

# NORTH CAROLINA GENERAL ASSEMBLY



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## JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE

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### REPORT TO THE 2015 SESSION of the GENERAL ASSEMBLY OF NORTH CAROLINA

JANUARY 6, 2015

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<i>Legislative Proposal</i>	
A BILL TO BE ENTITLED AN ACT TO ALLOW RETIREES WHO RETURN TO WORK FOR THE STATE IN NONPERMANENT POSITIONS TO RETAIN THEIR COVERAGE OPTIONS UNDER THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES RATHER THAN LIMITING SUCH RETIRES' COVERAGE OPTIONS TO THE "BRONZE LEVEL" HIGH- DEDUCTIBLE HEALTH PLAN NECESSITATED BY THE AFFORDABLE CARE ACT, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE	

History I: The Founding Principles and ensured that specific principles were covered in the course. Dr. Atkinson and Mr. Cobey then stated that there were numerous opportunities for college level history courses in high school, including advanced placement (AP) and international baccalaureate (IB) programs. The SBE policy allows students to take the AP US History in lieu of American History I: Founding Principles. The policy further provides that AP US History along with one additional social studies elective satisfies the American History I and American History II requirements for high school graduation. They stated that it was important for students to continue to take AP US History because there were fewer opportunities for students to take other advanced courses and that the General Assembly had encouraged more access and successful participation in AP and IB courses. They stated that the documents and principles required by the General Assembly in the Founding Principles Act had to be followed even in the AP classes and that AP teachers and local boards of education have the flexibility to ensure that the law is followed.

Trevor Packer, Senior Vice President of AP and Instruction at the College Board, then presented to the Committee about the AP Program, including North Carolina statistics for AP participation and credit placement. He stated that the College Board feels that instruction in the Founding Principles can be fulfilled within the AP US History course. He further provided information about the new course framework adopted by the College Board for AP US History and stated that it encourages focus on the Founding Principles along with more questions requiring the examination of historical documents.

The following three presenters next spoke opposing a requirement that students taking IB History of the Americas also take American History I: The Founding Principles.

- Heather LaJoie, IB Coordinator, East Mecklenburg High School, Charlotte, NC
- Lee Quinn, Teacher & IB Coordinator, Broughton High School, Raleigh, NC
- David Brooks, IB Coordinator, Broughton High School, Raleigh, NC

They stated that the NC teachers of IB History of the Americas can fulfill the provisions of the Founding Principles Act by teaching the specified principles within the existing IB course.

Jennifer Haygood, Executive Vice President for Operations and Chief Financial Officer, North Carolina Community College System, provided an update to the Committee on the work of the Program Audit Study Committee established by S.L. 2013-360, Sec. 10.15. Ms. Haygood detailed the work of the Study Committee and its data-gathering process, and summarized the key proposed reforms to the program audit process for community colleges. The recommendations included changes to State Board of Community College rules, statutory changes, and changes to current processes for staff conducting compliance reviews.

**December 2, 2014**

Mona Moon, Executive Administrator for the NC State Health Plan, presented an overview of new health benefit coverage requirements for full-time employees. She stated that under the federal Affordable Care Act (ACA), the State must offer health care

benefits to non-permanent full-time employees who traditionally were not eligible for coverage under the State Health Plan. The State responded to this requirement by offering coverage that provides minimal essential coverage at no greater than the ACA "Bronze" level coverage that also minimizes the employer contribution. This option is known as the High Deductible Health Plan Option (HDHP). Ms. Moon explained that, in 2015, rehired retirees working on a temporary basis more than 30 hours per week would be required to switch to the HDHP and that rehired retirees found this to be less attractive than the regular State Health Plan coverage for retirees.

Carrie Tulbert, NC Principal of the Year and the principal of Mooresville Middle School, and Brady Johnson, Superintendent of Iredell-Statesville School System, next spoke to the Committee about how this health benefit coverage change is keeping many rehired retirees from working in the public schools in long-term assignments, such as substitute teachers, and therefore negatively impacting the public schools.

David Vanderweide, Fiscal Analyst in the Fiscal Research Division of the NC General Assembly, next presented options to the Committee to make changes to the health benefit coverage options provided to the rehired retirees.

Philip Price, Chief Finance Officer at the Department of Public Instruction, provided an overview to the Committee on the implementation of S.L. 2014-100, Section 8.35, which directed the State Board of Education (SBE) to create a virtual charter school pilot program for the 2015-2016 year. Mr. Price presented the timeline the SBE was following to implement the pilot program and stated that two applications had been submitted to the SBE prior to the deadline for applications. The SBE will discuss recommendations for the virtual charter school pilot program in January 2015 and vote to select the applicants in February of 2015. By August of 2015, the virtual charter school pilots will open to serve students with a maximum of 1500 students per school.

Dr. Rebecca Garland, Deputy State Superintendent, Department of Public Instruction, and Carolyn Guthrie, Director, K-3 Literacy, Department of Public Instruction, addressed the Committee on the implementation of the Read to Achieve Program part of S.L. 2012-142, Sec. 7A.1(b). They discussed the grade level implementation plan and covered information in a report that was submitted to the Committee in October 2014. The report is comprised of four sections that include the overall strategic plan implemented by the Department of Public Instruction by component, the accountability measures of numbers of students falling within specific categories of the program, overall findings of an external evaluation, and response to feedback with recommendations for future legislation. The recommended legislation includes: providing instructional coaches, providing reading camps for younger students, expanding the number and future development of Master Literacy Trainers, providing funding for reading camps, increasing funding in general for the program, and staying the course.

Next, Ms. Brenda Hammond, Third Grade Teacher, Timber Drive Elementary School in Garner, North Carolina, spoke to the Committee about her personal experience as a teacher in the Read to Achieve program.

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## FINDINGS AND RECOMMENDATIONS

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Based on information presented to the Joint Legislative Education Oversight Committee during their regularly scheduled meetings, the Committee makes the following findings and recommendations to the 2015 General Assembly:

### **1. Elizabeth City State University**

The Committee recognizes the challenges that Elizabeth City State University has faced over the past several years, in particular its declining enrollment numbers. The Committee finds that the "rightsizing" initiative is a step in the correct direction that could lead the University to financial and enrollment stability and ultimately successful outcomes for its students, alumni, faculty, staff, and larger community. The Committee strongly encourages Elizabeth City State University to continue to refine its "rightsizing" initiative and focus on increasing financial, administrative, operational, and academic efficiencies in order to exemplify its commitment to providing a high quality college education and continuing to be a key stakeholder in the northeastern region of North Carolina.

### **2. Vocational Training for Individuals with Intellectual and Developmental Disabilities**

The Committee continues to support efforts and programs designed to improve employment outcomes for individuals with intellectual and developmental disabilities. It finds that increased collaboration across various agencies, including the Department of Public Instruction, the Department of Health and Human Services, the North Carolina Community College System, The University of North Carolina, and the Department of Commerce, would be helpful in creating stronger employment outcomes for these individuals. The Committee also recognizes and encourages individual school systems, community colleges, and UNC campuses to be innovative in their approach to providing high quality educational opportunities as well as strong vocational and job skills training to individuals with intellectual and developmental disabilities. They should continue to focus on creating and sustaining partnerships with business and industry in order to effectively meet the needs of the individuals and the employers, with an emphasis placed on creating and refining plans for transitions from school to training programs to employment. Finally, the Committee strongly urges that successful programs be supported and replicated in the State in order to help these individuals live up to their full potential and be engaged and productive citizens.

### **3. Health Coverage for Reemployed Retirees in 2015**

Due to a complex interaction of State and federal law, rehired retirees working on a temporary basis more than 30 hours per week will be required to switch to the High Deductible Health Plan (HDHP) in 2015, which the rehired retirees find to be a much less attractive offering than the regular State Health Plan (SHP) coverage for retirees. The Committee finds that, in response, many rehired retirees working in the public schools are leaving these positions or refusing to take new long-term assignments as substitute teachers, interim superintendents, or other roles. Therefore, the Committee recommends

a statutory change to cover these retirees as active employees with regular SHP coverage, with the school districts paying the full employer premium but later being reimbursed for that premium by the Retiree Health Benefit Fund.

**See attached Legislative Proposal 2015-MEz-4.**

#### **4. Read to Achieve Reading Camp Flexibility**

The 2013-2014 school year completed the first year of implementation of the Read to Achieve program enacted in Section 7A.1 of S.L. 2012-142. One of the requirements of the Read to Achieve program is for local school administrative units to offer a reading camp to students who have been retained in third grade due to failure to demonstrate reading competency at this grade level. Preliminary analysis of the initial implementation indicates that it may be helpful to local school administrative units to allow them additional flexibility to also offer reading camps to students in kindergarten, first, and second grades to address student remediation needs in a more timely manner. The Committee therefore recommends that as additional data becomes available, the 2015 General Assembly consider the possibility of providing such flexibility to local school administrative units to allow them to offer reading camps to younger students.

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## LEGISLATIVE PROPOSAL

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GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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BILL DRAFT 2015-MEz-4\* [v.13] (11/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
12/18/2014 10:53:51 AM

Short Title: State Health Plan/Rehired Retiree Eligibility.

(Public)

Sponsors:

Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ALLOW RETIREES WHO RETURN TO WORK FOR THE STATE IN  
NONPERMANENT POSITIONS TO RETAIN THEIR COVERAGE OPTIONS  
UNDER THE STATE HEALTH PLAN FOR TEACHERS AND STATE  
EMPLOYEES RATHER THAN LIMITING SUCH RETIREES' COVERAGE  
OPTIONS TO THE "BRONZE LEVEL" HIGH-DEDUCTIBLE HEALTH PLAN  
NECESSITATED BY THE AFFORDABLE CARE ACT, AS RECOMMENDED  
BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 135-48.40, as amended by Section 35.16 of S.L.  
2014-100, reads as rewritten:

**"§ 135-48.40. Categories of eligibility.**

...

(b) Partially Contributory Coverage. – The following persons are eligible for  
coverage under the Plan, on a partially contributory basis, subject to the provisions of  
G.S. 135-48.43:

(1) All permanent full-time employees of an employing unit who meet  
either of the following conditions:

a. Paid from general or special State funds.

b. Paid from non-State funds and in a group for which his or her  
employing unit has agreed to provide coverage.

Employees of State agencies, departments, institutions, boards, and  
commissions not otherwise covered by the Plan who are employed in  
permanent job positions on a recurring basis and who work 30 or more  
hours per week for nine or more months per calendar year are covered  
by the provisions of this subdivision.

1       (1a) All retirees who (i) are employed by an employing unit, (ii) do not  
2       qualify for coverage under subdivision (1) of this section, and (iii) are  
3       determined to be "full-time" by their employing unit in accordance  
4       with section 4980H of the Internal Revenue Code and the applicable  
5       regulations, as amended. The Department of State Treasurer shall,  
6       using a process developed by the Department, reimburse an employing  
7       unit the employing unit's cost to cover such a retiree who enrolls in the  
8       Plan. The reimbursement shall be made at least once per plan year and  
9       shall be paid from the Retiree Health Benefit Fund.

10       ...

11       (e) Other Contributory Coverage. – Any employee of an employing unit is  
12 eligible for coverage under this section on a contributory basis, subject to the provisions  
13 of G.S. 135-48.43 and of this section, if (i) the employee's employing unit determines  
14 that the employee is a full-time employee and (ii) the employee does not qualify for  
15 coverage under subdivision (1), (1a), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b).  
16 For the purposes of this subsection, the full-time status of an employee shall be  
17 determined by the employing unit, in its sole discretion, in accordance with Section  
18 4980H of the Internal Revenue Code and the applicable regulations, as amended. The  
19 coverage offered and the contribution required for coverage under this section shall be  
20 determined by the Treasurer and approved by the Board of Trustees. Such coverage  
21 shall do all of the following:

- 22       (1) Be designed to meet the requirements of minimum essential coverage  
23       under the Patient Protection and Affordable Care Act, P.L. 111-148,  
24       and the applicable regulations, as amended (Affordable Care Act).  
25       (2) Provide no greater coverage than a bronze-level plan, as defined under  
26       the Affordable Care Act.  
27       (3) Minimize the required employer contribution in an administratively  
28       feasible manner."

29       **SECTION 2.** G.S. 135-48.41(j), as enacted by Section 35.16A of S.L.  
30 2014-100, reads as rewritten:

31       "(j) If a retiree has been hired by an employing unit and is eligible for coverage  
32 under subdivision (1), (1a), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b) or under  
33 G.S. 135-48.40(e), then the hired retiree shall not, during the time of employment, be  
34 eligible for retiree coverage under G.S. 135-48.40(a)(1), G.S. 135-48.40(b)(3),  
35 G.S. 135-48.40(c)(2), or G.S. 135-48.40(d)(11)."

36       **SECTION 3.** This act becomes effective July 1, 2015.