

SENATE BILL No. 114

March 10, 1987, Introduced by Senators NICHOLS, CROPSEY, WELBORN, GEAKE, BINSFELD and GAST and referred to the Committee on Human Resources and Senior Citizens.

A bill to amend section 13 of Act No. 240 of the Public Acts of 1943, entitled as amended

"State employees' retirement act,"

as amended by Act No. 185 of the Public Acts of 1984, being section 38.13 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13 of Act No. 240 of the Public Acts of
2 1943, as amended by Act No. 185 of the Public Acts of 1984, being
3 section 38.13 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 13. (1) Membership in the retirement system shall con-
6 sist of state employees occupying permanent positions in the
7 state civil service. A state employee whose position is not
8 included in the state civil service, or state employed officers
9 or an elected or appointed state official, including county

1 juvenile officers appointed pursuant to section 1 of Act No. 22
2 of the Public Acts of the Extra Session of 1919, as amended,
3 being section 400.251 of the Michigan Compiled Laws, ~~or any~~
4 ~~employee of the state accident fund as provided by Chapter 7 of~~
5 ~~Act No. 317 of the Public Acts of 1969, as amended, being sec-~~
6 ~~tions 418.701 to 418.755 of the Michigan Compiled Laws,~~ or the
7 secretary of the senate, or assistant secretary of the senate, or
8 the clerk of the house of representatives, or the assistant clerk
9 of the house of representatives, or an employee of a state tuber-
10 culosis sanatorium taken over by the state from a county who was
11 an employee of the sanatorium on the date the sanatorium became a
12 state institution, or an employee of a congressionally chartered
13 veterans' organization who is paid either wholly or in part from
14 a state general fund appropriation, or an employee of the
15 Michigan veterans' trust fund county committees who is employed
16 on a full-time basis by the committees may become a member by
17 filing a written notice with the retirement board before July 1,
18 1974. The employee shall pay to the retirement fund a sum equal
19 to the amount the employee's contributions would have been had
20 the member become a member immediately upon employment by the
21 state with interest compounded annually at the regular rate from
22 a date 1 year after the date of employment by the state and date
23 of payment.

24 (2) All state employees except those specifically excluded
25 by law and those who are members or eligible to be members of
26 other statutory retirement systems in this state, shall become
27 members of the retirement system. The employees may use service

1 previously performed as an employee of this state in meeting the
2 service requirements for the retirement allowances and death ben-
3 efits provided by the retirement system. However, the prior
4 service shall not be used in computing the amount of a retirement
5 allowance to be paid by the retirement system unless the employee
6 pays to the retirement fund with interest the amount the
7 employee's contributions would have been had the employee become
8 a member immediately upon employment by the state as provided in
9 subsection (1). Elected or appointed state officials may elect
10 not to become or continue as members of the retirement system by
11 filing written notice with the retirement board. An appointed
12 state official who is a member of a state board, commission, or
13 council and who receives a per diem rate in his or her capacity
14 as a member of the board, commission, or council shall be
15 excluded from membership in the retirement system for the service
16 rendered in his or her capacity as a member of the board, commis-
17 sion, or council. Service performed by an elected or appointed
18 official during the time the official elects not to participate
19 shall not be used in meeting the service requirement or in com-
20 puting the amount of retirement allowance to be paid by the
21 retirement system. A member who elects not to participate shall
22 be refunded all contributions made before the election.

23 Membership in the retirement system shall not include a person
24 who is a contributing member in a public school employees'
25 retirement system provided for in the public school employees
26 retirement act of 1979, Act No. 300 of the Public Acts of 1980,
27 being sections 38.1301 to 38.1407 of the Michigan Compiled Laws,

1 or the probate judges' retirement system provided for in Act
2 No. 165 of the Public Acts of 1954, as amended, being sections
3 38.901 to 38.933 of the Michigan Compiled Laws, or the judges'
4 retirement system provided for in Act No. 198 of the Public Acts
5 of 1951, as amended, being sections 38.801 to 38.831 of the
6 Michigan Compiled Laws, nor shall it include a person who comes
7 within the ~~Michigan state police pension, accident, and disabil-~~
8 ~~ity system as provided for in Act No. 251 of the Public Acts of~~
9 ~~1935, as amended, being sections 28.101 to 28.110~~ STATE POLICE
10 RETIREMENT ACT OF 1986, ACT NO. 182 OF THE PUBLIC ACTS OF 1986,
11 BEING SECTIONS 38.1601 TO 38.1648 of the Michigan Compiled Laws.
12 A person who draws compensation as a state employee and also as
13 an employee of a political subdivision of the state shall be eli-
14 gible for the benefits provided by this act to the extent of the
15 person's compensation paid by the state.

16 (3) On July 1, 1974, the contributing members of the
17 Michigan public school employees' retirement system who are
18 employed in the state classified or unclassified service as pro-
19 vided for in former Act No. 136 of the Public Acts of 1945 shall
20 have their membership transferred to the retirement system. The
21 accumulated contributions, including interest, for each member,
22 and service standing to the member's credit as of June 30, 1974,
23 shall be transferred from the annuity accumulation fund estab-
24 lished under former Act No. 136 of the Public Acts of 1945 to the
25 employee savings fund of this retirement system.

26 (4) The accumulated contributions and prior service shall be
27 transferred to the employee savings fund of this retirement

1 system from the pension accumulation fund established under
2 former Act No. 136 of the Public Acts of 1945 and its predecessor
3 acts for service performed as a teaching or nonteaching public
4 school employee before July 1, 1945.

5 (5) A person hired in state classified or unclassified serv-
6 ice after June 30, 1974, possessing a Michigan teaching certifi-
7 cate shall be a member of this retirement system. After June 30,
8 1974, a person who returns to state employment in the classified
9 or unclassified service who previously was a contributing member
10 of the Michigan public school employees' retirement system shall
11 have the person's accumulated contributions and service trans-
12 ferred to this retirement system, or having withdrawn the contri-
13 butions, may pay into the retirement system the amount withdrawn
14 together with regular interest and have credit restored as pro-
15 vided for in section 16.

16 (6) A person whose membership service and prior service in
17 the Michigan public school employees' retirement system was
18 transferred to this retirement system shall be entitled to the
19 service which otherwise would have been creditable to the member
20 had the member remained a member of the Michigan public school
21 employees' retirement system under former Act No. 136 of the
22 Public Acts of 1945.

23 (7) A person who participates in a transitional public
24 employment program financed with federal or state funds designed
25 to reach the unemployed or underemployed and provide short-term,
26 limited, or temporary employment shall not be a member of this
27 retirement system or be defined as an employee occupying a

1 permanent position under subsection (1). As used in this
2 subsection and subsection (8), "transitional public employment
3 program" means a public service employment program in the area of
4 environmental quality, health care, education, public safety,
5 crime prevention and control, prison rehabilitation, transporta-
6 tion, recreation, maintenance of parks, streets, and other public
7 facilities, solid waste removal, pollution control, housing and
8 neighborhood improvements, rural development, conservation, beau-
9 tification, veterans' out-reach, or any other area of human bet-
10 terment and community improvement as part of a program of compre-
11 hensive manpower services authorized, undertaken, and financed
12 pursuant to the comprehensive employment and training act, former
13 Public Law 93-203, 87 Stat. 839.

14 (8) If a person described in subsection (7) later becomes a
15 member of this retirement system within 12 months after the date
16 of termination as a participant in a transitional public employ-
17 ment program, service credit shall be given for employment which
18 is excluded in subsection (7) for purposes of determining a
19 retirement allowance upon the payment by the person's employer
20 under subsection (7) from funds provided under the comprehensive
21 employment and training act, former Public Law 93-203,
22 87 Stat. 839, as funds permit, to the retirement system of the
23 contributions, plus regular interest, the employer would have
24 paid had the employment been rendered in a position covered by
25 this act. During the person's employment in the transitional
26 public employment program, the person's employer shall place in
27 reserve a reasonable but not necessarily an actuarially

1 determined amount equal to the contributions which the employer
2 would have paid to the retirement system for those employees in
3 the transitional public employment program as if they were mem-
4 bers under this act, but only for that number of employees which
5 the employer determined would move from the transitional public
6 employment program into positions covered by this act. If the
7 funds provided under the comprehensive employment and training
8 act, former Public Law 93-203, 87 Stat. 839, are insufficient,
9 the remainder of the employer contributions shall be paid by the
10 person's current employer.

11 (9) A person, not regularly employed by the state, who is
12 hired by the state through a summer youth employment program
13 established pursuant to the Michigan youth corps act, Act No. 69
14 of the Public Acts of 1983, being sections 409.221 to ~~409.230~~
15 409.229 of the Michigan Compiled Laws, shall not be a member of
16 this retirement system. In addition, a person described in this
17 subsection shall not receive service credit for the employment
18 described in this subsection even though the person subsequently
19 becomes or has been a member of this retirement system.

20 (10) A person, not regularly employed by the state, who is
21 hired by the state to administer a program described in subsec-
22 tion (9), (11), (12), or (13) shall not be a member of this
23 retirement system. In addition, a person described in this sub-
24 section shall not receive service credit for the employment
25 described in this subsection even though the person subsequently
26 becomes or has been a member of this retirement system.

1 (11) A person, not regularly employed by the state, who is
2 employed by the state through participation in a program
3 established pursuant to the job training partnership act, Public
4 Law 97-300, 96 Stat. 1322, shall not be a member of this retire-
5 ment system. In addition, a person described in this subsection
6 shall not receive service credit for the employment described in
7 this subsection even though the person subsequently becomes or
8 has been a member of this retirement system.

9 (12) A person, not regularly employed by the state, who is
10 employed by the state through participation in a program estab-
11 lished pursuant to the Michigan opportunity and skills training
12 program under sections 12 to 23 of Act No. 259 of the Public Acts
13 of 1983 OR UNDER SECTIONS 136 TO 146 OF ACT NO. 246 OF THE PUBLIC
14 ACTS OF 1984, shall not be a member of this retirement system.
15 In addition, a person described in this subsection shall not
16 receive service credit for the employment described in this sub-
17 section even though the person subsequently becomes or has been a
18 member of this retirement system.

19 (13) A person, not regularly employed by the state, who is
20 employed by the state through participation in a program estab-
21 lished pursuant to the Michigan community service corps program
22 under sections 25 to 35 of Act No. 259 of the Public Acts of
23 1983, shall not be a member of this retirement system. In addi-
24 tion, a person described in this subsection shall not receive
25 service credit for the employment described in this subsection
26 even though the person subsequently becomes or has been a member
27 of this retirement system.