

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 264 (First Edition)
SHORT TITLE: Community Colleges 403(b) Plan.-AB
SPONSOR(S): Representative McNeill

FISCAL IMPACT					
(\$ in millions)					
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
North Carolina Community College System, Department of State Treasurer					
EFFECTIVE DATE: October 1, 2015					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

Amends G.S. 115D-25 to provide that, in lieu of annuity or related contracts, interests in specified custodial accounts can be purchased by local boards of trustees for the benefit of qualified employees with the funds derived pursuant to the reduction in salaries of such employees. Makes conforming changes to the section catchline.

Enacts new G.S. 115D-25.4, Department of State Treasurer-sponsored 403(b) option, allowing local boards of trustees to offer the "North Carolina Public School Teachers' and Professional Educators' Investment Plan" (Plan). Sets out seven criteria for the offering of the Plan, including requiring that annuity contracts, trust accounts, and/or custodial accounts are administered by a qualified third-party administrator to provide custodial, record-keeping, and administrative

services. Further provides nine requirements of the third-party, including maintaining a written plan document, monitoring maximum contributions, and keeping an updated schedule of vendor fees and commissions as to the Department of State Treasurer's statewide plan. Provides that oversight of the Plan will be performed by the Department of State Treasurer and the Board of Trustees for the NC Supplemental Retirement Plans, also provides that they will solely determine the investment options for the Plan. Sets out additional requirements concerning investment recommendations, payment and disbursement procedures, contributions by the local board of trustees to an employee's account, and design and administration of annuity contracts, trust accounts, and custodial accounts.

ASSUMPTIONS AND METHODOLOGY:

Community colleges currently have the flexibility to offer a 403(b) plan to their employees through a private vendor. This bill would allow an additional 403(b) plan option through the Department of State Treasurer and would pose no additional costs to the North Carolina Community College System office or individual colleges.

The Department of State Treasurer anticipates that they will be able to accommodate any additional workload with existing staff and facilities that currently serve the Supplemental Retirement Plans; therefore, there will be no additional cost to the agency.

SOURCES OF DATA: North Carolina Community College System

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

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APPROVED BY:

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DATE: March 23, 2015



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