

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 106
Committee Substitute Favorable 4/1/25

Short Title: Revive High-Need Retired Teachers Program.

(Public)

Sponsors:

Referred to:

February 13, 2025

A BILL TO BE ENTITLED
AN ACT TO REVIVE AND EXPAND THE PROGRAM ALLOWING RETIRED
EDUCATORS TO RETURN TO WORK IN HIGH-NEED SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-302.4 is reenacted as it existed immediately prior to its expiration.

SECTION 1.(b) G.S. 115C-302.4, as reenacted by this act, reads as rewritten:

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

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

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

a. Retired on or before February 1, 2019, at least two months prior to the date on which the beneficiary is scheduled to be reemployed pursuant to this section after attaining (i) the age of at least 65 with five years of creditable service, (ii) the age of at least 60 with 25 years of creditable service, or (iii) 30 years of creditable service.

b. Is reemployed by ~~a local board of education~~ the governing body of a public school unit to provide classroom instruction as a teacher, as defined in G.S. 135-1(25), employed on an annual contract to provide classroom instruction exclusively at a high-need school or schools.

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

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

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

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

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

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

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

a. STEM.



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b. Special education.

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

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

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

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

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

"i. Notwithstanding sub-subdivisions c. and d. of this subdivision, the computation of postretirement earnings under this subdivision shall not include earnings while a beneficiary is employed as a high-need retired teacher as defined under G.S. 115C-302.4(a) and the beneficiary shall not be restored to service as a teacher or employee. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed by the governing body of a public school unit as a high-need retired teacher. No later than September 15 annually, a public school unit shall inform the Retirement System if it will not employ any high-need retired teachers for that school year. The retirement allowance of a beneficiary who retired on an early or service retirement shall not cease due to reemployment as a high-need retired teacher. A beneficiary reemployed as a high-need retired teacher is not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

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

"c1. Within 90 days of the end of each month in which a beneficiary is reemployed under the provisions of sub-subdivision c. or i. of this subdivision, each employer shall provide a report for that month on each reemployed beneficiary, including the terms of the reemployment, the date of the reemployment, and the amount of the monthly compensation. If the required report is not received within the required 90 days, then the Board may do any or all of the following:
...."

SECTION 2.(c) G.S. 135-3(d) reads as rewritten:

"(d) If a beneficiary who retired on an early or service retirement allowance under this Chapter is reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee for service basis, whether contractual or otherwise at any time during (i) the six months immediately following the effective date of retirement or (ii) if the beneficiary is a high-need retired teacher as defined under G.S. 115C-302.4(a), the two months immediately following the effective date

1 of retirement, then the option of the following subdivisions that has the lesser financial impact
2 on the member, as determined by the Retirement System, shall be applied:

3"

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

5 "(10) "Employee" shall mean all full-time employees, agents or officers of the State
6 of North Carolina or any of its departments, bureaus and institutions other than
7 educational, whether such employees are elected, appointed or employed:
8 Provided that the term "employee" shall not include employees of the
9 University of North Carolina Health Care System who are not eligible for
10 participation under G.S. 135-5.6, employees of the East Carolina University
11 School of Medicine or Dental School of Medicine who are not eligible for
12 participation under G.S. 135-5.7, any person who is a member of the
13 Consolidated Judicial Retirement System, any member of the General
14 ~~Assembly or Assembly~~, any high-need retired teacher as defined under
15 G.S. 115C-302.4(a), or any part-time or temporary employee.
16 Notwithstanding any other provision of law, "employee" shall include all
17 employees of the General Assembly except participants in the Legislative
18 Intern Program, pages, and beneficiaries in receipt of a monthly retirement
19 allowance under this Chapter who are reemployed on a temporary basis.
20 "Employee" also includes any participant whose employment is interrupted
21 by reason of service in the Uniformed Services, as that term is defined in
22 section 4303(16) of the Uniformed Services Employment and Reemployment
23 Rights Act, Public Law 103-353, if that participant was an employee at the
24 time of the interruption; if the participant does not return immediately after
25 that service to employment with a covered employer in this System, then the
26 participant shall be deemed "in service" until the date on which the participant
27 was first eligible to be separated or released from his or her involuntary
28 military service. In all cases of doubt, the Board of Trustees shall determine
29 whether any person is an employee as defined in this Chapter. "Employee"
30 shall also mean every full-time civilian employee of the North Carolina
31 National Guard who is employed pursuant to section 709 of Title 32 of the
32 United States Code and paid from federal appropriated funds, but held by the
33 federal authorities not to be a federal employee: Provided, however, that the
34 authority or agency paying the salaries of such employees shall deduct or
35 cause to be deducted from each employee's salary the employee's contribution
36 in accordance with applicable provisions of G.S. 135-8 and remit the same,
37 either directly or indirectly, to the Retirement System; coverage of employees
38 described in this sentence shall commence upon the first day of the calendar
39 year or fiscal year, whichever is earlier, next following the date of execution
40 of an agreement between the Secretary of Defense of the United States and
41 the Adjutant General of the State acting for the Governor in behalf of the State,
42 but no credit shall be allowed pursuant to this sentence for any service
43 previously rendered in the above-described capacity as a civilian employee of
44 the North Carolina National Guard: Provided, further, that the Adjutant
45 General, in the Adjutant General's discretion, may terminate the Retirement
46 System coverage of the above-described North Carolina National Guard
47 employees if a federal retirement system is established for such employees
48 and the Adjutant General elects to secure coverage of such employees under
49 such federal retirement system. Any full-time civilian employee of the North
50 Carolina National Guard described above who is now or hereafter may
51 become a member of the Retirement System may secure Retirement System

credit for such service as a North Carolina National Guard civilian employee for the period preceding the time when such employees became eligible for Retirement System coverage by paying to the Retirement System an amount equal to that which would have constituted employee contributions if the employee had been a member during the years of ineligibility, plus interest. Employees of State agencies, departments, institutions, boards, and commissions who are employed in permanent job positions on a recurring basis must work at least 30 hours per week for nine or more months per calendar year in order to be covered by the provisions of this subdivision. On and after August 1, 2001, a person who is a nonimmigrant alien and who otherwise meets the requirements of this subdivision shall not be excluded from the definition of "employee" solely because the person holds a temporary or time-limited visa."

SECTION 3.(b) G.S. 135-1(20) reads as rewritten:

"(20) "Retirement" under this Chapter, except as otherwise provided, means the commencement of monthly retirement benefits along with termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must perform no work for an employer, including part-time, temporary, substitute, or contractor work, at any time during the six months immediately following the effective date of ~~retirement~~retirement, except that in the case of a high-need retired teacher, as defined under G.S. 115C-302.4(a), the period of separation required is two months. A member who is a full-time faculty member of The University of North Carolina may effect a retirement allowance under this Chapter, notwithstanding the six-month requirement above, provided the member immediately enters the University's Phased Retirement Program for Tenured Faculty as that program existed on May 25, 2011. For purposes of this subdivision, all of the following shall not be considered service or work:
...."

SECTION 3.(c) G.S. 135-48.40(b)(1a) reads as rewritten:

"(1a) All retirees who ~~(i) are~~ meet all of the following criteria:

- a. The retiree is employed by an employing unit that elects to be covered by this subdivision, (ii) do ~~subdivision.~~
- b. The retiree does not qualify for coverage under subdivision (1) of this subsection, and (iii) are ~~subsection.~~
- c. The retiree is either a high-need retired teacher under G.S. 115C-302.4 or is determined to be "full-time" by their employing unit in accordance with section 4980H of the Internal Revenue Code and the applicable regulations, as amended.

The employing unit shall pay the employer premiums for retirees who enroll under this subdivision."

SECTION 3.(d) G.S. 135-106(b) reads as rewritten:

"(b) After the commencement of benefits under this section, the benefits payable under the terms of this section during the first 36 months of the long-term disability period shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would

1 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by
2 any primary Social Security disability benefits to which the beneficiary may be entitled, effective
3 as of the first of the month following the month of initial entitlement, and by monthly payments
4 for Workers' Compensation to which the participant or beneficiary may be entitled. When
5 primary Social Security disability benefits are increased by cost-of-living adjustments, the
6 increased reduction shall be applied in the first month following the month in which the member
7 becomes entitled to the increased Social Security benefit. The monthly benefit shall be further
8 reduced by the amount of any monthly payments from the federal Department of Veterans
9 Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108,
10 to which the participant or beneficiary may be entitled on account of the same disability.
11 Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month.
12 However, a disabled participant may elect to receive any salary continuation as provided in
13 G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the
14 first 36 consecutive calendar months of the long-term disability period. An election to receive
15 any salary continuation for any part of any given day shall be in lieu of any long-term benefit
16 payable for that day, provided further, any lump-sum payout for vacation leave shall be treated
17 as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term
18 benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced
19 during the first 36 months of the long-term disability period by an amount, as determined by the
20 Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary
21 might be entitled, effective as of the first of the month following the month of initial entitlement.

22 After 36 months of long-term disability, no further benefits are payable under the terms of
23 this section unless the member has been approved and is in receipt of primary Social Security
24 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of
25 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior
26 to the beginning of the short-term disability period as may be adjusted for percentage increases
27 as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity
28 payment to which the participant or beneficiary would be eligible, to a maximum of three
29 thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security
30 disability benefits to which the beneficiary may be entitled, effective as of the first of the month
31 following the month of initial entitlement, and by monthly payments for Workers' Compensation
32 to which the participant or beneficiary may be entitled. When primary Social Security disability
33 benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in
34 the first month following the month in which the member becomes entitled to the increased Social
35 Security benefit. The monthly benefit shall be further reduced by the amount of any monthly
36 payments from the federal Department of Veterans Affairs, for payments from any other federal
37 agency, or for any payments made under the provisions of G.S. 127A-108, to which the
38 participant or beneficiary may be entitled on account of the same disability. Provided, in any
39 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

40 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the
41 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the
42 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance
43 from the Retirement System, at which time the beneficiary would receive a retirement allowance
44 calculated on the basis of the beneficiary's average final compensation at the time of disability as
45 adjusted to reflect compensation increases subsequent to the time of disability and the creditable
46 service accumulated by the beneficiary, including creditable service while in receipt of benefits
47 under the Plan. In the event the beneficiary has not been approved and is not in receipt of a
48 primary Social Security disability benefit, the long-term disability benefit shall cease after the
49 first 36 months of the long-term disability period. When such a long-term disability recipient
50 begins receiving this unreduced service retirement allowance from the System, that recipient
51 shall not be subject to the ~~six-month~~ applicable waiting period set forth in G.S. 135-1(20).

1 However, a beneficiary shall be entitled to a restoration of the long-term disability benefit in the
2 event the Social Security Administration grants a retroactive approval for primary Social Security
3 disability benefits with a benefit effective date within the first 36 months of the long-term
4 disability period. In such event, the long-term disability benefit shall be restored retroactively to
5 the date of cessation."

6 **SECTION 4.(a)** The State Treasurer shall seek a private letter ruling from the
7 Internal Revenue Service to determine if any provisions of this section jeopardize the status of
8 the Teachers' and State Employees' Retirement System.

9 **SECTION 4.(b)** If the Internal Revenue Service determines that any provision of
10 this section jeopardizes the status of the Teachers' and State Employees' Retirement System of
11 North Carolina under the Internal Revenue Code, then this section is repealed on the last day of
12 the month following the month of receipt of that determination by the State Treasurer. Upon
13 receipt of that determination, the State Treasurer shall notify the Revisor of Statutes of the
14 determination and the date of receipt. Within three business days of receipt of the determination,
15 the State Treasurer shall notify all public school units of the repeal of this section and shall
16 publicly notice the receipt of this information on the Department of State Treasurer's website.
17 Within three business days of receipt of the notice from the State Treasurer, a public school unit
18 shall notify all high-need retired teachers employed by its governing body of the repeal of this
19 section.

20 **SECTION 4.(c)** Notwithstanding any other provision of law to the contrary, in order
21 to pay costs associated with the administration of the provisions of this section, the Retirement
22 Systems Division of the Department of State Treasurer may increase receipts from the retirement
23 assets of the Teachers' and State Employees' Retirement System or pay costs associated with the
24 administration directly from the retirement assets.

25 **SECTION 4.(d)** Any beneficiary that is employed by the governing body of a public
26 school unit as a high-need retired teacher, as defined in G.S. 115C-302.4(a), shall not be eligible
27 to elect into a position that would lead the beneficiary to be eligible to accrue any additional
28 benefits under G.S. 135-3(a)(8). Any failure of the governing body of the public school unit or a
29 beneficiary to comply with the foregoing shall be corrected by the Executive Director of the
30 Retirement System as may be appropriate under State and federal law. Any costs of the
31 correction, as determined by the Executive Director of the Retirement System, shall be the sole
32 responsibility of the governing body of the public school unit and shall be transferred to the
33 Pension Accumulation Fund under G.S. 135-8 under rules adopted by the Board of Trustees.

34 **SECTION 4.(e)** Effective July 1, 2025, there is appropriated from the General Fund
35 to the Department of State Treasurer the sum of one hundred thousand dollars (\$100,000) in
36 nonrecurring funds for the 2025-2026 fiscal year to be used to obtain the private letter ruling
37 under subsection (a) of this section.

38 **SECTION 4.(f)** Effective July 1, 2025, there is appropriated from the General Fund
39 to the Department of State Treasurer the sum of ten million dollars (\$10,000,000) in recurring
40 funds for each year of the 2025-2027 fiscal biennium to be used to address the increased cost to
41 the Teachers' and State Employees' Retirement System as a result of the implementation of this
42 section.

43 **SECTION 5.** This act is effective when it becomes law and expires June 30, 2029.
44 G.S. 115C-302.4, as reenacted by this act, applies beginning with the 2025-2026 school year.