

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4943**

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 5 (MCL 38.1305), as amended by 1994 PA 272,  
and by adding section 43d.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 5. (1) "Member" means a public school employee, except  
2 that member does not include any of the following:

3       (a) A person enrolled in a neighborhood youth corps program  
4 operated with funds from the federal office of economic opportu-  
5 nity or a person enrolled in a comparable youth training program  
6 designed to prevent high school dropouts and rehabilitate high  
7 school dropouts operated by an intermediate school district.

8       (b) A person enrolled in a transitional public employment  
9 program and employed by a reporting unit.

**HB 4943, As Passed Senate, May 14, 1998**

House Bill No. 4943

2

1 (c) A person employed by a reporting unit while enrolled as  
2 a full-time student in that same reporting unit.

3 (d) A person who elects to participate in the optional  
4 retirement program under the optional retirement act of 1967,  
5 ~~Act No. 156 of the Public Acts of 1967, as amended, being sec-~~  
6 ~~tions 38.381 to 38.388 of the Michigan Compiled Laws~~ 1967 PA  
7 156, MCL 38.381 TO 38.388.

8 (e) A retirant of this retirement system.

9 (f) A person, not regularly employed by a reporting unit,  
10 who is employed by a reporting unit through a summer youth  
11 employment program established pursuant to the Michigan youth  
12 corps act, ~~Act No. 69 of the Public Acts of 1983, being sections~~  
13 ~~409.221 to 409.229 of the Michigan Compiled Laws~~ 1983 PA 69, MCL  
14 409.221 TO 409.229.

15 (g) A person, not regularly employed by a reporting unit,  
16 who is employed by a reporting unit to administer a program  
17 described in subdivision (f), (h), (i), (j), or (k).

18 (h) After September 30, 1983, a person, not regularly  
19 employed by a reporting unit, who is employed by a reporting unit  
20 through participation in a program established pursuant to the  
21 job training partnership act, Public Law 97-300, 96 Stat. 1322.

22 (i) A person, not regularly employed by a reporting unit,  
23 who is employed by a reporting unit through participation in a  
24 program established pursuant to the Michigan opportunity and  
25 skills training program, first established under sections 12 to  
26 23 of ~~Act No. 259 of the Public Acts of 1983~~ 1983 PA 259.

**HB 4943, As Passed Senate, May 14, 1998**

House Bill No. 4943

3

1 (j) A person, not regularly employed by a reporting unit,  
2 who is employed by a reporting unit through participation in a  
3 program established pursuant to the Michigan community service  
4 corps program, first established under sections 25 to 35 of ~~Act~~  
5 ~~No. 259 of the Public Acts of 1983~~ 1983 PA 259.

6 (k) A person, not regularly employed by a reporting unit,  
7 who is employed by a reporting unit through participation in a  
8 program established pursuant to the older American community  
9 service employment program under the older American community  
10 service employment act, title V of the older Americans act of  
11 1965, Public Law 89-73, 42 U.S.C. 3056 to 3056i.

12 (l) A PERSON, NOT REGULARLY EMPLOYED BY A REPORTING UNIT,  
13 WHO IS EMPLOYED BY A REPORTING UNIT IN A TEMPORARY, INTERMITTENT,  
14 OR IRREGULAR SEASONAL OR ATHLETIC POSITION AND WHO IS UNDER THE  
15 AGE OF 19 YEARS.

16 (2) "Membership service" means service performed after June  
17 30, 1945.

18 (3) "Noncontributory plan" means the plan which began  
19 between July 1, 1974 and July 1, 1977, in which the reporting  
20 unit elected to discontinue withholding contributions from  
21 employees' compensation.

22 (4) "Noncontributory service" means credited service  
23 rendered under the noncontributory plan.

24 (5) "Nonteacher" means a person employed by a reporting unit  
25 who is not a teacher as defined in section 8(4).

26 SEC. 43D. (1) ON OR BEFORE DECEMBER 31, 1998, OR, IF THE  
27 NOTIFICATION DESCRIBED IN SUBSECTION (4) IS NOT RECEIVED BY

**HB 4943, As Passed Senate, May 14, 1998**

House Bill No. 4943

4

1 JULY 1, 1998, THEN ON OR BEFORE THE EXPIRATION OF 180 DAYS AFTER  
2 THE DEPARTMENT RECEIVES THAT NOTIFICATION, A MEMBER WHO MEETS ALL  
3 OF THE FOLLOWING CONDITIONS MAY IRREVOCABLY ELECT TO MAKE THE  
4 CONTRIBUTIONS DESCRIBED IN SECTION 43A(2) TO THE MEMBER INVEST-  
5 MENT PLAN:

6 (A) HE OR SHE WAS EMPLOYED BY A REPORTING UNIT ON OR AFTER  
7 JANUARY 1, 1987 AND BEFORE JANUARY 1, 1990.

8 (B) HE OR SHE HAD 1 YEAR OR LESS OF CREDITED SERVICE IN  
9 EFFECT ON JANUARY 1, 1990.

10 (C) HE OR SHE DID NOT ELECT TO MAKE CONTRIBUTIONS TO THE  
11 MEMBER INVESTMENT PLAN.

12 (D) HE OR SHE WAS NOT A MEMBER DURING THE PERIOD THAT MEM-  
13 BERS WERE ELIGIBLE TO MAKE THE ELECTION UNDER SECTION 43A(3).

14 (2) IN ADDITION TO MAKING THE CONTRIBUTIONS REQUIRED UNDER  
15 SECTION 43A(2), A MEMBER WHO ELECTS TO MAKE CONTRIBUTIONS TO THE  
16 MEMBER INVESTMENT PLAN UNDER SUBSECTION (1) SHALL MAKE A CONTRI-  
17 BUTION EQUAL TO THE SUM OF THE FOLLOWING:

18 (A) 4% OF THE COMPENSATION RECEIVED ON OR AFTER JANUARY 1,  
19 1987 TO DECEMBER 31, 1989.

20 (B) 3.9% OF THE COMPENSATION RECEIVED ON OR AFTER JANUARY 1,  
21 1990 TO THE DATE OF THE ELECTION.

22 (C) AN AMOUNT EQUAL TO THE COMPOUND INTEREST THAT WOULD HAVE  
23 ACCUMULATED ON THOSE CONTRIBUTIONS AS DESCRIBED IN SECTION 33.

24 (D) AN AMOUNT EQUAL TO THE NET ACTUARIAL COST OF THE ADDI-  
25 TIONAL BENEFITS ATTRIBUTABLE TO SERVICE CREDITED BEFORE JANUARY  
26 1, 1987, AS DETERMINED BY THE RETIREMENT BOARD.

**HB 4943, As Passed Senate, May 14, 1998**

House Bill No. 4943

5

1           (3) THE METHOD AND TIMING OF PAYMENT BY A MEMBER UNDER THIS  
2 SECTION SHALL BE DETERMINED BY THE RETIREMENT BOARD. THE  
3 CONTRIBUTIONS MADE UNDER THIS SECTION SHALL BE DEPOSITED INTO THE  
4 RESERVE FOR EMPLOYEE CONTRIBUTIONS.

5           (4) THIS SECTION DOES NOT APPLY UNTIL THE DEPARTMENT  
6 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE  
7 SERVICE THAT THIS SECTION WILL NOT CAUSE THE RETIREMENT SYSTEM  
8 NOT TO BE QUALIFIED FOR TAX PURPOSES UNDER THE INTERNAL REVENUE  
9 CODE.