

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4059

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 2012 PA 464.

**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~~ **MUST** occur:

7           (a) The retirant is not 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  
10 more years of service credit or, if the retirant has contributed to

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

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

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

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

26 (a) The retirant is a former teacher or administrator employed  
27 in a teaching or research capacity by a university that is

1 considered a reporting unit for the limited purpose described in  
2 section 7(3). A university that employs a retirant under this  
3 subsection shall report that employment to the retirement system by  
4 July 1 of each year. The university shall include in the report the  
5 name of the retirant, the capacity in which the retirant is  
6 employed, and the total annual compensation paid to the retirant.

7 (b) The retirant is not eligible to use any service or  
8 compensation attributable to the employment described in  
9 subdivision (a) for a recomputation of his or her retirement  
10 allowance.

11 (4) ~~The state~~ **NOT LATER THAN APRIL 1 OF EACH YEAR, THE**  
12 superintendent of public instruction shall compile a listing of  
13 critical shortage disciplines ~~. This listing shall be updated~~  
14 ~~annually.~~ **BASED ON EVIDENCE OF A SHORTAGE FOR EACH DISCIPLINE. THE**  
15 **DEPARTMENT OF EDUCATION SHALL POST THE LISTING AND THE ACCOMPANYING**  
16 **EVIDENCE ON ITS WEBSITE. IF A DISCIPLINE IS NOT INCLUDED IN THE**  
17 **LISTING OF CRITICAL SHORTAGE DISCIPLINES, 2 OR MORE CONTIGUOUS**  
18 **REPORTING UNITS MAY SUBMIT A WRITTEN REQUEST TO THE SUPERINTENDENT**  
19 **OF PUBLIC INSTRUCTION TO ADD A DISCIPLINE TO THE LISTING. THE**  
20 **REQUEST MUST INCLUDE EVIDENCE OF A SHORTAGE OF THE DISCIPLINE IN**  
21 **THOSE CONTIGUOUS REPORTING UNITS. IF THE SUPERINTENDENT OF PUBLIC**  
22 **INSTRUCTION DETERMINES THAT THERE IS A SHORTAGE OF THE DISCIPLINE**  
23 **IN THOSE CONTIGUOUS REPORTING UNITS, THE SUPERINTENDENT OF PUBLIC**  
24 **INSTRUCTION SHALL ADD THE DISCIPLINE TO THE LISTING. A DISCIPLINE**  
25 **ADDED UNDER A REQUEST UNDER THIS SUBSECTION IS APPLICABLE ONLY TO**  
26 **THOSE CONTIGUOUS REPORTING UNITS. FOR PURPOSES OF THIS SUBSECTION,**  
27 **A REPORTING UNIT THAT IS A PUBLIC SCHOOL ACADEMY IS CONSIDERED**

1 CONTIGUOUS TO ANY OTHER REPORTING UNIT IN WHICH THE PUBLIC SCHOOL  
2 ACADEMY IS LOCATED.

3 (5) Until July 1, ~~2014, 2018~~, subsection (1) does not apply to  
4 a retirant if all of the following circumstances exist:

5 (a) The retirant is employed by a reporting unit that has a  
6 situation, not including a situation caused by a labor dispute,  
7 that necessitates the hiring of a ~~THE~~ retirant in an area that has  
8 been identified by the ~~state~~ superintendent of public instruction  
9 as a critical shortage discipline ~~pursuant to~~ **UNDER** subsection (4).

10 (b) The retirant is employed under any situation described in  
11 subdivision (a) for a period not to exceed 3 years for that  
12 retirant.

13 (c) The retirant is not eligible to use any service or  
14 compensation attributable to the employment described in  
15 subdivision (a) for a recomputation of his or her retirement  
16 allowance.

17 (d) The reporting unit ~~shall pay~~ **PAYS** 100% of the contribution  
18 rates for the unfunded actuarial accrued liability for retiree  
19 health care and the unfunded actuarial accrued liability for  
20 pension to the retirement system for each retirant who becomes  
21 employed by a reporting unit under this subsection.

22 (6) Subsection (5) ~~shall only apply~~ **APPLIES** for retirants who  
23 have been retired for at least 12 months before becoming employed  
24 under this section.

25 (7) Notwithstanding any other provision of this act to the  
26 contrary, for a retirant who retires ~~on or after July 1,~~ **JUNE 30,**  
27 2010, and following a bona fide termination, including not working

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1 in the month of the retirant's retirement effective date, and who  
 2 becomes employed by a reporting unit and the retirant's amount of  
 3 earnings in a calendar year exceeds 1/3 of the retirant's final  
 4 average compensation, the retirant ~~shall forfeit~~ **FORFEITS** his or  
 5 her retirement allowance and the retirement system subsidy for  
 6 health care benefits from the retirement system for ~~as long as~~ **THE**  
 7 **ENTIRE MONTH OF EACH MONTH IN WHICH** the retirant is employed at the  
 8 reporting unit unless the retirant is employed ~~under~~ **AS DESCRIBED**  
 9 **IN** subsection (5), (9), ~~<<ex>>~~ (10) ~~<<, OR(11)>>~~. A retirant who has  
 forfeited the  
 10 retirement system subsidy for health care benefits under this  
 11 subsection and who wants to retain health care benefits shall pay  
 12 the retirant's and retirement system's costs for the health care  
 13 benefits. ~~Upon termination of employment at the reporting unit, the~~  
 14 **THE** retirement allowance and **RETIREMENT SYSTEM SUBSIDY FOR** health  
 15 care benefits shall resume without recalculation **ON THE FIRST OF**  
 16 **THE MONTH FOLLOWING THE MONTH IN WHICH THE RETIRANT HAS TERMINATED**  
 17 **REPORTING UNIT EMPLOYMENT.**

18 (8) Notwithstanding any other provision of this act to the  
 19 contrary, for a retirant who retires ~~on or after July 1,~~ **JUNE 30,**  
 20 2010, who performs core services at a reporting unit as determined  
 21 by the retirement system, but who is employed by an entity other  
 22 than the reporting unit or is an independent contractor, the  
 23 retirant ~~shall forfeit~~ **FORFEITS** his or her retirement allowance and  
 24 the retirement system subsidy for health care benefits from the  
 25 retirement system for ~~as long as~~ **THE ENTIRE MONTH OF EACH MONTH IN**  
 26 **WHICH** the retirant is performing core services at the reporting  
 27 unit, unless the retirant is employed ~~under~~ **AS DESCRIBED IN**

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1 subsection (9), ~~or~~ (10), OR <<(12)>>. A retirant who has forfeited the  
 2 retirement system subsidy for health care benefits under this  
 3 subsection and who wants to retain health care benefits shall pay  
 4 the retirant's and retirement system's costs for the health care  
 5 benefits. ~~Upon termination of services at the reporting unit, the~~  
 6 **THE** retirement allowance and **RETIREMENT SYSTEM SUBSIDY FOR** health  
 7 care benefits shall resume without recalculation **ON THE FIRST OF**  
 8 **THE MONTH FOLLOWING THE MONTH IN WHICH THE RETIRANT HAS TERMINATED**  
 9 **PERFORMING CORE SERVICES, AS DESCRIBED IN THIS SUBSECTION.**

10 (9) Until July 1, ~~2014~~, **2018**, subsection (1) does not apply to  
 11 a retirant who retires ~~on or after July 1,~~ **JUNE 30, 2010 AND ON OR**  
 12 **BEFORE SEPTEMBER 1, 2015**; who following a bona fide termination,  
 13 including not working in the month of his or her retirement  
 14 effective date, becomes employed as a substitute teacher by a  
 15 reporting unit, by an entity other than the reporting unit, or as  
 16 an independent contractor; and whose amount of earnings  
 17 attributable to employment by or at a reporting unit in a calendar  
 18 year does not exceed 1/3 of his or her final average compensation.  
 19 A retirant described in this subsection is not eligible to use any  
 20 service or compensation attributable to the employment described in  
 21 this subsection for a recomputation of his or her retirement  
 22 allowance. The reporting unit at which the retirant provides  
 23 substitute teacher services described in this subsection shall pay  
 24 100% of the contribution rates for the unfunded actuarial accrued  
 25 liability for retiree health care and the unfunded actuarial  
 26 accrued liability for pension to the retirement system for the  
 27 employment described in this subsection. The reporting unit shall

1 report the engagement of substitute teachers to the retirement  
2 system at the same interval the reporting unit reports information  
3 to the retirement system with regard to its other employees. The  
4 reporting unit shall include in the report the name of the  
5 substitute teacher and the total earnings paid to the substitute  
6 teacher for that reporting period. In order to comply with the  
7 reporting requirements of this subsection, a reporting unit that  
8 engages substitute teachers through an entity other than a  
9 reporting unit or as independent contractors shall obtain from the  
10 substitute teacher's employer a list of all substitute teachers the  
11 employer supplies to that reporting unit and the total earnings  
12 paid to each substitute teacher for the reporting period. An  
13 employer other than a reporting unit that employs substitute  
14 teachers as described in this subsection shall provide to the  
15 reporting unit all information that the reporting unit is required  
16 to report to the retirement system under this subsection. For the  
17 purposes of this subsection, an employer includes an independent  
18 contractor.

19 (10) Until July 1, ~~2014, 2018~~, subsection (1) does not apply  
20 to a retirant who retires ~~on or after July 1,~~ **JUNE 30, 2010 AND ON**  
21 **OR BEFORE SEPTEMBER 1, 2015**; who following a bona fide termination,  
22 including not working in the month of his or her retirement  
23 effective date, becomes employed as an instructional coach or a  
24 school improvement facilitator by an entity other than the  
25 reporting unit or as an independent contractor; and whose amount of  
26 earnings attributable to employment at a reporting unit in a  
27 calendar year does not exceed 1/3 of his or her final average

1 compensation. A retirant described in this subsection is not  
2 eligible to use any service or compensation attributable to the  
3 employment described in this subsection for a recomputation of his  
4 or her retirement allowance. The reporting unit at which the  
5 retirant provides the services described in this subsection shall  
6 pay 100% of the contribution rates for the unfunded actuarial  
7 accrued liability for retiree health care and the unfunded  
8 actuarial accrued liability for pension to the retirement system  
9 for the employment described in this subsection. The reporting unit  
10 shall report the engagement of instructional coaches or school  
11 improvement facilitators to the retirement system at the same  
12 interval the reporting unit reports information to the retirement  
13 system with regard to its other employees. The reporting unit shall  
14 include in the report the name of the instructional coach or school  
15 improvement facilitator and the total earnings paid to the coach or  
16 facilitator for that reporting period. In order to comply with the  
17 reporting requirements of this subsection, a reporting unit shall  
18 obtain from the coach's or facilitator's employer a list of all  
19 instructional coaches and school improvement facilitators the  
20 employer supplies to that reporting unit and the total earnings  
21 paid to each coach or facilitator for the reporting period. An  
22 employer other than a reporting unit that employs instructional  
23 coaches or school improvement facilitators as described in this  
24 subsection shall provide to the reporting unit all information that  
25 the reporting unit is required to report to the retirement system  
26 under this subsection. For the purposes of this subsection, an  
27 employer includes an independent contractor. As used in this



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1 subsection, "instructional coach" and "school improvement  
2 facilitator" mean those terms as used in the listing of critical  
3 shortage disciplines developed by the ~~state~~ superintendent of  
4 public instruction under subsection (4).

<<[(11) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT WHO IS A FORMER  
TEACHER OR ADMINISTRATOR WHO RETIRES AFTER JUNE 30, 2010 AND ON OR BEFORE  
OCTOBER 1, 2014, WHO FOLLOWING A BONA FIDE TERMINATION, INCLUDING NOT  
WORKING IN THE MONTH OF HIS OR HER RETIREMENT EFFECTIVE DATE, BECOMES  
EMPLOYED IN A TEACHING OR RESEARCH CAPACITY OR IN A PROGRAM-DEPARTMENT  
DIRECTION CAPACITY BY A UNIVERSITY THAT IS CONSIDERED A REPORTING UNIT  
FOR THE LIMITED PURPOSE DESCRIBED IN SECTION 7(3). A RETIRANT DESCRIBED  
IN THIS SUBSECTION IS NOT ELIGIBLE TO USE ANY SERVICE OR COMPENSATION  
ATTRIBUTABLE TO THE EMPLOYMENT DESCRIBED IN THIS SUBSECTION FOR  
RECOMPUTATION OF HIS OR HER RETIREMENT ALLOWANCE. THE REPORTING UNIT AT  
WHICH THE RETIRANT PROVIDES THE SERVICES DESCRIBED IN THIS SUBSECTION  
SHALL PAY 100% OF THE CONTRIBUTION RATES FOR THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY FOR RETIREE HEALTH CARE AND THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY FOR PENSION TO THE RETIREMENT SYSTEM FOR THE EMPLOYMENT  
DESCRIBED IN THIS SUBSECTION. THE REPORTING UNIT SHALL REPORT THE  
EMPLOYMENT OF A RETIRANT AS DESCRIBED IN THIS SUBSECTION TO THE  
RETIREMENT SYSTEM BY JULY 1 OF EACH YEAR. THE REPORTING UNIT SHALL  
INCLUDE IN THE REPORT THE NAME OF THE RETIRANT, THE CAPACITY IN WHICH THE  
RETIRANT IS EMPLOYED, AND THE TOTAL ANNUAL COMPENSATION PAID TO THE  
RETIRANT.]

5 (12)>> UNTIL JULY 1, 2018, NOTWITHSTANDING ANY PROVISION OF THIS  
6 ACT TO THE CONTRARY, FOR A RETIRANT WHO RETIRES AFTER JUNE 30,  
7 2010, WHO IS EMPLOYED AS AN INDEPENDENT CONTRACTOR AT A REPORTING  
8 UNIT FOR A SITUATION DESCRIBED IN SUBSECTION (5) (A) OR IS EMPLOYED  
9 AT A REPORTING UNIT FOR A SITUATION DESCRIBED IN SUBSECTION (5) (A)  
10 BY AN ENTITY OTHER THAN THE REPORTING UNIT, WHO HAS BEEN RETIRED  
11 FOR AT LEAST 12 MONTHS BEFORE BECOMING EMPLOYED UNDER THIS  
12 SUBSECTION, AND WHOSE EMPLOYMENT UNDER THIS SUBSECTION DOES NOT  
13 EXCEED 3 YEARS, THE REPORTING UNIT AT WHICH THE RETIRANT PROVIDES  
14 SERVICES UNDER THIS SUBSECTION SHALL PAY 100% OF THE CONTRIBUTION  
15 RATES FOR THE UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR RETIREE  
16 HEALTH CARE AND THE UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR  
17 PENSION TO THE RETIREMENT SYSTEM FOR THE EMPLOYMENT DESCRIBED IN  
18 THIS SUBSECTION.