boards must determine that the cost savings measured by actuarial note meet certain minimum levels; and the Boards must identify the number of years (not more than four) during which LEIA funds will be used for the project.



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

For LEIA allocations supporting administrative or information technology needs, the Boards must determine that the use of funds is necessary to prevent an interruption to the normal service of the Retirement Systems.

Reporting

The Department of State Treasurer must report to the Boards, the Joint Legislative Commission on Government Operations and the Fiscal Research Division on the amounts and sources of funds collected by year, the amounts expended, the projects for which funds were expended, and the current status of the projects. This report must be submitted on or before August 1 of each year. The Boards of Trustees must also post this report on their public website.

The projects for which funds were expended and current status of these projects is shown below. As of June 30, 2024, the Boards of Trustees have not directed any funds to be collected by the LEIAs or expended from the LEIAs. Department of State Treasurer staff has not identified any session laws that (1) are eligible for LEIA expenditures under the criteria set forth in G.S. 128-29(g), with respect to the LGERS LEIA, and G.S. 135-7(h), with respect to the TSERS LEIA; and (2) have resulted in implementation projects with measurable costs. The Boards of Trustees may direct funds to be collected by, and expended from, the LEIAs during the fiscal year ending 2025 or later fiscal years related to the implementation of future legislation or qualifying administrative or information technology purposes.

Statement of Activities - TSERS

Date	Identified Project	Amounts and Sources of Funds Collected for Fiscal Year Ending 20XX										Total Spent	Project Status
		17	18	19	20	21	22	23	24	25	26		
1/25/2018	None	\$0	\$0									\$0	
7/26/2018	None		\$0									\$0	
7/25/2019	None			\$0								\$0	
7/30/2020	None				\$0							\$0	
7/29/2021	None					\$0						\$0	
7/28/2022	None						\$0					\$0	
7/27/2023	None							\$0				\$0	
7/25/2024	None								\$0			\$0	

Statement of Activities – LGERS

Date	Identified Project	Amounts and Sources of Funds Collected for Fiscal Year Ending 20XX										Total Spent	Project Status
		17	18	19	20	21	22	23	24	25	26		
1/25/2018	None	\$0	\$0									\$0	
7/26/2018	None		\$0									\$0	
7/25/2019	None			\$0								\$0	
7/30/2020	None				\$0							\$0	
7/29/2021	None					\$0						\$0	
7/28/2022	None						\$0					\$0	
7/27/2023	None							\$0				\$0	
7/25/2024	None								\$0			\$0	