

# HOUSE BILL No. 5806

August 3, 2016, Introduced by Rep. Hughes and referred to the Committee on Financial Liability 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  
8       compensation or additional service credit under this retirement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (7) Notwithstanding any other provision of this act to the  
27 contrary, for a retirant who retires after June 30, 2010, and

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

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

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

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

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

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

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



1 subsection (4).

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

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

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