



# HOUSE BILL 977: Admin. Changes Ret. System/Treasurer - 2018.

2017-2018 General Assembly

<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	June 13, 2018
<b>Introduced by:</b>	Reps. Ross, McNeill, Dulin	<b>Prepared by:</b>	Tawanda N. Foster Staff Attorney
<b>Analysis of:</b>	Second Edition		

**OVERVIEW:** House Bill 977 makes clarifying and administrative changes to laws relating to the State Treasurer, to the Teachers' and State Employees' Retirement System (TSERS), to the Local Government Employees' Retirement System (LGERS), to the State Health Plan (SHP), and to related statutes.

### BILL ANALYSIS:

**Section 1-** closes the Optional Retirement Program for Community College Presidents (CC ORP) to newly hired Presidents after June 30, 2018. Presidents hired after that date will participate in the Teachers' and State Employees' Retirement System (TSERS) instead of being able to choose the CC ORP.

**Sections 2(a)-2(e)-** adds convictions on state charges of certain offenses including embezzlement to the list of offenses for which an elected government official's TSERS or LGERS pension could be forfeited. In addition, if any portion of elected Register of Deeds' LGERS benefit is forfeited, then that member's entire Register of Deeds Supplemental Pension benefit is also forfeited.

**Section 3-** provides when a charter school withdraws from the Retirement System under G.S. 135-8(i), the school must bear the full cost of future investment risk to the Retirement System to pay for service earned by school employees while the school participated in the Retirement System. Payment plans may be made to satisfy withdrawal liabilities with the following requirements:

- 1) Retirement System Board of Trustees must approve payment plans;
- 2) As of the date of Retirement Board action, employees of the agency would no longer earn retirement service credit;
- 3) Payment plans would be only available if a withdrawal liability exceeds two million dollars (\$2,000,000.00);
- 4) Fifty percent (50%) of the withdrawal liability must be paid up front;
- 5) The agency may make no more than 36 equal monthly payments of the remaining amount;
- 6) The Retirement System will put a lien on real property owned by the school in the event that the school fails to pay; and
- 7) The Retirement System will use existing law allowing interception of public school allotments if school fails to pay and is still receiving funds from the state.

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**Sections 4(a) and 4(b)**- clarifies that the Department's new internally-managed index strategy is consistent with the Iran and Sudan Divestment Acts.

**Sections 5(a) and 5(b)**- clarifies that the fee-setting authority granted to the Board of Trustees of the Supplemental Retirement Plans extends to all plans and programs under the purview of the Board.

**Sections 6(a) and 6(b)**- provides personal immunity from civil liabilities for decisions made by members of the Local Government Commission (LGC) and the Board of Directors of the North Carolina Capital Facilities Finance Agency (NCCFFA) for actions taken in their official capacity.

**Section 7**- creates a new section allowing preemption of state law to comply with provisions of the federal Affordable Care Act.

**Sections 8(a) and 8(b)**- removes the statutory requirement that the State Health Plan have a Deputy Executive Administrator. This requirement predates the inclusion of the Plan within the Department of State Treasurer.

**Section 9**- amends the qualifications for the State Health Plan Board of Trustees to add a requirement that one member be a medical doctor and to clarify that one member must have a background in actuarial science or health economics.

**Section 10**- adds the Executive Administrator of the State Health Plan as an ex-officio voting member NC Health Information Exchange Advisory Board.

**Sections 11(a) and 11(b)**- amends the requirement that new charter schools enter the State Health Plan within 30 days to allow election within two years. Also, adds a six month advance notice requirement for new charter schools electing to participate in the Plan.

**EFFECTIVE DATE:** Except as otherwise provided, effective when the act becomes law.