

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 106

Short Title: Revive High-Need Retired Teachers Program. (Public)

Sponsors: Representatives Carver and Scott (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, Pensions and Retirement, if favorable,
Appropriations, if favorable, Rules, Calendar, and Operations of the House

February 13, 2025

A BILL TO BE ENTITLED
AN ACT TO REVIVE AND EXPAND THE PROGRAM TO ALLOW 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(a)(1), as reenacted by this act, reads as rewritten:

"(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 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."

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 a local board of education as a high-need retired teacher. No later than September 15 annually, a local board of education 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. 135-1(10) reads as rewritten:

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

the North Carolina National Guard: Provided, further, that the Adjutant General, in the Adjutant General's discretion, may terminate the Retirement System coverage of the above-described North Carolina National Guard employees if a federal retirement system is established for such employees and the Adjutant General elects to secure coverage of such employees under such federal retirement system. Any full-time civilian employee of the North Carolina National Guard described above who is now or hereafter may 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 2.(d) 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 2.(e) 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.

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

3 **SECTION 2.(f)** The State Treasurer shall seek a private letter ruling from the Internal
4 Revenue Service to determine if any provisions of this section jeopardize the status of the
5 Teachers' and State Employees' Retirement System.

6 **SECTION 2.(g)** If the Internal Revenue Service determines that any provision of
7 this section jeopardizes the status of the Teachers' and State Employees' Retirement System of
8 North Carolina under the Internal Revenue Code, then this section is repealed on the last day of
9 the month following the month of receipt of that determination by the State Treasurer. Upon
10 receipt of that determination, the State Treasurer shall notify the Revisor of Statutes of the
11 determination and the date of receipt. Within three business days of receipt of the determination,
12 the State Treasurer shall notify all local school administrative units of the repeal of this section
13 and shall publicly notice the receipt of this information on the Department of State Treasurer's
14 website. Within three business days of receipt of the notice from the State Treasurer, a local
15 school administrative unit shall notify all high-need retired teachers employed by its local board
16 of education of the repeal of this section.

17 **SECTION 2.(h)** Notwithstanding any other provision of law to the contrary, in order
18 to pay costs associated with the administration of the provisions of this section, the Retirement
19 Systems Division of the Department of State Treasurer may increase receipts from the retirement
20 assets of the Teachers' and State Employees' Retirement System or pay costs associated with the
21 administration directly from the retirement assets.

22 **SECTION 2.(i)** Any beneficiary that is employed by a local board of education as a
23 high-need retired teacher, as defined in G.S. 115C-302.4(a), shall not be eligible to elect into a
24 position that would lead the beneficiary to be eligible to accrue any additional benefits under
25 G.S. 135-3(a)(8). Any failure of a local board of education or a beneficiary to comply with the
26 foregoing shall be corrected by the Executive Director of the Retirement System as may be
27 appropriate under State and federal law. Any costs of the correction, as determined by the
28 Executive Director of the Retirement System, shall be the sole responsibility of the local board
29 of education and shall be transferred to the Pension Accumulation Fund under G.S. 135-8 under
30 rules adopted by the Board of Trustees.

31 **SECTION 2.(j)** Effective July 1, 2025, there is appropriated from the General Fund
32 to the Department of State Treasurer the sum of one hundred thousand dollars (\$100,000) in
33 nonrecurring funds for the 2025-2026 fiscal year to be used to obtain the private letter ruling
34 under subsection (f) of this section.

35 **SECTION 2.(k)** Effective July 1, 2025, there is appropriated from the General Fund
36 to the Department of State Treasurer the sum of ten million dollars (\$10,000,000) in recurring
37 funds for each year of the 2025-2027 fiscal biennium to be used to address the increased cost to
38 the Teachers' and State Employees' Retirement System as a result of the implementation of this
39 section.

40 **SECTION 3.** This act is effective when it becomes law. G.S. 115C-302.4, as
41 reenacted by this act, applies beginning with the 2025-2026 school year, and this act shall not
42 expire except by subsequent enactment of the General Assembly.