

**SUBSTITUTE FOR  
HOUSE BILL NO. 5760**

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 2004 PA 5.

**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 shall take place:

7       (a) The retirant shall not be 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

1 more years of service credit or, if the retirant has contributed to  
2 the member investment plan, the equivalent of 3 or more years of  
3 service credit. The retirant may elect to have the retirement  
4 allowance recomputed based on the added credit or the final average  
5 compensation resulting from the added service, or both. A  
6 retirement allowance shall not be recomputed until the retirant  
7 pays into the retirement system an amount equal to the retirant's  
8 new final average compensation multiplied by the percentage  
9 determined under section 41(2) for normal cost and unfunded  
10 actuarial accrued liabilities, not including the percentage  
11 required for the funding of health benefits, multiplied by the  
12 total service credit in the period in which the retirant's  
13 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. 620, or 1/3 of the  
18 retirant's final average compensation. For purposes of computing  
19 allowable earnings under this subdivision, the final average  
20 compensation shall be increased by 5% for each full year of  
21 retirement.

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

25 (3) Subsection (1) does not apply to a retirant if all of the  
26 following circumstances exist:

27 (a) The retirant is a former teacher or administrator employed

1 in a teaching or research capacity 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  
5 compensation attributable to the employment described in  
6 subdivision (a) for a recomputation of his or her retirement  
7 allowance.

8 (c) A university that employs a retirant pursuant to this  
9 subsection shall report such employment to the retirement system by  
10 July 1 of each year. The report to be filed shall include the name  
11 of the retirant, the capacity in which the retirant is employed,  
12 and the total annual compensation paid to the retirant.

13 (4) Until July 1, ~~2006~~ **2011**, subsection (1) does not apply  
14 to a retirant if all of the following circumstances exist:

15 (a) The retirant is employed by a reporting unit that has an  
16 approved emergency situation, not including a situation caused by a  
17 labor dispute, that necessitates the hiring of a retirant in the  
18 capacity of a teacher, principal, stationary engineer, or  
19 administrator to prevent depriving students of an education. The  
20 chief executive officer or superintendent of the school district  
21 shall include with the written notification documentation showing  
22 that more than 8% of all classes in the district during the 1998-99  
23 school year are taught by full-time substitute teachers who are not  
24 certificated in the subjects or grade levels which they teach.  
25 Within 30 days after receipt of the notification and documentation  
26 under this subdivision, the department of education shall notify  
27 the chief executive officer or superintendent and the retirement

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1 system of its approval or disapproval of the emergency situation.

2 If 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 6 years.

6 (c) 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 (5) On or before July 1, 1999, the state superintendent of  
11 public instruction shall compile a listing of critical shortage  
12 disciplines. This listing shall be updated annually.

13 (6) Until July 1, ~~2006~~ 2011, subsection (1) does not apply  
14 to a retirant if all of the following circumstances exist:

15 (a) The retirant is employed by a reporting unit that has a  
16 situation, not including a situation caused by a labor dispute,  
17 that necessitates the hiring of a retirant in an area that has been  
18 identified by the state superintendent of public instruction as a  
19 critical shortage discipline pursuant to subsection (5).

20 (b) The retirant is employed under a situation described in  
21 subdivision (a) for a period not to exceed 6 years.

22 (c) The retirant is not eligible to use any service or  
23 compensation attributable to the employment described in  
24 subdivision (a) for a recomputation of his or her retirement  
25 allowance.

26 (7) The provisions of subsections (4) and (6) shall only apply  
27 for retirants who retired on or before ~~July 1, 2003~~ [JANUARY] 1,

1 2006.