

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: House Bill 379

SHORT TITLE: Amend Charter School Laws

SPONSOR(S): Representative Wood

SYSTEM OR PROGRAM AFFECTED: Teachers' and State Employees' Retirement System

FUNDS AFFECTED: General Fund

BILL SUMMARY: : The bill allows the creation of a charter school authority which then would allow employees of a charter school authority created by resolution of the State Board of Education to be members of the Teachers' and State Employees' Retirement System

EFFECTIVE DATE: When it become law.

ESTIMATED IMPACT ON STATE: Both actuaries agree that the normal employer and employee contribution rates would be sufficient if the law allowed for the inclusion of employees of charter school operated by governmental authorities to be members of the Teachers' and State Employees' Retirement System.

ASSUMPTIONS AND METHODOLOGY: Teacher's & State Employees' Retirement System: The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 1995 actuarial valuation of the fund. The data included 256,904 active members with an annual payroll of \$6.596 billion and 84,915 retired members in receipt of annual pensions totaling \$986.2 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) salary increase rate of 6.25%, (c) the George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal method with open-end unfunded accrued liability and an frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report which is available upon request from Stanley Moore.

SOURCES OF DATA: : System Actuary - Buck Consultant, Inc.
General Assembly Actuary - Dilts, Umstead & Dunn

FISCAL RESEARCH DIVISION: The above information is provided in accordance with North Carolina General Statute 120-114 and applicable Rules of the North Carolina Senate and House of Representatives.

FISCAL RESEARCH DIVISION

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APPROVED BY: Tom Covington **Tom C**

DATE: March 18, 1997



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