



September 29, 2023

To: Joint Legislative Commission on Governmental Operations
Joint Legislative Oversight Committee on General Government

From: Dale R. Folwell, CPA
State Treasurer of North Carolina

Subject: Reports under N.C. Gen. Stat. §§ 147-69.3(i1) and 147-69.3(i2) – Incentive
Bonus for Chief Investment Officer and Salaries and Bonuses Paid under
§ 147-69.3(i2)

N.C. Gen. Stat. § 147-69.3 provides the State Treasurer the authority to award the Chief Investment Officer and “employees possessing specialized skills or knowledge necessary for the proper administration of investment programs” performance-based incentive bonuses based upon compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. N.C. Gen. Stat. § 147-69.3(i2).

Within the past year, reflecting the conclusions from the most recent study conducted by Mercer for the North Carolina Department of State Treasurer (“NCDST”) that multiple employees in the Investment Management Division of NCDST have salaries that are well below the median, NCDST provided modest salary increases to ensure the retention of such key public employees.

In accordance with the requirement of N.C. Gen. Stat. § 147-69.3(i1), this letter serves to inform you that there were no incentive bonuses paid to the Chief Investment Officer(s) for the fiscal year ending June 30, 2023. In general, the compensation plan that has been adopted under N.C. Gen. Stat. § 147-69.3(i2) provides for compensation in the form of salary, not bonuses.

With that said, in accordance with the reporting requirement of § 147-69.3(i2), the table enclosed with this letter provides the salaries and the applicable retention-related increases paid under that provision. Legislative increases provided after June 30, 2022, are also included in the total salary figures.

Any legislative increases or other salary adjustments provided after June 30, 2023, will be reported in the next annual report submitted pursuant to § 147-69.3(i2).

As a final note, subsection (i2) requires reporting “annually” but does not specify a date. We provided the first report under subsection (i2) on February 27, 2015, pursuant to the separate deadline in § 33.2(d) of the Appropriations Act of 2014, and we provided supplemental information to the Fiscal Research Division of the North Carolina General Assembly in December 2015. Going forward, we will continue to submit the § 147-69.3(i2) report on or around the same October 1 date as the § 147-69.3(i1) report until the recipients communicate a preference for another date.

Enclosure: Table with Position Number, Position Title in BEACON System, Salary Adjustment, and Salary for Affected Employees as of June 30, 2023.

Position	Job	Market Adjustment on 09/01/2022	Salaried Amount as of 06/30/2023
60009021	DST Investment General Counsel		161,233.00
60009059	DST Investment Deputy General Counsel		135,300.00
60009065	DST Investment Director Journey	4000	255,604.00
65022142	DST Investment Portfolio Manager Journey	4000	176,000.00
60009054	DST Investment Director Contributing	4000	243,480.00
60009056	DST Investment Portfolio Manager Journey	4000	190,000.00
60009062	DST Investment Portfolio Manager Journey	4000	205,782.00
60009066	DST Investment Director Advanced	4000	332,871.00
60009070	DST Investment Portfolio Manager Advance	3000	217,322.00
65022136	DST Investment Analyst Journey	4000	104,783.00
60009068	DST Investment Director Journey	4000	276,311.00
60009071	DST Investment Portfolio Manager Advance	4000	190,919.00
60090005	DST Investment Analyst Journey		90,000.00
65006300	DST Investment Attorney		85,000.00
60009291	DST Investment Dep Dir Fin Operations		173,871.00
60009285	DST Investment Accountant		72,000.00
60009294	DST Investment Accounting Supervisor		96,174.00
60009300	DST Investment Accountant		81,000.00
60009308	DST Investment Accountant		75,000.00
60088630	DST Investment Accounting Manager		120,000.00
65012555	DST Investment Operations Director	4000	221,902.00
60009067	DST Investment Director Journey	4000	242,698.00
65006636	DST Investment Portfolio Manager Journey	4000	168,335.00
65012554	DST Investment Director Journey	6000	292,436.00
65022138	DST Investment Analyst Journey	4000	94,000.00
65012552	DST Investment Director Journey	4000	259,362.00
65022135	DST Investment Analyst Journey	4000	91,975.00
60090004	DST Investment Analyst Journey	4000	89,000.00
65006073	DST Investment Analyst Journey	3000	82,295.00
65022137	DST Investment Portfolio Manager Contrib	2000	155,549.00
		78,000.00	4,980,202.00