

**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 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
11 the member investment plan, the equivalent of 3 or more years of

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

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

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

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

25 (a) The retirant is a former teacher or administrator employed
26 in a teaching or research capacity by a university that is
27 considered a reporting unit for the limited purpose described in

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

6 (b) 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 (4) The state superintendent of public instruction shall
11 compile a listing of critical shortage disciplines. This listing
12 shall be updated annually.

13 (5) ~~Until July 1, 2014, subsection~~ **SUBSECTION** (1) does not
14 apply 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~~ **UNDER** subsection (4).

20 (b) The retirant is employed under any situation described in
21 subdivision (a) for a period not to exceed 3 years for that
22 retirant.

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

27 (d) The reporting unit shall pay 100% of the contribution

1 rates for the unfunded actuarial accrued liability for retiree
2 health care and the unfunded actuarial accrued liability for
3 pension to the retirement system for each retirant who becomes
4 employed by a reporting unit under this subsection.

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

8 (7) Notwithstanding any other provision of this act to the
9 contrary, for a retirant who retires on or after July 1, 2010, and
10 following a bona fide termination, including not working in the
11 month of the retirant's retirement effective date, and who becomes
12 employed by a reporting unit and the retirant's amount of earnings
13 in a calendar year exceeds 1/3 of the retirant's final average
14 compensation, the retirant ~~shall forfeit~~ **FORFEITS** his or her
15 retirement allowance and the retirement system subsidy for health
16 care benefits from the retirement system for ~~as long as~~ **THE ENTIRE**
17 **MONTH IN WHICH** the retirant is employed at the reporting unit
18 unless the retirant is employed ~~under~~ **AS DESCRIBED IN** subsection
19 (5), (9), or (10). A retirant who has forfeited the retirement
20 system subsidy for health care benefits under this subsection and
21 who wants to retain health care benefits shall pay the retirant's
22 and retirement system's costs for the health care benefits. ~~Upon~~
23 ~~termination of employment at the reporting unit, the~~ **THE** retirement
24 allowance and health care benefits shall resume without
25 recalculation **ON THE FIRST OF THE MONTH FOLLOWING THE MONTH IN**
26 **WHICH THE RETIRANT HAS TERMINATED REPORTING UNIT EMPLOYMENT.**

27 (8) Notwithstanding any other provision of this act to the

1 contrary, for a retirant who retires on or after July 1, 2010, who
2 performs core services at a reporting unit as determined by the
3 retirement system, but who is employed by an entity other than the
4 reporting unit or is an independent contractor, the retirant ~~shall~~
5 ~~forfeit~~ **FORFEITS** his or her retirement allowance and the retirement
6 system subsidy for health care benefits from the retirement system
7 for ~~as long as~~ **THE ENTIRE MONTH IN WHICH** the retirant is performing
8 core services at the reporting unit, unless the retirant is
9 employed ~~under~~ **AS DESCRIBED IN** subsection (9), ~~or~~ (10), **OR (11)**. A
10 retirant who has forfeited the retirement system subsidy for health
11 care benefits under this subsection and who wants to retain health
12 care benefits shall pay the retirant's and retirement system's
13 costs for the health care benefits. ~~Upon termination of services at~~
14 ~~the reporting unit, the~~ **THE** retirement allowance and health care
15 benefits shall resume without recalculation **ON THE FIRST OF THE**
16 **MONTH FOLLOWING THE MONTH IN WHICH THE RETIRANT HAS TERMINATED**
17 **PERFORMING CORE SERVICES, AS DESCRIBED IN THIS SUBSECTION.**

18 (9) ~~Until July 1, 2014, subsection~~ **SUBSECTION** (1) does not
19 apply to a retirant who retires on or after July 1, 2010; who
20 following a bona fide termination, including not working in the
21 month of his or her retirement effective date, becomes employed as
22 a substitute teacher by a reporting unit, by an entity other than
23 the reporting unit, or as an independent contractor; and whose
24 amount of earnings attributable to employment by or at a reporting
25 unit in a calendar year does not exceed 1/3 of his or her final
26 average compensation. A retirant described in this subsection is
27 not eligible to use any service or compensation attributable to the

1 employment described in this subsection for a recomputation of his
2 or her retirement allowance. The reporting unit at which the
3 retirant provides substitute teacher services described in this
4 subsection shall pay 100% of the contribution rates for the
5 unfunded actuarial accrued liability for retiree health care and
6 the unfunded actuarial accrued liability for pension to the
7 retirement system for the employment described in this subsection.
8 The reporting unit shall report the engagement of substitute
9 teachers to the retirement system at the same interval the
10 reporting unit reports information to the retirement system with
11 regard to its other employees. The reporting unit shall include in
12 the report the name of the substitute teacher and the total
13 earnings paid to the substitute teacher for that reporting period.
14 In order to comply with the reporting requirements of this
15 subsection, a reporting unit that engages substitute teachers
16 through an entity other than a reporting unit or as independent
17 contractors shall obtain from the substitute teacher's employer a
18 list of all substitute teachers the employer supplies to that
19 reporting unit and the total earnings paid to each substitute
20 teacher for the reporting period. An employer other than a
21 reporting unit that employs substitute teachers as described in
22 this subsection shall provide to the reporting unit all information
23 that the reporting unit is required to report to the retirement
24 system under this subsection. For the purposes of this subsection,
25 an employer includes an independent contractor.

26 (10) ~~Until July 1, 2014, subsection~~ **SUBSECTION** (1) does not
27 apply to a retirant who retires on or after July 1, 2010; who

1 following a bona fide termination, including not working in the
2 month of his or her retirement effective date, becomes employed as
3 an instructional coach or a school improvement facilitator by an
4 entity other than the reporting unit or as an independent
5 contractor; and whose amount of earnings attributable to employment
6 at a reporting unit in a calendar year does not exceed 1/3 of his
7 or her final average compensation. A retirant described in this
8 subsection is not eligible to use any service or compensation
9 attributable to the employment described in this subsection for a
10 recomputation of his or her retirement allowance. The reporting
11 unit at which the retirant provides the services described in this
12 subsection shall pay 100% of the contribution rates for the
13 unfunded actuarial accrued liability for retiree health care and
14 the unfunded actuarial accrued liability for pension to the
15 retirement system for the employment described in this subsection.
16 The reporting unit shall report the engagement of instructional
17 coaches or school improvement facilitators to the retirement system
18 at the same interval the reporting unit reports information to the
19 retirement system with regard to its other employees. The reporting
20 unit shall include in the report the name of the instructional
21 coach or school improvement facilitator and the total earnings paid
22 to the coach or facilitator for that reporting period. In order to
23 comply with the reporting requirements of this subsection, a
24 reporting unit shall obtain from the coach's or facilitator's
25 employer a list of all instructional coaches and school improvement
26 facilitators the employer supplies to that reporting unit and the
27 total earnings paid to each coach or facilitator for the reporting

1 period. An employer other than a reporting unit that employs
2 instructional coaches or school improvement facilitators as
3 described in this subsection shall provide to the reporting unit
4 all information that the reporting unit is required to report to
5 the retirement system under this subsection. For the purposes of
6 this subsection, an employer includes an independent contractor. As
7 used in this subsection, "instructional coach" and "school
8 improvement facilitator" mean those terms as used in the listing of
9 critical shortage disciplines developed by the state superintendent
10 of public instruction under subsection (4).

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