

**SUBSTITUTE FOR  
SENATE BILL NO. 795**

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 2017 PA 92.

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

1           Sec. 71. (1) Until September 29, 2017 at 5 p.m. Eastern  
2 Daylight Saving Time, the retirement board shall grant service  
3 credit for the time a member is on a sabbatical leave authorized by  
4 a reporting unit, if the member returns to regular employment with  
5 the same reporting unit and acquires 1 year or more of subsequent  
6 service credit with that same reporting unit and if the member  
7 acquired 5 or more years of credited service with the reporting  
8 unit immediately before the sabbatical leave.

9           (2) If the sabbatical leave described in subsection (1) is  
10 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~~ **AND** regular interest from the end  
8 of 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, **WHICHEVER IS**  
13 **EARLIER**. If the reporting unit makes the payment required by this  
14 subsection, the reporting unit also shall pay the required  
15 interest. If the member makes the payment required by this  
16 subsection, the member also shall pay the 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, must 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 must be recomputed using the member's final average  
4 compensation and a refund must be made based on the recomputation.

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

16 (5) Effective October 1, 1981, **EXCEPT AS OTHERWISE PROVIDED IN**  
17 **SUBSECTION (8)**, the retirement board shall grant service credit for  
18 the time a member is on either an employee organization  
19 professional services leave or employee organization professional  
20 services released time authorized by a reporting unit if all of the  
21 following conditions are satisfied, as applicable:

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

1 reported on the same basis as for those members of the reporting  
2 unit who were not granted an employee organization professional  
3 services leave or employee organization professional services  
4 released time.

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

1 reported as required in this subdivision.

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

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

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

10 (6) ~~The reporting unit must be reimbursed those sums paid to~~  
11 ~~the retirement board under subsection (5) by the member or the~~  
12 public school employee organization **SHALL**, on a current basis,  
13 **REIMBURSE THE REPORTING UNIT THE AMOUNTS PAID TO THE RETIREMENT**  
14 **BOARD UNDER SUBSECTION (5)**. A member who has credited service as an  
15 employee of a school district of the first class, as described in  
16 part 6 of the revised school code, 1976 PA 451, MCL 380.401 to  
17 ~~380.485,~~ **380.483A**, for a leave of absence effective before October  
18 1, 1981, ~~shall~~ **MUST** continue to receive credit based on the law of  
19 this state in effect at the time the leave of absence was initially  
20 effective.

21 (7) After September 29, 2017 at 5 p.m. Eastern Daylight Saving  
22 Time, a member is not eligible to initiate a service credit  
23 purchase under subsections (1) and (3).

24 (8) **NOTWITHSTANDING SECTION 4(10) AND (11), THE RETIREMENT**  
25 **BOARD SHALL NOT GRANT SERVICE CREDIT UNDER SUBSECTION (5) FOR ANY**  
26 **TIME, AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**  
27 **THIS SUBSECTION, THAT A MEMBER IS ON EITHER AN EMPLOYEE**

1 ORGANIZATION PROFESSIONAL SERVICES LEAVE, PROFESSIONAL SERVICES  
2 LEAVE, EMPLOYEE ORGANIZATION PROFESSIONAL SERVICES RELEASED TIME,  
3 OR PROFESSIONAL SERVICES RELEASED TIME.

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