

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1393

Short Title: Certain Retired Principals Return to Work. (Public)

Sponsors: Representatives Bryant, Allen, Wray (Primary Sponsors); Cotham, Faison, E. Floyd, Glazier, Harrison, Hughes, and Parmon.

Referred to: Education, if favorable, Pensions and Retirement.

April 13, 2009

A BILL TO BE ENTITLED
AN ACT TO ENABLE RETIRED SCHOOL PRINCIPALS TO RETURN TO
EMPLOYMENT AT LOW-PERFORMING PUBLIC SCHOOLS WITHOUT LOSING
RETIREMENT BENEFITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-3(8)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be 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, and if such beneficiary earns an amount during the 12 month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars (\$20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year, except when the reemployment earnings exceed the amount above in the month of December, in which case the retirement allowance shall not be suspended. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, who retired on or before October 1, 2007, and who has been retired at least six months and has not been employed in any capacity with a public school for at least six months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach in a permanent full-time or part-time capacity that exceeds fifty percent (50%) of the applicable workweek in a public school. The



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1 Department of Public Instruction shall certify to the Retirement
2 System that a beneficiary is employed to teach by a local school
3 administrative unit under the provisions of this sub-subdivision and
4 as a retired teacher or as a retired principal at a low-performing
5 school as the term is those terms are defined under the provisions of
6 G.S. 115C-325(a)(5a). G.S. 115C-325(a)(5a) and (5b).

7 The computation of postretirement earnings of a beneficiary
8 under this sub-subdivision, who retired after October 1, 2007, after
9 attaining (i) the age of at least 65 with five years of creditable
10 service; or (ii) the age of at least 60 with 25 years of creditable
11 service; or (iii) 30 years of service; and who has been retired at least
12 six months and has not been employed in any capacity with a public
13 school for at least six months immediately preceding the effective
14 date of reemployment, shall not include earnings while the
15 beneficiary is employed to teach in a permanent full-time or
16 part-time capacity that exceeds fifty percent (50%) of the applicable
17 workweek in a public school. The Department of Public Instruction
18 shall certify to the Retirement System that a beneficiary is employed
19 to teach by a local school administrative unit under the provisions of
20 this sub-subdivision and as a retired teacher or as a retired principal
21 at a low-performing school as the term is those terms are defined
22 under the provisions of G.S. 115C-325(a)(5a). G.S. 115C-325(a)(5a)
23 and (5b).

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

27 **SECTION 2.** G.S. 115C-325(a) is amended by adding a new subdivision to read:

28 "(5b) "Retired principal at a low-performing school" means a beneficiary of the
29 Teachers' and State Employees' Retirement System of North Carolina who
30 retired on or before October 1, 2007, and who has been retired at least six
31 months, has not been employed in any capacity for at least six months,
32 immediately preceding the effective date of reemployment, is determined by
33 a local board of education or a charter school to have had satisfactory
34 performance during the last year of employment by a local board of
35 education, and who is employed as provided in G.S. 135-3(8)c. as a principal
36 at a low-performing school identified under G.S. 115C-105.37.

37 "Retired principal at a low-performing school" also means a beneficiary
38 of the Teachers' and State Employees' Retirement System of North Carolina
39 who retired after October 1, 2007, after attaining (i) the age of at least 65
40 with five years of creditable service; or (ii) the age of at least 60 with 25
41 years of creditable service; or (iii) 30 years of service; who has been retired
42 at least six months, has not been employed in any capacity for at least six
43 months immediately preceding the effective date of reemployment, is
44 determined by a local board of education or a charter school to have had
45 satisfactory performance during the last year of employment by a local board
46 of education, and who is employed as provided in G.S. 135-3(8)c. as a
47 principal at a low-performing school identified under G.S. 115C-105.37."

48 **SECTION 3.** Notwithstanding any other provision of law, effective July 1, 2009,
49 each local school administrative unit shall pay to the Teachers' and State Employees'
50 Retirement System a Reemployed Principal Contribution Rate of eleven and
51 seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired

1 principals, who are exempt from the earnings cap, are being paid. Each local school
2 administrative unit shall report monthly to the Retirement Systems Division on payments made
3 pursuant to this section.

4 Notwithstanding any other provision of law, effective July 1, 2009, any portion of
5 the payment made by a local school administrative unit to a reemployed principal who is
6 exempt from the earnings cap, consisting of salary plus the Reemployed Principal Contribution
7 Rate, that exceeds the State-supported salary level for that position shall be paid from local
8 funds.

9 **SECTION 4.** Section 6 of S.L. 2007-326 reads as rewritten:

10 **"SECTION 6.** Section 3 of this act becomes effective July 31, 2007. The remainder of this
11 act becomes effective October 1, 2007, and expires ~~October 1, 2009~~October 1, 2010."

12 **SECTION 5.** This act becomes effective July 1, 2009.