

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4422

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  
9 system unless additional service is performed equivalent to 5 or  
10 more years of service credit or, if the retirant has contributed to

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

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

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

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

26 (a) The retirant is a former teacher or administrator employed  
27 in a teaching or research capacity by a university that is

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

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

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

1 in which the public school academy is located.

2 (5) Until July 1, ~~2018~~, **2021**, subsection (1) does not apply to  
3 a retirant if all of the following circumstances exist:

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

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

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

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

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

24 (7) Notwithstanding any other provision of this act to the  
25 contrary, for a retirant who retires after June 30, 2010, and  
26 following a bona fide termination, including not working in the  
27 month of the retirant's retirement effective date, and who becomes

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1 employed by a reporting unit and the retirant's amount of earnings  
2 in a calendar year exceeds 1/3 of the retirant's final average  
3 compensation, the retirant forfeits his or her retirement allowance  
4 and the retirement system subsidy for health care benefits from the  
5 retirement system for the entire month of each month in which the  
6 retirant is employed at the reporting unit unless the retirant is  
7 employed as described in subsection (5), (9), (10), <<--~~OR~~-->>  
8 (11) <<, OR (13)>>. A  
9 retirant who has forfeited the retirement system subsidy for health  
10 care benefits under this subsection and who wants to retain health  
11 care benefits shall pay the retirant's and retirement system's  
12 costs for the health care benefits. The retirement allowance and  
13 retirement system subsidy for health care benefits shall resume  
14 without recalculation on the first of the month following the month  
15 in which the retirant has terminated reporting unit employment.

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

1 health care benefits. The retirement allowance and retirement  
2 system subsidy for health care benefits shall resume without  
3 recalculation on the first of the month following the month in  
4 which the retirant has terminated performing core services, as  
5 described in this subsection.

6 (9) Until July 1, ~~2018~~, **2021**, subsection (1) does not apply to  
7 a retirant who retires after June 30, 2010 and ~~on or~~ before  
8 September ~~1, 2015~~, **2, 2017**; who following a bona fide termination,  
9 including not working in the month of his or her retirement  
10 effective date, becomes employed as a substitute teacher by a  
11 reporting unit, by an entity other than the reporting unit, or as  
12 an independent contractor; and whose amount of earnings  
13 attributable to employment by or at a reporting unit in a calendar  
14 year does not exceed 1/3 of his or her final average compensation.  
15 A retirant described in this subsection is not eligible to use any  
16 service or compensation attributable to the employment described in  
17 this subsection for a recomputation of his or her retirement  
18 allowance. The reporting unit at which the retirant provides  
19 substitute teacher services described in this subsection shall pay  
20 100% of the contribution rates for the unfunded actuarial accrued  
21 liability for retiree health care and the unfunded actuarial  
22 accrued liability for pension to the retirement system for the  
23 employment described in this subsection. The reporting unit shall  
24 report the engagement of substitute teachers to the retirement  
25 system at the same interval the reporting unit reports information  
26 to the retirement system with regard to its other employees. The  
27 reporting unit shall include in the report the name of the

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

15 (10) Until July 1, ~~2018,~~**2021**, subsection (1) does not apply  
16 to a retirant who retires after June 30, 2010 and ~~on or~~ before  
17 September ~~1, 2015;~~**2, 2017**; who following a bona fide termination,  
18 including not working in the month of his or her retirement  
19 effective date, becomes employed as an instructional coach or a  
20 school improvement facilitator by an entity other than the  
21 reporting unit or as an independent contractor; and whose amount of  
22 earnings attributable to employment at a reporting unit in a  
23 calendar year does not exceed 1/3 of his or her final average  
24 compensation. A retirant described in this subsection is not  
25 eligible to use any service or compensation attributable to the  
26 employment described in this subsection for a recomputation of his  
27 or her retirement allowance. The reporting unit at which the

1   retirant provides the services described in this subsection shall  
2   pay 100% of the contribution rates for the unfunded actuarial  
3   accrued liability for retiree health care and the unfunded  
4   actuarial accrued liability for pension to the retirement system  
5   for the employment described in this subsection. The reporting unit  
6   shall report the engagement of instructional coaches or school  
7   improvement facilitators to the retirement system at the same  
8   interval the reporting unit reports information to the retirement  
9   system with regard to its other employees. The reporting unit shall  
10  include in the report the name of the instructional coach or school  
11  improvement facilitator and the total earnings paid to the coach or  
12  facilitator for that reporting period. In order to comply with the  
13  reporting requirements of this subsection, a reporting unit shall  
14  obtain from the coach's or facilitator's employer a list of all  
15  instructional coaches and school improvement facilitators the  
16  employer supplies to that reporting unit and the total earnings  
17  paid to each coach or facilitator for the reporting period. An  
18  employer other than a reporting unit that employs instructional  
19  coaches or school improvement facilitators as described in this  
20  subsection shall provide to the reporting unit all information that  
21  the reporting unit is required to report to the retirement system  
22  under this subsection. For the purposes of this subsection, an  
23  employer includes an independent contractor. As used in this  
24  subsection, "instructional coach" and "school improvement  
25  facilitator" mean those terms as used in the listing of critical  
26  shortage disciplines developed by the superintendent of public  
27  instruction under subsection (4).



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

22           (12) Until July 1, ~~2018, 2021~~, notwithstanding any provision  
23 of this act to the contrary, for a retirant who retires after June  
24 30, 2010, who is employed as an independent contractor at a  
25 reporting unit for a situation described in subsection (5) (a) or is  
26 employed at a reporting unit for a situation described in  
27 subsection (5) (a) by an entity other than the reporting unit, who

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

<<(13) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT WHO RETIRES AFTER JUNE 30, 2010 AND ON OR BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION AND WHO, FOLLOWING A BONA FIDE TERMINATION, BECOMES EMPLOYED BY A REPORTING UNIT AS A SCHOOL RENEWAL COACH OR HIGH IMPACT LEADERSHIP FACILITATOR AS PART OF A SCHOOL LEADERSHIP SUPPORT PROGRAM THAT IS FUNDED BY A FEDERAL GRANT AWARDED BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION AND THAT MEETS THE REQUIREMENTS OF SUBSECTION (14). A RETIRANT DESCRIBED IN THIS SUBSECTION IS NOT ELIGIBLE TO USE ANY SERVICE OR COMPENSATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN THIS SUBSECTION FOR A RECOMPUTATION OF HIS OR HER RETIREMENT ALLOWANCE. THE REPORTING UNIT SHALL PAY 100% OF THE CONTRIBUTION RATES FOR THE UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR RETIREE HEALTH CARE AND THE UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR PENSION TO THE RETIREMENT SYSTEM FOR THE EMPLOYMENT DESCRIBED IN THIS SUBSECTION. THE REPORTING UNIT SHALL REPORT THE ENGAGEMENT OF SCHOOL RENEWAL COACHES OR HIGH IMPACT LEADERSHIP FACILITATORS TO THE RETIREMENT SYSTEM AT THE SAME INTERVAL THE REPORTING UNIT REPORTS INFORMATION TO THE RETIREMENT SYSTEM WITH REGARD TO ITS OTHER EMPLOYEES. THE REPORTING UNIT SHALL INCLUDE IN THE REPORT THE NAME OF THE SCHOOL RENEWAL COACH OR HIGH IMPACT LEADERSHIP FACILITATOR AND THE TOTAL EARNINGS PAID TO THE SCHOOL RENEWAL COACH OR HIGH IMPACT LEADERSHIP FACILITATOR FOR THAT REPORTING PERIOD.

(14) SUBSECTION (13) APPLIES TO RETIRANTS EMPLOYED AS PART OF A PROGRAM THAT SUPPORTS TEAMS OF SCHOOL PRINCIPALS AND TEACHER LEADERS IN ELEMENTARY SCHOOLS BY DOING ALL OF THE FOLLOWING:

(A) PROVIDING INTENSE PROFESSIONAL DEVELOPMENT AND SUPPORT, AND MONEY, FOR RENEWAL PROJECTS FOR TEAMS OF SCHOOL LEADERS IN A NUMBER OF PROJECT SCHOOLS THAT ARE IMPLEMENTING A SET OF NEW LITERACY ESSENTIALS.

(B) PLACING A TRAINED TEAM OF SCHOOL RENEWAL COACHES OR HIGH IMPACT LEADERSHIP FACILITATORS IN EACH PROJECT SCHOOL.

(C) PROVIDING A LOWER LEVEL OF PROFESSIONAL DEVELOPMENT SUPPORT AND FUNDING FOR LEADERS IN ADDITIONAL SCHOOLS.

(D) APPLYING A SET OF PROVEN SCHOOL LEADERSHIP PRACTICES FOR SCHOOL RENEWAL AND SUSTAINABLE IMPLEMENTATION.

(E) PROVIDING TRAINING, SUPPORT, AND OVERSIGHT FOR THE SCHOOL RENEWAL COACHES OR HIGH IMPACT LEADERSHIP FACILITATORS AS A COORDINATOR OR SUPERVISOR OF THAT WORK.>>