

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 6378**

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending sections 41, 42, and 42a (MCL 38.1341, 38.1342, and
38.1342a), section 41 as amended by 2018 PA 181, section 42 as
amended by 2017 PA 92, and section 42a as added by 2018 PA 328, and
by adding sections 43h and 43i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 41. (1) The annual level percentage of payroll
2 contribution rates to finance benefits being provided and to be
3 provided by the retirement system must be determined by actuarial
4 valuation under subsection (2) on the basis of the risk assumptions
5 that the retirement board and the department adopt after

1 consultation with the state treasurer and an actuary. An annual
2 actuarial valuation must be made of the retirement system to
3 determine the actuarial condition of the retirement system and the
4 required contribution to the retirement system. An annual actuarial
5 gain-loss experience study of the retirement system must be made to
6 determine the financial effect of variations of actual retirement
7 system experience from projected experience.

8 (2) Except as otherwise provided in sections 41a and 41b, the
9 annual contribution rates for benefits are subject to all of the
10 following:

11 (a) Except as otherwise provided in this subdivision, the
12 contribution rate for benefits must be computed using an individual
13 projected benefit entry age normal cost method of valuation. If the
14 contributions described in section 43e are determined by a final
15 order of a court of competent jurisdiction for which all rights of
16 appeal have been exhausted to be unconstitutional and the
17 contributions are not deposited into the appropriate funding
18 account referenced in section 43e, the contribution rate for health
19 benefits provided under section 91 must be computed using a cash
20 disbursement method.

21 (b) Subject to subdivision (c), the contribution rate for
22 service likely to be rendered in the current year, the normal cost
23 contribution rate, for reporting units must be determined as
24 follows:

25 (i) Calculate the aggregate amount of individual projected
26 benefit entry age normal costs.

27 (ii) Divide the result of the calculation under subparagraph

1 (i) by 1% of the aggregate amount of active members' valuation
2 compensation.

3 (c) Except for the employee portion of the normal cost
4 contribution rates for members under section 41b(2), beginning with
5 the state fiscal year ending September 30, 2018 and for each
6 subsequent fiscal year, the normal cost contribution rate must not
7 be less than the normal cost contribution rate in the immediately
8 preceding state fiscal year.

9 (d) Subject to subdivision (e), the contribution rate for
10 unfunded service rendered before the valuation date, the unfunded
11 actuarial accrued liability contribution rate, must be determined
12 as follows:

13 (i) Calculate the aggregate amount of unfunded actuarial
14 accrued liabilities of reporting units as follows:

15 (A) Calculate the actuarial present value of benefits for
16 members attributable to reporting units.

17 (B) Calculate the actuarial present value of future normal
18 cost contributions of reporting units.

19 (C) Calculate the actuarial present value of assets on the
20 valuation date.

21 (D) Add the results of sub-subparagraphs (B) and (C).

22 (E) Subtract from the result of the calculation under sub-
23 subparagraph (A) the result from the calculation under sub-
24 subparagraph (D).

25 (ii) Subject to subsection (18), divide the result of the
26 calculation under subparagraph (i) by 1% of the actuarial present
27 value over a period not to exceed 50 years of projected valuation

1 compensation.

2 (e) Except for the employee portion of the unfunded actuarial
3 accrued liability contribution rates for members under section
4 41b(2), beginning with the state fiscal year ending September 30,
5 2018 and for each subsequent fiscal year until the state fiscal
6 year ending September 30, 2021, the unfunded actuarial accrued
7 liability contribution rate must not be less than the unfunded
8 actuarial accrued liability contribution rate in the immediately
9 preceding state fiscal year. Beginning with the state fiscal year
10 ending September 30, 2022, and for each subsequent fiscal year
11 until the unfunded actuarial accrued liability is paid off, the
12 unfunded actuarial accrued liability contribution sum due and
13 payable must not be less than the unfunded actuarial accrued
14 liability contribution sum due and payable in the immediately
15 preceding state fiscal year.

16 (f) Beginning with the state fiscal year ending September 30,
17 2013 and for each subsequent fiscal year, the unfunded actuarial
18 accrued liability contribution rate applied to payroll must not
19 exceed 20.96% for a reporting unit that is not a university
20 reporting unit. Any additional unfunded actuarial accrued liability
21 contributions as determined under this section for each fiscal year
22 are to be paid by appropriation from the state school aid fund
23 established by section 11 of article IX of the state constitution
24 of 1963. Except as otherwise provided in this section ~~7-section~~**AND**
25 **SECTIONS** 41a ~~7-and section~~ 41b, the unfunded actuarial accrued
26 liability contribution rate must be based on and applied to the
27 combined payrolls of the employees who are members or qualified

1 participants, or both.

2 ~~—— (g) Beginning with the state fiscal year ending September 30,~~
3 ~~2020 and for each subsequent fiscal year, for a reporting unit that~~
4 ~~is not a university reporting unit, tax supported community or~~
5 ~~junior college, public school academy, or district library as that~~
6 ~~term is defined in section 69g, the unfunded actuarial accrued~~
7 ~~liability contribution rate determined under subdivision (d) must~~
8 ~~be applied to the reporting unit's payroll, as adjusted under~~
9 ~~subdivision (h).~~

10 ~~—— (h) Beginning with the state fiscal year ending September 30,~~
11 ~~2020, the payroll for which the unfunded actuarial accrued~~
12 ~~liability contribution rate is applied for a reporting unit~~
13 ~~described in subdivision (g) must be adjusted by the growth rate of~~
14 ~~the reporting unit's payroll plus purchased services in the~~
15 ~~previous fiscal years based on methods as determined by the~~
16 ~~retirement system and in consultation with the system's actuary.~~
17 ~~The adjusted payroll under this subdivision must become the basis~~
18 ~~on which the contribution rate provided under subdivision (d) for~~
19 ~~each subsequent state fiscal year is determined for a reporting~~
20 ~~unit described in subdivision (g).~~

21 **(G)** ~~(i)~~ Beginning with the state fiscal year ending September
22 30, 2016 and for each subsequent state fiscal year, the unfunded
23 actuarial accrued liability contribution rate applied to the
24 combined payroll, as provided in section 41a, must not exceed
25 25.73% for a university reporting unit. Any additional unfunded
26 actuarial accrued liability contributions as determined under this
27 section for each fiscal year for university reporting units are to

1 be paid by appropriation under article III of the state school aid
2 act of 1979, 1979 PA 94, MCL 388.1836 to 388.1891.

3 (3) Before November 1 of each year, the executive secretary of
4 the retirement board shall certify to the director of the
5 department the aggregate compensation estimated to be paid public
6 school employees for the current state fiscal year.

7 (4) On the basis of the estimate under subsection (3), the
8 annual actuarial valuation, and any adjustment required under
9 subsection (6), the director of the department shall compute the
10 sum due and payable to the retirement system and shall certify this
11 amount to the reporting units.

12 (5) Except as provided in section 41b, the reporting units
13 shall pay the amount certified under subsection (4) to the director
14 of the department in equal payroll cycle installments for unfunded
15 actuarial accrued liability contributions and payroll cycle
16 installments for normal cost contributions.

17 (6) Not later than 90 days after termination of each state
18 fiscal year, the executive secretary of the retirement board shall
19 certify to the director of the department and each reporting unit
20 the actual aggregate compensation paid to public school employees
21 during the preceding state fiscal year. On receipt of that
22 certification, the director of the department may compute any
23 adjustment required to the amount because of a difference between
24 the estimated and the actual aggregate compensation and the
25 estimated and the actual actuarial employer contribution rate. The
26 difference, if any, must be paid as provided in subsection (9).
27 This subsection does not apply in a fiscal year in which a deposit

1 occurs under subsection (14).

2 (7) The director of the department may require evidence of
3 correctness and may conduct an audit of the aggregate compensation
4 that the director of the department considers necessary to
5 establish its correctness.

6 (8) A reporting unit shall forward employee and employer
7 Social Security contributions and reports as required by the
8 federal old-age, survivors, disability, and hospital insurance
9 provisions of title II of the social security act, 42 USC 401 to
10 434.

11 (9) For an employer of an employee of a local public school
12 district or an intermediate school district, for differences
13 occurring in fiscal years beginning on or after October 1, 1993, a
14 minimum of 20% of the difference between the estimated and the
15 actual aggregate compensation and the estimated and the actual
16 actuarial employer contribution rate described in subsection (6),
17 if any, must be paid by that employer in the next succeeding state
18 fiscal year and a minimum of 25% of the remaining difference must
19 be paid by that employer in each of the following 4 state fiscal
20 years, or until 100% of the remaining difference is submitted,
21 whichever first occurs. For an employer of other public school
22 employees, for differences occurring in fiscal years beginning on
23 or after October 1, 1991, a minimum of 20% of the difference
24 between the estimated and the actual aggregate compensation and the
25 estimated and the actual actuarial employer contribution rate
26 described in subsection (6), if any, must be paid by that employer
27 in the next succeeding state fiscal year and a minimum of 25% of

1 the remaining difference must be paid by that employer in each of
2 the following 4 state fiscal years, or until 100% of the remaining
3 difference is submitted, whichever first occurs. In addition,
4 interest must be included for each year that a portion of the
5 remaining difference is carried forward. The interest rate must
6 equal the actuarially assumed rate of investment return for the
7 state fiscal year in which payment is made. This subsection does
8 not apply in a fiscal year in which a deposit occurs under
9 subsection (14).

10 (10) Beginning on September 30, 2006, all assets held by the
11 retirement system must be reassigned their fair market value, as
12 determined by the state treasurer, as of September 30, 2006, and in
13 calculating any unfunded actuarial accrued liabilities, any market
14 gains or losses incurred before September 30, 2006 may not be
15 considered by the retirement system's actuaries.

16 (11) Except as otherwise provided in this subsection,
17 beginning on September 30, 2006, the actuary used by the retirement
18 board shall assume a rate of return on investments of 8% per annum,
19 as of September 30, 2006, which rate may only be changed with the
20 approval of the retirement board and the director of the
21 department. Beginning on July 1, 2010, the actuary used by the
22 retirement board shall assume a rate of return on investments of 7%
23 per annum for investments associated with members who first became
24 members after June 30, 2010, and before February 1, 2018, which
25 rate may only be changed with the approval of the retirement board
26 and the director of the department. Beginning on February 1, 2018,
27 the actuary used by the retirement board shall assume a rate of

1 return on investments of 6% per annum for investments associated
2 with members who first became a member on or after February 1,
3 2018, which rate may only be changed with the approval of the
4 retirement board and the director of the department.

5 (12) Beginning on September 30, 2006, the value of assets used
6 must be based on a method that spreads over a 5-year period the
7 difference between actual and expected return occurring in each
8 year after September 30, 2006, and the methodology may only be
9 changed with the approval of the retirement board and the director
10 of the department.

11 (13) Beginning on September 30, 2006, the actuary used by the
12 retirement board shall use a salary increase assumption that
13 projects annual salary increases of 4%. In addition to the 4%, the
14 retirement board shall use an additional percentage based on an
15 age-related scale to reflect merit, longevity, and promotional
16 salary increase. The actuary shall use this assumption until a
17 change in the assumption is approved in writing by the retirement
18 board and the director of the department.

19 (14) For fiscal years that begin on or after October 1, 2001,
20 if the actuarial valuation prepared under this section demonstrates
21 that as of the beginning of a fiscal year, and after all credits
22 and transfers required by this act for the previous fiscal year
23 have been made, the sum of the actuarial value of assets and the
24 actuarial present value of future normal cost contributions exceeds
25 the actuarial present value of benefits, the amount based on the
26 annual level percent of payroll contribution rate under subsections
27 (1) and (2) may be deposited into the health advance funding

1 subaccount created by section 34.

2 (15) Notwithstanding any other provision of this act, if the
3 retirement board establishes an arrangement and fund as described
4 in section 6 of the public employee retirement benefit protection
5 act, 2002 PA 100, MCL 38.1686, the benefits that are required to be
6 paid from that fund must be paid from a portion of the employer
7 contributions described in this section or other eligible funds.
8 The retirement board shall determine the amount of the employer
9 contributions or other eligible funds that must be allocated to
10 that fund and deposit that amount in that fund before it deposits
11 any remaining employer contributions or other eligible funds in the
12 pension fund.

13 (16) The retirement board and the department shall conduct and
14 review an experience investigation study and adopt risk assumptions
15 on which actuarial valuations are to be based after consultation
16 with the actuary and the state treasurer. The experience
17 investigation study must be completed and risk assumptions must be
18 periodically reviewed at least once every 5 years.

19 (17) Every April 1 following the periodic review of risk
20 assumptions under subsection (16), the office of retirement
21 services on behalf of the department and the state treasurer shall
22 collaborate to submit a report to the senate majority leader, the
23 speaker of the house of representatives, the senate and house of
24 representatives appropriations committees, and the senate and house
25 fiscal agencies. A report required under this subsection must be
26 published on the office of retirement services's website and
27 include at least all of the following:

1 (a) Forecasted rate of return on investments at all of the
2 following probability levels:

3 (i) 5%.

4 (ii) 25%.

5 (iii) 50%.

6 (iv) 75%.

7 (v) 95%.

8 (b) The actual rate of return on investments for 10-, 15-, and
9 20-year intervals.

10 (c) Mortality assumptions.

11 (d) Retirement age assumptions.

12 (e) Payroll growth assumptions.

13 (f) Any other assumptions that have a material impact on the
14 financial status of the retirement system.

15 (18) Except as otherwise provided in this subsection, for
16 members who first became members before February 1, 2018, beginning
17 with the state fiscal year ending September 30, 2022 and for each
18 subsequent state fiscal year until the pension and retiree health
19 care payroll growth assumption rate for a reporting unit that is
20 not a university reporting unit is zero, the payroll growth
21 assumption rate for a reporting unit that is not a university
22 reporting unit must be reduced by 50 basis points. Beginning with
23 the state fiscal year ending September 30, 2025 and for each
24 subsequent state fiscal year until the rate described in this
25 subsection is zero, if the pension and retiree health care unfunded
26 actuarial accrued liability contribution sum directly attributable
27 to the 50 basis points reduction under this subsection for the

1 current fiscal year is 7% or more of the pension and retiree health
 2 care unfunded actuarial accrued liability contribution sum in the
 3 immediately preceding state fiscal year, the office of retirement
 4 services may reduce the rate described in this subsection by 25
 5 basis points in that current fiscal year instead of the 50 basis
 6 point reduction described in this subsection. **BEGINNING WITH THE**
 7 **FISCAL YEAR ENDING SEPTEMBER 30, 2022 AND FOR EACH SUBSEQUENT STATE**
 8 **FISCAL YEAR UNTIL THE RATE DESCRIBED IN THIS SUBSECTION IS ZERO,**
 9 **THE OFFICE OF RETIREMENT SERVICES AND THE RETIREMENT BOARD MAY**
 10 **AGREE TO REDUCE THE RATE DESCRIBED IN THIS SUBSECTION BY ANY NUMBER**
 11 **OF ADDITIONAL BASIS POINTS.**

12 (19) As used in this section, ÷

13 ~~—— (a) "Payroll plus purchased services" includes functions 1xx,~~
 14 ~~2xx, and 45x, and object codes 1xxx, 31xx, 33xx, and 41xx, as~~
 15 ~~defined in the most recent "Michigan Public School Accounting~~
 16 ~~Manual Bulletin 1022" as of July 13, 2017, and is equal to the~~
 17 ~~total of salaries, professional and technical services,~~
 18 ~~client/pupil transportation, and repairs and maintenance services~~
 19 ~~expenditures, including the charges incurred in the general,~~
 20 ~~special education, and vocational education funds for the benefit~~
 21 ~~of the current fiscal year, whether paid or unpaid.~~

22 ~~—— (b) "University-"UNIVERSITY reporting unit" means a reporting~~
 23 ~~unit that is a university listed in the definition of public school~~
 24 ~~employee under section 6.~~

25 Sec. 42. (1) Beginning with the state fiscal year ending
 26 September 30, 1995 and subject to section 41b, a reporting unit
 27 shall contribute the entire amount determined under section 41 to

1 the reserve for employer contributions and to the reserve for
2 health benefits. The reporting unit contribution under this
3 subsection is the exclusive obligation of the reporting unit
4 payable out of general budget resources of the reporting unit,
5 including funds available under local millage and other local
6 resources and from the state school aid allocation to the reporting
7 unit, and is not a separate obligation by specific reimbursement or
8 otherwise of this state.

9 (2) As authorized by resolution or other enabling act of its
10 governing body, the employer shall pick up all contributions of a
11 member made under section 43a for all compensation paid after
12 December 31, 1986 and reported to the retirement system. Although
13 considered contributions of a member for certain purposes under
14 this act, all contributions picked up must be treated as paid by
15 the employer in lieu of contributions by the employee.
16 Contributions picked up as provided in this subsection must be paid
17 from the same source of funds that is used for paying compensation
18 to the member. The employer may pick up these contributions by
19 either a reduction to the member's cash salary, an offset against a
20 future salary increase, or a combination of a reduction in salary
21 and offset against a future salary increase. This subsection does
22 not apply, and the employer shall not deduct, offset, or remit
23 contributions, until the department receives notification from the
24 United States Internal Revenue Service that contributions picked up
25 will not be included as gross income of the member until they are
26 distributed or made available to the member, retirant, retirement
27 allowance beneficiary, or refund beneficiary.

1 (3) The employer shall deduct from a member's compensation the
2 contributions for ~~social security~~ **SOCIAL SECURITY** provided in 1951
3 PA 205, MCL 38.851 to 38.871. Contributions must be made while the
4 member remains a public school employee. Each reporting unit
5 official shall deduct the ~~social security~~ **SOCIAL SECURITY**
6 contributions from the compensation of each member for each payroll
7 period after the date the employee becomes a member. Social
8 ~~security~~ **SECURITY** contributions must be made notwithstanding that
9 the minimum compensation provided by law is changed. Each member is
10 considered to have agreed to the contributions prescribed in this
11 subsection.

12 (4) Each reporting unit official shall forward member
13 contributions to the retirement system on a schedule and in a
14 manner determined by the retirement system.

15 (5) Each reporting unit official shall forward the entire
16 employer contribution required by this act to the retirement system
17 on a schedule and in a manner determined by the retirement system.

18 (6) Each reporting unit official shall submit to the
19 retirement system a report that includes the information for
20 retirement purposes, including, but not limited to, persons
21 employed, retirants performing services at a reporting unit who are
22 employed by an entity other than the reporting unit or who are
23 independent contractors, wages or amounts paid, hours, and
24 contributions required under this act. The report must include the
25 information on a pay period basis and must be submitted to the
26 retirement system on a schedule and in a manner determined by the
27 retirement system. The superintendent for a reporting unit or the

1 chief administrator for a reporting unit that does not have a
2 superintendent shall complete an annual certification that gives
3 authorization for the employees of the reporting unit to report the
4 information to the retirement system.

5 (7) If a reporting unit fails to submit a report or
6 contributions, or both, according to the schedule established by
7 the retirement board, the reporting unit shall pay a late fee. If
8 the remittance of contributions is late, the late fee must include
9 interest for each day that the remittance of contributions is late.
10 The retirement board periodically may establish the late fee, which
11 must not be less than \$25.00, and interest charges, which must not
12 be less than 6% per annum.

13 (8) ~~IF~~ **SUBJECT TO SUBSECTION (9), IF** a reporting unit fails to
14 correct errors on a report before the errors are discovered by the
15 retirement system or if the errors are intentional, the reporting
16 unit shall pay the late fee and interest charges as described in
17 ~~this~~ subsection (7) for each day that the report is in error,
18 unless reasonable cause is shown to the satisfaction of the
19 retirement system.

20 (9) **IF THE RETIREMENT BOARD DETERMINES THAT A REPORTING UNIT**
21 **HAS COMMITTED AN INTENTIONAL ERROR OR OMISSION THAT INCLUDES A**
22 **FAILURE TO SUBMIT CONTRIBUTIONS REQUIRED BY THIS ACT, THE TOTAL**
23 **ASSESSMENT OF DAILY LATE FEES AND DAILY INTEREST CHARGES UNDER**
24 **SUBSECTION (8) MUST NOT EXCEED THE REPORTING UNIT'S DELINQUENT**
25 **CONTRIBUTION BALANCE ASSOCIATED WITH THE ERROR OR OMISSION, OR THE**
26 **REPORTING UNIT'S EMPLOYER CONTRIBUTION BALANCE FOR THE PREVIOUS**
27 **SCHOOL FISCAL YEAR, WHICHEVER IS LESS. SUBJECT TO SUBSECTION (11),**

1 IF THE RETIREMENT BOARD DETERMINES THAT A REPORTING UNIT HAS
2 COMMITTED AN INTENTIONAL ERROR OR OMISSION THAT DOES NOT INCLUDE A
3 FAILURE TO SUBMIT CONTRIBUTIONS REQUIRED BY THIS ACT, THE TOTAL
4 ASSESSMENT OF DAILY LATE FEES AND DAILY INTEREST CHARGES UNDER
5 SUBSECTION (8) MUST NOT EXCEED 100% OF THE REPORTING UNIT'S
6 EMPLOYER CONTRIBUTIONS FOR THE PREVIOUS SCHOOL FISCAL YEAR.

7 (10) ~~(8)~~—On written notice from the retirement board, the
8 superintendent of public instruction and the state treasurer shall
9 withhold payment of state funds, in part or in whole, payable from
10 the state school aid appropriation or higher education
11 appropriations to a reporting unit that fails to comply with this
12 section.

13 (11) ERRORS OR OMISSIONS RELATING TO THE REPORTING OF SERVICE
14 RENDERED BY AN INDIVIDUAL EMPLOYED BY A TAX SUPPORTED COMMUNITY OR
15 JUNIOR COLLEGE WHILE ENROLLED AS A PART-TIME STUDENT IN THAT SAME
16 TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE FOR A SCHOOL FISCAL YEAR
17 BEFORE THE 2018-2019 SCHOOL FISCAL YEAR ARE NOT SUBJECT TO THE
18 ASSESSMENT OF DAILY LATE FEES AND DAILY INTEREST PENALTIES UNDER
19 SUBSECTION (8) BUT ARE SUBJECT TO THE PAYMENT OF REGULAR LATE FEES
20 AND REGULAR INTEREST UNDER SUBSECTION (7) .

21 (12) AS USED IN THIS SECTION, AN "INTENTIONAL" ERROR OR
22 OMISSION INCLUDES, BUT IS NOT LIMITED TO, THE FOLLOWING:

23 (A) A KNOWING AND WILLFUL REPRESENTATION THAT SERVICE WAS
24 PERFORMED IF THE SERVICE WAS NOT PERFORMED.

25 (B) A KNOWING AND WILLFUL SUBMISSION OF A REPORT THAT CONTAINS
26 MATERIAL MISREPRESENTATIONS OR FALSIFICATIONS, OR THE KNOWING AND
27 WILLFUL FAILURE TO SUBMIT A REQUIRED REPORT.

1 (C) ANY OTHER KNOWING AND WILLFUL ACT OR OMISSION OF A FALSE,
2 FRAUDULENT, OR MISLEADING NATURE UNDERTAKEN TO GAIN COMPLIANCE OR
3 THE APPEARANCE OF COMPLIANCE WITH THIS ACT.

4 Sec. 42a. (1) ~~Not later than 60 days after the effective date~~
5 ~~of the amendatory act that added this section,~~ **BY AUGUST 31, 2018,**
6 each reporting unit that is a tax supported community or junior
7 college shall submit a report to the office of retirement services
8 with the information necessary for the retirement system to
9 complete the report under subsection (2), as determined by the
10 retirement system.

11 (2) ~~Not later than 90 days after the effective date of the~~
12 ~~amendatory act that added this section,~~ **BY SEPTEMBER 30, 2018,** the
13 office of retirement services shall submit a report to the senate
14 and house of representatives committees on education. The report
15 required under this subsection must include all of the following
16 information, based on information included in the reports submitted
17 to the retirement system under subsection (1), for each reporting
18 unit that is a tax supported community or junior college:

19 (a) For each of the 4 school fiscal years preceding the state
20 fiscal year ending September 30, 2018, the number of individuals
21 employed by the tax supported community or junior college while
22 enrolled as a part-time student in that same tax supported
23 community or junior college.

24 (b) For each of the 4 school fiscal years preceding the state
25 fiscal year ending September 30, 2018, the amount of reporting unit
26 contributions the tax supported community or junior college
27 contributed under section 42 associated with an individual employed

1 by the tax supported community or junior college while enrolled as
2 a part-time student in that same tax supported community or junior
3 college.

4 (c) For each of the 4 school fiscal years preceding the state
5 fiscal year ending September 30, 2018, the amount of reporting unit
6 contributions the tax supported community or junior college failed
7 to contribute under section 42, if any, associated with an
8 individual employed by the tax supported community or junior
9 college while enrolled as a part-time student in that same tax
10 supported community or junior college.

11 (3) SUBJECT TO SECTIONS 43H AND 43I, EACH REPORTING UNIT SHALL
12 MAKE APPROPRIATE ADJUSTMENTS AND CORRECTIONS TO ITS REPORTING AND
13 CREDITING OF SERVICE TO CORRESPOND WITH THE INFORMATION CONTAINED
14 IN THE REPORT UNDER THIS SECTION, IN A TIME AND MANNER DETERMINED
15 BY THE RETIREMENT SYSTEM.

16 SEC. 43H. (1) AN INDIVIDUAL WHO WAS FIRST EMPLOYED BY A
17 REPORTING UNIT THAT IS A TAX SUPPORTED COMMUNITY COLLEGE OR JUNIOR
18 COLLEGE BEFORE JULY 1, 2014, AND WHO DID NOT PREVIOUSLY HAVE THAT
19 SERVICE REPORTED BY A REPORTING UNIT ON HIS OR HER BEHALF, MAY
20 CLAIM AND THEREAFTER BE CREDITED WITH THE SERVICE ONLY IF ALL OF
21 THE FOLLOWING APPLY:

22 (A) THE INDIVIDUAL IS DESCRIBED IN SECTION 5(1)(P).

23 (B) THE INDIVIDUAL FILES A WRITTEN APPLICATION WITH THE
24 RETIREMENT BOARD AFTER JANUARY 1, 2019 BUT NOT LATER THAN 5 P.M.
25 EASTERN STANDARD TIME ON JANUARY 31, 2020 IN A METHOD DETERMINED BY
26 THE RETIREMENT SYSTEM. A WRITTEN APPLICATION SUBMITTED BY AN
27 INDIVIDUAL UNDER THIS SUBDIVISION IS IRREVOCABLE.

1 (C) THE INDIVIDUAL FULFILLS THE TERMS OF ANY BILLING STATEMENT
2 ISSUED BY THE RETIREMENT SYSTEM THAT CORRESPONDS WITH THE AMOUNT
3 THE INDIVIDUAL WOULD HAVE CONTRIBUTED ACCORDING TO THE SCHEDULE
4 GOVERNING CONTRIBUTIONS IN EFFECT AT THE TIME OF THAT SERVICE, PLUS
5 REGULAR INTEREST ON THE CONTRIBUTIONS. THE RETIREMENT SYSTEM MAY
6 DETERMINE THE TIME AND MANNER OF PAYMENT OF THE TOTAL AMOUNT UNDER
7 THIS SUBDIVISION.

8 (2) AN INDIVIDUAL WHO SATISFIES THE CONDITIONS OF SUBSECTION
9 (1) MUST HAVE SERVICE CREDITED IN AN AMOUNT COMMENSURATE WITH THE
10 CONTRIBUTIONS REMITTED UNDER SUBSECTION (1) IN A TIME AND MANNER AS
11 DETERMINED BY THE RETIREMENT SYSTEM.

12 (3) AN INDIVIDUAL DESCRIBED IN SECTION 5(1)(P) WHO WAS FIRST
13 EMPLOYED BY A REPORTING UNIT THAT IS A TAX SUPPORTED COMMUNITY OR
14 JUNIOR COLLEGE BEFORE JULY 1, 2014 AND WHO DOES NOT SATISFY THE
15 CONDITIONS OF SUBSECTION (1) SHALL FORFEIT ANY CLAIM TO RECEIVE
16 CREDIT FOR THAT SERVICE UNLESS THE INDIVIDUAL CAN DEMONSTRATE TO
17 THE SATISFACTION OF THE BOARD THAT A REASONABLE PERSON IN THE SAME
18 CIRCUMSTANCE AS THE INDIVIDUAL WOULD NOT HAVE ADEQUATE NOTICE OF
19 THE APPLICATION DEADLINE UNDER SUBSECTION (1)(B).

20 (4) SUBJECT TO SECTION 43I, THE RETIREMENT SYSTEM SHALL
21 DETERMINE AND ASSESS A SUPPLEMENTAL EMPLOYER CONTRIBUTION FOR EACH
22 REPORTING UNIT THAT IS A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE
23 THAT CORRESPONDS WITH SERVICE CLAIMED UNDER SUBSECTION (1).

24 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, ON
25 PAYMENT BY A REPORTING UNIT OF THE CONTRIBUTIONS ASSESSED UNDER
26 SUBSECTION (4), A REPORTING UNIT'S FINANCIAL OBLIGATION FOR SERVICE
27 CLAIMED UNDER SUBSECTION (1) IS CONSIDERED SATISFIED IN FULL. IF

1 ANY SERVICE IS THEREAFTER CLAIMED ON THE BASIS OF LACK OF ADEQUATE
2 NOTICE UNDER SUBSECTION (3), THE REPORTING UNIT SHALL PAY THE
3 CONTRIBUTIONS ASSESSED IN A TIME AND MANNER AS DETERMINED BY THE
4 RETIREMENT SYSTEM.

5 (6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, SERVICE
6 OTHERWISE CREDITABLE UNDER THIS SECTION THAT IS NOT CLAIMED IN THE
7 MANNER PROVIDED UNDER THIS SECTION IS CONSIDERED NOT REPORTABLE.

8 SEC. 43I. (1) THE RETIREMENT SYSTEM SHALL DETERMINE AND ASSESS
9 A SUPPLEMENTAL EMPLOYER CONTRIBUTION FOR EACH REPORTING UNIT THAT
10 IS A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE ON THE BASIS OF
11 INFORMATION REPORTED BY THE REPORTING UNIT UNDER SECTION 42A, AND
12 PAYROLL DATA REPORTED TO THE RETIREMENT SYSTEM BY THE REPORTING
13 UNIT. THE CONTRIBUTION DETERMINED AND ASSESSED UNDER THIS SECTION
14 MUST TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

15 (A) THE EXTENT TO WHICH THE REPORTING UNIT REMITTED EMPLOYER
16 CONTRIBUTIONS AND RELATED RETIREMENT INFORMATION FOR INDIVIDUALS
17 EMPLOYED BY THE REPORTING UNIT WHILE ENROLLED AS A PART-TIME
18 STUDENT IN THAT SAME REPORTING UNIT FOR EACH OF THE 4 SCHOOL FISCAL
19 YEARS PRECEDING THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2018.

20 (B) THE CONTRIBUTION RATE MUST BE CALCULATED IN THE MANNER
21 PROVIDED BY SECTION 42.

22 (2) THE RETIREMENT SYSTEM SHALL DETERMINE AND ASSESS A
23 SUPPLEMENTAL EMPLOYER CONTRIBUTION FOR EACH REPORTING UNIT THAT IS
24 A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE ON THE BASIS OF SERVICE
25 CREDIT CLAIMED UNDER SECTION 43H FOR THE TIME PERIOD AND PAYROLL
26 DATA REPORTED TO THE RETIREMENT SYSTEM BY THE REPORTING UNIT. IN
27 MAKING ITS DETERMINATION UNDER THIS SUBSECTION, THE RETIREMENT

1 SYSTEM SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

2 (A) THE AMOUNT AND DURATION OF SERVICE CLAIMED.

3 (B) THE RETIREMENT PLAN ELECTION MADE BY AN ELIGIBLE
4 INDIVIDUAL, AS APPLICABLE.

5 (3) THE CONTRIBUTION RATE FOR SERVICE UNDER SUBSECTION (2)
6 MUST BE CALCULATED IN THE MANNER PROVIDED BY SECTION 42.

7 (4) ON PAYMENT BY A REPORTING UNIT OF THE SUPPLEMENTAL
8 EMPLOYER CONTRIBUTION RATE ASSESSED UNDER THIS SECTION, THE
9 REPORTING UNIT'S FINANCIAL OBLIGATION FOR THE SERVICE IS CONSIDERED
10 SATISFIED IN FULL.