

HOUSE BILL No. 5368

December 13, 2017, Introduced by Rep. Hornberger and referred to the Committee on Financial Liability Reform.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 71 (MCL 38.1371), as amended by 2017 PA 92.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 71. (1) Until September 29, 2017 at 5 p.m. Eastern
2 Daylight Saving Time, the retirement board shall grant service
3 credit for the time a member is on a sabbatical leave authorized by
4 a reporting unit, if the member returns to regular employment with
5 the same reporting unit and acquires 1 year or more of subsequent
6 service credit with that same reporting unit and if the member
7 acquired 5 or more years of credited service with the reporting
8 unit immediately before the sabbatical leave.

9 (2) If the sabbatical leave described in subsection (1) is

1 granted before July 1, 1981, the reporting unit, if the reporting
2 unit had a noncontributory plan at the time the sabbatical leave is
3 granted, or the member, if the reporting unit has a contributory
4 plan at the time the sabbatical leave is granted, shall pay to the
5 system for each year of sabbatical leave credit an amount equal to
6 5% of the member's compensation earned in the school fiscal year
7 immediately before the school fiscal year in which the sabbatical
8 leave is granted, ~~together with~~ **AND** regular interest from the end
9 of the school fiscal year in which the sabbatical leave was or is
10 granted to ~~the earlier of the following dates following the date of~~
11 ~~payment,~~ the first day of the school fiscal year beginning after
12 the date of payment or the first day of the seventh month of the
13 school fiscal year in which the payment is made, **WHICHEVER IS**
14 **EARLIER**. If the reporting unit makes the payment required by this
15 subsection, the reporting unit also shall pay the required
16 interest. If the member makes the payment required by this
17 subsection, the member also shall pay the required interest.

18 (3) If the sabbatical leave described in subsection (1) is
19 granted after June 30, 1981, the member shall pay an amount equal
20 to 5% of the member's full-time or equated full-time compensation
21 earned in the school fiscal year immediately before the school
22 fiscal year in which payment is made for each year of service
23 credit the member elects to purchase. In computing payment under
24 this subsection, the compensation amount used, except as otherwise
25 provided in this subsection, must not be less than the highest
26 school fiscal year compensation the member earned from the
27 reporting unit that granted the sabbatical leave. If the

1 compensation amount used for computing payment under this
2 subsection exceeds the member's final average compensation
3 determined at the time of retirement, the payment required under
4 this subsection must be recomputed using the member's final average
5 compensation and a refund must be made based on the recomputation.

6 (4) If, before October 31, 1980, either the reporting unit or
7 the member has contributed 5% of the member's compensation for the
8 school fiscal year in which the sabbatical leave was granted in
9 order to purchase service credit for that sabbatical leave, a
10 further payment for the purchase of service credit for that
11 sabbatical leave ~~shall~~**IS** not ~~be~~ required. If a member has paid the
12 amount required under subsection (2) for the purchase of service
13 credit for sabbatical leave, but later receives a refund of that
14 amount, the member, not the reporting unit, shall repay the amount
15 with regular interest as required by subsection (2) if the member
16 elects to purchase service credit for the sabbatical leave.

17 (5) Effective October 1, 1981, **EXCEPT AS OTHERWISE PROVIDED IN**
18 **SUBSECTION (8)**, the retirement board shall grant service credit for
19 the time a member is on either an employee organization
20 professional services leave or employee organization professional
21 services released time authorized by a reporting unit if all of the
22 following conditions are satisfied, as applicable:

23 (a) For a member who is on either a professional services
24 leave or professional services released time that first began
25 before October 1, 1996, which leave or released time is renewed
26 annually by the reporting unit, the member is included on the
27 reporting unit's reports required by section 42(6) and

1 compensation, service, contribution, and other requirements are
2 reported on the same basis as for those members of the reporting
3 unit who were not granted an employee organization professional
4 services leave or employee organization professional services
5 released time.

6 (b) For a member who is on either a professional services
7 leave or professional services released time, which leave or
8 released time does not meet the requirements of subdivision (a),
9 the member is included on the reporting unit's reports in the
10 manner required by subdivision (a), except that compensation is
11 reported at the rate of compensation paid to the member by the
12 reporting unit immediately preceding the date the member commenced
13 the professional services leave or professional services released
14 time ~~along~~ with the normal and customary compensation increases
15 that would have been paid to the member by the reporting unit had
16 the member remained in the same position held at the reporting unit
17 immediately preceding the date the member commenced the leave or
18 released time. However, if the member was not working a full 12-
19 month period for the reporting unit immediately preceding the date
20 the member commenced the professional services leave or
21 professional services released time and is working a full 12-month
22 period for the public school employee organization, the rate of
23 compensation paid to the member by the reporting unit immediately
24 preceding the date the member commenced the leave or released time
25 may be increased proportionately to reflect the additional time
26 worked for the public school employee organization. That adjusted
27 compensation, ~~along~~ with the normal and customary compensation

1 increases otherwise allowed in this subdivision, must then be
2 reported as required in this subdivision.

3 (c) For a member who is on either a professional services
4 leave or professional services released time that first began
5 before October 1, 1996, which leave or released time is renewed
6 annually by the reporting unit, the reporting unit remits the
7 amount required by section 42 and the percentage of aggregate
8 annual compensation provided from the state school aid fund for
9 current service, if any, the percentage determined for unfunded
10 accrued service as required by section 41, and the employer's share
11 of social security contributions if the reporting unit is
12 responsible for remitting the employee's share of social security
13 contributions.

14 (d) For a member who is on either a professional services
15 leave or professional services released time, which professional
16 services leave or professional services released time does not meet
17 the requirements of subdivision (c), the reporting unit remits the
18 amounts required by subdivision (c) based on the rate of
19 compensation paid to the member by the reporting unit immediately
20 preceding the date the member commenced the professional services
21 leave or professional services released time ~~along~~ with the normal
22 and customary compensation increases that would have been paid to
23 the member by the reporting unit had the member remained in the
24 same position held at the reporting unit immediately preceding the
25 date the member commenced the leave or released time. However, if
26 the member was not working a full 12-month period for the reporting
27 unit immediately preceding the date the member commenced the

1 professional services leave or professional services released time
2 and is working a full 12-month period for the public school
3 employee organization, the rate of compensation paid to the member
4 by the reporting unit immediately preceding the date the member
5 commenced the leave or released time may be increased
6 proportionately to reflect the additional time worked for the
7 public school employee organization. That adjusted compensation,
8 ~~along~~ with the normal and customary compensation increases
9 otherwise allowed in this subdivision, must then be reported as
10 required in this subdivision.

11 (6) The ~~reporting unit must be reimbursed those sums paid to~~
12 ~~the retirement board under subsection (5) by the member or the~~
13 public school employee organization **SHALL**, on a current basis,
14 **REIMBURSE THE REPORTING UNIT THE AMOUNTS PAID TO THE RETIREMENT**
15 **BOARD UNDER SUBSECTION (5)**. A member who has credited service as an
16 employee of a school district of the first class, as described in
17 part 6 of the revised school code, 1976 PA 451, MCL 380.401 to
18 ~~380.485,~~ **380.483A**, for a leave of absence effective before October
19 1, 1981, ~~shall~~ **MUST** continue to receive credit based on the law of
20 this state in effect at the time the leave of absence was initially
21 effective.

22 (7) After September 29, 2017 at 5 p.m. Eastern Daylight Saving
23 Time, a member is not eligible to initiate a service credit
24 purchase under subsections (1) and (3).

25 **(8) NOTWITHSTANDING SECTION 4(10) AND (11), THE RETIREMENT**
26 **BOARD SHALL NOT GRANT SERVICE CREDIT UNDER SUBSECTION (5) FOR ANY**
27 **TIME, AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**

1 THIS SUBSECTION, THAT A MEMBER IS ON EITHER AN EMPLOYEE
2 ORGANIZATION PROFESSIONAL SERVICES LEAVE, PROFESSIONAL SERVICES
3 LEAVE, EMPLOYEE ORGANIZATION PROFESSIONAL SERVICES RELEASED TIME,
4 OR PROFESSIONAL SERVICES RELEASED TIME.

5 Enacting section 1. This amendatory act takes effect 90 days
6 after the date it is enacted into law.