



MEMORANDUM

Date: July 30, 2020

- To: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board) Local Government 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 within TSERS and the other within LGERS. Each system's LEIA account is placed under the management of the system's Board of Trustees.

As provided in G.S. 128-29(g) for LGERS and G.S. 135-7(h) for TSERS, enacted under Session Law 2017-129, the purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. In the event the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note, the Boards of Trustees may direct up to one one-hundredth of a percent of covered payroll (0.01%) out of the required employer contribution rate to fund the LEIA. These contributions, once approved, will be deposited in a fund separate from the fund into which regular employer contributions are deposited. Under the provisions of Session Law 2020-29, which extended the LEIAs for five years beyond the provisions into the LEIA after November 1, 2026.

Any assets of the LEIA not used to pay allowed administrative expenses must be transferred to the Retirement System as an additional employer contribution.

Boards' Authority

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

The individual projects identified by the Boards of Trustees must be necessitated by a specific statute or session law that was enacted within five years of the allocation of funds. The Boards

must also identify the number of years for which each individual implementation will be paid for with LEIA funds.

Reporting

The Department of State Treasurer must report to the Boards of Trustees, the Joint Legislative Commission on Government Operations and the Fiscal Research Division on the amounts and sources of funds collected by year and the amounts expended, the projects for which those 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, 2020, 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 identified one session law (Session Law 2020-29, enacted June 19, 2020) which may result in implementation projects 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. It is possible that the Boards of Trustees may direct funds to be collected by, and expended from, the LEIAs during Fiscal Year 2020-2021 or later fiscal years related to the implementation of Session Law 2020-29.

		Amounts and Sources of Funds Collected for Fiscal Year Ending 20XX											
Date	Identified Project	17	18	19	20	21	22	23	24	25	26	Total Spent	Project Status
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	

Statement of Activities - TSERS

Statement of Activities – LGERS

		Amounts and Sources of Funds Collected for Fiscal Year Ending 20XX											
Date	Identified Project	17	18	19	20	21	22	23	24	25	26	Total Spent	Project Status
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	