

**SUBSTITUTE FOR
HOUSE BILL NO. 5261**

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 2010 PA 75.

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 ~~take place~~ **OCCUR**:

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

1 to 5 or more years of service credit or, if the retirant has
2 contributed to the member investment plan, the equivalent of 3 or
3 more years of service credit. The retirant may elect to have the
4 retirement allowance recomputed based on the added credit or the
5 final average compensation resulting from the added service, or
6 both. A retirement allowance shall not be recomputed until the
7 retirant pays into the retirement system an amount equal to the
8 retirant's new final average compensation multiplied by the
9 percentage determined under section 41(2) for normal cost and
10 unfunded actuarial accrued liabilities, not including the
11 percentage required for the funding of health benefits, multiplied
12 by the 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 ~~—— (c) A university which employs a retirant pursuant to this~~
13 ~~subsection shall report such employment to the retirement system by~~
14 ~~July 1 of each year. The report to be filed shall include the name~~
15 ~~of the retirant, the capacity in which the retirant is employed,~~
16 ~~and the total annual compensation paid to the retirant.~~

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

19 (a) The retirant is employed by **OR AT** a reporting unit that
20 has an approved emergency situation, not including a situation
21 caused by a labor dispute, that necessitates the hiring of a
22 retirant in the capacity of a teacher, principal, stationary
23 engineer, administrator, or other category as determined by the
24 superintendent of public instruction to prevent depriving students
25 of an education. ~~The chief executive officer or superintendent of~~
26 ~~the school district shall include with the written notification~~
27 ~~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~~ **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~~ **ANY** emergency situation
described in subdivision (a) for a **TOTAL** period not to exceed ~~6-3~~
years **FOR THAT RETIRANT**.

(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.

**(D) THE REPORTING UNIT SHALL PAY 100% OF THE CONTRIBUTION RATE
FOR HEALTH BENEFITS PROVIDED UNDER SECTION 91 THAT IS IDENTIFIED IN
SECTION 41 TO THE RETIREMENT SYSTEM FOR EACH RETIRANT WHO BECOMES
EMPLOYED BY A REPORTING UNIT UNDER THIS SUBSECTION.**

(5) The state superintendent of public instruction shall
compile a listing of critical shortage disciplines. This listing
shall be updated annually. **IT IS THE INTENT OF THE LEGISLATURE THAT
TEACHER PREPARATION INSTITUTIONS REFORM THEIR PROGRAM ENROLLMENT TO
TARGET THE SHORTAGES AND INCREASE ENROLLMENT AND COMPLETION OF
SCIENCE, TECHNOLOGY, ENGINEERING, AND MATH (STEM) TEACHERS AND
EDUCATORS OF STUDENTS WITH DISABILITIES BEFORE THE SUNSET OF
SUBSECTION (6).**

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1 (6) Until July 1, 2011, ~~[2014]~~ **AND SUBJECT TO SUBSECTION (7),**
2 subsection (1) does not apply to a retirant if all of the following
3 circumstances exist:

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

10 (b) The retirant is employed under ~~a~~**ANY** situation described
11 in subdivision (a) for a period not to exceed ~~6~~**3** years **FOR THAT**
12 **RETIRANT.**

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

17 **(D) THE REPORTING UNIT SHALL PAY 100% OF THE CONTRIBUTION RATE**
18 **FOR HEALTH BENEFITS PROVIDED UNDER SECTION 91 THAT IS IDENTIFIED IN**
19 **SECTION 41 TO THE RETIREMENT SYSTEM FOR EACH RETIRANT WHO BECOMES**
20 **EMPLOYED BY A REPORTING UNIT UNDER THIS SUBSECTION.**

21 (7) ~~Subsection~~**SUBSECTIONS (4) AND** (6) shall only apply for
22 retirants who have been retired for at least 12 months before
23 becoming employed under this section.

24 (8) Notwithstanding any other provision of this act **TO THE**
25 **CONTRARY**, for ~~any~~**A** retirant who retires on ~~and~~**OR** after July 1,
26 2010, and following a bona fide termination, including not working
27 in the month of the retirant's retirement effective date, and who

1 becomes employed by a reporting unit and the retirant's amount of
2 earnings in a calendar year exceeds 1/3 of the retirant's final
3 average compensation, the retirant shall forfeit his or her
4 retirement allowance and the retirement system subsidy for health
5 care benefits from the retirement system for as long as the
6 retirant is employed at the reporting unit **UNLESS THE RETIRANT IS**
7 **EMPLOYED UNDER SUBSECTION (4) OR (6).** ~~Any~~**A** retirant who has
8 forfeited the retirement system subsidy for health care benefits
9 **UNDER THIS SUBSECTION** and **WHO** wants to retain health care benefits
10 shall pay the retirant's and retirement system's costs for ~~such~~**THE**
11 health care benefits. Upon termination of employment at the
12 reporting unit, the retirement allowance and health care benefits
13 shall resume without recalculation.

14 (9) Notwithstanding any other provision of this act **TO THE**
15 **CONTRARY**, for ~~any~~**A** retirant who retires on ~~and~~**OR** after July 1,
16 2010, who performs core services at a reporting unit as determined
17 by the retirement system, **WHOSE AMOUNT OF EARNINGS IN A CALENDAR**
18 **YEAR EXCEEDS 1/3 OF HIS OR HER FINAL AVERAGE COMPENSATION**, but who
19 is employed by an entity other than the reporting unit or is an
20 independent contractor, the retirant shall forfeit his or her
21 retirement allowance and the retirement system subsidy for health
22 care benefits from the retirement system for as long as the
23 retirant is performing core services at the reporting unit **UNLESS**
24 **THE RETIRANT IS EMPLOYED UNDER SUBSECTION (4) OR (6).** ~~Any~~**A**
25 retirant who has forfeited the retirement system subsidy for health
26 care benefits **UNDER THIS SUBSECTION** and **WHO** wants to retain health
27 care benefits shall pay the retirant's and retirement system's

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1 costs for ~~such~~**THE** health care benefits. Upon termination of
2 services at the reporting unit, the retirement allowance and health
3 care benefits shall resume without recalculation. **AS USED IN THIS**
4 **SUBSECTION, [UNTIL JULY 1, 2014,] "CORE SERVICE" DOES NOT INCLUDE SERVICE**
5 **PROVIDED BY A**
6 **SUBSTITUTE TEACHER WHOSE AMOUNT OF EARNINGS IN A CALENDAR YEAR IS**
7 **NO MORE THAN [2/3] OF HIS OR HER FINAL AVERAGE COMPENSATION.**