

# SENATE BILL No. 1225

November 28, 2018, Introduced by Senator SHIRKEY and referred to the Committee on Michigan Competitiveness.

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 2018 PA 141.

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

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

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

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

25 (a) The retirant is a former teacher or administrator employed  
26 in a teaching or research capacity by a university that is  
27 considered a reporting unit for the limited purpose described in

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

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

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

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

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

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

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

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

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

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

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

15 (8) Notwithstanding any other provision of this act to the  
16 contrary, for a retirant who retires after June 30, 2010, who  
17 performs core services at a reporting unit as determined by the  
18 retirement system, **SUBJECT TO THE DEFINITION OF CORE SERVICES IN**  
19 **THIS SUBSECTION**, 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

1 shall pay the retirant's and retirement system's costs for the  
2 health care benefits. The retirement allowance and retirement  
3 system subsidy for health care benefits ~~shall~~**MUST** resume without  
4 recalculation on the first of the month following the month in  
5 which the retirant has terminated performing core services, as  
6 described in this subsection. **AS USED IN THIS SUBSECTION, "CORE**  
7 **SERVICES" DOES NOT INCLUDE CUSTODIAL, FOOD, OR TRANSPORTATION**  
8 **SERVICES.**

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

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

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

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

1 developed by the superintendent of public instruction under  
2 subsection (4).

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

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

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

11 (13) Subsection (1) does not apply to a retirant who retires  
12 after June 30, 2010 and ~~on or before the effective date of this~~  
13 ~~subsection~~ **MAY 11, 2018** and who, following a bona fide termination,  
14 becomes employed by a reporting unit as a school renewal coach or  
15 high impact leadership facilitator as part of a school leadership  
16 support program that is funded by a federal grant awarded before  
17 ~~the effective date of this subsection~~ **MAY 10, 2018** and that meets  
18 the requirements of subsection (14). A retirant described in this  
19 subsection is not eligible to use any service or compensation  
20 attributable to the employment described in this subsection for a  
21 recomputation of his or her retirement allowance. The reporting  
22 unit shall pay 100% of the contribution rates for the unfunded  
23 actuarial accrued liability for retiree health care and the  
24 unfunded actuarial accrued liability for pension to the retirement  
25 system for the employment described in this subsection. The  
26 reporting unit shall report the engagement of school renewal  
27 coaches or high impact leadership facilitators 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 school  
4 renewal coach or high impact leadership facilitator and the total  
5 earnings paid to the school renewal coach or high impact leadership  
6 facilitator for that reporting period.

7 (14) Subsection (13) applies to retirants employed as part of  
8 a program that supports teams of school principals and teacher  
9 leaders in elementary schools by doing all of the following:

10 (a) Providing intense professional development and support,  
11 and money, for renewal projects for teams of school leaders in a  
12 number of project schools that are implementing a set of new  
13 literacy essentials.

14 (b) Placing a trained team of school renewal coaches or high  
15 impact leadership facilitators in each project school.

16 (c) Providing a lower level of professional development  
17 support and funding for leaders in additional schools.

18 (d) Applying a set of proven school leadership practices for  
19 school renewal and sustainable implementation.

20 (e) Providing training, support, and oversight for the school  
21 renewal coaches or high impact leadership facilitators as a  
22 coordinator or supervisor of that work.