

HOUSE BILL NO. 4694

June 06, 2019, Introduced by Rep. Lilly and referred to the Committee on Government Operations.

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 482.

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



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1 performed, or both, and becomes employed by a reporting unit, the
2 following must occur:

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

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

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

29 (3) Subsection (1) does not apply to a retirant if all of the



1 following circumstances exist:

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

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

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



1 school academy is considered contiguous to any other reporting unit
2 in which the public school academy is located.

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

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

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

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

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

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

25 (7) Notwithstanding any other provision of this act to the
26 contrary, for a retirant who retires after June 30, 2010, and
27 following a bona fide termination, including not working in the
28 month of the retirant's retirement effective date, and who becomes
29 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 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
28 shall pay the retirant's and retirement system's costs for the
29 health care benefits. The retirement allowance and retirement



1 system subsidy for health care benefits must resume without
2 recalculation on the first of the month following the month in
3 which the retirant has terminated performing core services, as
4 described in this subsection. As used in this subsection, "core
5 services" does not include custodial, food, or transportation
6 services.

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



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

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



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

24 (11) Subsection (1) does not apply to a retirant who is a
25 former teacher or administrator who retires after June 30, 2010 and
26 before October 2, 2014, who following a bona fide termination,
27 including not working in the month of his or her retirement
28 effective date, becomes employed in a teaching or research capacity
29 or in a program-department direction capacity by a university that



1 is considered a reporting unit for the limited purpose described in
2 section 7(3). A retirant described in this subsection is not
3 eligible to use any service or compensation attributable to the
4 employment described in this subsection for recomputation of his or
5 her retirement allowance. The reporting unit at which the retirant
6 provides the services described in this subsection shall pay 100%
7 of the contribution rates for the unfunded actuarial accrued
8 liability for retiree health care and the unfunded actuarial
9 accrued liability for pension to the retirement system for the
10 employment described in this subsection. The reporting unit shall
11 report the employment of a retirant as described in this subsection
12 to the retirement system by July 1 of each year. The reporting unit
13 shall include in the report the name of the retirant, the capacity
14 in which the retirant is employed, and the total annual
15 compensation paid to the retirant.

16 (12) Until July 1, 2021, notwithstanding any provision of this
17 act to the contrary, for a retirant who retires after June 30,
18 2010, who is employed as an independent contractor at a reporting
19 unit for a situation described in subsection (5)(a) or is employed
20 at a reporting unit for a situation described in subsection (5)(a)
21 by an entity other than the reporting unit, who has been retired
22 for at least 12 months before becoming employed under this
23 subsection, and whose employment under this subsection does not
24 exceed 3 years, the reporting unit at which the retirant provides
25 services under this subsection shall pay 100% of the contribution
26 rates for the unfunded actuarial accrued liability for retiree
27 health care and the unfunded actuarial accrued liability for
28 pension to the retirement system for the employment described in
29 this subsection.



1 (13) Subsection (1) does not apply to a retirant who retires
 2 after June 30, 2010 and before ~~May 11, 2018~~ **the ending date of**
 3 **funding for a federal grant that meets the requirements of**
 4 **subsection (14)** and who, following a bona fide termination, becomes
 5 employed by a reporting unit as a school renewal coach or high
 6 impact leadership facilitator as part of a school leadership
 7 support program that is funded by a federal grant ~~awarded before~~
 8 ~~May 10, 2018~~ **or private grant, or both**, and that meets the
 9 requirements of subsection (14). 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 a
 12 recomputation of his or her retirement allowance. The reporting
 13 unit shall pay 100% of the contribution rates for the unfunded
 14 actuarial accrued liability for retiree health care and the
 15 unfunded actuarial accrued liability for pension to the retirement
 16 system for the employment described in this subsection. The
 17 reporting unit shall report the engagement of school renewal
 18 coaches or high impact leadership facilitators to the retirement
 19 system at the same interval the reporting unit reports information
 20 to the retirement system with regard to its other employees. The
 21 reporting unit shall include in the report the name of the school
 22 renewal coach or high impact leadership facilitator and the total
 23 earnings paid to the school renewal coach or high impact leadership
 24 facilitator for that reporting period.

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

28 (a) Providing intense professional development and support,
 29 and money, for renewal projects for teams of school leaders in a



1 number of project schools that are implementing a set of new
2 literacy essentials.

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

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

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

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

