

**SUBSTITUTE FOR
SENATE BILL NO. 279**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 71. (1) The retirement board shall grant service credit
2 for the time a member is on a sabbatical leave authorized by a
3 reporting unit, if the member returns to regular employment with
4 the same reporting unit and acquires 1 year or more of subsequent
5 service credit with that same reporting unit and if the member
6 acquired 5 or more years of credited service with the reporting
7 unit immediately before the sabbatical leave.

8 (2) If the sabbatical leave described in subsection (1) is
9 granted before July 1, 1981, the reporting unit, if the reporting

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

17 (3) If the sabbatical leave described in subsection (1) is
18 granted after June 30, 1981, the member shall pay an amount equal
19 to 5% of the member's full-time or equated full-time compensation
20 earned in the school fiscal year immediately before the school
21 fiscal year in which payment is made for each year of service
22 credit the member elects to purchase. In computing payment under
23 this subsection, the compensation amount used, except as otherwise
24 provided in this subsection, shall not be less than the highest
25 school fiscal year compensation the member earned from the
26 reporting unit that granted the sabbatical leave. If the
27 compensation amount used for computing payment under this

1 subsection exceeds the member's final average compensation
2 determined at the time of retirement, the payment required under
3 this subsection ~~shall~~**MUST** be recomputed using the member's final
4 average compensation and a refund ~~shall~~**MUST** be made based ~~upon~~**ON**
5 the recomputation.

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

17 (5) Effective October 1, 1981, **EXCEPT AS OTHERWISE PROVIDED IN**
18 **SUBSECTION (7)**, the retirement board shall grant service credit for
19 the time a member is on either an employee organization
20 professional services leave or employee organization professional
21 services released time authorized by a reporting unit if all of the
22 following conditions are satisfied, as applicable:

23 (a) For a member who is on either a professional services
24 leave or professional services released time that first began
25 before October 1, 1996, which leave or released time is renewed
26 annually by the reporting unit, the member is included on the
27 reporting unit's reports required by section 42(6) and

1 compensation, service, contribution, and other requirements are
2 reported on the same basis as for those members of the reporting
3 unit who were not granted an employee organization professional
4 services leave or employee organization professional services
5 released time.

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

1 along with the normal and customary compensation increases
2 otherwise allowed in this subdivision, ~~shall~~**MUST** then be reported
3 as required in this subdivision.

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

15 (d) For a member who is on either a professional services
16 leave or professional services released time, which professional
17 services leave or professional services released time does not meet
18 the ~~requirements~~**CONDITIONS** of subdivision (c), the reporting unit
19 remits the amounts required by subdivision (c) based ~~upon~~**ON** the
20 rate of compensation paid to the member by the reporting unit
21 immediately preceding the date the member commenced the
22 professional services leave or professional services released time
23 along with the normal and customary compensation increases that
24 would have been paid to the member by the reporting unit had the
25 member remained in the same position held at the reporting unit
26 immediately preceding the date the member commenced the leave or
27 released time. However, if the member was not working a full 12-

1 month period for the reporting unit immediately preceding the date
 2 the member commenced the professional services leave or
 3 professional services released time and is working a full 12-month
 4 period for the public school employee organization, the rate of
 5 compensation paid to the member by the reporting unit immediately
 6 preceding the date the member commenced the leave or released time
 7 may be increased proportionately to reflect the additional time
 8 worked for the public school employee organization. That adjusted
 9 compensation, along with the normal and customary compensation
 10 increases otherwise allowed in this subdivision, ~~shall~~**MUST** then be
 11 reported as required in this subdivision.

12 (6) The ~~reporting unit shall be reimbursed those sums paid to~~
 13 ~~the retirement board pursuant to subsection (5) by the member or~~
 14 the public school employee organization **SHALL**, on a current basis,
 15 **REIMBURSE THE REPORTING UNIT THE AMOUNTS PAID TO THE RETIREMENT**
 16 **BOARD UNDER SUBSECTION (5).** A member who has credited service as an
 17 employee of a school district of the first class, as described in
 18 part 6 of the revised school code, ~~Act No. 451 of the Public Acts~~
 19 ~~of 1976, being sections 380.401 to 380.485 of the Michigan Compiled~~
 20 ~~Laws, 1976 PA 451, MCL 380.401 TO 380.485,~~ for a leave of absence
 21 effective before October 1, 1981, ~~shall continue~~**CONTINUES** to
 22 receive credit based ~~upon the provisions of the law~~**ON THE LAWS** of
 23 this state in effect at the time the leave of absence was initially
 24 effective.

25 (7) **NOTWITHSTANDING SECTION 4(10) AND (11), THE RETIREMENT**
 26 **BOARD SHALL NOT GRANT SERVICE CREDIT UNDER SUBSECTION (5) FOR ANY**
 27 **TIME, AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**

1 THIS SUBSECTION, THAT A MEMBER IS ON EITHER AN EMPLOYEE
2 ORGANIZATION PROFESSIONAL SERVICES LEAVE, PROFESSIONAL SERVICES
3 LEAVE, EMPLOYEE ORGANIZATION PROFESSIONAL SERVICES RELEASED TIME,
4 OR PROFESSIONAL SERVICES RELEASED TIME.

5 Enacting section 1. This amendatory act takes effect 90 days
6 after the date it is enacted into law.