

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 399  
Education/Higher Education Committee Substitute Adopted 4/17/19  
Pensions and Retirement and Aging Committee Substitute Adopted 5/6/19

Short Title: Rehire High-Need Teachers.

(Public)

Sponsors:

Referred to:

April 1, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW FOR RETIRED TEACHERS TO RETURN TO WORK IN HIGH-NEED  
3 SCHOOLS WITHOUT ADVERSELY IMPACTING THE RETIRED TEACHERS'  
4 BENEFITS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Article 20 of Chapter 115C of the General Statutes is amended by  
7 adding a new section to read:

8 "**§ 115C-302.4. High-need retired teachers.**

9 (a) Definitions. – The following definitions apply in this section:

10 (1) High-need retired teacher. – A beneficiary of the Teachers' and State  
11 Employees' Retirement System of North Carolina who meets both of the  
12 following requirements:

13 a. Retired on or before February 1, 2019, after attaining (i) the age of at  
14 least 65 with five years of creditable service, (ii) the age of at least 60  
15 with 25 years of creditable service, or (iii) 30 years of creditable  
16 service.

17 b. Is reemployed by a local board of education to teach at a high-need  
18 school.

19 (2) High-need school. – A school that, at any point on or after July 1, 2017, meets  
20 one of the following criteria:

21 a. Is a Title I school. As used in this sub-subdivision, a Title I school is a  
22 school identified under Part A of Title I of the Elementary and  
23 Secondary Education Act of 1965, as amended.

24 b. Receives an overall school performance grade of D or F, as calculated  
25 by the State Board of Education pursuant to G.S. 115C-83.15(d).

26 (3) STEM. – Science, technology, engineering, and mathematics.

27 (b) Salary Level. – A high-need retired teacher shall be compensated as follows:

28 (1) Except as provided in subdivision (2) of this subsection, a high-need retired  
29 teacher shall be paid on the first step of the teacher salary schedule.

30 (2) If a high-need retired teacher serves as a teacher in any of the following  
31 licensure areas, he or she shall be paid on the sixth step of the teacher salary  
32 schedule:

33 a. STEM.

34 b. Special education.



1       (c)     No State Salary Supplements or Increase in Salary. – A high-need retired teacher shall  
2 not receive any State salary supplement or State bonus. A high-need retired teacher shall not  
3 move beyond the salary steps prescribed by subsection (b) of this section, regardless of the length  
4 of time spent as a high-need retired teacher.

5       (d)     Local Salary Supplement. – A high-need retired teacher shall receive any local salary  
6 supplements that are given to employees of the local board of education.

7       (e)     Term of Contract. – A contract between the local board of education and a high-need  
8 retired teacher shall be for a term of no more than one school year.

9       (f)     Identification of STEM and Special Education Licensure Areas. – The Superintendent  
10 of Public Instruction shall identify and provide to each local school administrative unit a list of  
11 STEM and special education licensure areas that qualify for reemployment pursuant to  
12 subsection (b)(2) of this section. Local school administrative units shall make the list of STEM  
13 and special education licensure areas available to high-need retired teachers."

14       **SECTION 2.(a)** G.S. 135-3(8) is amended by adding a new sub-subdivision to read:

15             "g.     Notwithstanding sub-subdivisions c. and d. of this subdivision, the  
16 computation of postretirement earnings of a beneficiary under this  
17 subdivision, who retired on or before February 1, 2019, and who has  
18 been retired at least six months, shall not include earnings while the  
19 beneficiary is employed to teach as a high-need retired teacher, as  
20 defined under G.S. 115C-302.4(a)(1). The Department of Public  
21 Instruction shall certify to the Retirement System that a beneficiary is  
22 employed to teach by a local board of education as a high-need retired  
23 teacher, as defined under G.S. 115C-302.4(a)(1).

24             Beneficiaries employed under this sub-subdivision are not entitled  
25 to any benefits otherwise provided under this Chapter as a result of this  
26 period of employment."

27       **SECTION 2.(b)** G.S. 135-3(8)c1. reads as rewritten:

28             "c1.     Within 90 days of the end of each month in which a beneficiary is  
29 reemployed under the provisions of ~~sub-subdivision~~ sub-subdivisions  
30 c. and g. of this subdivision, each employer shall provide a report for  
31 that month on each reemployed beneficiary, including the terms of the  
32 reemployment, the date of the reemployment, and the amount of the  
33 monthly compensation. If such a report is not received within the  
34 required 90 days, the Board may assess the employer with a penalty of  
35 ten percent (10%) of the compensation of the unreported reemployed  
36 beneficiaries during the months for which the employer did not report  
37 the reemployed beneficiaries, with a minimum penalty of twenty-five  
38 dollars (\$25.00). If after being assessed a penalty, an employer  
39 provides clear and convincing evidence that the failure to report  
40 resulted from a lack of oversight or some other event beyond the  
41 employer's control and was not a deliberate attempt to omit the  
42 reporting of reemployed beneficiaries, the Board may reduce the  
43 penalty to not less than two percent (2%) of the compensation of the  
44 unreported reemployed beneficiaries during the months for which the  
45 employer failed to report, with a minimum penalty of twenty-five  
46 dollars (\$25.00). Upon receipt by the employer of notice that a penalty  
47 has been assessed under this sub-subdivision, the employer shall remit  
48 the payment of the penalty to the Retirement System, in one lump sum,  
49 no later than 90 days from the date of the notice."

50       **SECTION 3.** G.S. 135-1(10) reads as rewritten:

1           "(10) "Employee" shall mean all full-time employees, agents or officers of the State  
2           of North Carolina or any of its departments, bureaus and institutions other than  
3           educational, whether such employees are elected, appointed or employed:  
4           Provided that the term "employee" shall not include any person who is a  
5           member of the Consolidated Judicial Retirement System, any member of the  
6           General Assembly or Assembly, any part-time or temporary ~~employee-~~  
7           ~~employee, or any high-need retired teacher as defined under~~  
8           G.S. 115C-302.4(a)(1). Notwithstanding any other provision of law,  
9           "employee" shall include all employees of the General Assembly except  
10          participants in the Legislative Intern Program, pages, and beneficiaries in  
11          receipt of a monthly retirement allowance under this Chapter who are  
12          reemployed on a temporary basis. "Employee" also includes any participant  
13          whose employment is interrupted by reason of service in the Uniformed  
14          Services, as that term is defined in section 4303(16) of the Uniformed Services  
15          Employment and Reemployment Rights Act, Public Law 103-353, if that  
16          participant was an employee at the time of the interruption; if the participant  
17          does not return immediately after that service to employment with a covered  
18          employer in this System, then the participant shall be deemed "in service" until  
19          the date on which the participant was first eligible to be separated or released  
20          from his or her involuntary military service. In all cases of doubt, the Board  
21          of Trustees shall determine whether any person is an employee as defined in  
22          this Chapter. "Employee" shall also mean every full-time civilian employee  
23          of the North Carolina National Guard who is employed pursuant to section  
24          709 of Title 32 of the United States Code and paid from federal appropriated  
25          funds, but held by the federal authorities not to be a federal employee:  
26          Provided, however, that the authority or agency paying the salaries of such  
27          employees shall deduct or cause to be deducted from each employee's salary  
28          the employee's contribution in accordance with applicable provisions of  
29          G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement  
30          System; coverage of employees described in this sentence shall commence  
31          upon the first day of the calendar year or fiscal year, whichever is earlier, next  
32          following the date of execution of an agreement between the Secretary of  
33          Defense of the United States and the Adjutant General of the State acting for  
34          the Governor in behalf of the State, but no credit shall be allowed pursuant to  
35          this sentence for any service previously rendered in the above-described  
36          capacity as a civilian employee of the North Carolina National Guard:  
37          Provided, further, that the Adjutant General, in the Adjutant General's  
38          discretion, may terminate the Retirement System coverage of the  
39          above-described North Carolina National Guard employees if a federal  
40          retirement system is established for such employees and the Adjutant General  
41          elects to secure coverage of such employees under such federal retirement  
42          system. Any full-time civilian employee of the North Carolina National Guard  
43          described above who is now or hereafter may become a member of the  
44          Retirement System may secure Retirement System credit for such service as  
45          a North Carolina National Guard civilian employee for the period preceding  
46          the time when such employees became eligible for Retirement System  
47          coverage by paying to the Retirement System an amount equal to that which  
48          would have constituted employee contributions if the employee had been a  
49          member during the years of ineligibility, plus interest. Employees of State  
50          agencies, departments, institutions, boards, and commissions who are  
51          employed in permanent job positions on a recurring basis must work at least

1 30 hours per week for nine or more months per calendar year in order to be  
2 covered by the provisions of this ~~subdivision~~-subdivision, except that no  
3 high-need retired teacher as defined under G.S. 115C-302.4(a)(1) shall be  
4 considered an employee. On and after August 1, 2001, a person who is a  
5 nonimmigrant alien and who otherwise meets the requirements of this  
6 subdivision shall not be excluded from the definition of "employee" solely  
7 because the person holds a temporary or time-limited visa."

8 **SECTION 4.** G.S. 135-48.40(b)(1a) reads as rewritten:

9 "(1a) All retirees who (i) are employed by an employing unit that elects to be  
10 covered by this subdivision, (ii) do not qualify for coverage under subdivision  
11 (1) of this subsection, and (iii) are determined to be "full-time" by their  
12 employing unit in accordance with section 4980H of the Internal Revenue  
13 Code and the applicable regulations, as ~~amended~~-amended, or are high-need  
14 retired teachers, as defined under G.S. 115C-302.4(a)(1). The employing unit  
15 shall pay the employer premiums for retirees who enroll under this  
16 subdivision."

17 **SECTION 5.(a)** The State Treasurer shall seek a private letter ruling from the  
18 Internal Revenue Service regarding the provisions of this act. In order to accomplish the purposes  
19 outlined in this act, including up to seventy-five thousand dollars (\$75,000) to obtain a private  
20 letter ruling from the Internal Revenue Service, the Retirement Systems Division of the  
21 Department of State Treasurer may increase receipts from the assets of the Teachers' and State  
22 Employees' Retirement System or pay costs associated with the administration of these changes  
23 directly from the plan assets.

24 **SECTION 5.(b)** If the Internal Revenue Service determines that the provisions of  
25 G.S. 135-3(8)g., as enacted by this act, relating to the computation of postretirement earnings of  
26 retired teachers jeopardize the status of the Teachers' and State Employees' Retirement System  
27 of North Carolina under the Internal Revenue Code, then this act is repealed 30 days from receipt  
28 of that determination by the State Treasurer. Upon receipt of that determination, the State  
29 Treasurer shall notify the Revisor of Statutes of the determination and the date of receipt. Within  
30 three business days of receipt of the determination, the State Treasurer shall notify all local school  
31 administrative units of the repeal of this act and shall publicly notice the receipt of this  
32 information on the Department of State Treasurer's Web site. Within three business days of  
33 receipt of the notice from the State Treasurer, a local school administrative unit shall notify all  
34 high-need retired teachers employed by its local board of education of the repeal of this act.

35 **SECTION 5.(c)** Any beneficiary that is employed to teach by a local school  
36 administrative unit as a high-need retired teacher, as defined in G.S. 115C-302.4(a)(1), shall not  
37 be eligible to elect into a position that would lead him or her to be eligible to accrue any additional  
38 benefits under G.S. 135-3(8). Any failure of a local school administrative unit or a beneficiary to  
39 comply with the foregoing shall be corrected by the Retirement System as it determines may be  
40 appropriate under State and federal law. Any costs of such correction, as determined by the  
41 Retirement System, shall be the sole responsibility of the local school administrative unit and  
42 shall be transferred to the Pension Accumulation Fund under G.S. 135-8, under such rules as  
43 shall be adopted by the Board of Trustees.

44 **SECTION 6.** This act becomes effective July 1, 2019, and expires June 30, 2021.