

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 115  
PROPOSED SENATE COMMITTEE SUBSTITUTE H115-PCS40629-TV-13

Short Title: Retirement Technical Corrections Act of 2017.-AB

(Public)

Sponsors:

Referred to:

February 16, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CONFORMING  
3 CHANGES TO THE LAWS GOVERNING THE TEACHERS' AND STATE  
4 EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENT EMPLOYEES'  
5 RETIREMENT SYSTEM, AND OTHER RELATED STATUTES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** G.S. 135-1(5) reads as rewritten:

8 "(5) "Average final compensation" shall mean the average annual compensation  
9 of a member during the four consecutive calendar years of membership  
10 service producing the highest such average; but shall not include any  
11 compensation, as determined by the Board of Trustees, for the  
12 reimbursement of expenses or payments for housing or any other allowances  
13 whether or not classified as salary and wages. Payout of vacation leave shall  
14 be included in "average final compensation" only if the payout is received by  
15 the member during the four consecutive calendar years of membership  
16 service producing the highest average annual compensation of the member.  
17 In the event a member is or has been in receipt of a benefit under the  
18 provisions of G.S. 135-105 or G.S. 135-106, the compensation used in the  
19 calculation of "average final compensation" shall be the higher of  
20 compensation of the member under the provisions of this Article or  
21 compensation used in calculating the payment of benefits under Article 6 of  
22 this Chapter as adjusted for percentage increases in the post disability  
23 benefit."

24 **SECTION 1.(b)** G.S. 128-21(5) reads as rewritten:

25 "(5) "Average final compensation" shall mean the average annual compensation,  
26 not including any terminal payments for unused sick leave, of a member  
27 during the four consecutive calendar years of creditable service producing  
28 the highest such average; but shall not include any compensation, as  
29 determined by the Board of Trustees, for the reimbursement of expenses or  
30 payments for housing or any other allowances whether or not classified as  
31 salary and wages. Payout of vacation leave shall be included in "average  
32 final compensation" only if the payout is received by the member during the  
33 four consecutive calendar years of membership service producing the  
34 highest average annual compensation of the member."

35 **SECTION 2.(a)** G.S. 135-8(b)(5) reads as rewritten:



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1           "(5) The Board of Trustees may approve the purchase of creditable service by  
2           any member for leaves of absence or for interrupted service to an employer  
3           only for the purpose of acquiring knowledge, talents, or abilities and to  
4           increase the efficiency of service to the employer, subject to the provisions  
5           of this subdivision. A leave of absence or interrupted service may be  
6           approved for purchase under this subdivision for a period of employment as  
7           a teacher in a charter school. Any other leave of absence or interrupted  
8           service shall qualify for purchase under this subdivision only if (i) during the  
9           time of the leave or interrupted service the member is enrolled and  
10          participates in a full time degree program at an accredited institution of  
11          higher education, (ii) the member is not paid compensation, other than a  
12          stipend resulting from participation in a full-time degree program, for the  
13          activity in which he or she is acquiring knowledge, talents, or abilities, and  
14          (iii) the service is not purchased for any month in which the member  
15          performed any services for any of the organizations listed in G.S. 135 27(a)  
16          or G.S. 135 27(f), or a successor to any of those organizations. Approval by  
17          the Board under this subdivision shall be made prior to the purchase of the  
18          creditable service, is limited to a career total of six years for each member,  
19          and may be obtained in the following manner:  
20          ...."

21       **SECTION 2.(b)** G.S. 128-30(b)(4) reads as rewritten:

22       "(4) The Board of Trustees may approve the purchase of creditable service by  
23       any member for leaves of absence or for interrupted service to an employer  
24       only for the purpose of acquiring knowledge, talents, or abilities and to  
25       increase the efficiency of service to the employer, subject to the provisions  
26       of this subdivision. A leave of absence or interrupted service may be  
27       approved for purchase under this subdivision for a period of employment as  
28       a teacher in a charter school. Any other leave of absence or interrupted  
29       service shall qualify for purchase under this subdivision only if (i) during the  
30       time of the leave or interrupted service the member is enrolled and  
31       participates in a full-time degree program at an accredited institution of  
32       higher education, (ii) the member is not paid compensation, other than a  
33       stipend resulting from participation in a full-time degree program, for the  
34       activity in which he or she is acquiring knowledge, talents, or abilities, and  
35       (iii) the service is not purchased for any month in which the member  
36       performed any services for any of the organizations listed in G.S. 135-27(a)  
37       or G.S. 135-27(f), or a successor to any of those organizations. Approval by  
38       the Board under this subdivision shall be made prior to the purchase of the  
39       creditable service, is limited to a career total of four years for each member,  
40       and may be obtained in the following manner:  
41       ...."

42       **SECTION 3.** G.S. 135-48.12 is amended by adding a new subsection to read:

43       "(i) The Committee shall adopt a funding policy and shall include information about the  
44       State's contribution policy, including the basis for determining contributions in the annual  
45       actuarial valuation."

46       **SECTION 5.(a)** G.S. 147-86.72(h) reads as rewritten:

47       "(h) Other States:States Contracting for North Carolina to Provide Program. – With  
48       consent of the State Treasurer, the Board may enter into agreements with other states to either  
49       (i) allow North Carolina residents to participate in a plan operated by a contracting state with a  
50       qualified ABLÉ program or (ii) allow residents of other states to participate in the qualified  
51       North Carolina ABLÉ Program Trust."

1           **SECTION 5.(b)** G.S. 147-86.72 is amended by adding a new subsection to read:  
2           "(i) Arrangements for North Carolina Program to Be Provided in Partnership With  
3 Other States. – Notwithstanding any other provision of this Article, in addition to or in lieu of  
4 establishing a North Carolina ABLÉ Program and ABLÉ Program Trust, the Board may do  
5 either of the following:

6           (1) Enter into an agreement with one or more states, or a consortium of states,  
7 that has a qualified ABLÉ program for the provision of all services  
8 necessary to allow residents of North Carolina to participate in the qualified  
9 ABLÉ program of the other state, states, or consortium.

10          (2) Facilitate or otherwise provide access to allow residents of North Carolina to  
11 participate in qualified ABLÉ programs operated by another state, states, or  
12 consortium.

13          The Board shall take action only after due diligence that includes a fiduciary analysis that  
14 indicates the qualified ABLÉ program offered by the other state, states, or consortium will (i)  
15 meet all the requirements of this Article and (ii) be more efficient and cost-effective than an  
16 ABLÉ program provided directly by the Board. If the Board enters into an arrangement  
17 authorized by this subsection, the Board shall meet on a semiannual basis to evaluate the  
18 effectiveness of the services being provided."

19          **SECTION 6.** G.S. 147-69.2(a) is amended by adding a new subdivision to read:

20          "(21) The Disability Income Plan of North Carolina."

21          **SECTION 8.** G.S. 147-69.12(e) is repealed.

22          **SECTION 9.** If any provision of this act or its application is held invalid, the  
23 invalidity does not affect other provisions or applications of this act that can be given effect  
24 without the invalid provisions or application, and, to this end, the provisions of this act are  
25 severable.

26          **SECTION 10.** This act is effective when it becomes law.