

HOUSE BILL No. 4422

March 28, 2017, Introduced by Reps. Hughes, Marino, Lucido, Faris, Maturen, Crawford, Barrett, Chatfield, Graves, Victory, Sheppard, Tedder and Glenn and referred to the Committee on Education Reform.

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

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~~**MUST** not be recomputed until the
9 retirant pays into the retirement system an amount equal to the
10 retirant's new final average compensation multiplied by the
11 percentage determined under section 41(2) for normal cost and
12 unfunded actuarial accrued liabilities, not including the
13 percentage required for the funding of health benefits, multiplied
14 by the total service credit in the period in which the retirant's
15 additional service was performed.

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

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

27 (3) Subsection (1) does not apply to a retirant if all of the

1 following circumstances exist:

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

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

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

1 subsection is applicable only to those contiguous reporting units.
2 For purposes of this subsection, a reporting unit that is a public
3 school academy is considered contiguous to any other reporting unit
4 in which the public school academy is located.

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

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

12 (b) The retirant is employed under any situation described in
13 subdivision (a) for a period not to exceed 3 years for that
14 retirant.

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

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

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

27 (7) Notwithstanding any other provision of this act to the

1 contrary, for a retirant who retires after June 30, 2010, and
2 following a bona fide termination, including not working in the
3 month of the retirant's retirement effective date, and who becomes
4 employed by a reporting unit and the retirant's amount of earnings
5 in a calendar year exceeds 1/3 of the retirant's final average
6 compensation, the retirant forfeits his or her retirement allowance
7 and the retirement system subsidy for health care benefits from the
8 retirement system for the entire month of each month in which the
9 retirant is employed at the reporting unit unless the retirant is
10 employed as described in subsection (5), (9), (10), or (11). A
11 retirant who has forfeited the retirement system subsidy for health
12 care benefits under this subsection and who wants to retain health
13 care benefits shall pay the retirant's and retirement system's
14 costs for the health care benefits. The retirement allowance and
15 retirement system subsidy for health care benefits shall resume
16 without recalculation on the first of the month following the month
17 in which the retirant has terminated reporting unit employment.

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

1 forfeited the retirement system subsidy for health care benefits
2 under this subsection and who wants to retain health care benefits
3 shall pay the retirant's and retirement system's costs for the
4 health care benefits. The retirement allowance and retirement
5 system subsidy for health care benefits shall resume without
6 recalculation on the first of the month following the month in
7 which the retirant has terminated performing core services, as
8 described in this subsection.

9 (9) ~~Until July 1, 2018, subsection~~ **SUBSECTION** (1) does not
10 apply to a retirant who retires after June 30, 2010 and ~~on or~~
11 before September 1, 2015; **2, 2016**; who following a bona fide
12 termination, including not working in the month of his or her
13 retirement effective date, becomes employed as a substitute teacher
14 by a reporting unit, by an entity other than the reporting unit, or
15 as an independent contractor; and whose amount of earnings
16 attributable to employment by or at a reporting unit in a calendar
17 year does not exceed 1/3 of his or her final average compensation.
18 A retirant described in this subsection is not eligible to use any
19 service or compensation attributable to the employment described in
20 this subsection for a recomputation of his or her retirement
21 allowance. ~~The reporting unit at which the retirant provides~~
22 ~~substitute teacher services described in this subsection shall pay~~
23 ~~100% of the contribution rates for the unfunded actuarial accrued~~
24 ~~liability for retiree health care and the unfunded actuarial~~
25 ~~accrued liability for pension to the retirement system for the~~
26 ~~employment described in this subsection.~~ The reporting unit shall
27 report the engagement of substitute teachers to the retirement

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

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

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

1 facilitator" mean those terms as used in the listing of critical
2 shortage disciplines developed by the superintendent of public
3 instruction under subsection (4).

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

25 (12) ~~Until July 1, 2018, notwithstanding~~ **NOTWITHSTANDING** any
26 provision of this act to the contrary, for a retirant who retires
27 after June 30, 2010, who is employed as an independent contractor

1 at a reporting unit for a situation described in subsection (5) (a)
2 or is employed at a reporting unit for a situation described in
3 subsection (5) (a) by an entity other than the reporting unit, who
4 has been retired for at least 12 months before becoming employed
5 under this subsection, and whose employment under this subsection
6 does not exceed 3 years, the reporting unit at which the retirant
7 provides services under this subsection shall pay 100% of the
8 contribution rates for the unfunded actuarial accrued liability for
9 retiree health care and the unfunded actuarial accrued liability
10 for pension to the retirement system for the employment described
11 in this subsection.