

# HOUSE BILL No. 5361

September 15, 2009, Introduced by Reps. Lemmons, Durhal, Johnson, Jackson, Leland, Womack, Bledsoe, Young, Bettie Scott, Geiss and Nathan and referred to the Committee on Education.

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending sections 22 and 71 (MCL 38.1322 and 38.1371), section  
22 as amended by 1997 PA 143 and section 71 as amended by 1996 PA  
268.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 22. (1) The Michigan public school employees' retirement  
2 board is created in the department and shall consist of the  
3 superintendent of public instruction and 11 members appointed by  
4 the governor with the advice and consent of the senate as follows:

5       (a) Two members who are working as classroom teachers or as  
6 other certified school personnel.

1 (b) One nonteacher member who is working in a noncertified  
2 educational support position or a retirant who retired from a  
3 noncertified educational support position.

4 (c) One member who is a school system superintendent.

5 (d) One member who is working in a school system in a finance  
6 or operations management position, but who is not a school system  
7 superintendent.

8 (e) One retirant who retired from a classroom teacher  
9 position.

10 (f) One retirant who retired from a finance or operations  
11 management position.

12 (g) One administrator or trustee of a community college, which  
13 community college is a reporting unit.

14 (h) Two from the general public, 1 of which shall have  
15 experience in health insurance or actuarial science and 1 of which  
16 shall have experience in institutional investments. An individual  
17 appointed under this subdivision shall not be a member, deferred  
18 member, retirant, or retirement allowance beneficiary under this  
19 act.

20 (i) One elected member of a reporting unit's board of control.

21 (2) One of the retirement board members under subsection (1)  
22 shall be a member who is an employee of a school district of the  
23 first class **OR A SCHOOL DISTRICT WITH AT LEAST 60,000 BUT FEWER**  
24 **THAN 100,000 PUPILS IN MEMBERSHIP** or a retirant who retired from a  
25 position as an employee of a school district of the first class **OR**  
26 **A SCHOOL DISTRICT WITH AT LEAST 60,000 BUT FEWER THAN 100,000**  
27 **PUPILS IN MEMBERSHIP**. One of the retirant members of the retirement

1 board shall be selected from the membership of the largest  
2 organization of retirants.

3 (3) The term of office of the retirement board members shall  
4 be 4 years. A vacancy of a member on the retirement board shall be  
5 filled in the same manner as the original appointment for the  
6 remainder of the unexpired term. A retirement board member shall  
7 continue to hold office until a successor is appointed and has  
8 qualified, but not to exceed an additional 4 years.

9 ~~—— (4) The 7 members appointed and serving on the retirement~~  
10 ~~board on July 1, 1997 shall have their respective terms extended by~~  
11 ~~2 years and shall serve for the remainder of their extended terms.~~  
12 ~~As each board member's term expires under this subsection, the new~~  
13 ~~appointment shall be made in accordance with subsection (1). On~~  
14 ~~January 1, 1997, 2 new individuals shall be appointed as members of~~  
15 ~~the retirement board in accordance with subsection (1). The initial~~  
16 ~~terms of office of these 2 new members shall expire on March 30,~~  
17 ~~2001. On October 31, 1997, 2 new individuals shall be appointed as~~  
18 ~~members of the retirement board in accordance with subsection (1).~~  
19 ~~The initial terms of office of these 2 new members shall expire on~~  
20 ~~March 30, 2000.~~

21 (4) AS USED IN THIS SECTION, "MEMBERSHIP" MEANS THAT TERM AS  
22 DEFINED IN THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO  
23 380.1852.

24 Sec. 71. (1) The retirement board shall grant service credit  
25 for the time a member is on a sabbatical leave authorized by a  
26 reporting unit, if the member returns to regular employment with  
27 the same reporting unit and acquires 1 year or more of subsequent

1 service credit with that same reporting unit and if the member  
2 acquired 5 or more years of credited service with the reporting  
3 unit immediately before the sabbatical leave.

4 (2) If the sabbatical leave described in subsection (1) is  
5 granted before July 1, 1981, the reporting unit, if the reporting  
6 unit had a noncontributory plan at the time the sabbatical leave is  
7 granted, or the member, if the reporting unit has a contributory  
8 plan at the time the sabbatical leave is granted, shall pay to the  
9 system for each year of sabbatical leave credit an amount equal to  
10 5% of the member's compensation earned in the school fiscal year  
11 immediately before the school fiscal year in which the sabbatical  
12 leave is granted, together with regular interest from the end of  
13 the school fiscal year in which the sabbatical leave was or is  
14 granted to the earlier of the following dates following the date of  
15 payment, the first day of the school fiscal year beginning after  
16 the date of payment or the first day of the seventh month of the  
17 school fiscal year in which the payment is made. If the reporting  
18 unit makes the payment required by this subsection, the reporting  
19 unit also shall pay the required interest. If the member makes the  
20 payment required by this subsection, the member also shall pay the  
21 required interest.

22 (3) If the sabbatical leave described in subsection (1) is  
23 granted after June 30, 1981, the member shall pay an amount equal  
24 to 5% of the member's full-time or equated full-time compensation  
25 earned in the school fiscal year immediately before the school  
26 fiscal year in which payment is made for each year of service  
27 credit the member elects to purchase. In computing payment under

1 this subsection, the compensation amount used, except as otherwise  
2 provided in this subsection, shall not be less than the highest  
3 school fiscal year compensation the member earned from the  
4 reporting unit that granted the sabbatical leave. If the  
5 compensation amount used for computing payment under this  
6 subsection exceeds the member's final average compensation  
7 determined at the time of retirement, the payment required under  
8 this subsection shall be recomputed using the member's final  
9 average compensation and a refund shall be made based upon the  
10 recomputation.

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

22 (5) Effective October 1, 1981, the retirement board shall  
23 grant service credit for the time a member is on either an employee  
24 organization professional services leave or employee organization  
25 professional services released time authorized by a reporting unit  
26 if all of the following conditions are satisfied, as applicable:

27 (a) For a member who is on either a professional services

1 leave or professional services released time that first began  
2 before October 1, 1996, which leave or released time is renewed  
3 annually by the reporting unit, the member is included on the  
4 reporting unit's reports required by section 42(6) and  
5 compensation, service, contribution, and other requirements are  
6 reported on the same basis as for those members of the reporting  
7 unit who were not granted an employee organization professional  
8 services leave or employee organization professional services  
9 released time.

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

1 preceding the date the member commenced the leave or released time  
2 may be increased proportionately to reflect the additional time  
3 worked for the public school employee organization. That adjusted  
4 compensation, along with the normal and customary compensation  
5 increases otherwise allowed in this subdivision, shall then be  
6 reported as required in this subdivision.

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

18 (d) For a member who is on either a professional services  
19 leave or professional services released time, which professional  
20 services leave or professional services released time does not meet  
21 the requirements of subdivision (c), the reporting unit remits the  
22 amounts required by subdivision (c) based upon the rate of  
23 compensation paid to the member by the reporting unit immediately  
24 preceding the date the member commenced the professional services  
25 leave or professional services released time along with the normal  
26 and customary compensation increases that would have been paid to  
27 the member by the reporting unit had the member remained in the

1 same position held at the reporting unit immediately preceding the  
2 date the member commenced the leave or released time. However, if  
3 the member was not working a full 12-month period for the reporting  
4 unit immediately preceding the date the member commenced the  
5 professional services leave or professional services released time  
6 and is working a full 12-month period for the public school  
7 employee organization, the rate of compensation paid to the member  
8 by the reporting unit immediately preceding the date the member  
9 commenced the leave or released time may be increased  
10 proportionately to reflect the additional time worked for the  
11 public school employee organization. That adjusted compensation,  
12 along with the normal and customary compensation increases  
13 otherwise allowed in this subdivision, shall then be reported as  
14 required in this subdivision.

15 (6) The reporting unit shall be reimbursed those sums paid to  
16 the retirement board pursuant to subsection (5) by the member or  
17 the public school employee organization on a current basis. A  
18 member who has credited service as an employee of a school district  
19 of the first class, as described in part 6 of the revised school  
20 code, ~~Act No. 451 of the Public Acts of 1976, being sections~~  
21 ~~380.401 to 380.485 of the Michigan Compiled Laws, 1976 PA 451, MCL~~  
22 **380.401 TO 380.485, OR A SCHOOL DISTRICT WITH AT LEAST 60,000 BUT**  
23 **FEWER THAN 100,000 PUPILS IN MEMBERSHIP** for a leave of absence  
24 effective before October 1, 1981, shall continue to receive credit  
25 based upon the provisions of the law of this state in effect at the  
26 time the leave of absence was initially effective.

27 (7) AS USED IN THIS SECTION, "MEMBERSHIP" MEANS THAT TERM AS



1   DEFINED IN THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO  
2   380.1852.