

HOUSE BILL No. 5806

August 3, 2016, Introduced by Rep. Hughes and referred to the Committee on Financial Liability Reform.

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 2015 PA 219.

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 must occur:

7 (a) The retirant is not entitled to a new final average
8 compensation or additional service credit under this retirement

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

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

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

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

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

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

13 (4) Not later than April 1 of each year, the superintendent of
14 public instruction shall compile a listing of critical shortage
15 disciplines based on evidence of a shortage for each discipline.
16 The department of education shall post the listing and the
17 accompanying evidence on its website. If a discipline is not
18 included in the listing of critical shortage disciplines, 2 or more
19 contiguous reporting units may submit a written request to the
20 superintendent of public instruction to add a discipline to the
21 listing. The request must include evidence of a shortage of the
22 discipline in those contiguous reporting units. If the
23 superintendent of public instruction determines that there is a
24 shortage of the discipline in those contiguous reporting units, the
25 superintendent of public instruction shall add the discipline to
26 the listing. A discipline added under a request under this
27 subsection is applicable only to those contiguous reporting units.

1 For purposes of this subsection, a reporting unit that is a public
2 school academy is considered contiguous to any other reporting unit
3 in which the public school academy is located.

4 (5) Until July 1, 2018, subsection (1) does not apply to a
5 retirant if all of the following circumstances exist:

6 (a) The retirant is employed by a reporting unit that has a
7 situation, not including a situation caused by a labor dispute,
8 that necessitates the hiring of the retirant in an area that has
9 been identified by the superintendent of public instruction as a
10 critical shortage discipline under subsection (4).

11 (b) The retirant is employed under any situation described in
12 subdivision (a) for a period not to exceed 3 years for that
13 retirant.

14 (c) The retirant is not eligible to use any service or
15 compensation attributable to the employment described in
16 subdivision (a) for a recomputation of his or her retirement
17 allowance.

18 (d) The reporting unit pays 100% of the contribution rates for
19 the unfunded actuarial accrued liability for retiree health care
20 and the unfunded actuarial accrued liability for pension to the
21 retirement system for each retirant who becomes employed by a
22 reporting unit under this subsection.

23 (6) Subsection (5) only applies for retirants who have been
24 retired for at least 12 months before becoming employed under this
25 section.

26 (7) Notwithstanding any other provision of this act to the
27 contrary, for a retirant who retires after June 30, 2010, and

1 following a bona fide termination, including not working in the
2 month of the retirant's retirement effective date, and who becomes
3 employed by a reporting unit and the retirant's amount of earnings
4 in a calendar year exceeds 1/3 of the retirant's final average
5 compensation, the retirant forfeits his or her retirement allowance
6 and the retirement system subsidy for health care benefits from the
7 retirement system for the entire month of each month in which the
8 retirant is employed at the reporting unit unless the retirant is
9 employed as described in subsection (5), (9), (10), or (11). A
10 retirant who has forfeited the retirement system subsidy for health
11 care benefits under this subsection and who wants to retain health
12 care benefits shall pay the retirant's and retirement system's
13 costs for the health care benefits. The retirement allowance and
14 retirement system subsidy for health care benefits shall resume
15 without recalculation on the first of the month following the month
16 in which the retirant has terminated reporting unit employment.

17 (8) Notwithstanding any other provision of this act to the
18 contrary, for a retirant who retires after June 30, 2010, who
19 performs core services at a reporting unit as determined by the
20 retirement system, but who is employed by an entity other than the
21 reporting unit or is an independent contractor, the retirant
22 forfeits his or her retirement allowance and the retirement system
23 subsidy for health care benefits from the retirement system for the
24 entire month of each month in which the retirant is performing core
25 services at the reporting unit, unless the retirant is employed as
26 described in subsection (9), (10), or (12). A retirant who has
27 forfeited the retirement system subsidy for health care benefits

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1 under this subsection and who wants to retain health care benefits
2 shall pay the retirant's and retirement system's costs for the
3 health care benefits. The retirement allowance and retirement
4 system subsidy for health care benefits shall resume without
5 recalculation on the first of the month following the month in
6 which the retirant has terminated performing core services, as
7 described in this subsection.

8 (9) Until July 1, 2018, subsection (1) does not apply to a
9 retirant who retires after June 30, 2010 and ~~on or before September~~
10 ~~1, 2015; 2, 2016;~~ who following a bona fide termination, including
11 not working in the month of his or her retirement effective date,
12 becomes employed as a substitute teacher by a reporting unit, by an
13 entity other than the reporting unit, or as an independent
14 contractor; and whose amount of earnings attributable to employment
15 by or at a reporting unit in a calendar year does not exceed 1/3 of
16 his or her final average compensation. A retirant described in this
17 subsection is not eligible to use any service or compensation
18 attributable to the employment described in this subsection for a
19 recomputation of his or her retirement allowance. ~~[The reporting~~
20 ~~unit at which the retirant provides substitute teacher services~~
21 ~~described in this subsection shall pay 100% of the contribution~~
22 ~~rates for the unfunded actuarial accrued liability for retiree~~
23 ~~health care and the unfunded actuarial accrued liability for~~
24 ~~pension to the retirement system for the employment described in~~
25 ~~this subsection.]~~ The reporting unit shall report the engagement of
26 substitute teachers to the retirement system at the same interval
27 the reporting unit reports information to the retirement system

1 with regard to its other employees. The reporting unit shall
2 include in the report the name of the substitute teacher and the
3 total earnings paid to the substitute teacher for that reporting
4 period. In order to comply with the reporting requirements of this
5 subsection, a reporting unit that engages substitute teachers
6 through an entity other than a reporting unit or as independent
7 contractors shall obtain from the substitute teacher's employer a
8 list of all substitute teachers the employer supplies to that
9 reporting unit and the total earnings paid to each substitute
10 teacher for the reporting period. An employer other than a
11 reporting unit that employs substitute teachers as described in
12 this subsection shall provide to the reporting unit all information
13 that the reporting unit is required to report to the retirement
14 system under this subsection. For the purposes of this subsection,
15 an employer includes an independent contractor.

16 (10) Until July 1, 2018, subsection (1) does not apply to a
17 retirant who retires after June 30, 2010 and ~~on or~~ before September
18 17, 2015; who following a bona fide termination, including not
19 working in the month of his or her retirement effective date,
20 becomes employed as an instructional coach or a school improvement
21 facilitator by an entity other than the reporting unit or as an
22 independent contractor; and whose amount of earnings attributable
23 to employment at a reporting unit in a calendar year does not
24 exceed 1/3 of his or her final average compensation. A retirant
25 described in this subsection is not eligible to use any service or
26 compensation attributable to the employment described in this
27 subsection for a recomputation of his or her retirement allowance.

1 The reporting unit at which the retirant provides the services
2 described in this subsection 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 the employment described in
6 this subsection. The reporting unit shall report the engagement of
7 instructional coaches or school improvement facilitators to the
8 retirement system at the same interval the reporting unit reports
9 information to the retirement system with regard to its other
10 employees. The reporting unit shall include in the report the name
11 of the instructional coach or school improvement facilitator and
12 the total earnings paid to the coach or facilitator for that
13 reporting period. In order to comply with the reporting
14 requirements of this subsection, a reporting unit shall obtain from
15 the coach's or facilitator's employer a list of all instructional
16 coaches and school improvement facilitators the employer supplies
17 to that reporting unit and the total earnings paid to each coach or
18 facilitator for the reporting period. An employer other than a
19 reporting unit that employs instructional coaches or school
20 improvement facilitators as described in this subsection shall
21 provide to the reporting unit all information that the reporting
22 unit is required to report to the retirement system under this
23 subsection. For the purposes of this subsection, an employer
24 includes an independent contractor. As used in this subsection,
25 "instructional coach" and "school improvement facilitator" mean
26 those terms as used in the listing of critical shortage disciplines
27 developed by the superintendent of public instruction under

1 subsection (4).

2 (11) Subsection (1) does not apply to a retirant who is a
3 former teacher or administrator who retires after June 30, 2010 and
4 ~~on or before~~ October 1, 2014, who following a bona fide
5 termination, including not working in the month of his or her
6 retirement effective date, becomes employed in a teaching or
7 research capacity or in a program-department direction capacity by
8 a university that is considered a reporting unit for the limited
9 purpose described in section 7(3). A retirant described in this
10 subsection is not eligible to use any service or compensation
11 attributable to the employment described in this subsection for
12 recomputation of his or her retirement allowance. The reporting
13 unit at which the retirant provides the services described in this
14 subsection shall pay 100% of the contribution rates for the
15 unfunded actuarial accrued liability for retiree health care and
16 the unfunded actuarial accrued liability for pension to the
17 retirement system for the employment described in this subsection.
18 The reporting unit shall report the employment of a retirant as
19 described in this subsection to the retirement system by July 1 of
20 each year. The reporting unit shall include in the report the name
21 of the retirant, the capacity in which the retirant is employed,
22 and the total annual compensation paid to the retirant.

23 (12) Until July 1, 2018, notwithstanding any provision of this
24 act to the contrary, for a retirant who retires after June 30,
25 2010, who is employed as an independent contractor at a reporting
26 unit for a situation described in subsection (5)(a) or is employed
27 at a reporting unit for a situation described in subsection (5)(a)

1 by an entity other than the reporting unit, who has been retired
2 for at least 12 months before becoming employed under this
3 subsection, and whose employment under this subsection does not
4 exceed 3 years, the reporting unit at which the retirant provides
5 services under this subsection shall pay 100% of the contribution
6 rates for the unfunded actuarial accrued liability for retiree
7 health care and the unfunded actuarial accrued liability for
8 pension to the retirement system for the employment described in
9 this subsection.