

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**H**

**D**

**HOUSE DRH10830-LL-233 (03/26)**

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

Sponsors: Representatives Bryant and Allen (Primary Sponsors).

Referred to:

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

5 The General Assembly of North Carolina enacts:

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

7 "c. Should a beneficiary who retired on an early or service retirement  
8 allowance under this Chapter be reemployed by, or otherwise  
9 engaged to perform services for, an employer participating in the  
10 Retirement System on a part time, temporary, interim, or on a fee for  
11 service basis, whether contractual or otherwise, and if such  
12 beneficiary earns an amount during the 12 month period immediately  
13 following the effective date of retirement or in any calendar year  
14 which exceeds fifty percent (50%) of the reported compensation,  
15 excluding terminal payments, during the 12 months of service  
16 preceding the effective date of retirement, or twenty thousand dollars  
17 (\$20,000), whichever is greater, as hereinafter indexed, then the  
18 retirement allowance shall be suspended as of the first day of the  
19 month following the month in which the reemployment earnings  
20 exceed the amount above, for the balance of the calendar year, except  
21 when the reemployment earnings exceed the amount above in the  
22 month of December, in which case the retirement allowance shall not  
23 be suspended. The retirement allowance of the beneficiary shall be  
24 reinstated as of January 1 of each year following suspension. The  
25 amount that may be earned before suspension shall be increased on  
26 January 1 of each year by the ratio of the Consumer Price Index to  
27 the Index one year earlier, calculated to the nearest tenth of a percent  
28 (1/10 of 1%).

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



1 (50%) of the applicable workweek in a public school. The  
2 Department of Public Instruction shall certify to the Retirement  
3 System that a beneficiary is employed to teach by a local school  
4 administrative unit under the provisions of this sub-subdivision and  
5 as a retired teacher or as a retired principal at a low-performing  
6 school as the term is those terms are defined under the provisions of  
7 G.S. 115C-325(a)(5a)-G.S. 115C-325(a)(5a) and (5b).

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

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

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

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

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

49 **SECTION 3.** Notwithstanding any other provision of law, effective July 1, 2009,  
50 each local school administrative unit shall pay to the Teachers' and State Employees'  
51 Retirement System a Reemployed Principal Contribution Rate of eleven and

1 seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired  
2 principals, who are exempt from the earnings cap, are being paid. Each local school  
3 administrative unit shall report monthly to the Retirement Systems Division on payments made  
4 pursuant to this section.

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

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

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

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