

SUBSTITUTE FOR  
HOUSE BILL NO. 6039

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 1989 PA 194.

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

1       Sec. 61. (1) ~~if~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SEC-  
2 TION, IF a retirant is receiving a retirement allowance other  
3 than a disability allowance payable under this act or under  
4 former ~~Act No. 136 of the Public Acts of 1945~~ 1945 PA 136, on  
5 account of either age or years of personal service performed, or  
6 both, and becomes employed by a reporting unit, the following  
7 shall take place:  
8       (a) The retirant shall not be entitled to a new final aver-  
9 age compensation or additional service credit under this  
10 retirement system unless additional service is performed

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

14 (b) The retirant's retirement allowance shall be reduced by  
15 the lesser of the amount that the earnings in a calendar year  
16 exceed the amount permitted without a reduction of benefits under  
17 the social security act, chapter 531, 49 ~~stat.~~ STAT. 620, or  
18 ~~1/3~~ 1/2 of the retirant's final average compensation. For pur-  
19 poses of computing allowable earnings under this subdivision, the  
20 final average compensation shall be increased by 5% for each full  
21 year of retirement.

22 (2) ~~(c)~~ The retirement system may offset retirement bene-  
23 fits payable under this act against amounts owed to the retire-  
24 ment system by a retirant or retirement allowance beneficiary.

25 (3) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF  
26 THE FOLLOWING CIRCUMSTANCES EXIST:

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1 (A) THE RETIRANT IS EMPLOYED BY A UNIVERSITY THAT IS  
2 CONSIDERED A REPORTING UNIT FOR THE LIMITED PURPOSE DESCRIBED IN  
3 SECTION 7(3).

4 (B) THE RETIRANT IS NOT ELIGIBLE TO USE ANY SERVICE OR COM-  
5 PENSATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN SUBDIVISION  
6 (A) FOR A RECOMPUTATION OF HIS OR HER RETIREMENT ALLOWANCE.

7 (4) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF  
8 THE FOLLOWING CIRCUMSTANCES EXIST:

9 (A) THE RETIRANT IS EMPLOYED BY A REPORTING UNIT THAT HAS AN  
10 APPROVED EMERGENCY SITUATION, NOT INCLUDING A SITUATION CAUSED BY  
11 A LABOR DISPUTE, THAT NECESSITATES THE HIRING OF A RETIRANT TO  
12 PREVENT DEPRIVING STUDENTS OF AN EDUCATION. THE CHIEF EXECUTIVE  
13 OFFICER OF THE REPORTING UNIT SHALL NOTIFY THE DEPARTMENT OF EDU-  
14 CATION IN WRITING THAT AN EMERGENCY SITUATION EXISTS. THE CHIEF  
15 EXECUTIVE OFFICER OF THE REPORTING UNIT SHALL INCLUDE WITH THE  
16 WRITTEN NOTIFICATION DOCUMENTATION SUPPORTING THE REPORTING  
17 UNIT'S INABILITY TO EMPLOY QUALIFIED PERSONNEL TO FILL A  
18 VACANCY. SUPPORTING DOCUMENTATION INCLUDES EVIDENCE OF THE  
19 REPORTING UNIT'S UNSUCCESSFUL EFFORTS TO RECRUIT QUALIFIED PER-  
20 SONNEL THROUGH MEANS SUCH AS ADVERTISING THE OPEN POSITION IN  
21 APPROPRIATE MASS MEDIA, LISTING THE OPEN POSITION WITH COLLEGE  
22 AND UNIVERSITY PLACEMENT OFFICES OR OTHER EMPLOYMENT AGENCIES,  
23 AND SENDING PUBLIC NOTIFICATION OF THE OPEN POSITION TO APPROPRI-  
24 ATE AGENCIES, EMPLOYEE UNIONS, OR PROFESSIONAL ASSOCIATIONS.  
25 UPON RECEIPT OF THE NOTIFICATION AND DOCUMENTATION UNDER THIS  
26 SUBDIVISION, THE DEPARTMENT OF EDUCATION SHALL NOTIFY THE CHIEF  
27 EXECUTIVE OFFICER AND THE RETIREMENT SYSTEM OF HIS OR HER

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1 APPROVAL OR DISAPPROVAL OF THE EMERGENCY SITUATION. IF

2 DISAPPROVED BY THE DEPARTMENT OF EDUCATION, THIS SUBSECTION DOES  
3 NOT APPLY.

4 (B) THE RETIRANT IS EMPLOYED UNDER AN EMERGENCY SITUATION  
5 DESCRIBED IN SUBDIVISION (A) FOR A PERIOD NOT TO EXCEED 1 YEAR.

6 (C) THE RETIRANT IS NOT ELIGIBLE TO USE ANY SERVICE OR COM-  
7 PENSATION ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN SUBDIVISION  
8 (A) FOR A RECOMPUTATION OF HIS OR HER RETIREMENT ALLOWANCE.