

# SENATE BILL No. 1404

September 28, 2000, Introduced by Senator GOUGEON and referred to the Committee on Appropriations.

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 1999 PA 68.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 61. (1) Except as otherwise provided in this section,  
2 if a retirant is receiving a retirement allowance other than a  
3 disability allowance payable under this act or under former 1945  
4 PA 136, on account of either age or years of personal service  
5 performed, or both, and becomes employed by a reporting unit, the  
6 following shall take place:

7       (a) The retirant shall not be entitled to a new final aver-  
8 age compensation or additional service credit under this retire-  
9 ment system unless additional service is performed equivalent to  
10 5 or more years of service credit or, if the retirant has  
11 contributed to the member investment plan, the equivalent of 3 or

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

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

20 (2) The retirement system may offset retirement benefits  
21 payable under this act against amounts owed to the retirement  
22 system by a retirant or retirement allowance beneficiary.

23 (3) Subsection (1) does not apply to a retirant if all of  
24 the following circumstances exist:

25 (a) The retirant is a former teacher or administrator  
26 employed in a teaching or research capacity by a university that

1 is considered a reporting unit for the limited purpose described  
2 in section 7(3).

3 (b) The retirant is not eligible to use any service or com-  
4 pensation attributable to the employment described in subdivision  
5 (a) for a recomputation of his or her retirement allowance.

6 (c) A university that employs a retirant pursuant to this  
7 subsection shall report such employment to the retirement system  
8 by July 1 of each year. The report to be filed shall include the  
9 name of the retirant, the capacity in which the retirant is  
10 employed, and the total annual compensation paid to the  
11 retirant.

12 (4) Until July 1, 2002, subsection (1) does not apply to a  
13 retirant if all of the following circumstances exist:

14 (a) The retirant is employed by a reporting unit that has an  
15 approved emergency situation, not including a situation caused by  
16 a labor dispute, that necessitates the hiring of a retirant in  
17 the capacity of a teacher or principal to prevent depriving stu-  
18 dents of an education. The chief executive officer or superin-  
19 tendent of the school district shall include with the written  
20 notification documentation showing that more than 8% of all  
21 classes in the district during the 1998-99 school year are taught  
22 by full-time substitute teachers who are not certificated in the  
23 subjects or grade levels which they teach. Within 30 days after  
24 receipt of the notification and documentation under this subdivi-  
25 sion, the department of education shall notify the chief execu-  
26 tive officer or superintendent and the retirement system of its  
27 approval or disapproval of the emergency situation. If

1 disapproved by the department of education, this subsection does  
2 not apply.

3 (b) The retirant is employed under an emergency situation  
4 described in subdivision (a) for a period not to exceed 3 years.

5 (c) The retirant is not eligible to use any service or com-  
6 pensation attributable to the employment described in subdivision  
7 (a) for a recomputation of his or her retirement allowance.

8 (5) On or before July 1, 1999, the state superintendent of  
9 public instruction shall compile a listing of critical shortage  
10 disciplines. This listing shall be updated annually.

11 (6) Until July 1, 2002, subsection (1) does not apply to a  
12 retirant if all of the following circumstances exist:

13 (a) The retirant is employed by a reporting unit that has a  
14 situation, not including a situation caused by a labor dispute,  
15 that necessitates the hiring of a retirant in an area that has  
16 been identified by the state superintendent of public instruction  
17 as a critical shortage discipline pursuant to subsection (5).

18 (b) The retirant is employed under a situation described in  
19 subdivision (a) for a period not to exceed 3 years.

20 (c) The retirant is not eligible to use any service or com-  
21 pensation attributable to the employment described in subdivision  
22 (a) for a recomputation of his or her retirement allowance.

23 (7) The provisions of subsections (4) and (6) shall only  
24 apply for retirants who retired prior to July 1, 1999.

25 (8) AS USED IN THIS SUBSECTION, FROM JULY 1, 1995 UNTIL JULY  
26 1, 2001, "TEMPORARY" MEANS A PERIOD OF TIME NOT TO EXCEED 5  
27 CONSECUTIVE YEARS OF WORK IN THE SAME REPORTING UNIT. AFTER JUNE

1 30, 2001, "TEMPORARY" MEANS A PERIOD OF TIME NOT TO EXCEED 3  
2 CONSECUTIVE YEARS OF WORK IN THE SAME REPORTING UNIT. A RETIRANT  
3 IS NOT EMPLOYED BY A REPORTING UNIT IF BOTH OF THE FOLLOWING  
4 APPLY:

5 (A) THE RETIRANT WORKS IN A REPORTING UNIT AS AN EMPLOYEE OF  
6 AN INDEPENDENT CORPORATION THAT PAYS THE RETIRANT.

7 (B) THE REPORTING UNIT THAT THE RETIRANT WORKS IN HAS CON-  
8 TRACTED WITH THE INDEPENDENT CORPORATION FOR TEMPORARY SERVICES  
9 THAT THE RETIRANT WILL PROVIDE.