

# HOUSE BILL No. 5264

January 29, 2014, Introduced by Reps. Genetski, Franz, Kelly, Somerville, MacMaster, Daley, Nesbitt, Glardon, Haines, Pscholka, Lauwers, LaFontaine, O'Brien, McBroom, Haveman, Kurtz, Lyons, Price, Heise, Hooker, MacGregor, Foster, Lori, Lipton, Robinson and Bumstead 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 section 61 (MCL 38.1361), as amended by 2012 PA 464.

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

1           Sec. 61. (1) Except as otherwise provided in this section, if  
 2 a retirant is receiving a retirement allowance other than a  
 3 disability allowance payable under this act or under former 1945 PA  
 4 136, 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 occur:

7           (a) The retirant is not entitled to a new final average  
 8 compensation or additional service credit under this retirement  
 9 system unless additional service is performed equivalent to 5 or

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

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

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

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

27 (a) The retirant is a former teacher or administrator employed

1 in a teaching or research capacity by a university that is  
2 considered a reporting unit for the limited purpose described in  
3 section 7(3). A university that employs a retirant under this  
4 subsection shall report that employment to the retirement system by  
5 July 1 of each year. The university shall include in the report the  
6 name of the retirant, the capacity in which the retirant is  
7 employed, and the total annual compensation paid to the retirant.

8 (b) The retirant is not eligible to use any service or  
9 compensation attributable to the employment described in  
10 subdivision (a) for a recomputation of his or her retirement  
11 allowance.

12 (4) The state superintendent of public instruction shall  
13 compile a listing of critical shortage disciplines. This listing  
14 shall be updated annually.

15 (5) Until July 1, 2014, subsection (1) does not apply to a  
16 retirant if all of the following circumstances exist:

17 (a) The retirant is employed by a reporting unit that has a  
18 situation, not including a situation caused by a labor dispute,  
19 that necessitates the hiring of a retirant in an area that has been  
20 identified by the state superintendent of public instruction as a  
21 critical shortage discipline pursuant to subsection (4).

22 (b) The retirant is employed under any situation described in  
23 subdivision (a) for a period not to exceed 3 years for that  
24 retirant.

25 (c) The retirant is not eligible to use any service or  
26 compensation attributable to the employment described in  
27 subdivision (a) for a recomputation of his or her retirement

1 allowance.

2 (d) The reporting unit shall pay 100% of the contribution  
3 rates for the unfunded actuarial accrued liability for retiree  
4 health care and the unfunded actuarial accrued liability for  
5 pension to the retirement system for each retirant who becomes  
6 employed by a reporting unit under this subsection.

7 (6) Subsection (5) shall only apply for retirants who have  
8 been retired for at least 12 months before becoming employed under  
9 this section.

10 (7) Notwithstanding any other provision of this act to the  
11 contrary, for a retirant who retires on or after July 1, 2010, and  
12 following a bona fide termination, including not working in the  
13 month of the retirant's retirement effective date, and who becomes  
14 employed by a reporting unit and the retirant's amount of earnings  
15 in a calendar year exceeds 1/3 of the retirant's final average  
16 compensation, the retirant shall forfeit his or her retirement  
17 allowance and the retirement system subsidy for health care  
18 benefits from the retirement system for as long as the retirant is  
19 employed at the reporting unit unless the retirant is employed  
20 under subsection (5), (9), or (10). A retirant who has forfeited  
21 the retirement system subsidy for health care benefits under this  
22 subsection and who wants to retain health care benefits shall pay  
23 the retirant's and retirement system's costs for the health care  
24 benefits. Upon termination of employment at the reporting unit, the  
25 retirement allowance and health care benefits shall resume without  
26 recalculation.

27 (8) Notwithstanding any other provision of this act to the

1 contrary, for a retirant who retires on or after July 1, 2010, who  
2 performs core services at a reporting unit as determined by the  
3 retirement system, but who is employed by an entity other than the  
4 reporting unit or is an independent contractor, the retirant shall  
5 forfeit his or her retirement allowance and the retirement system  
6 subsidy for health care benefits from the retirement system for as  
7 long as the retirant is performing core services at the reporting  
8 unit, unless the retirant is employed under subsection (9) or (10).  
9 A retirant who has forfeited the retirement system subsidy for  
10 health care benefits under this subsection and who wants to retain  
11 health care benefits shall pay the retirant's and retirement  
12 system's costs for the health care benefits. Upon termination of  
13 services at the reporting unit, the retirement allowance and health  
14 care benefits shall resume without recalculation.

15 (9) Until July 1, ~~2014~~, ~~2016~~, subsection (1) does not apply to  
16 a retirant who retires on or after July 1, 2010; who following a  
17 bona fide termination, including not working in the month of his or  
18 her retirement effective date, becomes employed as a substitute  
19 teacher by a reporting unit, by an entity other than the reporting  
20 unit, or as an independent contractor; and whose amount of earnings  
21 attributable to employment by or at a reporting unit in a calendar  
22 year does not exceed 1/3 of his or her final average compensation.  
23 A retirant described in this subsection is not eligible to use any  
24 service or compensation attributable to the employment described in  
25 this subsection for a recomputation of his or her retirement  
26 allowance. The reporting unit at which the retirant provides  
27 substitute teacher services described in this subsection shall pay

1 100% of the contribution rates for the unfunded actuarial accrued  
2 liability for retiree health care and the unfunded actuarial  
3 accrued liability for pension to the retirement system for the  
4 employment described in this subsection. The reporting unit shall  
5 report the engagement of substitute teachers to the retirement  
6 system at the same interval the reporting unit reports information  
7 to the retirement system with regard to its other employees. The  
8 reporting unit shall include in the report the name of the  
9 substitute teacher and the total earnings paid to the substitute  
10 teacher for that reporting period. In order to comply with the  
11 reporting requirements of this subsection, a reporting unit that  
12 engages substitute teachers through an entity other than a  
13 reporting unit or as independent contractors shall obtain from the  
14 substitute teacher's employer a list of all substitute teachers the  
15 employer supplies to that reporting unit and the total earnings  
16 paid to each substitute teacher for the reporting period. An  
17 employer other than a reporting unit that employs substitute  
18 teachers as described in this subsection shall provide to the  
19 reporting unit all information that the reporting unit is required  
20 to report to the retirement system under this subsection. For the  
21 purposes of this subsection, an employer includes an independent  
22 contractor.

23 (10) Until July 1, 2014, subsection (1) does not apply to a  
24 retirant who retires on or after July 1, 2010; who following a bona  
25 fide termination, including not working in the month of his or her  
26 retirement effective date, becomes employed as an instructional  
27 coach or a school improvement facilitator by an entity other than

1 the reporting unit or as an independent contractor; and whose  
2 amount of earnings attributable to employment at a reporting unit  
3 in a calendar year does not exceed 1/3 of his or her final average  
4 compensation. A retirant described in this subsection is not  
5 eligible to use any service or compensation attributable to the  
6 employment described in this subsection for a recomputation of his  
7 or her retirement allowance. The reporting unit at which the  
8 retirant provides the services described in this subsection shall  
9 pay 100% of the contribution rates for the unfunded actuarial  
10 accrued liability for retiree health care and the unfunded  
11 actuarial accrued liability for pension to the retirement system  
12 for the employment described in this subsection. The reporting unit  
13 shall report the engagement of instructional coaches or school  
14 improvement facilitators to the retirement system at the same  
15 interval the reporting unit reports information to the retirement  
16 system with regard to its other employees. The reporting unit shall  
17 include in the report the name of the instructional coach or school  
18 improvement facilitator and the total earnings paid to the coach or  
19 facilitator for that reporting period. In order to comply with the  
20 reporting requirements of this subsection, a reporting unit shall  
21 obtain from the coach's or facilitator's employer a list of all  
22 instructional coaches and school improvement facilitators the  
23 employer supplies to that reporting unit and the total earnings  
24 paid to each coach or facilitator for the reporting period. An  
25 employer other than a reporting unit that employs instructional  
26 coaches or school improvement facilitators as described in this  
27 subsection shall provide to the reporting unit all information that

1 the reporting unit is required to report to the retirement system  
2 under this subsection. For the purposes of this subsection, an  
3 employer includes an independent contractor. As used in this  
4 subsection, "instructional coach" and "school improvement  
5 facilitator" mean those terms as used in the listing of critical  
6 shortage disciplines developed by the state superintendent of  
7 public instruction under subsection (4).