

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 1250

Short Title: NC Education Bank. (Public)

Sponsors: Representatives Insko; Adams, Faison, Fisher, Harrison, Parmon, and Wainwright.

Referred to: Education.

April 18, 2005

1 A BILL TO BE ENTITLED
2 AN ACT ESTABLISHING THE NORTH CAROLINA TEACHERS' AND STATE
3 EMPLOYEES' EDUCATION BANK PROGRAM.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 143 of the General Statutes is amended by adding a
6 new Article to read:

7 "Article 79.

8 "Teacher's and State Employee's Education Bank Program.

9 **"§ 143-740. Short title and purpose.**

10 (a) This Article shall be known and may be cited as the "Teachers' and State
11 Employees' Education Bank Program".

12 (b) The purpose of this Article is to enhance the qualifications of the employees
13 of the State of North Carolina by affording greater educational opportunities to teachers
14 and State employees, to provide recruitment and retention incentives, and to encourage
15 and reward career civil service.

16 **"§ 143-741. Definitions.**

17 The following words and phrases as used in this Article, unless a different meaning
18 is plainly required by the context, shall have the following meanings:

19 (1) Academic term. – Any standard period of time during a calendar year
20 in which a participating institution offers educational courses either on
21 a semester or quarter basis, and "half-term" shall mean an academic
22 term in which an institution offers courses in a condensed period of
23 time, such as a summer half-session.

24 (2) Credit. – An educational credit earned by the employee and equivalent
25 to one semester hour or one and one-half quarter hours of educational
26 courses in any academic term.

27 (3) Education Bank. – The collective term for all members' personal
28 Education Bank Accounts.

- 1 (4) Education Bank Account or account. – The registry of credits
2 deposited in a member's personal account, as well as withdrawals and
3 the balance of credits.
- 4 (5) Employee, employer, and membership service. – These terms shall
5 have the same meanings as defined in G.S. 135-1.
- 6 (6) Member. – Any current or former teacher or State employee with
7 membership service in the Retirement System.
- 8 (7) Retirement System. – The Teachers' and State Employees' Retirement
9 System, the Uniform Judicial Retirement System, and the Legislative
10 Retirement System.

11 **"§ 143-742. Administration.**

12 (a) The provisions of this Article shall be administered by the Office of the
13 President of The University of North Carolina, and all expenses in connection with the
14 administration of the program, except for expenses incurred under subsection (c) of this
15 section, shall be paid from current operations appropriations.

16 (b) The Office of the President shall establish standards of documentation for
17 determining eligibility for the program and for establishing administrative procedures.
18 The making, forging, or counterfeiting of documents with the intent of defrauding an
19 administrator of the Education Bank shall be considered criminal offenses covered
20 under G.S. 14-119.

21 (c) The Office of the President shall establish the standards and a timetable for
22 periodic transfer from the Department of the Treasurer information about employees'
23 membership service in the Retirement System. This information will serve as the basis
24 for determining membership in the Education Bank program and for depositing credits
25 to members' Education Bank accounts. Information transfers shall take place no less
26 than three times per year, coinciding with academic calendars, so that eligible persons
27 may have the maximum allowable credits available to them prior to most academic
28 terms. Administrative expenses related to preparation of data for transfer shall be from
29 current operations appropriations of the Department of the Treasurer.

30 **"§ 143-743. Participating institutions.**

31 (a) Institutions of higher learning participating in the program and responsible for
32 distributing its benefits shall be the constituent institutions of The University of North
33 Carolina and of the North Carolina Community College System and any private
34 institution of higher learning that receives funding from the State of North Carolina.

35 (b) A participating institution shall not be required to distribute benefits in any
36 academic term in excess of three percent (3%) of its full-time equivalent student credit
37 hours for that term, although the institution may exceed the three percent (3%) limit. As
38 far as feasible, participating institutions will distribute benefits on a first-come,
39 first-served basis.

40 (c) All academic courses offered by participating institutions shall be available
41 for election by members of the Education Bank program or their family members who
42 qualify under G.S. 143-744(b). Participating institutions may not establish qualifications
43 for election of courses that apply only to members of the Education Bank or their family
44 members.

1 **"§ 143-744. Eligibility.**

2 (a) Members of the Retirement System shall be considered members of the
3 Education Bank program and shall be eligible to accrue and redeem credits under
4 conditions set forth in this Article.

5 (b) The spouse, biological or adopted children, and biological or adopted
6 grandchildren of a member, either living or dead, shall be eligible to redeem credits.

7 **"§ 143-745. Benefit.**

8 (a) For each full year of membership service earned by an employee beginning
9 July 1, 2005, and credited toward the Retirement System as of July 1, 2006, and
10 thereafter, four educational credits shall be deposited in the employee's personal
11 Education Bank Account.

12 (b) Beginning July 1, 2006, Education Bank credits may be redeemed by eligible
13 persons for educational courses at participating institutions as follows:

14 (1) One education credit shall be equivalent to and in lieu of the tuition
15 and fees for one semester hour or one and one-half quarter hours
16 except that extraordinary fees, such as for labs, are not covered by the
17 credit.

18 (2) Credits may be redeemed in fractions, such as one quarter hour is
19 equivalent to 0.667 credit.

20 (3) The balance of credits in a personal account may never be less than
21 zero.

22 (4) If the holder of an account is living, withdrawals may be made only
23 upon the authorizing signature of the account holder or his or her
24 attorney-in-fact.

25 (5) Current employees, who are not on work-related disciplinary
26 probation, may make withdrawals from their personal accounts or
27 from other accounts for which they may qualify under
28 G.S. 143-744(b), or any combination thereof. Total credits withdrawn
29 may not exceed eight hours per academic term or four hours per
30 half-term per employee.

31 (6) Former employees or other persons eligible under G.S. 143-744(b)
32 may withdraw credits from their personal account or from one or more
33 other accounts for which they may qualify, or any combination
34 thereof. Total credits withdrawn may not exceed 16 hours per
35 academic term or eight hours per half-term per person.

36 (7) If an eligible person makes withdrawals from more than one account in
37 an academic term, that person will assign the order of accounts in
38 which withdrawals are to be made.

39 (8) If an eligible person subsequently drops one or more courses, the
40 account or accounts will be recredited a corresponding number of
41 credits on the same policy basis as the participating institution
42 provides monetary refunds. Accounts will be recredited in reverse of
43 the order assigned as required in subdivision (7) of this subsection.

1 (9) Persons redeeming credits for academic courses must meet all other
2 qualifications established by participating institutions for the courses
3 they elect.

4 (c) Credits in an Education Bank Account may not be transferred to another
5 Education Bank Account, nor are they otherwise transferable, inheritable, or redeemable
6 for cash or any item of value, except for educational courses as provided in this Article.
7 Upon the death of the account holder, no signature shall be required for withdrawals by
8 eligible persons, with subsequent withdrawals being made on a first-come, first-served
9 basis.

10 **"§ 143-746. Initial allocations.**

11 (a) Current employees or former employees, employed prior to July 1, 2006,
12 except as stipulated in subsection (c) of this section, shall receive an initial allocation of
13 credits to their personal Education Bank Accounts based on years of membership
14 service prior to July 1, 2006, which may be in addition to credits earned under
15 G.S. 143-745(a), as follows:

16 (1) Greater than or equal to two years of membership service, but less than
17 or equal to six years of membership service, shall receive two credits.

18 (2) Greater than six years of membership service, but less than or equal to
19 11 years of membership service, shall receive four credits.

20 (3) Greater than 11 years of membership service, but less than or equal to
21 16 years of membership service, shall receive six credits.

22 (4) Greater than 16 years of membership service, but less than or equal to
23 21 years of membership service, shall receive eight credits.

24 (5) Greater than 21 years of membership service, but less than or equal to
25 26 years of membership service, shall receive 10 credits.

26 (6) Greater than 26 years of membership service shall receive 12 credits.

27 (b) Former employees, who receive retirement benefits prior to July 1, 2006, are
28 eligible to withdraw credits from their Education Bank Accounts beginning July 1,
29 2006, as are their family members who qualify under G.S. 143-744(b).

30 (c) Former employees, who are not receiving retirement benefits as of July 1,
31 2006, will receive the initial allocation of credits under this section if and when they
32 return to employment with the employer and complete an additional year of continuous
33 service that qualifies as membership service.

34 **"§ 143-747. Educational leave.**

35 (a) Current employees who have seven years of service may request an unpaid
36 leave of absence of up to one year of consecutive time for educational purposes. If
37 granted by the agency's department head or higher authority, the employee may
38 withdraw credits up to the equivalent of 16 hours per academic term or eight hours per
39 half-term from their Education Bank Account.

40 (b) Employees on educational leave are not eligible for additional courses under
41 G.S. 143-748 or G.S. 143-749.

42 (c) Participating institutions may not deny courses to employees on educational
43 leave based on the provisions of G.S. 143-743(b).

1 (d) Employees who have been granted an educational leave may not qualify
2 again for educational leave until they accumulate an additional seven years of
3 membership service since their last educational leave.

4 **"§ 143-748. Mandatory training.**

5 When required by an employee's supervisor, current employees may elect one
6 work-related course per academic term or half-term at any appropriate institution of
7 higher learning. Tuition and all fees, including extraordinary fees, such as for labs, shall
8 be paid by the employing agency to the institution. Time in attendance will be counted
9 as employee's work time. Election of this course is separate from the Education Bank
10 program and all its provisions.

11 **"§ 143-749. Tuition remission.**

12 Current employees, who are not on work-related disciplinary probation, may take
13 one course per academic term or half-term at any State-operated institution of higher
14 learning on a tuition-and-fee remission basis, except that extraordinary fees, such as for
15 labs, shall not be covered. With permission of the employee's immediate supervisor, the
16 course may be attended during work time, but such time will not count as work time.
17 Election of this course is separate from the Education Bank program and all its
18 provisions."

19 **SECTION 2.** This act is effective when it becomes law.