



SENATE BILL 559: Charter Schools/Pension/Employee Stock Ownership Plan.

2023-2024 General Assembly

Committee:		Date:	August 14, 2024
Introduced by:		Prepared by:	Theresa Matula Committee Staff
Analysis of:	S.L. 2024-42		

OVERVIEW: *S.L. 2024-42 allows four specified charter school boards of directors to elect participation in the North Carolina State Health Plan for Teachers' and State Employees' (SHP); amends the law to create additional flexibility for charter schools to elect participation in the SHP; makes conforming and effective date changes for the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund; addresses parental leave for charter school employees; and clarifies the definition of an historically underutilized business as it relates to an Employee Stock Ownership Plan. See below for additional information and effective dates.*

- *Section 1 of S.L. 2024-42 notwithstanding the time limitation in current law (G.S. 135-48.54) to allow the board of directors for the following charter schools to elect to participate in the N.C. State Health Plan: NC Leadership Academy in Forsyth County, Alpha Academy in Cumberland County, Durham Charter in Durham County, and United Community School in Mecklenburg County. This section became effective July 8, 2024.*
- *Section 2 of the act amends the law (G.S. 135-48.54) regarding the process for a charter school operated by a private nonprofit corporation or operated by a municipality to elect participation in the State Health Plan. These charter schools can elect to become a participating employer in the State Health Plan through the following two methods: (i) the board of directors of the charter school can elect to participate no later than two years from the date both parties have signed the written charter (under G.S. 115C-218.15); or (ii) the board of directors can elect to participate any time after that two-year mark if the board files an application with the Board of Trustees for participation in the Plan and the Board approves the application. The approval or denial of the application must be made within 180 days of receipt of a complete application and if approved the written notification of approval must provide the date for the charter school employees to be enrolled. This section became effective 30 days after the act became law on July 8, 2024.*
- *Section 3 of the act amends the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund (FFRSWP Fund) as follows:*
 - *Section 3(a) amends the retroactive membership law for the FFRSWP Fund effective January 1, 2025, to increase the membership dues from \$10 to \$15 per month for retroactive membership. This change conforms to the dues increase contained in S.L. 2024-29. This section became effective July 8, 2024.*
 - *Section 3(b) of the act amends Section 11.3 of S.L. 2024-29, effective January 1, 2025, to change the date from July 1, 2024, to January 1, 2025, that an eligible retired firefighter or rescue squad worker receives a \$175 per month pension. This section became effective July 8, 2024.*

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Legislative Analysis
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919-733-2578

Senate Bill 559

Page 2

- *Section 3(c) of the act applies to Sections 11.1 through 11.3 of S.L. 2024-29, as amended by Section 3(b) and Section 3(a) of this act, to provide that these sections apply to membership contributions to the FFRSWP Fund on or after January 1, 2025. Any membership contribution payments made on or before March 31, 2025, for service in the 2024 calendar year, will be \$10 per month. These sections apply to pension benefit amounts payable from the FFRSWP Fund to a member or beneficiary on or after January 1, 2025. If a member or beneficiary becomes eligible to receive a pension benefit from the FFRSWP Fund on or before December 31, 2024, but the benefit amount is paid on or after January 1, 2025, the pension amount due to the member or beneficiary is the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies. This section became effective July 8, 2024.*
- *Section 3(d) of the act changed the effective date to January 1, 2025, for Sections 11.1 through 11.3 of S.L. 2024-29. This section became effective July 8, 2024.*
- *Section 4 of the act allows boards of directors of charter schools that contract with education management organizations (EMOs) or charter management organizations (CMOs) to require the EMOs or CMOs to provide paid parental leave to the teachers they employ for the charter schools. This leave must be consistent with the parental leave provided to public school teachers employed by local boards of education. If a board of directors requires the EMO or CMO to provide the parental leave by contract, then the board of directors is eligible to receive funds for substitute teachers. This section became effective July 8, 2024, and applies beginning with the 2024-2025 school year.*
- *Section 5 of the act amends the term "historically underutilized business" (G.S. 143-128.4) regarding an Employee Stock Ownership Plan (ESOP). For an ESOP company to qualify for certification as an historically underutilized business, at least 51% of the company's plan participants must be members of at least one of the following groups listed and defined in G.S. 143-128.4(b): Black, Hispanic, Asian American, American Indian, Female, Disabled, Disadvantaged. Further, an ESOP company seeking to be certified as an historically underutilized business must provide an attestation that it meets the requirements for certification and provide supporting documentation as may be required by the Secretary of Administration. This section became effective July 1, 2024. (Note: The content of this section was also enacted in Section 5 of S.L. 2024-44 with the same effective date.)*

*Drupti Chauhan, attorney in the Legislative Analysis Division, contributed to this summary.