

# 2025 – 2029 STRATEGIC PLAN



**BRADFORD B. BRINER**  
STATE TREASURER OF NORTH CAROLINA



# Balance Sheet

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# About the Department

**Brad Briner** serves as the State Treasurer. The North Carolina Department of State Treasurer serves the people of North Carolina through a variety of functions related to the financial health of the state and its citizens. The Department has approximately 450 employees and is comprised of the following divisions:

## Office Of State Treasurer

The Office of State Treasurer is an administrative unit that provides services to the rest of the Department. Its functions include legal services, external affairs and communications, human resources, internal auditing, and compliance.

## State and Local Government Finance

The State and Local Government Finance Division manages the sale and delivery of most debt issued by the State and by local governments and public authorities and monitors the repayment of this debt. The Division provides fiscal oversight to local governments and public authorities in North Carolina regarding their financial condition and compliance with governmental accounting standards, North Carolina General Statutes, and best practices in government finance. The Division serves as staff to the Local Government Commission (LGC), the North Carolina Capital Facilities Finance Agency (NCCFFA), and the Debt Affordability Advisory Committee (DAAC) in fulfilling their respective statutory functions and responsibilities.

## Investments

The Investment Management Division actively invests and manages the State's pension funds and other assets entrusted to the Department. The Division is organized into teams that are responsible for day-to-day oversight and management of broad portfolios of investments, and which coordinate with other teams in capital allocation and risk management processes. Standing teams are:

- Real Estate
- Private Equity
- Investment Grade Fixed Income
- Public Equity
- Opportunistic Fixed Income
- Inflation Sensitive
- Multi-Strategy

In addition to the core Fixed Income assets, the Investment Grade Fixed Income team also manages the Short-Term Portfolio as part of the Cash Management Program.

### **State Health Plan**

The North Carolina State Health Plan for Teachers and State Employees provides health care coverage to more than 740,000 teachers and local school personnel, state employees, retirees, current and former lawmakers, state university and community college faculty and staff, and their dependents.

### **Unclaimed Property**

The Unclaimed Property Division (UPD) is responsible for collecting, safeguarding, and returning unclaimed property to all rightful owners. Net earnings from the Escheat Fund are transferred to the North Carolina Education Assistance Authority to provide grants and low-interest loans to North Carolina students attending state-supported schools of higher education. The administration of the UPD and the Escheat Fund is governed principally by Chapter 116B of the North Carolina General Statutes.

### **Retirement Systems**

The North Carolina Retirement Systems is the 9th largest public pension fund in the country. It provides retirement benefits and savings for more than 950,000 North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers. The Retirement Systems Division administers the statutory retirement and fringe benefit plans as authorized by the General Assembly of North Carolina. These include eight major pension retirement plans:

- Teachers' and State Employees' Retirement System (TSERS)
- Teachers' and State Employees' Retirement System for Law Enforcement Officers (TSERS LEO)
- Local Governmental Employees' Retirement System (LGERS)
- Local Governmental Employees' Retirement System for Law Enforcement Officers (LGERS LEO)
- Consolidated Judicial Retirement System (CJRS)
- Legislative Retirement System (LRS)
- Fire & Rescue Squad Workers' Pension Fund (FRSWPF)
- Disability Income Plan of North Carolina (DIPNC).

In addition, Retirement Systems works with the North Carolina National Guard (NCNG) to provide pension payments to National Guard retirees.

Retirement Systems is also responsible for overseeing defined contribution plans and programs for all state agencies, local employers and employees, as well as the NC ABLE savings program for individuals living with disabilities.

## Financial Operations

The Financial Operations Division is responsible for the efficient and prudent management of state-held assets. The Division is comprised of four areas: Procurement and Contracting, Banking Operations, Bank Reconciliation Unit, and Accounting.

Our **Procurement and Contracting** team ensure compliance and consistency in purchasing and contracting. **Banking Operations** serves as the banking hub for all State government departments, agencies, institutions, and universities. **The Bank Reconciliation Unit** is responsible for reconciling all of the State Treasurer's bank accounts as well as reconciling budget code balances between the Office of State Controller and the Department. **Accounting** manages the accounting and financial reporting for all funds that are deposited, invested and disbursed through the Department of State Treasurer including the \$150 billion investment pool and banking programs.

## Information Technology

The Information Technology Division's primary purpose is to plan, develop, implement and support the technology systems that meet the operational needs of the Department of State Treasurer.

# Mission and Vision

## Mission

Our mission is to preserve, protect and sustain the state's pension and healthcare plans, generate investment returns in excess of comparable public pensions, properly account for and report on all funds that are deposited, invested, and disbursed through the North Carolina Department of State Treasurer, assure the financially sound issuance of debt for state and local governments, maintain the state's "AAA" bond rating, and provide exemplary service across all divisions of the Department.

## Vision

Our vision is to sustain and advance the performance and efficiency of the North Carolina Department of State Treasurer, always focusing on our loyalty and duty of care to participants.



# Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

## Office of State Treasurer

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*Engineer The Department to Meet the Needs of The People of North Carolina*

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### **Develop Disaster Services and Rural Economic Development Division**

The Office of State Treasurer plans to develop a new Division within the Department that is focused on disaster services and rural economic development. This Division will serve as a clearinghouse to provide targeted assistance and support for local units of government across the State of North Carolina.

#### *Performance Measures and Milestones*

- Distribute all available funds through the Hurricane Helene Cash Flow Loan program by the end of 2025.
- Establish the Disaster Services and Rural Economic Development Division by the end of 2025.
- Hire and train a dedicated team of experts in disaster services and rural economic development by Q2 2026.
- Launch an outreach program to educate local governments on available resources and support by Q1 2027.
- Measure and report the impact of the Division's initiatives on rural economic development and disaster resilience annually.



## **Support the Use and Adoption of AI and Automation Tools to Improve Operational Efficiency and Effectiveness**

The Department will actively support the adoption and responsible use of artificial intelligence (AI) and automation tools—such as Microsoft Copilot and Microsoft Power Platform tools — to streamline workflows, reduce manual effort, and enhance the quality and timeliness of services. By fostering a culture of innovation and continuous improvement, the Department will ensure these tools are integrated in ways that uphold data privacy, transparency, and public trust.

### *Performance Measures and Milestones*

- Encourage division leadership to identify opportunities where AI and automation tools can improve operations, and provide policy, managerial, and funding support to enable implementation.
- Collaborate with IT staff to ensure technical support, integration guidance, and training resources are available to divisions adopting tools like Microsoft Copilot, Power Automate, and Power Apps.
- Identify and support operational areas where these tools can reduce manual workload, improve turnaround time, or enhance service delivery.
- Promote awareness and understanding of AI and automation capabilities across divisions to build readiness and encourage adoption.

## Updates to 2023-25 Initiatives

 Ongoing	<p><b>Utilize Communications Assets to Drive Business Goals</b></p> <p>The Communications team will continue to build and use assets to support the Department’s business goals. The Communications team will continue to help drive business efficiencies, reductions in costs, and increases in customer satisfaction.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Increase the total value and reach of Communications assets like distribution lists, numbers of social media followers, and press engagement</li><li>• Find ways to tie Department Communications to business goals; like promoting automated 1099 forms in the Retirement System to decrease the number of calls for help</li></ul>
 Ongoing	<p><b>Renewed Focus on Social Media Operations for Individual Divisions</b></p> <p>The Communications team has put significant effort into over-hauling its social media operations. The team plans to renew these efforts by focusing on social media operations for individual divisions.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Develop specific social media metrics to continually monitor</li><li>• Improve social media metrics for State Health Plan, Retirement Systems Division, and State &amp; Local Government Finance Division-related content</li><li>• Increase quality and quantity of content that gets engagement, special emphasis on graphics and video</li></ul>

## State & Local Government Finance Division

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### *Reduce Red Tape, While Ensuring Proper Oversight and Financial Compliance*

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#### **Explore Alternative Reporting Requirements for Local Governments**

The Division will assess potential alternatives to full financial audits for local governments, aiming to reduce the administrative burden of compliance while maintaining fiscal oversight.

##### *Performance Measures and Milestones*

- Complete research on alternative reporting models.
- Engage with stakeholders for input.
- Finalize recommendations, if any.



#### **Review of the Local Government Fiscal Control Act**

The Division will conduct a comprehensive review of the Local Government Fiscal Control Act and work with stakeholders to identify needed statutory updates, if any, to strengthen fiscal oversight and accountability while considering local government staffing challenges.

##### *Performance Measures and Milestones*



- Conduct internal analysis of the Act, including engagement of stakeholders, local government officials, and policy experts.
- Prepare and finalize proposed statutory revisions for submission to the North Carolina General Assembly.

## Updates to 2023-25 Initiatives

 Ongoing	<p><b>Research and Solve Underlying Problems That Cause Late Audit Submissions</b></p> <p>Local governments are required to submit annual audited financial statements to the State and Local Government Finance Division pursuant to NC General Statute 159-34. The Division will continue to take steps to ensure that local units comply with this statute. This year we plan to research why units sometimes struggle to submit audits on time.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Reach out to local government, the independent governmental audit community, and other stakeholders to learn more about challenges</li> <li>• Identify potential resources, process changes, or other supports or solutions to address the issue of late audits</li> <li>• Presentation to the Local Government Commission<sup>1</sup> summarizing challenges and proposed solutions</li> </ul>
 Re-Prioritized	<p><b>Predictive Model for Local Government Fiscal Viability</b></p> <p>Develop a predictive model that will identify, capture, and analyze key metrics and factors associated with the long-term fiscal viability of local governments and anticipate fiscal issues and at-risk units. Provide results to policy makers to assist them in developing and implementing long term solutions.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Development of model</li> </ul>



<sup>1</sup> The Local Government Commission or LGC, established by General Statute 159-3, aids local governments and public authorities in North Carolina.



 Ongoing	<p><b>Increased Financial Management Training for State and Local Governments</b></p> <p>The State and Local Government Finance Division plans to develop and promote easily accessible fiscal management training for local government finance staff, managers, and elected officials. We will collaborate with outside organizations as needed to help develop content and promote the training to stakeholders. We will also continue to support "Local Government Finance: A Practical Approach" at community colleges around the state.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Contacts made to all relevant stakeholders, including the NC League of Municipalities<sup>2</sup> and the University of North Carolina School of Government</li> <li>• Meet the training needs of all public finance entities across the State</li> <li>• Improved knowledge of public finance across North Carolina</li> </ul>
 Ongoing	<p><b>Assist State-Level Policymakers to Assess the Implications of Various Capital Funding and Debt Issuance Scenarios</b></p> <p>Through the publication of the Debt Affordability Advisory Committee<sup>3</sup> study and analysis of various debt or capital funding initiatives, provide material information to the Governor, General Assembly, and other policymakers. Provide legal and financial review of proposed legislation regarding debt.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Annual publication of Debt Affordability Advisory Committee report and other analyses as requested</li> </ul>

<sup>2</sup> The North Carolina League of Municipalities is an organization that represents the interests of towns and cities in North Carolina.

<sup>3</sup> The Debt Affordability Advisory Committee is a committee housed within the Department of State Treasurer that reviews the State's capacity to take on debt.

 <p>Ongoing</p>	<p><b>Continue The Role of The Local Government Commission as A Leader in Public Finance and Fiscal Management</b></p> <p>Educate members of the General Assembly and local government officials on best practices in debt management; educate local government officials and staffs on prudent financial decision making and fiscal responsibility.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Positive and favorable response by members of the General Assembly to 1) Department of State Treasurer budget requests; 2) Department of State Treasurer legislative requests; 3) Department of State Treasurer views on proposed legislation</li> </ul>
 <p>Ongoing</p>	<p><b>Leverage Communications to Promote Strong Financial Practices</b></p> <p>The Department's Communications team plans to highlight the Local Government Commission and the Local Government Finance Division's work in helping local governments maintain good financial practices.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Increased coverage of state and local government finances in traditional and social media channels</li> <li>• Improvement in awareness of the Local Government Commission among Department stakeholders</li> </ul>

## Investments

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***Establish an Independent Investment Authority That Invests Smarter, Operates Independently, and Delivers with Accountability***

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### **Establish the North Carolina Investment Authority Governance Framework**

The 2025 State Investment Modernization Act transitions the Investment Management Division into the newly created North Carolina Investment Authority (NCIA), an independent agency responsible for managing the state's public investment programs. The Division will establish a foundational governance structure needed for North Carolina Investment Authority to operate effectively and independently. It includes forming the Board of Directors, appointing leadership, and adopting key policies and frameworks to guide investment, ethical, strategic, and operational decisions.

#### *Performance Measures and Milestones*

- Form the North Carolina Investment Authority Board of Directors with confirmed appointments
- Adopt foundational charters and policies, including delegations, ethics, investment, risk, and administrative governance
- Appoint the Chief Investment Officer and establish North Carolina Investment Authority staffing positions
- Approve the initial budget, organizational structure, operating model, and workforce plan

## **Build Operational Infrastructure for the North Carolina Investment Authority**

The North Carolina Investment Authority (“NCIA”) will establish administrative systems that support its operational independence from the Department of State Treasurer. This includes human resources, information technology, legal, finance, compliance, and internal audit functions; establishing independent budget and procurement processes; and formally transferring contracts and legal authorities necessary for the Authority to operate as an autonomous agency in fulfilling statutory investment duties.

### *Performance Measures and Milestones*

- Transition to North Carolina Investment Authority administrative functions and processes, including human resources, information technology, legal, finance, compliance, and internal audit
- Establish independent budget and procurement processes
- Assign or novate relevant Department of State Treasurer contracts and legal/policy duties to the Authority



## **Transition Asset Management Responsibilities to the North Carolina Investment Authority**

The North Carolina Investment Authority will assume full responsibility for managing the investment programs for the state’s retirement systems and other assigned public investment funds. This includes finalizing an Asset Liability Management Study that reflects the Authority’s new investment flexibility and risk appetite, transferring day-to-day asset management responsibilities from the Department of State Treasurer, and updating performance reporting to align with statutory and Board requirements

### *Performance Measures and Milestones*

- Finalize an Asset Liability Management Study for the North Carolina Retirement Systems, incorporating the removal of statutory investment caps and the North Carolina Investment Authority Board’s risk appetite
- Transfer day-to-day investment management of retirement systems and other designated funds to North Carolina Investment Authority
- Update performance reporting and protocols to meet new statutory and Board governance requirements



## Updates to 2023-25 Initiatives

 Ongoing	<p><b>Further Develop Internal Management<sup>4</sup> Capabilities</b></p> <p>The Department has achieved significant cost savings by expanding its internal investment management capabilities. We hope to further develop our internal management capabilities to increase the long-term value that we provide.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Evaluate investment strategies that could be managed effectively with internal resources</li> <li>• Conduct a cost-benefit analysis of implementing any identified strategies</li> <li>• Implement changes that drive value for the Department's stakeholders</li> </ul>
 Ongoing	<p><b>Continue Efforts to Increase Cost Effectiveness and Reduce Complexity</b></p> <p>It is our duty to maximize our risk-adjusted returns for North Carolina retirees and citizens. One way that we do this is by continually evaluating our investment management fees, administration costs, and portfolio complexity.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Maintain low investment costs with high-cost effectiveness compared to peers as measured by the annual CEM investment cost effectiveness analysis<sup>5</sup></li> <li>• Identify and evaluate transitioning to investment structures and approaches that support cost-effectiveness</li> </ul>

<sup>4</sup> Internal Management is when internal staff execute trades directly on behalf of the Investments Division

<sup>5</sup> Benchmarking means comparing investment performance to a standard of performance. For example, comparing NC Retirement Systems performance to the S&P 500.



 <p>Ongoing</p>	<p><b>Continue to Enhance the Investment and Administrative Support to the Ancillary Governmental Participant Investment Program</b></p> <p>We will continue to provide low-cost institutional investment options and high-quality customer service and support to participants within the Ancillary Governmental Participant Investment Program.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Evaluate operational processes to ensure efficiency and effectiveness</li> <li>• Monitor existing investment options to ensure suitability for the program</li> </ul>
 <p>Ongoing</p>	<p><b>Determine Long-Term Effectiveness of Management Account Platform</b></p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Cost benefit analysis of current use and long-term projections</li> <li>• Assessment that fees, lockups, and terms are materially better than commingled market</li> <li>• All-in cost of vehicles on Managed Account Platforms have at least 35bps savings versus commingled market</li> </ul>

# Unclaimed Property Division

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## *Increase Awareness of Unclaimed Property*

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### **Increase Public Awareness of the Unclaimed Property Division**

The Unclaimed Property Division plans to increase public awareness of unclaimed property to ensure that holders<sup>6</sup> understand their responsibilities under NCGS 116B to report unclaimed property to the Unclaimed Property Division if an owner cannot be located. The Division also plans to increase awareness amongst rightful owners of unclaimed property.

#### *Performance Measures and Milestones*

- Increased Unclaimed Property activity on traditional and social media channels.
- Increased exposure of the Division in publications and presentations.
- Increase in receipts and claims paid.

### **Increase Outreach to Owners of High Dollar Properties**

Expand targeted outreach efforts to target specific potential owners, such as high-dollar properties and business associations, to make them aware of property being held and potentially streamline the process in claiming the property. In addition to other documents, such properties require a signed and notarized claim form and cannot be paid out proactively.

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<sup>6</sup> All business associations doing business in North Carolina are required to review their financial accounts annually to determine if they are holding reportable unclaimed property. If property is identified, they are required to submit a Holder Report and remit or deliver the unclaimed property to the Division.

### *Performance Measures and Milestones*

- Define high-dollar threshold.
- Assign the Outreach Coordinator to provide direct assistance to high-dollar claimants and identified business entities.
- Track number of high-dollar and business association claimants assisted by the outreach coordinator.
- Adjust outreach approach based on feedback and completed claims.

## **State Health Plan**

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### ***Preserve And Strengthen Health Care Benefits for State Workers and Their Families***

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#### **Strengthen Financial Sustainability of the State Health Plan**

The State Health Plan will implement a provider and plan design strategy that ensures long-term financial stability and keeps the Plan above the Target Stabilization Reserve (TSR). This effort is critical to avoiding a fiscal cliff and maintaining affordable, high-quality coverage for members.

### *Performance Measures and Milestones*



- Implement provider and plan design strategies that always maintain the Plan's financial position above the Target Stabilization Reserve (TSR)


## Define and Communicate a Long-Term, Market-Driven Strategy for the State Health Plan

The State Health Plan will publish a clear vision and long-term provider strategy that improves member health outcomes and reduces costs for both members and the Plan. This strategy will reflect a market-driven approach and serve as a foundation for engaging stakeholders and aligning provider relationships with the Plan's long-term goals.

### *Performance Measures and Milestones*

- Publish the State Health Plan's vision and long-term provider strategy by the end of calendar year 2025



Updates to 2023-25 Initiatives	
 Ongoing	<b>Maintain the State Health Plan's Financial Sustainability</b> The State Health Plan has a \$32 billion unfunded liability. The Department will do all that it can to protect this benefit for current and future members by securing adequate funding to protect against shortfalls. <i>Performance Measures and Milestones</i> <ul style="list-style-type: none"><li>• Secure funding needed in 2023-2024 and subsequent state budgets</li></ul>
 Ongoing	<b>Improve Member Experience</b> Enhance the member enrollment workflow in enroll which the online member enrollment portal is provided through the Benefit Focus contract. <i>Performance Measures and Milestones</i> <ul style="list-style-type: none"><li>• Post Open Enrollment feedback from Members and Health Benefits Representatives as well as the types and number of exception requests</li></ul>

 Ongoing	<p><b>Improve Member Experience While Educating Members About How to Use Plan Benefits</b></p> <p>Navigating health benefits can be daunting for members. The Plan has a duty to proactively educate members about their health benefits. The Plan does this by educating stakeholders, and by reaching out to members and Health Benefits Representatives<sup>7</sup>.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Continue providing Health Benefits Representatives education and training opportunities by building specialized training modules within the web-based remote learning tool</li> <li>• Continue building health plan literacy via webinars and on-site events including outreach efforts for members turning 65</li> <li>• Research new ways to engage members through various platforms to promote the plan through new channels that attract members of all ages</li> </ul>
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<sup>7</sup> Health Benefit Representatives are representatives who liaison with the State Health Plan to help their organizations (mostly units of North Carolina government) understand the employee health benefit.






 Ongoing	<p><b>Work Toward Full Compliance with New Federal Rules and Regulations</b></p> <p>The American Rescue Plan Act of 2021 and the Transparency in Coverage federal rule began on January 1, 2022, and has several impacts on the Plan.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Develop and implement Consolidated Omnibus Budget Reconciliation Act<sup>8</sup> notice and premium changes required by the American Rescue Plan Act of 2021 along with an accompanying employing unit reporting and invoice requirements</li> <li>• Analyze regulations contained in Section 2715A of the Public Health Service Act, which provides that group health plans and health insurance issuers offering group or individual health insurance coverage must comply with section 1311(e)(3) of the Patient Protection and Affordable Care Act</li> </ul>
 Re-Prioritized	<p><b>Implement Provider Reimbursement Strategy</b></p> <p>Transition the State Health Plan to a reference-based pricing<sup>9</sup> model to reimburse providers based on a percentage of Medicare rates.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Provider participation</li> <li>• Quality of member care/improvement in health outcomes</li> <li>• Overall cost reductions (including overpayment prevention/recovery/payment integrity generated from additional contractual language)</li> </ul>

<sup>8</sup> The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances

<sup>9</sup> Reference Based Pricing is a pricing methodology that prices a claim or bill for medical services starting at a benchmark or reference price, such as a multiple of rates paid by Medicare.




## Retirement Systems Division

Updates to 2023-25 Initiatives	
 Ongoing	<p><b>Improve the Effectiveness of Disability Programs<sup>10</sup></b> Seek changes to disability programs that will increase effectiveness at providing benefits to eligible members. Promote administrative efficiencies while improving the capabilities of the Medical Board<sup>11</sup> to assess applicants.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Propose actions to improve efficiency and effectiveness of disability programs</li></ul>
 Ongoing	<p><b>Reduce Overpayments<sup>12</sup> and More Effectively Collect Them When They Occur</b> Evaluate policy and legislative proposals to prevent and identify, collect overpayment balances owed to the Retirement Systems Division.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Increase overpayment collections and decrease receivables relative to factors outside the Division's control</li></ul>
 Ongoing	<p><b>Promote Long-term Sustainability of The NC Retirement Systems</b> Seek changes to the systems that will preserve and protect the systems such that they may continue to be operated in a fiscally prudent manner.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Actions to reduce cost and volatility</li></ul>

<sup>10</sup> The NC Retirement System administers the disability program for members of the NC Retirement System

<sup>11</sup> The Medical Board is a board of doctors that reviews disability claims

<sup>12</sup> Overpayments are when a retiree or other benefit recipient is paid more than they are owed.

 Ongoing	<p><b>Effective Compliance Oversight</b></p> <p>Our division operates in an increasingly challenging compliance environment. The risk of fraud and noncompliance with federal laws and regulations, state laws and administrative code is significant. We plan to enhance our compliance program to best protect the fiscal integrity of the NC Retirement Systems.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Department adds qualified staff to perform audits and improve processes</li> </ul>
 Ongoing	<p><b>Retirement Planning Conferences and Tours</b></p> <p>Leverage employer relationships and technology to increase member participation in the NC Supplemental Retirement Plans</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Increased participation in NC Supplemental Retirement Plans<sup>13</sup></li> </ul>
 Ongoing	<p><b>Reduce Retiree Outflow from The Supplemental Retirement Plans</b></p> <p>Leverage communication tools and investment options to retain participants and assets in the plans to maintain competitive participant fees and services.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Reduce participant and assets outflow from the Supplemental Retirement Plans.</li> </ul>

<sup>13</sup> Supplemental Retirement Plans offers retirement savings accounts designed to help public employees in North Carolina achieve their retirement goals beyond the standard Defined Benefit plan.

## Financial Operations Division

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*Implement and maintain the State's financial systems.*

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### **Research the Viability of Cryptocurrency Payments to State Agencies**

The Financial Operations Division will research the requirements needed for payments in cryptocurrency to be accepted by state entities. We will attempt to determine what changes are needed to existing applications, statutes, and administrative codes.

#### *Performance Measures and Milestones*

- Be able to present findings by December 31, 2025

### **Upgrade the Statewide Banking System**

Secure \$4.3 million in non-recurring funds to upgrade the banking system and \$3 million in recurring funds for ongoing maintenance. The banking system is without premier support from the vendor, which increases the risk to the state in the event of a software failure.

#### *Performance Measures and Milestones*

- The current contract ends November 2026. Upgraded systems would need to be developed (customizations) and tested in time to go live as close as possible to this date.

### **Support ID.ME Implementation in the Retirement Systems Division**

The Department's Retirement Systems Division is implementing ID.ME application as part of the ORBIT login process to reduce fraudulent attempts and mitigate risk. The Financial Operations Division is involved primarily in the procurement, accounting, and budgeting aspects of this procurement.

#### *Performance Measures and Milestones*

- Funding by July 31, 2025.
- Request For Quote to be issued by July 25, 2025, and response from vendor by August 21, 2025.

## Updates to 2023-25 Initiatives

<div data-bbox="297 630 345 678"></div> <div data-bbox="240 699 402 741">Complete</div>	<p data-bbox="467 338 1398 422"><b>Successfully Implement the North Carolina Financial System</b></p> <p data-bbox="467 441 1455 693">The State is implementing a new Enterprise Resource Planning system called the North Carolina Financial System in October 2023. The Financial Operations Division will be tasked with establishing team leads and training roles within the Department, including assistance to other NC Department of State Treasurer staff.</p> <p data-bbox="467 711 1114 753"><i>Performance Measures and Milestones</i></p> <ul data-bbox="516 772 1463 1031" style="list-style-type: none"><li>• Develop new policies, procedures, and desktop guides of related functions within all sections</li><li>• Develop and implement strong internal controls for the new system</li><li>• Final implementation of the new system at NC Department of State Treasurer by April 2024</li></ul>
<div data-bbox="297 1430 345 1478"></div> <div data-bbox="240 1499 402 1541">Complete</div>	<p data-bbox="467 1100 1320 1226"><b>Support The Office of State Controller to Help Successfully Implement All Phases of The North Carolina Accounting System</b></p> <p data-bbox="467 1245 1463 1755">The Office of State Controller is working to meet the legislative requirement to replace the North Carolina Accounting System and the Cash Management Control System. Both systems present risks to the financial operations of the State as they age, go out of support, and as the State personnel who maintain them retire. The Office of State Controller is replacing the North Carolina Accounting System and Cash Management System with Oracle Cloud Financial applications. The new system is a fully integrated single repository that will serve as the State's new financial backbone. This new system is referred to as the North Carolina Financial System.</p> <p data-bbox="467 1774 1114 1816"><i>Performance Measures and Milestones</i></p> <ul data-bbox="516 1835 1422 1877" style="list-style-type: none"><li>• Timely and successful implementation of the system</li></ul>



<div data-bbox="297 646 347 695" data-label="Image"> <input checked="" type="checkbox"/> </div> <div data-bbox="240 716 402 758" data-label="Text"> <p>Complete</p> </div>	<div data-bbox="467 254 1425 338" data-label="Section-Header"> <p><b>Obtain Needed Funding for The Increased Contracting Costs to Support the Statewide Banking System</b></p> </div> <div data-bbox="467 352 1463 737" data-label="Text"> <p>The current banking system has been in service since 2003. It has many technical limitations. The annual cost of the banking system doubled from the 2015 contract (approximately \$850K) to the 2019 contract (approximately \$1.7 million) primarily due to the current system utilizing the cloud. The Department of State Treasurer estimates a 10% increase in annual contract costs of the main banking system as well as supporting systems to the banking system such as imaging and collateral processing.</p> </div> <div data-bbox="467 751 1117 793" data-label="Section-Header"> <p><i>Performance Measures and Milestones</i></p> </div> <div data-bbox="516 814 1446 1073" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Request \$300,000 in recurring funds to pay for contractual costs related to the banking system</li> <li>• Explore and analyze other banking software solutions and estimate related costs</li> <li>• Pay all contractual costs in a timely and prudent manner</li> </ul> </div>
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# Goal 2: Enhance Accountability of Department Services

## Office of State Treasurer

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*Facilitate A Culture That Is Responsive to Internal and External Stakeholders*

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### **Fully Resolve Escalated Constituent Issues**

Many constituents call the State Treasurer's Office directly when they have problems or are unsure where to turn to solve local, state, or federal matters. Our philosophy is that every customer contact should result in a resolution to the problem, or at least a clear point of contact and next steps, regardless of whether the State Treasurer has jurisdiction over the matter.

#### *Performance Measures and Milestones*

- Communicate at least weekly with Divisions regarding matters that are escalated to the Department of State Treasurer
- Ensure that each complaint to the Office of State Treasurer is resolved or has clear next steps by the close of business on the same day
- General positive feedback from customers regarding their experiences calling the NC Department of State Treasurer

## **Maintain Compliant, Modern Department Web Assets**

The Office of State Treasurer recently completed a major overhaul of the Department's main website. Our websites are now a vital element for many Department operations. We plan to take action to ensure that our sites remain modern and up to date. We want them to function well into the future.

### *Performance Measures and Milestones*

- Move Department web assets to .gov domain names in compliance with new federal rules
- Migrate all websites to Drupal 8 and 9. These are major overhauls to the infrastructure of our Content Management Systems

## **Successful Lease Negotiations and Possible Relocation of Department Headquarters**

The Department leases a 90,000-square-foot building at 3200 Atlantic Avenue in Raleigh, North Carolina. The current lease term ends on April 16, 2026. At that point, there is an option to renegotiate the lease, renew it, or relocate to a new location. Over the next year, the Department's leadership will work with the property owner to either negotiate a lease extension or arrange for a move if necessary.

### *Performance Measures and Milestones*

- Complete the lease negotiations or relocation planning by Q4 2025.
- Finalize the lease renewal or timeline to move to a new location by Q1 2026.
- Ensure minimal disruption to departmental operations during the relocation process.

## **Develop and Implement the Human Resources Partner-Connect Initiative**

The Department's Human Resources team plans to embed a dedicated Human Resources staff member into every major division to foster a seamless recruitment experience for stakeholders across the Department.

### *Performance Measures and Milestones*

- Assign one Human Resources staff member to each division by September 30, 2026
- Publish a standardized Recruitment Coordination Guide
- Conduct quarterly hiring-strategy meeting with each Division
- Track and monitor recruitment meetings and communications delays throughout the recruitment and post-recruitment process



## **Increase Transparency, Visibility, and Accountability via a Department-wide Internal Audit Program**

A visible, predictable, and open internal audit program is critical for the operations of the NC Department of State Treasurer. The Department's Internal Audit team works to proactively identify and address potential risks and issues before they escalate, thereby safeguarding the organization's assets and reputation. It also facilitates better communication and collaboration across departments, ensuring that audit findings and recommendations are understood and implemented effectively. This contributes to the overall efficiency, effectiveness, and resilience of the Department and its programs.

### *Performance Measures and Milestones*


- Complete at least 75% of projects listed on the Audit Plan each year
- Achieve at least 90% positive responses on end-of-audit customer satisfaction surveys.
- Submit 100% of the Information required by the Office of State Budget and Management (OSBM) within the required time frames.
- Achieve recognition of the program via Department internal communications such as the Navigator at least a couple of times per year

## Updates to 2023-25 Initiatives

 Ongoing	<p><b>Maintain Compliant, Modern Department Web Assets</b></p> <p>The Office of State Treasurer recently completed a major overhaul of the Department’s main website. Our websites are now a vital element for many Department operations. We plan to take action to ensure that our sites remain modern and up to date. We want them to function well into the future.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Move Department web assets to.gov domain names in compliance with new federal rules</li><li>• Migrate all websites to Drupal 8 and 9. These are major overhauls to the infrastructure of our Content Management Systems</li></ul>
 Complete	<p><b>Enhancement of Compliance Program</b></p> <p>Further develop compliance program for improvement in meeting compliance requirements with internal and external policies</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Compliance staff complete training related to internal compliance and ethics</li></ul>

## State & Local Government Finance Division

### Updates to 2023-25 Initiatives

 Ongoing	<p><b>Support Implementation of NC Session Law 2020-79 And the Viable Utility Reserve<sup>14</sup></b></p> <p>In collaboration with the University of North Carolina School of Government, local governments, the Department of Environmental Quality, and other stakeholders, we will continue to support and implement the requirements of Viable Utility Reserve legislation and help to identify and implement long-term solutions for struggling water and wastewater systems around the state.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Make recommendations to create more viable long-term enterprises</li></ul>
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<sup>14</sup> A viable system is a utility that functions as a long-term, self-sufficient business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment that allow the utility to provide reliable water services now and in the future.

## Investments

### Updates to 2023-25 Initiatives



Ongoing

#### **Continue to Demonstrate Our Commitment to Transparency, Accountability, and Compliance with Fiduciary Principals**

North Carolina's retirement system is known for its transparency and for its commitment to a strong ethical framework. The Division will continue to lead in this sector of public finance.

#### *Performance Measures and Milestones*

- Continue to provide stakeholders with high levels of public information compared to our peers, as reviewed during the Governance, Operations, and Investment Practice review
- Continue to develop and improve upon policies and procedures surrounding ethics and legal compliance

## State Health Plan

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### *Serve As a National Model for Transparency and Ethics in Public Health Care*

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#### **Maintain Transparency Through Public Reporting of Plan Performance**

The State Health Plan will develop and maintain a robust public reporting system that provides clear, accessible data on Plan performance. This reporting will serve members, legislators, the Board of Trustees, and the public by offering insight into overall Plan health and progress on key initiatives, reinforcing accountability and trust.

##### *Performance Measures and Milestones*

- Develop a public-facing performance reporting framework that addresses the needs of multiple stakeholder groups
- Launch a robust dashboard with regular updates by the end of calendar year 2026

#### **Updates to 2023-25 Initiatives**

 Ongoing	<b>Enhance Member Experience and Outreach</b> Research ways to utilize new technology or other strategies to assist with the Plan’s education and outreach efforts to enhance members’ understanding and use of Plan benefits. <i>Performance Measures and Milestones</i> <ul style="list-style-type: none"><li>• Research new communication technology or vendor partnerships relative to member outreach</li><li>• Research vendor capabilities or permanent part-time employment opportunities to provide direct outreach</li></ul>
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# Unclaimed Property Division

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## *Protect Consumers and Their Property*

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### **Formalize Fraud Prevention and Detection Strategies and Processes**

The Division will leverage the vendor software implemented in the previous cycle by integrating it with additional data resources and refining risk profiles to enhance fraud identification capabilities.

#### *Performance Measures and Milestones*

- Evaluate and identify additional third-party data sources to support fraud reviews.
- Update the fraud review guide to include new procedures for analyzing suspicious or altered documents.
- Conduct division-wide fraud awareness training.
- Report on cost savings or recoveries due to fraud prevention.

### **Updates to 2023-25 Initiatives**



  
Re-Prioritized

#### **Enhance Holder Relationships**

Businesses operating in North Carolina must annually review their financial accounts and report any unclaimed property to the Department by submitting a Holder Report. The Department plans to simplify this process.

#### *Performance Measures and Milestones*




- Propose legislation that will allow holders to utilize third parties to perform due diligence and to file Holder Reports on behalf of the holder
- Propose legislation that will allow increased third-party data regarding filings by holders

 Ongoing	<p><b>Protect Consumer Data from Misuse</b></p> <p>Portions of the data processed by the Division could be misused. The Department will work to protect sensitive information, while supporting the right of the public to have as much information as practicable.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Limit the ability of unregistered property finders to act outside of NC General Statute 116-78 and NC General Statute 116-78.1</li> <li>• Propose legislation to exclude owner dollar amount from being a required public record item</li> </ul>
 Ongoing	<p><b>Formalize Fraud Prevention and Detection Strategies and Processes</b></p> <p>The Division will implement vendor software that will assist in identifying potential high risk or fraudulent claims and request for a new position dedicated to fraud research via expansion budget.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Establish Fraud prevention and detection technology and internal procedures will be established to detect, prevent, and report possible fraudulent claims</li> <li>• Develop a training module for new employees that includes fraud prevention and detection strategies</li> <li>• Provide annual refresher training for existing employees</li> <li>• Devote a new full-time position to fraud identification</li> </ul>

## Retirement Systems Division

### Updates to 2023-25 Initiatives

<div data-bbox="297 674 345 720"><input checked="" type="checkbox"/></div> <div data-bbox="240 743 402 783">Complete</div>	<p><b>Contributions-Based Benefit Cap II Implementation</b></p> <p>This initiative addresses cases where an employee receives significant salary increases that result in the monthly retirement benefit exceeding what the employee's contributions would be expected to fund.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Complete enhancement requirements by March 31, 2023</li><li>• Complete testing and final bug fixes by December 12, 2023</li><li>• Enhancement successfully implemented and operational by December 15, 2023</li></ul>
<div data-bbox="297 1400 345 1446"><input checked="" type="checkbox"/></div> <div data-bbox="240 1467 402 1507">Complete</div>	<p><b>Re-Shape the Learning and Development Program</b></p> <p>Build a team of trainers and coaches to support the Retirement System's learning needs by assessing capability gaps, designing effective learning paths, and providing ongoing assessments, training, and coaching in a standardized and trackable manner.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Partnering with Retirement Systems leadership to better assess and support their needs</li><li>• Increase staff engagement, morale, and retention</li><li>• Create new training mediums and documents to meet the needs of a diverse work environment</li></ul>

 Complete	<p><b>Improve Transparency of Administrative Code Processes</b></p> <p>Commit resources to the development, review, and update of administrative rules governing the work of Retirement Systems staff and the Boards of Trustees</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Administrative rules considered for all new legislation and project evaluating its existing status is completed</li> <li>• Department adds qualified staff to perform audits and improve processes</li> </ul>
 Complete	<p><b>Design, Develop and Implement Effective Medical Board Oversight Processes</b></p> <p>Leverage technology and industry best practices to assess applications for disability benefits consistently and effectively</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Department proposes legislative or operational updates as necessary based on review</li> <li>• Department requests funding for administration</li> </ul>
 Ongoing	<p><b>Lower Employer Payroll Errors of Member Records Submitted to the Retirement Systems Division</b></p> <p>We will work towards upgrading certain critical areas to reduce the volume of errors monthly. The team will work towards making the reports available online for employers. Additionally, Retirement Systems' payroll group has restructured its metric evaluation to focus on memberships and not errors so that members' records are corrected first due to the adverse impact membership records can have on the system.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Higher percentage of payrolls received and processed in "good order"</li> </ul>

## Financial Operations Division

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***Provide Services That Allow Our Customers to Focus on Their Core Missions***

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### **Implement Payee Positive Pay**

Enhance the current Positive Pay function in the banking system and All My Papers software to check for payee agreement between the warrant and the positive pay file uploaded by the issuing agency. This will reduce losses due to fraud involving altered and counterfeit checks across the state.

#### ***Performance Measures and Milestones***

- Complete the project by September 2025.



### **Assist in the Planning For and Support of the North Carolina Investment Authority**


The Financial Operations Division will partner with the Chief Investment Officer of the North Carolina Investment Authority to assist in planning for the accounting and payment functions needed to support the activities and employees of the North Carolina Investment Authority.

#### ***Performance Measures and Milestones***

- Complete the project by December 31, 2025 for critical, short-term tasks.
- Ongoing planning and consultation for medium to long-term tasks.

## Updates to 2023-25 Initiatives

 Complete	<p><b>Maintain Focus on Core Operational Functions</b></p> <p>The Financial Operations Division plays a critical role for all of NC Department of State Treasurer's divisions. We plan to successfully support all projects with a financial component.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Support State Health Plan's switch to a Third-Party Administrator, including all Accounting and Banking changes that must occur for successful implementation</li><li>• Fully participate in the evaluation committee, led by the Office of State Controller, to successfully implement a new merchant contract</li><li>• Successfully implement new Ariba Sourcing Modules with procurements related to NC Department of Information Technology's Statewide Information Technology Procurement and NC Department of Administration's Procurement and Contracting groups during fiscal year 2024, including updating internal documentation</li></ul>
 Ongoing	<p><b>Continue to Automate and Improve Internal Processes</b></p> <p>The Financial Operations Division continually looks for ways to improve its internal processes. We plan to research new ways to efficiently process and track accounting documents, including invoice approval forms, travel authorizations, and expense reimbursements.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Evaluate ways to efficiently process internal documents</li><li>• Implement changes that save staff time and increase convenience by FY2024</li></ul>



 <p>Ongoing</p>	<p><b>Implement Cloud-Based Replacement for Retirement Accounting Software</b></p> <p>The current Dynamics Software General Ledger system used for Retirement Accounting will be upgraded to a cloud-based solution to take advantage of new and updated functionality. The cloud-based solution will be a more stable and supportable platform for the future.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Develop a Request for Proposal<sup>15</sup> during FY2024</li> <li>• Select a new vendor and implement software during FY2025</li> </ul>
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<sup>15</sup> A Request for Proposal is a document that announces a project and solicits bids from outside vendors to complete it. Generally, a contract is awarded based on the vendor's cost, quality, and experience.

# Goal 3: Innovate and Modernize Operations

## Office of State Treasurer

Updates to 2023-25 Initiatives	
 Ongoing	<p><b>Strengthen And Enhance Electronic Discovery and Record Keeping</b></p> <p>The Department's Legal team is continuing the implementation process of its electronic discovery software. The Legal team plans to continue training and improving its search and record-keeping processes.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Train staff and improve the processes for effective use of the Legal team's electronic discovery tool(s)</li><li>• Organize all electronic and physical legal files for more efficient and sustainable operations</li></ul>
 Ongoing	<p><b>Digitization And Standardization of Human Resources Processes</b></p> <p>Many HR processes remain undocumented due to reliance on paper forms. Over the next two years, the team will digitize all forms and fully document each process.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Full digitization of all internal Human Resources forms over the next two years</li><li>• Ongoing creation of Standard Operating Procedures for all Human Resources processes</li></ul>



 <p>Ongoing</p>	<p><b>Implement A Consistent Organizational Chart Format Across Divisions</b></p> <p>The NC Department of State Treasurer is a complex organization with many different divisions and personnel classifications. The Human Resources section collects updated organizational charts from each division at least once per year. Human Resources plans to improve this process by crafting a consistent, Department-wide format.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Develop a consistent, Department-wide format</li> <li>• Successful collection of complete organizational charts from each division</li> </ul>
 <p>Complete</p>	<p><b>Successful Implementation of Planned BEACON Replacement</b></p> <p>BEACON is the Integrated payroll system that is run by the Office of State Controller. It is a major component of the State's Human Resources infrastructure. If this system is replaced, the Department's Human Resources team plans to fully integrate the new system into our Human Resources processes.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Full implementation of new system based on the Office of State Controller's timeline</li> </ul>

## State & Local Government Finance Division

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### *Streamline Processes for Local Units of Government Across North Carolina*

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#### **Acquire and Implement Local Debt Tracking Software**


The Office will obtain and deploy a comprehensive software solution to track local government debt submitted to the Commission for its approval, improving data accuracy and providing historical data to Division staff.

##### *Performance Measures and Milestones*


- Implementation of automated systems


#### Updates to 2023-25 Initiatives

 Ongoing	<p><b>Automate Business Processes for Outside Customers</b></p> <p>Automate processes to streamline units' fulfillment of fiscal reporting and debt application requirements under NC General Statute 159, and to alleviate administrative burden on our division's staff.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Implementation of automated systems</li></ul>
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 Ongoing	<p><b>Optimize Customer Experience and Value of Our Division's Website</b></p> <p>Work with NC Department of State Treasurer's Information Technology and Communications staff to continue to optimize the user experience and to add high-demand and other relevant content to the State and Local Government Finance Division website.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Increase website visits by 10% by the end of 2027</li> </ul>
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## Investments

Updates to 2023-25 Initiatives	
 Ongoing	<p><b>Continue To Improve the Operational Infrastructure That Supports the Investment Management Process</b></p> <p>To make timely informed investment decisions and then implement those decision via investment transactions, a continuously evolving operational infrastructure (people, process, technology) is needed to ensure all important data is captured and utilized within the investment decision making process.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Evaluate internal and external solutions for various investment management processes</li> <li>• Evaluate options to further automate internal trading without sacrificing risk controls</li> </ul>

 Ongoing	<p><b>Explore The Ability to Automate Trading Workflow</b></p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Analysis of options to automate trading and cost/benefit analysis of implementation</li> </ul>
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## State Health Plan

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***Forge Long-Term Partnerships That Support Efficient and Sustainable Health Care***

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### **Contract with Strategic Partners to Ensure Sustainable, Seamless Healthcare Delivery**

The State Health Plan will secure long-term partnerships that support the efficient and sustainable delivery of healthcare to members. This includes releasing and awarding competitive contracts for a pharmacy benefit partner and a third-party administrator to ensure high-quality service, cost control, and operational continuity.

#### ***Performance Measures and Milestones***

- Release and award contracts for pharmacy benefit and third-party administration services before the end of calendar year 2026
- Complete the competitive procurement process and confirm contract awards as scheduled

## Updates to 2023-25 Initiatives



Complete

### **Successful Transition of Group Premium Billing**

The State Health Plan bills employing units of government for their employees' health coverage each month. This is a complex process that directly impacts the Plan's monthly cash flow. The Plan is planning to transition this service to a new vendor by the end of 2024.

#### *Performance Measures and Milestones*

- Minimal disruption for employers, the Plan, or its customers
- Successful testing and rollout of new premium billing process
- Complete the transition by the end of calendar year 2024



Ongoing

### **Continue To Build Data Analytics Capabilities to Support Goal-Oriented Decision-Making**

The State Health Plan is one of the largest purchasers of health care in the nation. The Plan will continue to leverage our data resources to create value for Plan members.

#### *Performance Measures and Milestones*

- Continue to build the Plan's internal data warehouse to provide the Plan with a repository of historical data that can be analyzed as a single source of truth for decision making
- Continue to use Plan metrics to drive informed decision-making
- Research and implement a new platform for case management to improve internal efficiencies regarding inquiries, and to track enrollment exceptions and appeals Plan benefits

<div data-bbox="297 957 345 1005"><input checked="" type="checkbox"/></div> <div data-bbox="241 1029 401 1066">Complete</div>	<div data-bbox="467 520 1422 562"><b>Seamless Transition to New Third-Party Administrator</b></div> <div data-bbox="467 581 1442 873"><p>The State Health Plan recently announced the award of the Third-Party Administrative Services Contract to Aetna. This award was unanimously approved by the Plan’s Board of Trustees. The Plan will make efforts toward a seamless transition to Aetna as the Plan’s third-party administrator by October 2024, when Open Enrollment for 2025 will take place.</p></div> <div data-bbox="467 894 1114 932"><i>Performance Measures and Milestones</i></div> <div data-bbox="516 955 1463 1470"><ul style="list-style-type: none"><li>• Provide adequate materials and training sessions to Health Benefits Representatives (HBRs) prior to Open Enrollment 2024</li><li>• Provide State Health Plan members with print and online materials, videos and other presentations to make sure they understand the transition to Aetna and how it will affect their benefits prior to Open Enrollment 2024</li><li>• Educate members regarding the transition to Aetna by developing and implementing a comprehensive communications strategy to minimize disruption to members/providers</li></ul></div>
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## Unclaimed Property Division

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### *Increase Proactive Property Owner Outreach*

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#### **Use of Data and Technology to Return Unclaimed Property**

The Division is implementing additional targeted outreach strategies, utilizing new resources to focus on properties with a high likelihood of being returned to its rightful owner. The Division will do this by incorporating additional technology and data sources to increase the quantity of properties that meet specific criteria for proactive payments without requiring the claimant to submit a claim form.

#### *Performance Measures and Milestones*

- Identify and evaluate government data matching capabilities.
- Identify and evaluate government data sources.
- Secure agreements for data sharing.
- Pilot enhanced matching using government data alongside current matching processes.
- Report on number and dollar value of successful proactive payments.

#### **Targeted Outreach Efforts for Owners of Securities, Tangible Property<sup>16</sup>, and Larger Cash Properties**

The Division will launch vendor software to assist in targeted outreach of owners of securities, tangible property, and larger cash properties. This will make potential owners aware of property being held and the steps that need to be taken to claim the property. In addition to other documents, such properties require a signed and notarized claim form and cannot be proactively paid out.

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<sup>16</sup> Tangible property is physical property that holds value, like jewelry or a painting.

### *Performance Measures and Milestones*

- Finalize property selection criteria with software provider for targeted outreach.
- Launch the first round of targeted outreach.
- Track claims generated and approved because of targeted outreach.
- Demonstrate annual growth in claims initiated because of targeted outreach.

## Updates to 2023-25 Initiatives



Ongoing

### **Targeted Outreach Program for Owners of Securities, Tangible Property<sup>17</sup>, and Cash**

The Division will launch vendor software to assist in targeted outreach and request a new position via expansion budget. Our hope is to locate and reunite owners of unclaimed property with their Securities, Tangible properties, and missing case.

#### *Performance Measures and Milestones*

- Implement data matching processes to increase efficiency of owner location efforts
- Increase the number of unclaimed Securities and Tangible Property returned to owners within one year of receipt by 20%
- Increase the amount of cash returned to joint owners, estates, and businesses by 10%

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<sup>17</sup> Tangible property is physical property that holds value, like jewelry or a painting.





<div data-bbox="297 512 347 560" data-label="Image"></div> <div data-bbox="240 581 402 621" data-label="Text">Complete</div>	<div data-bbox="466 287 1328 369" data-label="Section-Header"> <h3>Increase Efficiency and Effectiveness in Sales of Tangible Property</h3> </div> <div data-bbox="466 388 1401 512" data-label="Text"> <p>The Division will increase the effectiveness of processes related to sale of tangible property to maximize proceeds received on behalf of unclaimed property owners.</p> </div> <div data-bbox="466 531 1114 569" data-label="Section-Header"> <h4><i>Performance Measures and Milestones</i></h4> </div> <div data-bbox="521 592 1453 819" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Secure vendor(s) through the procurement process to conduct sale of tangible property through auction services</li> <li>• Increase number of tangible properties lots sold for minimum bid through auction by 10%</li> </ul> </div>
<div data-bbox="289 1260 352 1320" data-label="Image"></div> <div data-bbox="250 1337 391 1377" data-label="Text">Ongoing</div>	<div data-bbox="466 1129 1351 1211" data-label="Section-Header"> <h3>Leverage Communications to Raise Awareness of Unclaimed Property</h3> </div> <div data-bbox="466 1230 1417 1312" data-label="Text"> <p>The Department and the Division will continue to increase awareness of the NC Cash program.</p> </div> <div data-bbox="466 1331 1114 1369" data-label="Section-Header"> <h4><i>Performance Measures and Milestones</i></h4> </div> <div data-bbox="513 1392 1398 1560" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Increased coverage of the NC Cash program on traditional and social media channels</li> <li>• Increase in the amount of funds returned to rightful owners</li> </ul> </div>

## Retirement Systems Division



### Updates to 2023-25 Initiatives



<div data-bbox="297 604 345 653"><input checked="" type="checkbox"/></div> <div data-bbox="240 674 402 709">Complete</div>	<p><b>Make ORBIT Self-Service Enhancements for Active Members to Schedule Counseling Appointments when Nearing Retirement</b></p> <p>This initiative provides a convenient way for members to make an appointment without calling a counselor, freeing up call center staff, and enhancing the member experience.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Complete enhancement requirements by 2/28/2023</li><li>• Present enhancement requirements to Change Board by 3/31/2023</li><li>• Prioritize for Information Technology build, testing and implementation during first or second quarter of 2024</li></ul>
<div data-bbox="297 1115 345 1163"><input checked="" type="checkbox"/></div> <div data-bbox="240 1184 402 1220">Complete</div>	<p><b>Email CXone Platform Implementation</b></p> <p>This initiative eliminates manual assignment and coding of emails and manual reports.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Complete email platform requirements by 1/31/2023</li><li>• Complete testing and final system changes by 3/31/2023</li><li>• System implemented successfully by 4/30/2023</li></ul>
<div data-bbox="297 1591 345 1640"><input checked="" type="checkbox"/></div> <div data-bbox="240 1661 402 1696">Complete</div>	<p><b>Chat CXone Platform Implementation</b></p> <p>This initiative enhances the member experience by providing additional methods of reaching a counselor for quick questions and frees up call center staff to assist members with more complex questions.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Complete chat platform requirements by 1/31/2023</li><li>• Complete testing and final system changes by 3/31/2023</li><li>• System implemented successfully by 4/20/2023</li></ul>


 Re-Prioritized	<p><b>Digital Conversion of Microfiche and Microfilm<sup>18</sup> Records</b></p> <p>This initiative digitizes retirement records, enabling easy searching and retrieval while eliminating physical storage for microfiche and microfilm.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Issue a Request for Proposal for digitization services by 1/1/2024.</li> <li>• Select a vendor and award a contract by 6/30/2024</li> <li>• Closely monitor the vendor to ensure that all microfilm is scanned and indexed appropriately, and that the terms of the proposal are being followed.</li> </ul>
 Complete	<p><b>Make ORBIT<sup>19</sup> Self-Service Enhancement to Allow Beneficiary Updates for Retirees</b></p> <p>This initiative enhances the member experience in self-service and eliminates manual processing of paper beneficiary forms by allowing retirees to update their beneficiaries themselves.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Complete enhancement requirements by 1/31/2023.</li> <li>• Present enhancement requirements to Change Board for approval by 2/28/2023.</li> <li>• Prioritize for Information Technology build, testing and implementation during first or second quarter of 2024.</li> </ul>

<sup>18</sup> Microfilm and microfiche are older, analog forms of storage for important documents and records.

<sup>19</sup> ORBIT is a computer system that provides NC Retirement Systems members with access to their personal account information.

 <p>Ongoing</p>	<p><b>Make Fire and Rescue ORBIT Enhancements</b></p> <p>The project was initiated due to new legislation. Retirement Systems took this opportunity to enhance ORBIT to be more customer friendly for members and agencies by improving information available through self-service, providing an online solution to processing contributions with real-time data, adding Electronic Funds Transfer ability and helping to ensure roster compliance</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Better service to Fire &amp; Rescue workers &amp; retirees through ORBIT</li> </ul>
 <p>Ongoing</p>	<p><b>Reduce Complexity in Communications Assets, Including Retirement Forms</b></p> <p>Seek opportunities to reduce complexity in communication assets (web, print, digital, social, internal, external, retirement forms) to make it easier for members and employers to understand retirement benefits, services and expectations, as well as foster trust and confidence in the Retirement Systems Division.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Increase member utilization of self-service tools and resources</li> <li>• Reduction in number of “not in good order” forms; quicker turnaround for forms maintenance</li> <li>• Review existing language in forms and letters and make updates to improve user friendliness</li> <li>• Simplify language and organization of marketing materials, including the website</li> <li>• Improve consistency across all communications on specific topics and in member/employer specific communication</li> </ul>

 <p>Ongoing</p>	<p><b>Enhance Digital Communications to Engage, Educate, And Empower Members</b></p> <p>We will seek opportunities to enhance digital tools and resources to engage members and employers, provide education around retirement news, services, benefits, requirements, and operations administered by the Retirement Systems Division, and empower members to act.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Propose innovative, efficient, and cost-effective ways of improving communication to members.</li> <li>• Increase usage, actions, and participation by members.</li> <li>• Continue to facilitate, develop, and build on digital foundation by using recommended programs and assets.</li> </ul>
 <p>Ongoing</p>	<p><b>Promote Retirement Readiness</b></p> <p>Support retirement readiness with ongoing NC Total Retirement Plans communications efforts. Leverage data analytics to provide targeted marketing to members at the point of decision-making.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Increase participation, contribution amounts and use of asset allocation services in the NC Supplemental Retirement Plans.</li> </ul>

 Ongoing	<p><b>Promote Applying for Other Benefits Online</b></p> <p>The Applying for Other Benefits Online project expands on the Applying for Retirement Online project through the addition of several new modules to accommodate additional online transactions through the ORBIT self-service portal. Proposed modules include electronic applications for refunds of contributions, declaring and updating retirees' beneficiaries and contact information online, and electronic submission of annual statement of income forms to ensure compliance with disability statutes and prevent overpayments more efficiently.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Other applications can be completed online through ORBIT.</li> </ul>
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# Goal 4: Maximize Our Talent

## Office of State Treasurer

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*Ensure that the Department's Staff Are Trained On The Latest Auditing Standards and Guidelines*

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### **Maintain a Rigorous Continuing Professional Education Regimen for Internal Auditors**

Internal Auditors must always stay abreast of the latest trends, technologies, changes to standards, and best professional practices in order to maintain an environment that delivers high value services where management can make decisions without taking undue or unknown risks.

#### *Performance Measures and Milestones*

- Each Internal Audit staff member completes at least 40 hours of Continuing Professional Education annually through FY 2029.
- Participate in the Office of State Treasurer's ChatGPT pilot program to explore how Artificial Intelligence can provide more efficient processes without compromising the privacy of data.

## Updates to 2023-25 Initiatives



Ongoing

### **Proactive Recruitment Efforts**

Human Resources will make efforts to fill our vacant positions. Our efforts will include expanded use of trainees, bonus provisions, and flexible salaries. A subfunction of this initiative will focus on reducing turnover in the first 12-24 months by implementing stay surveys and lookback reviews.

#### *Performance Measures and Milestones*

- Increased attendance at job fairs and recruitment events
- Reduction in the number of vacant positions by the end of the fiscal year
- Improvement in retention rates based on stay surveys and lookback reviews



Ongoing



### **Financial Incentives for Retention**

The Department will implement financial incentives such as sign-on and retention bonuses to improve retention rates. We plan to allocate \$150,000 of carryforward monies as well as a new Labor Market Adjustment Reserve program implementation, considerable funds will be applied to problem situations.

#### *Performance Measures and Milestones*

- Financial reports showing the number and amounts of increases granted to individual classifications and work unit groups to incentivize retention
- Reduction in turnover rates



 Re-Prioritized	<p><b>Increase Internal Audit Staff for More Thorough Coverage of High-Risk Areas</b></p> <p>The Department's Internal Audit team plans to increase its number of staff through 2023-25. Currently, we have four authorized positions but only two active Internal Audit staff members. The Department needs more Internal Audit coverage for its high-risk business areas.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Retain the Department's current Internal Audit staff</li> <li>• Recruit for and hire at least one new Internal Audit staff member by the end of FY2024</li> <li>• Consider recommendations from the Office of State Budget Management to increase the number of positions authorized for the Department's Internal Audit functions</li> </ul>
 Ongoing	<p><b>Strengthen The Department's Legal Team</b></p> <p>The Department's Legal team has recently experienced turnover in several key positions. NC Department of State Treasurer attorneys are professionals with advanced, subject-specific expertise. The Department plans to fill all vacant legal positions.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"> <li>• Hire, train, and retain qualified staff</li> </ul>

## State & Local Government Finance Division

### Updates to 2023-25 Initiatives



Ongoing

#### **Recruit, Retain, and Recognize Division Staff**

Our division's staff have specialized knowledge that is critical to our successful operations. We plan to take steps to recruit and retain staff. We will also continue to work to automate repetitive business processes so that staff time is devoted to its highest possible purpose.

#### ***Performance Measures and Milestones***

- Increased retention of existing staff members
- Decreased vacancy rate following recruitment efforts
- Continued implementation of systems to automate repetitive business processes

## Investments

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### *Invest In a World-Class Team to Maximize Returns for North Carolina's Public Servants*

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#### **Establish A Staffing and Compensation Structure**

The Division will build a high-performing investment team by appointing qualified professionals and implementing a market-based compensation structure for the North Carolina Investment Authority. These efforts will ensure the Authority can attract and retain the talent necessary to manage the state's investment programs effectively and competitively.

#### *Performance Measures and Milestones*

- Appoint investment professionals to key positions
- Secure Board approval of a market-based compensation plan

### Updates to 2023-25 Initiatives

 Ongoing	<p><b>Review of Long-Term Target Staffing and Compensation Model</b></p> <p>To effectively manage an investment portfolio, the investment decision making process requires a strong operational infrastructure. A key component to this structure is people. The investment management space is extremely competitive and requires a strong base set of skills and knowledge.</p> <p><i>Performance Measures and Milestones</i></p> <ul style="list-style-type: none"><li>• Review current levels of staff retention and compensation relative to the long-term target levels</li><li>• Identify gaps and develop a glide path to close those gaps</li></ul>
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## State Health Plan

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### *Build A Team to Ensure Operational Excellence*

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#### **Reinforce Operational Excellence Through Strategic Recruitment**

The State Health Plan will promote the value of public service and the benefits of working for the Plan across multiple platforms to attract top talent. By actively managing recruitment efforts and expanding outreach, the Plan will strengthen its workforce and support long-term operational excellence.

#### *Performance Measures and Milestones*

- Promote the value of working for the State Health Plan across multiple platforms
- Post open positions broadly and manage recruitment efforts with responsiveness and accountability
- Onboard five new staff members by the close of calendar year 2025

## Retirement Systems Division

### Updates to 2023-25 Initiatives

<div data-bbox="297 657 345 705"><input checked="" type="checkbox"/></div> <div data-bbox="240 726 402 764">Complete</div>	<p data-bbox="467 457 911 495"><b>Reduce Spans of Control</b></p> <p data-bbox="467 516 1419 638">This initiative reduces the number of employees managed by supervisors and managers, allowing more time for mentoring, coaching, and engaging with employees.</p> <p data-bbox="467 659 1114 697"><i>Performance Measures and Milestones</i></p> <ul data-bbox="516 718 1458 932" style="list-style-type: none"><li data-bbox="516 718 1458 840">• Review organizational structure, determine where additional staffing is needed, reallocate and/or request positions by 6/30/2023</li><li data-bbox="516 848 1266 886">• Reclassify and post positions by 9/30/2023</li><li data-bbox="516 894 971 932">• Fill positions by 1/1/2024</li></ul>
<div data-bbox="297 1346 345 1394"><input checked="" type="checkbox"/></div> <div data-bbox="240 1415 402 1453">Complete</div>	<p data-bbox="467 1079 1273 1117"><b>Expand Our Learning and Development Team</b></p> <p data-bbox="467 1138 1455 1344">The Retirement System plans to add positions to its Learning and Development team to standardize training and support for quality coaching needs. This team will help all Retirement Systems sections to support outside stakeholders including employers and members.</p> <p data-bbox="467 1365 1114 1402"><i>Performance Measures and Milestones</i></p> <ul data-bbox="516 1423 1419 1722" style="list-style-type: none"><li data-bbox="516 1423 1419 1507">• Positions added to the Learning and Development team to support training and quality coaching</li><li data-bbox="516 1516 1419 1638">• Quality Control plan to evaluate QCs' work documented and implemented, increasing accuracy rates within the division</li><li data-bbox="516 1646 1419 1722">• All external training work moved to the Learning and Development team</li></ul>

<div data-bbox="297 415 347 464" data-label="Image"></div> <div data-bbox="240 485 402 525" data-label="Text">Complete</div>	<div data-bbox="466 317 964 352" data-label="Section-Header"><b>Reduce Personnel Turnover</b></div> <div data-bbox="466 375 1365 457" data-label="Text"> <p>Advocate for Retirement Systems Division staff to be compensated at rates like their peers in other systems.</p> </div> <div data-bbox="466 476 1114 512" data-label="Section-Header"><i>Performance Measures and Milestones</i></div> <div data-bbox="514 537 1406 619" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Department regularly reviews and proposes market salary adjustments</li> </ul> </div>
<div data-bbox="289 945 352 1005" data-label="Image"></div> <div data-bbox="250 1020 391 1060" data-label="Text">Ongoing</div>	<div data-bbox="466 873 1248 911" data-label="Section-Header"><b>Increase Number of Counseling Center Staff</b></div> <div data-bbox="466 932 1416 1012" data-label="Text"> <p>Implement long-term staffing model aligned with growth in forecasted volume of retirees</p> </div> <div data-bbox="466 1033 1114 1068" data-label="Section-Header"><i>Performance Measures and Milestones</i></div> <div data-bbox="514 1094 979 1134" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Implement staffing model</li> </ul> </div>
<div data-bbox="297 1484 347 1533" data-label="Image"></div> <div data-bbox="240 1554 402 1593" data-label="Text">Complete</div>	<div data-bbox="466 1388 1032 1425" data-label="Section-Header"><b>Improve Employee Engagement</b></div> <div data-bbox="466 1446 1409 1528" data-label="Text"> <p>Establish ongoing collaborative team activities to improve employee morale and engagement.</p> </div> <div data-bbox="466 1547 1114 1583" data-label="Section-Header"><i>Performance Measures and Milestones</i></div> <div data-bbox="514 1608 1396 1690" data-label="List-Group"> <ul style="list-style-type: none"> <li>• Drive initiatives and activities to make the NC Retirement Systems Division a great place to work</li> </ul> </div>

## Financial Operations Division

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### *Train Staff Who Interact with Financial Operations Division Services*

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#### **Regular Training for Procurement Card Holders and Contract Business Owners**

The Procurement and Contracting Section will host twice per year training for Procurement Card holders, one in-person and one virtual in order to communicate enhancements and changes as well as remind holders of the policies and procedures regarding Procurement Cards. Contract business owner training will be offered twice per year

#### *Performance Measures and Milestones*

- Host two trainings for Contract Business Owners and Procurement Card Holders per year.

#### **Follow Up with Business Owners After Contract Awards**

Within three months of a new contract being awarded, the Procurement and Contracting section will send a survey to the Business Owner of the contract to assess progress made towards the contract's deliverables. If there are issues with communication, progress, invoicing, or performance, the Procurement and Contracting section will work with the Business Owner to find solutions.

#### *Performance Measures and Milestones*

- Starting with new contracts in the 2025-26 fiscal year

## Updates to 2023-25 Initiatives



Complete

### **Increase in Salaries for Statewide Banking Staff**

The Financial Operation Division's Banking section is allocated 17.5 full-time employees (FTEs). These positions play a vital role in state government, but their salaries are not competitive with the Banking industry. This is an organizational risk to the State because we need qualified staff to calculate daily cash flow, process wires, and ensure the security of the State's deposits.

#### *Performance Measures and Milestones*

- Take legislative action to increase the Banking section's salary budget by \$160,000, or 15%, to provide more competitive salaries to Banking staff
- Significantly reduce the 27% turnover rate in the Banking section



# Priority Questions

The following questions represent key areas where new insights could shape the Department's ability to deliver on its mission and goals over the 2025–2029 planning horizon.

1. What types of challenges facing local governments, particularly in disaster recovery and rural development, can be most effectively addressed through the Department's new Disaster Services and Rural Economic Development Division?
2. How can we best measure the effectiveness of communications strategies in driving behavioral changes (e.g., reducing 1099-related calls, increasing unclaimed property claims)?
3. How can the Department streamline oversight processes to reduce the administrative burden on local governments while ensuring the Local Government Commission continues to provide effective fiscal accountability and support?
4. What are the risks, benefits, and operational considerations of adopting emerging payment technologies—such as cryptocurrency or digital wallets—for state financial transactions?
5. What recruitment, retention, and incentive strategies are most effective for building and sustaining a high-performing workforce across the Department's divisions?