

HOUSE BILL No. 4420

March 15, 2011, Introduced by Reps. Walsh, Goike, Rutledge, Wayne Schmidt, Heise, Cotter, Potvin, Foster, Zorn, Horn and Shirkey and referred to the Committee on Oversight, Reform, and Ethics.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending sections 6 and 7 (MCL 38.1306 and 38.1307), as amended by 1995 PA 272.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) "Original member" means a member employed in
2 Michigan public schools before July 1, 1945.

3 (2) "Out of system public education service" means service
4 performed in public education meeting 1 or more of the following
5 requirements:

6 (a) Performed in other states in the United States or its
7 territorial possessions.

8 (b) Performed at the university of Michigan, Michigan state
9 university, Wayne state university, Grand Valley state university,
10 Oakland university, or Saginaw Valley university.

1 (c) Service purchased before January 31, 1991 and performed in
2 a juvenile training school operated by a county in this state.

3 (d) Service purchased before January 31, 1991 and performed in
4 a community mental health service program operated under former ~~Act~~
5 ~~No. 54 of the Public Acts of 1963~~ **1963 PA 54** for the severely
6 mentally retarded in day care programs, day training programs, or
7 day care training programs that were transferred to an intermediate
8 school district by direction of the department of education.

9 (e) Service purchased before January 31, 1991 and performed as
10 an elementary or secondary teacher at a United States armed forces
11 military base in the United States or a foreign country.

12 (f) Service purchased before January 31, 1991 and performed as
13 a teacher or administrator of American nationals in overseas public
14 elementary or secondary schools operated by the United States
15 department of defense.

16 (g) Performed by a person who first becomes employed by an
17 institution of higher education described in section 4, 5, or 6 of
18 article VIII of the state constitution of 1963 on or after January
19 1, 1996.

20 **(H) PERFORMED BY A PERSON WHO FIRST BECOMES EMPLOYED BY A**
21 **QUALIFIED TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE ON OR AFTER**
22 **JANUARY 1, 2012.**

23 (3) "Prior service" means service performed before July 1,
24 1945.

25 (4) Except as otherwise provided in this subsection, "public
26 school academy" means a public school academy established under
27 part 6a ~~or 6b~~ of the **REVISED** school code, ~~of 1976, Act No. 451 of~~

1 ~~the Public Acts of 1976, being sections 380.501 to 380.507 and~~
2 ~~380.511 to 380.518 of the Michigan Compiled Laws 1976 PA 451, MCL~~
3 ~~380.501 TO 380.507.~~ Public school academy does not include any of
4 the following:

5 (a) A public school academy operated by a state public
6 university that is not subject to the optional retirement act of
7 1967, ~~Act No. 156 of the Public Acts of 1967, being sections 38.381~~
8 ~~to 38.388 of the Michigan Compiled Laws 1967 PA 156, MCL 38.381 TO~~
9 ~~38.388.~~

10 (b) A public school academy corporation formed by a state
11 public university that is not subject to ~~Act No. 156 of the Public~~
12 ~~Acts of 1967~~ **THE OPTIONAL RETIREMENT ACT OF 1967, 1967 PA 156, MCL**
13 **38.381 TO 38.388.**

14 (5) Except as otherwise provided in this subsection, "public
15 school employee" means an employee of a public local school
16 district, intermediate school district, public school academy, tax
17 supported community or junior college, eastern Michigan university,
18 central Michigan university, northern Michigan university, western
19 Michigan university, Ferris state university, Michigan
20 technological university, Lake Superior state university, or
21 district library as defined in section 69g if the conditions in
22 section 69g(1) are met for that employee. Service at Michigan
23 technological university shall be creditable only if the amount of
24 the accumulated contributions in the state employees' retirement
25 system created by the state employees' retirement act, ~~Act No. 240~~
26 ~~of the Public Acts of 1943, being sections 38.1 to 38.48 of the~~
27 ~~Michigan Compiled Laws 1943 PA 240, MCL 38.1 TO 38.69,~~ for service

1 is paid to the retirement system. Service at Ferris state
2 university shall be creditable as prior service or membership
3 service only if the employee was employed at Ferris state
4 university on a full-time basis for 2 or more years after May 17,
5 1949. Until January 1, 1988, public school employee also includes a
6 person holding a Michigan teacher certificate and serving as an
7 employee of the Michigan high school athletic association, other
8 than a person whose effective date of employment with the Michigan
9 high school athletic association is on or after December 31, 1986.
10 Public school employee includes a public school employee on an
11 approved leave of absence. Public school employee does not include
12 a person who first becomes employed by a university described in
13 this subsection on or after January 1, 1996. **PUBLIC SCHOOL EMPLOYEE**
14 **DOES NOT INCLUDE A PERSON WHO FIRST BECOMES EMPLOYED BY A QUALIFIED**
15 **TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE ON OR AFTER JANUARY 1,**
16 **2012.**

17 (6) **"QUALIFIED TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE"**
18 **MEANS A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE THAT HAS**
19 **SUBMITTED AN APPROPRIATE RESOLUTION TO WITHDRAW FROM THE RETIREMENT**
20 **SYSTEM TO THE RETIREMENT BOARD NO LATER THAN DECEMBER 1, 2011.**

21 Sec. 7. (1) "Refund beneficiary" means 1 or more persons whom
22 the member or former member nominates in writing and files with the
23 retirement system for the purpose of being paid accumulated
24 contributions in the event of the death of the member or former
25 member. If a valid nomination is not on file, the retirement board
26 shall pay the accumulated contributions to the legal representative
27 of the deceased member or deceased former member, if any, or to the

1 estate of the deceased member or deceased former member.

2 (2) "Regular interest" means interest at 1 or more rates per
3 annum determined by the retirement board and compounded annually.

4 (3) Except as otherwise provided in this subsection,
5 "reporting unit" means a public school district, intermediate
6 school district, public school academy, tax supported community or
7 junior college, or university, or an agency having employees on its
8 payroll who are members of this retirement system. The reporting
9 unit shall be the employer for purposes of this act. On and after
10 January 1, 1996, reporting unit does not include a university,
11 except to the extent that university has employees on its payroll
12 who are members of this retirement system. **ON AND AFTER JANUARY 1,**
13 **2012, REPORTING UNIT DOES NOT INCLUDE A QUALIFIED TAX SUPPORTED**
14 **COMMUNITY OR JUNIOR COLLEGE EXCEPT TO THE EXTENT THAT THE COMMUNITY**
15 **OR JUNIOR COLLEGE HAS EMPLOYEES ON ITS PAYROLL WHO ARE MEMBERS OF**
16 **THE SYSTEM.**

17 (4) "Retirant" means a member who retires with a retirement
18 allowance payable from reserves of the retirement system.

19 (5) "Retirement allowance" means a payment for life or a
20 temporary period provided for in this act to which a retirant,
21 retirement allowance beneficiary, or refund beneficiary is
22 entitled.

23 (6) "Retirement allowance beneficiary" means a person who is
24 being paid or has entitlement to the payment of a retirement
25 allowance in the event of the death of a member, deferred member,
26 or retirant.

27 (7) "Retirement board" means the board provided to administer

1 this retirement system.

2 (8) "Retirement system" means the Michigan public school
3 employees' retirement system provided for in this act.