

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 ~~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.