

SUBSTITUTE FOR
HOUSE BILL NO. 4082

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 61 (MCL 38.1361), as amended by 1989 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 61. (1) ~~If~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SEC-
2 TION, IF a retirant is receiving a retirement allowance other
3 than a disability allowance payable under this act or under
4 former ~~Act No. 136 of the Public Acts of 1945~~ 1945 PA 136, on
5 account of either age or years of personal service performed, or
6 both, and becomes employed by a reporting unit, the following
7 shall take place:

8 (a) The retirant shall not be entitled to a new final aver-
9 age compensation or additional service credit under this
10 retirement system unless additional service is performed
11 equivalent to 5 or more years of service credit or, if the

HB4082, As Passed House, June 1, 1999

House Bill No. 4082

2

1 retirant has contributed to the member investment plan, the
2 equivalent of 3 or more years of service credit. The retirant
3 may elect to have the retirement allowance recomputed based on
4 the added credit or the final average compensation resulting from
5 the added service, or both. A retirement allowance shall not be
6 recomputed until the retirant pays into the retirement system an
7 amount equal to the retirant's new final average compensation
8 multiplied by the percentage determined under section 41(2) for
9 normal cost and unfunded actuarial accrued liabilities, not
10 including the percentage required for the funding of health bene-
11 fits, multiplied by the total service credit in the period in
12 which the retirant's additional service was performed.

13 (b) The retirant's retirement allowance shall be reduced by
14 the lesser of the amount that the earnings in a calendar year
15 exceed the amount permitted without a reduction of benefits under
16 the social security act, chapter 531, 49 ~~stat.~~ STAT. 620, or
17 ~~1/3~~ 1/2 of the retirant's final average compensation. For pur-
18 poses of computing allowable earnings under this subdivision, the
19 final average compensation shall be increased by 5% for each full
20 year of retirement.

21 (2) ~~(c)~~ The retirement system may offset retirement bene-
22 fits payable under this act against amounts owed to the retire-
23 ment system by a retirant or retirement allowance beneficiary.

24 (3) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF
25 THE FOLLOWING CIRCUMSTANCES EXIST:

HB4082, As Passed House, June 1, 1999

House Bill No. 4082

3

1 (A) THE RETIRANT IS EMPLOYED BY A UNIVERSITY THAT IS
2 CONSIDERED A REPORTING UNIT FOR THE LIMITED PURPOSE DESCRIBED IN
3 SECTION 7(3).

4 (B) THE RETIRANT IS NOT ELIGIBLE TO USE ANY SERVICE OR COM-
5 PENSATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN SUBDIVISION
6 (A) FOR A RECOMPUTATION OF HIS OR HER RETIREMENT ALLOWANCE.

7 (4) UNTIL JULY 1, 2002, SUBSECTION (1) DOES NOT APPLY TO A
8 RETIRANT IF EITHER OF THE FOLLOWING CIRCUMSTANCES EXIST:

9 (A) THE RETIRANT IS EMPLOYED BY A REPORTING UNIT THAT HAS AN
10 APPROVED EMERGENCY SITUATION, NOT INCLUDING A SITUATION CAUSED BY
11 A LABOR DISPUTE, THAT NECESSITATES THE HIRING OF A RETIRANT TO
12 PREVENT DEPRIVING STUDENTS OF AN EDUCATION. THE CHIEF EXECUTIVE
13 OFFICER OR SUPERINTENDENT OF THE REPORTING UNIT SHALL NOTIFY THE
14 DEPARTMENT OF EDUCATION IN WRITING THAT AN EMERGENCY SITUATION
15 EXISTS. THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT OF THE
16 REPORTING UNIT SHALL INCLUDE WITH THE WRITTEN NOTIFICATION DOCU-
17 MENTATION SUPPORTING THE REPORTING UNIT'S INABILITY TO EMPLOY
18 QUALIFIED PERSONNEL TO FILL A VACANCY. SUPPORTING DOCUMENTATION
19 INCLUDES EVIDENCE OF THE REPORTING UNIT'S UNSUCCESSFUL EFFORTS TO
20 RECRUIT QUALIFIED PERSONNEL THROUGH MEANS SUCH AS ADVERTISING THE
21 OPEN POSITION IN APPROPRIATE MASS MEDIA, LISTING THE OPEN POSI-
22 TION WITH COLLEGE AND UNIVERSITY PLACEMENT OFFICES OR OTHER
23 EMPLOYMENT AGENCIES, AND SENDING PUBLIC NOTIFICATION OF THE OPEN
24 POSITION TO APPROPRIATE AGENCIES, EMPLOYEE UNIONS, OR PROFES-
25 SIONAL ASSOCIATIONS. UPON RECEIPT OF THE NOTIFICATION AND DOCU-
26 MENTATION UNDER THIS SUBDIVISION, THE DEPARTMENT OF EDUCATION
27 SHALL NOTIFY THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT AND

HB4082, As Passed House, June 1, 1999

Sub. H.B. 4082 (H-2) as amended June 1, 1999 4

1 THE RETIREMENT SYSTEM OF APPROVAL OR DISAPPROVAL OF THE EMERGENCY
2 SITUATION. IF DISAPPROVED BY THE DEPARTMENT OF EDUCATION, THIS
3 SUBSECTION DOES NOT APPLY.

4 (B) THE RETIRANT IS EMPLOYED BY A REPORTING UNIT THAT HAS AN
5 APPROVED EMERGENCY SITUATION, NOT INCLUDING A SITUATION CAUSED BY
6 A LABOR DISPUTE, THAT NECESSITATES THE HIRING OF A RETIRANT IN
7 THE CAPACITY OF A TEACHER OR PRINCIPAL TO PREVENT DEPRIVING STU-
8 DENTS OF AN EDUCATION. THE CHIEF EXECUTIVE OFFICER OR SUPERIN-
9 TENDENT OF THE SCHOOL DISTRICT SHALL INCLUDE WITH THE WRITTEN
10 NOTIFICATION DOCUMENTATION SHOWING THAT [MORE THAN 8% OF ALL
11 CLASSES IN THE DISTRICT DURING THE 1998-1999 SCHOOL YEAR ARE
12 TAUGHT BY FULL-TIME SUBSTITUTE TEACHERS WHO ARE NOT CERTIFICATED IN
THE SUBJECTS OR GRADE LEVELS WHICH THEY TEACH.] WITHIN 60 DAYS
AFTER

13 RECEIPT OF THE NOTIFICATION AND DOCUMENTATION UNDER THIS SUBDIVI-
14 SION, THE DEPARTMENT OF EDUCATION SHALL NOTIFY THE CHIEF EXECU-
15 TIVE OFFICER OR SUPERINTENDENT OF THE SCHOOL DISTRICT AND THE
16 RETIREMENT SYSTEM OF APPROVAL OR DISAPPROVAL OF THE EMERGENCY
17 SITUATION. IF DISAPPROVED BY THE DEPARTMENT OF EDUCATION, THIS
18 SUBDIVISION DOES NOT APPLY.

19 (5) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT WHO IS
20 EMPLOYED UNDER AN EMERGENCY SITUATION DESCRIBED IN SUBSECTION
21 (4)(A) OR (B) IF THE RETIRANT IS EMPLOYED ONLY FOR A PERIOD NOT
22 TO EXCEED 3 YEARS.

23 (6) A RETIRANT IS NOT ELIGIBLE TO USE ANY SERVICE OR COMPEN-
24 SATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN SUBSECTION
25 (4)(A) OR (B) FOR A RECOMPUTATION OF HIS OR HER RETIREMENT
26 ALLOWANCE.

HB4082, As Passed House, June 1, 1999

House Bill No. 4082

5

1 (7) SUBSECTION (4) APPLIES ONLY TO A RETIRANT WHO RETIRED
2 BEFORE JULY 1, 1999.