

**SUBSTITUTE FOR  
SENATE BILL NO. 279**

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 71 (MCL 38.1371), as amended by 1996 PA 268.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 71. (1) The retirement board shall grant service credit  
2       for the time a member is on a sabbatical leave authorized by a  
3       reporting unit, if the member returns to regular employment with  
4       the same reporting unit and acquires 1 year or more of subsequent  
5       service credit with that same reporting unit and if the member  
6       acquired 5 or more years of credited service with the reporting  
7       unit immediately before the sabbatical leave.

8       (2) If the sabbatical leave described in subsection (1) is  
9       granted before July 1, 1981, the reporting unit, if the reporting

1 unit had a noncontributory plan at the time the sabbatical leave is  
2 granted, or the member, if the reporting unit has a contributory  
3 plan at the time the sabbatical leave is granted, shall pay to the  
4 system for each year of sabbatical leave credit an amount equal to  
5 5% of the member's compensation earned in the school fiscal year  
6 immediately before the school fiscal year in which the sabbatical  
7 leave is granted, together with regular interest from the end of  
8 the school fiscal year in which the sabbatical leave was or is  
9 granted to the earlier of the following dates following the date of  
10 payment, the first day of the school fiscal year beginning after  
11 the date of payment or the first day of the seventh month of the  
12 school fiscal year in which the payment is made. If the reporting  
13 unit makes the payment required by this subsection, the reporting  
14 unit also shall pay the required interest. If the member makes the  
15 payment required by this subsection, the member also shall pay the  
16 required interest.

17 (3) If the sabbatical leave described in subsection (1) is  
18 granted after June 30, 1981, the member shall pay an amount equal  
19 to 5% of the member's full-time or equated full-time compensation  
20 earned in the school fiscal year immediately before the school  
21 fiscal year in which payment is made for each year of service  
22 credit the member elects to purchase. In computing payment under  
23 this subsection, the compensation amount used, except as otherwise  
24 provided in this subsection, shall not be less than the highest  
25 school fiscal year compensation the member earned from the  
26 reporting unit that granted the sabbatical leave. If the  
27 compensation amount used for computing payment under this

1 subsection exceeds the member's final average compensation  
2 determined at the time of retirement, the payment required under  
3 this subsection ~~shall~~**MUST** be recomputed using the member's final  
4 average compensation and a refund ~~shall~~**MUST** be made based ~~upon~~**ON**  
5 the recomputation.

6 (4) If, before October 31, 1980, either the reporting unit or  
7 the member has contributed 5% of the member's compensation for the  
8 school fiscal year in which the sabbatical leave was granted ~~in~~  
9 ~~order~~ to purchase service credit for ~~that~~**THE** sabbatical leave, a  
10 further payment for the purchase of service credit for that  
11 sabbatical leave ~~shall~~**IS** not ~~be~~ required. If a member has paid the  
12 amount required under subsection (2) for the purchase of service  
13 credit for sabbatical leave, but later receives a refund of that  
14 amount, the member, not the reporting unit, shall repay the amount  
15 with regular interest as required by subsection (2) if the member  
16 elects to purchase service credit for the sabbatical leave.

17 (5) Effective October 1, 1981, **EXCEPT AS OTHERWISE PROVIDED IN**  
18 **SUBSECTION (7)**, the retirement board shall grant service credit for  
19 the time a member is on either an employee organization  
20 professional services leave or employee organization professional  
21 services released time authorized by a reporting unit if all of the  
22 following conditions are satisfied, as applicable:

23 (a) For a member who is on either a professional services  
24 leave or professional services released time that first began  
25 before October 1, 1996, which leave or released time is renewed  
26 annually by the reporting unit, the member is included on the  
27 reporting unit's reports required by section 42(6) and

1 compensation, service, contribution, and other requirements are  
2 reported on the same basis as for those members of the reporting  
3 unit who were not granted an employee organization professional  
4 services leave or employee organization professional services  
5 released time.

6 (b) For a member who is on either a professional services  
7 leave or professional services released time, which leave or  
8 released time does not meet the ~~requirements~~ **CONDITIONS** of  
9 subdivision (a), the member is included on the reporting unit's  
10 reports in the manner required by subdivision (a), except that  
11 compensation is reported at the rate of compensation paid to the  
12 member by the reporting unit immediately preceding the date the  
13 member commenced the professional services leave or professional  
14 services released time along with the normal and customary  
15 compensation increases that would have been paid to the member by  
16 the reporting unit had the member remained in the same position  
17 held at the reporting unit immediately preceding the date the  
18 member commenced the leave or released time. However, if the member  
19 was not working a full 12-month period for the reporting unit  
20 immediately preceding the date the member commenced the  
21 professional services leave or professional services released time  
22 and is working a full 12-month period for the public school  
23 employee organization, the rate of compensation paid to the member  
24 by the reporting unit immediately preceding the date the member  
25 commenced the leave or released time may be increased  
26 proportionately to reflect the additional time worked for the  
27 public school employee organization. That adjusted compensation,

1 along with the normal and customary compensation increases  
2 otherwise allowed in this subdivision, ~~shall~~**MUST** then be reported  
3 as required in this subdivision.

4 (c) For a member who is on either a professional services  
5 leave or professional services released time that first began  
6 before October 1, 1996, which leave or released time is renewed  
7 annually by the reporting unit, the reporting unit remits the  
8 amount required by section 42 and the percentage of aggregate  
9 annual compensation provided from the state school aid fund for  
10 current service, if any, the percentage determined for unfunded  
11 accrued service as required by section 41, and the employer's share  
12 of social security contributions if the reporting unit is  
13 responsible for remitting the employee's share of social security  
14 contributions.

15 (d) For a member who is on either a professional services  
16 leave or professional services released time, which professional  
17 services leave or professional services released time does not meet  
18 the ~~requirements~~**CONDITIONS** of subdivision (c), the reporting unit  
19 remits the amounts required by subdivision (c) based ~~upon~~**ON** the  
20 rate of compensation paid to the member by the reporting unit  
21 immediately preceding the date the member commenced the  
22 professional services leave or professional services released time  
23 along with the normal and customary compensation increases that  
24 would have been paid to the member by the reporting unit had the  
25 member remained in the same position held at the reporting unit  
26 immediately preceding the date the member commenced the leave or  
27 released time. However, if the member was not working a full 12-

1 month period for the reporting unit immediately preceding the date  
 2 the member commenced the professional services leave or  
 3 professional services released time and is working a full 12-month  
 4 period for the public school employee organization, the rate of  
 5 compensation paid to the member by the reporting unit immediately  
 6 preceding the date the member commenced the leave or released time  
 7 may be increased proportionately to reflect the additional time  
 8 worked for the public school employee organization. That adjusted  
 9 compensation, along with the normal and customary compensation  
 10 increases otherwise allowed in this subdivision, ~~shall~~**MUST** then be  
 11 reported as required in this subdivision.

12 (6) ~~The reporting unit shall be reimbursed those sums paid to~~  
 13 ~~the retirement board pursuant to subsection (5) by the member or~~  
 14 the public school employee organization **SHALL**, on a current basis,  
 15 **REIMBURSE THE REPORTING UNIT THE AMOUNTS PAID TO THE RETIREMENT**  
 16 **BOARD UNDER SUBSECTION (5).** A member who has credited service as an  
 17 employee of a school district of the first class, as described in  
 18 part 6 of the revised school code, ~~Act No. 451 of the Public Acts~~  
 19 ~~of 1976, being sections 380.401 to 380.485 of the Michigan Compiled~~  
 20 ~~Laws, 1976 PA 451, MCL 380.401 TO 380.485,~~ for a leave of absence  
 21 effective before October 1, 1981, ~~shall continue~~**CONTINUES** to  
 22 receive credit based ~~upon the provisions of the law~~**ON THE LAWS** of  
 23 this state in effect at the time the leave of absence was initially  
 24 effective.

25 (7) **NOTWITHSTANDING SECTION 4(10) AND (11), THE RETIREMENT**  
 26 **BOARD SHALL NOT GRANT SERVICE CREDIT UNDER SUBSECTION (5) FOR ANY**  
 27 **TIME, AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**

1 THIS SUBSECTION, THAT A MEMBER IS ON EITHER AN EMPLOYEE  
2 ORGANIZATION PROFESSIONAL SERVICES LEAVE, PROFESSIONAL SERVICES  
3 LEAVE, EMPLOYEE ORGANIZATION PROFESSIONAL SERVICES RELEASED TIME,  
4 OR PROFESSIONAL SERVICES RELEASED TIME.

5 Enacting section 1. This amendatory act takes effect 90 days  
6 after the date it is enacted into law.