

Legislative Analysis



PUBLIC SCHOOL EMPLOYEES RETIREMENT: ALLOW RETIREES TO WORK IN SCHOOLS

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House Bill 5760

Sponsor: Rep. David Palsrok

Committee: Education

Complete to 3-21-06

A SUMMARY OF HOUSE BILL 5760 AS INTRODUCED 2-28-06

House Bill 5760 would amend the Public School Employees Retirement Act (MCL 38.1361) to extend for five years a provision that allows retired teachers to work as school employees without a reduction in their pensions, if they work in a school district with an approved emergency situation. The provision in the act that permits this expires July 1, 2006. The bill would change that date to July 1, 2011.

Currently under the law, if a retired public school employee is receiving a retirement allowance (other than a disability allowance), certain conditions follow. For example, he or she is not entitled to a new final average compensation or additional service credit unless additional services are performed equivalent to five or more years of service credit. Further, the retiree's retirement allowance must be reduced when earnings exceed certain thresholds.

Currently, until July 1, 2006, these provisions of the law do *not* apply to retirees who return to work in approved emergency situations. However, those retirees who return cannot be employed under an emergency situation for more than six years, nor are they eligible to use any service or compensation attributable to the employment for a re-computation of their retirement allowances. [Under the law, an "approved emergency situation" is one in which a school administrator provides written documentation showing that more than eight percent of all classes in the district during the 1998-99 school year were taught by full-time substitute teachers who were not certified in the subjects or grade levels in which they taught.] House Bill 5760 would retain all of these provisions, but extend them for five years, until July 1, 2011.

FISCAL IMPACT:

The bill would have no fiscal impact.

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