



## NORTH CAROLINA

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OFFICE OF THE TREASURER

JANET COWELL, TREASURER

June 12, 2013

The Honorable Nelson Dollar  
North Carolina House of Representatives  
300 Salisbury Street, Room 307B1  
Raleigh, North Carolina 27603-5925

The Honorable Peter S. Brunstetter  
North Carolina State Senate  
16 West Jones Street, Room 2022  
Raleigh, North Carolina 27601-2808

Dear Representative Dollar and Senator Brunstetter:

I write to request that you remove the budget provision that diverts funds from the Separate Insurance Benefit Trust to pay the employer's portion of certain State Health Plan premiums in two state agencies. Currently, this provision is found in Section 35.17 of the Appropriations Act of 2013 (Senate Bill 402), as passed by the Senate and now under consideration by the House.

As State Treasurer, I serve as trustee of the Separate Insurance Benefit Trust (Trust). This Trust provides benefit to the survivors of state and local law enforcement officers killed in the performance of duty and other benefits payable upon the death of active or retired officers. For two reasons, I believe it would be unwise to divert such funds from the Trust in the manner proposed in this budget provision.

First, I am concerned that this diversion is part of a larger pattern of withdrawing resources from self-sustaining revenue sources. Given the level of diversion of funds found in this provision, the Trust would no longer be self-sustaining after three years. Currently, the Trust requires no annual appropriation from the General Assembly and remains self-sustaining from the investment gains from the Trust. Based on our calculation, the Trust would no longer be able to pay any benefits at all – *not even those currently offered* – beginning Fiscal Year 2020-21, assuming the drawdown continues at the proposed rate in this provision. The resulting fiscal scenario would require ongoing appropriations from the General Assembly in future years.

Second, this provision runs counter to the Trust's purpose of paying benefits for both local and state law enforcement officers. This provision would use nearly a quarter of the Trust assets to offset the cost of health benefits for two state agencies: the Department of Public Safety and the Department of Justice. Unlike the Department of Public Safety and the Department of Justice, local government employers would receive no benefit from this diversion. I question the fairness of using money accumulated to benefit both state and local law enforcement officers to only supplement the benefits provided to state officers.



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I urge you to reconsider the diversion of funds from the Separate Insurance Benefit Trust. A similar policy mistake has endangered an important benefit to needy and worthy students in the State, and I fear this provision repeats that error. By including this provision, the General Assembly would endanger a modest but valuable benefit for the survivors of the state and local law enforcement officers killed in the performance of duty. Additionally, this position threatens our long history of conservative financial stewardship. Respectfully, I ask that you remove Section 35.17 from the budget. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script that reads "Janet Cowell".

Janet Cowell

JC/jjc

CC:

The Honorable Thom Tillis, Speaker of the House

The Honorable Philip E. Berger, President Pro-Tempore of the Senate

The Honorable Larry D. Hall

The Honorable Martin Nesbitt

The Honorable Justin P. Burr

The Honorable Bryan Holloway

The Honorable Linda P. Johnson

The Honorable Harry Brown

The Honorable Neal Hunt