

**SUBSTITUTE FOR
HOUSE BILL NO. 4799**

(As amended, September 23, 2007)

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 2006 PA 158.

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
6 <<OR IS HIRED AS AN INDEPENDENT CONTRACTOR BY A REPORTING UNIT

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8 >>, the following shall take place:

9 (a) The retirant shall not be entitled to a new final average

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

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

25 <<(C) THE RETIRANT SHALL CERTIFY THAT THE HOSPITAL, MEDICAL-
26 SURGICAL, AND SICK CARE BENEFITS PLAN, DENTAL PLAN, VISION PLAN, AND
27 HEARING PLAN, AS APPLICABLE, THAT COVERS RETIRANTS, RETIREMENT ALLOWANCE
BENEFICIARIES, AND HEALTH INSURANCE DEPENDENTS CONTAINS A COORDINATION OF
BENEFITS PROVISION SO THAT THE PLAN IS COORDINATED WITH ALL OTHER PLANS
AVAILABLE TO THE RETIRANT UNDER SECTION 91.

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

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

~~—— (a) The retirant is a former teacher or administrator employed in a teaching or research capacity by a university that is considered a reporting unit for the limited purpose described in section 7(3).~~

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

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

~~—— (4) Until July 1, 2011, subsection (1) does not apply to a retirant if all of the following circumstances exist:~~

~~—— (a) The retirant is employed by a reporting unit that has an approved emergency situation, not including a situation caused by a labor dispute, that necessitates the hiring of a retirant in the capacity of a teacher, principal, stationary engineer, administrator, or other category as determined by the superintendent of public instruction to prevent depriving students of an education. The chief executive officer or superintendent of~~

~~the school district shall include with the written notification documentation showing that more than 8% of all classes in the district during the 1998-99 school year are taught by full time substitute teachers who are not certificated in the subjects or grade levels which they teach. Within 30 days after receipt of the notification and documentation under this subdivision, the department of education shall notify the chief executive officer or superintendent and the retirement system of its approval or disapproval of the emergency situation. If disapproved by the department of education, this subsection does not apply.~~

~~—— (b) The retirant is employed under an emergency situation described in subdivision (a) for a period not to exceed 6 years.~~

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

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

~~—— (6) Until July 1, 2011, subsection (1) does not apply to a retirant if all of the following circumstances exist:~~

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

~~—— (b) The retirant is employed under a situation described in~~

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~~subdivision (a) for a period not to exceed 6 years.~~

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

~~— (7) The provisions of subsections (4) and (6) shall only apply for retirants who have been retired for at least 12 months before becoming employed under this section.~~

<<(2)>> SUBSECTION (1) DOES NOT APPLY IF ALL OF THE FOLLOWING CONDITIONS APPLY:

(A) THE RETIRANT HAS BEEN DIRECTLY REEMPLOYED BY A REPORTING UNIT.

(B) UNTIL JULY 1, 2009, THE RETIRANT IS EMPLOYED BY A REPORTING UNIT THAT HAS AN APPROVED EMERGENCY SITUATION, NOT INCLUDING A SITUATION CAUSED BY A LABOR DISPUTE, THAT NECESSITATES THE HIRING OF A RETIRANT IN THE CAPACITY OF A TEACHER, PRINCIPAL, STATIONARY ENGINEER, ADMINISTRATOR, OR OTHER CATEGORY AS DETERMINED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO PREVENT DEPRIVING STUDENTS OF AN EDUCATION. THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT OF THE SCHOOL DISTRICT SHALL INCLUDE WITH THE WRITTEN NOTIFICATION DOCUMENTATION SHOWING THAT MORE THAN 8% OF ALL CLASSES IN THE DISTRICT DURING THE 1998-1999 SCHOOL YEAR ARE TAUGHT BY FULL-TIME SUBSTITUTE TEACHERS WHO ARE NOT CERTIFICATED IN THE SUBJECTS OR GRADE LEVELS WHICH THEY TEACH. WITHIN 30 DAYS AFTER RECEIPT OF THE NOTIFICATION AND DOCUMENTATION UNDER THIS SUBDIVISION, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOTIFY THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT AND THE RETIREMENT

1 SYSTEM OF HIS OR HER APPROVAL OR DISAPPROVAL OF THE EMERGENCY
2 SITUATION AND OF EACH SPECIFIC POSITION OF REEMPLOYMENT OF A
3 RETIRANT PROPOSED BY THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT.

4 (C) THE RETIRANT IS EMPLOYED UNDER AN EMERGENCY SITUATION
5 DESCRIBED IN SUBDIVISION (B) FOR A PERIOD NOT TO EXCEED 6 YEARS.

6 (D) THE RETIRANT IS NOT ELIGIBLE TO USE ANY SERVICE OR
7 COMPENSATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN
8 SUBDIVISION (B) FOR A RECOMPUTATION OF HIS OR HER RETIREMENT
9 ALLOWANCE.

10 Enacting section 1. This amendatory act does not take effect
11 unless House Bill No. 4500 of the 94th Legislature is enacted into
12 law.

13 Enacting section 2. This amendatory act takes effect January
14 1, 2008.