

# SENATE BILL NO. 726

November 10, 2021, Introduced by Senator ZORN and referred to the Committee on Education and Career Readiness.

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 2020 PA 267.

**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

1 following must occur:

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

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

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

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

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

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

13           (4) Not later than April 1 of each year, the superintendent of  
14 public instruction shall compile a listing of critical shortage  
15 disciplines based on evidence of a shortage for each discipline.  
16 The department of education shall post the listing and the  
17 accompanying evidence on its website. If a discipline is not  
18 included in the listing of critical shortage disciplines, 2 or more  
19 contiguous reporting units may submit a written request to the  
20 superintendent of public instruction to add a discipline to the  
21 listing. The request must include evidence of a shortage of the  
22 discipline in those contiguous reporting units. If the  
23 superintendent of public instruction determines that there is a  
24 shortage of the discipline in those contiguous reporting units, the  
25 superintendent of public instruction shall add the discipline to  
26 the listing. A discipline added under a request under this  
27 subsection applies only to those contiguous reporting units. For  
28 purposes of this subsection, a reporting unit that is a public  
29 school academy is considered contiguous to any other reporting unit

1 in which the public school academy is located.

2 (5) Until July 1, 2025, subsection (1) does not apply to a  
3 retirant if all of the following circumstances exist:

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

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

13 (c) The reporting unit pays 100% of the contribution rates for  
14 the unfunded actuarial accrued liability for retiree health care  
15 and the unfunded actuarial accrued liability for pension to the  
16 retirement system for each retirant who becomes employed by a  
17 reporting unit under this subsection.

18 (6) Subsection (5) only applies for a retirant who has been  
19 retired for at least 12 months before becoming employed under this  
20 section unless, following a bona fide termination, including not  
21 working in the month of the retirant's retirement effective date,  
22 the retirant is employed at a reporting unit that provides  
23 instruction under an extended COVID-19 learning plan under section  
24 98a of the state school aid act of 1979, 1979 PA 94, MCL 388.1698a.

25 (7) Notwithstanding any other provision of this act to the  
26 contrary, for a retirant who retires after June 30, 2010, and  
27 following a bona fide termination, including not working in the  
28 month of the retirant's retirement effective date, and who becomes  
29 employed by a reporting unit and the retirant's amount of earnings

1 in a calendar year exceeds 1/3 of the retirant's final average  
2 compensation, the retirant forfeits his or her retirement allowance  
3 and the retirement system subsidy for health care benefits from the  
4 retirement system for the entire month of each month in which the  
5 retirant is employed at the reporting unit unless the retirant is  
6 employed as described in subsection (5), (9), (10), (11), or (13).  
7 A retirant who has forfeited the retirement system subsidy for  
8 health care benefits under this subsection and who wants to retain  
9 health care benefits shall pay the retirant's and retirement  
10 system's costs for the health care benefits. The retirement  
11 allowance and retirement system subsidy for health care benefits  
12 must resume without recalculation on the first of the month  
13 following the month in which the retirant has terminated reporting  
14 unit employment.

15 (8) Notwithstanding any other provision of this act to the  
16 contrary, for a retirant who retires after June 30, 2010, who  
17 performs core services at a reporting unit as determined by the  
18 retirement system but who is employed by an entity other than the  
19 reporting unit or is an independent contractor, the retirant  
20 forfeits his or her retirement allowance and the retirement system  
21 subsidy for health care benefits from the retirement system for the  
22 entire month of each month in which the retirant is performing core  
23 services at the reporting unit, unless the retirant is employed as  
24 described in subsection (9), (10), or (12). A retirant who has  
25 forfeited the retirement system subsidy for health care benefits  
26 under this subsection and who wants to retain health care benefits  
27 shall pay the retirant's and retirement system's costs for the  
28 health care benefits. The retirement allowance and retirement  
29 system subsidy for health care benefits must resume without

1 recalculation on the first of the month following the month in  
2 which the retirant has terminated performing core services, as  
3 described in this subsection. As used in this subsection, "core  
4 services" does not include custodial, food, or transportation  
5 services.

6 (9) Until July 1, 2025, subsection (1) does not apply to a  
7 retirant who retires after June 30, 2010; who is employed as a  
8 substitute teacher by a reporting unit, by an entity other than the  
9 reporting unit, or as an independent contractor; who has been  
10 retired for at least ~~12~~2 months before becoming employed under  
11 this subsection unless, following a bona fide termination,  
12 including not working in the month of the retirant's retirement  
13 effective date, the retirant is employed at a reporting unit that  
14 provides instruction under an extended COVID-19 learning plan under  
15 section 98a of the state school aid act of 1979, 1979 PA 94, MCL  
16 388.1698a; and whose amount of earnings attributable to employment  
17 by or at a reporting unit in a calendar year does not exceed 1/3 of  
18 his or her final average compensation. A retirant described in this  
19 subsection is not eligible to use any service or compensation  
20 attributable to the employment described in this subsection for a  
21 recomputation of his or her retirement allowance. The reporting  
22 unit at which the retirant provides substitute teacher services  
23 described in this subsection shall pay 100% of the contribution  
24 rates for the unfunded actuarial accrued liability for retiree  
25 health care and the unfunded actuarial accrued liability for  
26 pension to the retirement system for the employment described in  
27 this subsection. The reporting unit shall report the engagement of  
28 substitute teachers to the retirement system at the same interval  
29 the reporting unit reports information to the retirement system

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

16 (10) Until July 1, 2025, subsection (1) does not apply to a  
17 retirant who retires after June 30, 2010; who is employed as an  
18 instructional coach or a school improvement facilitator by an  
19 entity other than the reporting unit or as an independent  
20 contractor; who has been retired for at least 12 months before  
21 becoming employed under this subsection unless, following a bona  
22 fide termination, including not working in the month of the  
23 retirant's retirement effective date, the retirant is employed at a  
24 reporting unit that provides instruction under an extended COVID-19  
25 learning plan under section 98a of the state school aid act of  
26 1979, 1979 PA 94, MCL 388.1698a; and whose amount of earnings  
27 attributable to employment at a reporting unit in a calendar year  
28 does not exceed 1/3 of his or her final average compensation. A  
29 retirant described in this subsection is not eligible to use any

1 service or compensation attributable to the employment described in  
2 this subsection for a recomputation of his or her retirement  
3 allowance. The reporting unit at which the retirant provides the  
4 services described in this subsection shall pay 100% of the  
5 contribution rates for the unfunded actuarial accrued liability for  
6 retiree health care and the unfunded actuarial accrued liability  
7 for pension to the retirement system for the employment described  
8 in this subsection. The reporting unit shall report the engagement  
9 of instructional coaches or school improvement facilitators to the  
10 retirement system at the same interval the reporting unit reports  
11 information to the retirement system with regard to its other  
12 employees. The reporting unit shall include in the report the name  
13 of the instructional coach or school improvement facilitator and  
14 the total earnings paid to the coach or facilitator for that  
15 reporting period. In order to comply with the reporting  
16 requirements of this subsection, a reporting unit shall obtain from  
17 the coach's or facilitator's employer a list of all instructional  
18 coaches and school improvement facilitators the employer supplies  
19 to that reporting unit and the total earnings paid to each coach or  
20 facilitator for the reporting period. An employer other than a  
21 reporting unit that employs instructional coaches or school  
22 improvement facilitators as described in this subsection shall  
23 provide to the reporting unit all information that the reporting  
24 unit is required to report to the retirement system under this  
25 subsection. For the purposes of this subsection, an employer  
26 includes an independent contractor. As used in this subsection,  
27 "instructional coach" and "school improvement facilitator" mean  
28 those terms as used in the listing of critical shortage disciplines  
29 developed by the superintendent of public instruction under



1 subsection (4).

2 (11) Subsection (1) does not apply to a retirant who is a  
3 former teacher or administrator who retires after June 30, 2010 and  
4 before October 2, 2014, who following a bona fide termination,  
5 including not working in the month of his or her retirement  
6 effective date, becomes employed in a teaching or research capacity  
7 or in a program-department direction capacity by a university that  
8 is considered a reporting unit for the limited purpose described in  
9 section 7(3). A retirant described in this subsection is not  
10 eligible to use any service or compensation attributable to the  
11 employment described in this subsection for recomputation of his or  
12 her retirement allowance. The reporting unit at which the retirant  
13 provides the services described in this subsection shall pay 100%  
14 of the contribution rates for the unfunded actuarial accrued  
15 liability for retiree health care and the unfunded actuarial  
16 accrued liability for pension to the retirement system for the  
17 employment described in this subsection. The reporting unit shall  
18 report the employment of a retirant as described in this subsection  
19 to the retirement system by July 1 of each year. The reporting unit  
20 shall include in the report the name of the retirant, the capacity  
21 in which the retirant is employed, and the total annual  
22 compensation paid to the retirant.

23 (12) Until July 1, 2025, notwithstanding any provision of this  
24 act to the contrary, for a retirant who retires after June 30,  
25 2010, who is employed as an independent contractor at a reporting  
26 unit for a situation described in subsection (5)(a) or is employed  
27 at a reporting unit for a situation described in subsection (5)(a)  
28 by an entity other than the reporting unit, and who has been  
29 retired for at least 12 months before becoming employed under this

1 subsection unless, following a bona fide termination, including not  
2 working in the month of the retirant's retirement effective date,  
3 the retirant is employed at a reporting unit that provides  
4 instruction under an extended COVID-19 learning plan under section  
5 98a of the state school aid act of 1979, 1979 PA 94, MCL 388.1698a,  
6 the reporting unit at which the retirant provides services under  
7 this subsection shall pay 100% of the contribution rates for the  
8 unfunded actuarial accrued liability for retiree health care and  
9 the unfunded actuarial accrued liability for pension to the  
10 retirement system for the employment described in this subsection.

11 (13) Subsection (1) does not apply to a retirant who retires  
12 after June 30, 2010 and before the ending date of funding for a  
13 federal grant given from the United States Department of Education  
14 in 2017, including any extensions, to fund the high-impact  
15 leadership for school renewal project and that meets the  
16 requirements of subsection (14) and who, following a bona fide  
17 termination, becomes employed by a reporting unit as a school  
18 renewal coach or ~~high-impact~~**high-impact** leadership facilitator as  
19 part of a school leadership support program that is funded by the  
20 federal grant given from the United States Department of Education  
21 in 2017, including any extensions, to fund the high-impact  
22 leadership for school renewal project and that meets the  
23 requirements of subsection (14). Also, subsection (1) does not  
24 apply to a retirant who retires after June 30, 2010 and before the  
25 ending date of funding for a federal grant that meets the  
26 requirements of subsection (14) and who, following a bona fide  
27 termination, becomes a national service member with a federally  
28 funded national service program such as Americorps State and  
29 National or Americorps VISTA and is placed by the federally funded

1 national service program at a service site that is a reporting  
2 unit. A retirant described in this subsection is not eligible to  
3 use any service or compensation attributable to the employment  
4 described in this subsection for a recomputation of his or her  
5 retirement allowance. The reporting unit shall pay 100% of the  
6 contribution rates for the unfunded actuarial accrued liability for  
7 retiree health care and the unfunded actuarial accrued liability  
8 for pension to the retirement system for the employment described  
9 in this subsection. The reporting unit shall report the engagement  
10 of school renewal coaches or ~~high-impact~~**high-impact** leadership  
11 facilitators to the retirement system at the same interval the  
12 reporting unit reports information to the retirement system with  
13 regard to its other employees. The reporting unit shall include in  
14 the report the name of the school renewal coach or ~~high-impact~~  
15 **high-impact** leadership facilitator and the total earnings paid to  
16 the school renewal coach or ~~high-impact~~**high-impact** leadership  
17 facilitator for that reporting period.

18 (14) Subsection (13) applies to retirants employed as part of  
19 a program that supports teams of school principals and teacher  
20 leaders in elementary schools by doing all of the following:

21 (a) Providing intense professional development and support,  
22 and money, for renewal projects for teams of school leaders in a  
23 number of project schools that are implementing a set of new  
24 literacy essentials.

25 (b) Placing a trained team of school renewal coaches or ~~high~~  
26 ~~impact~~**high-impact** leadership facilitators in each project school.

27 (c) Providing a lower level of professional development  
28 support and funding for leaders in additional schools.

29 (d) Applying a set of proven school leadership practices for

- 1 school renewal and sustainable implementation.
- 2 (e) Providing training, support, and oversight for the school
- 3 renewal coaches or ~~high-impact~~**high-impact** leadership facilitators
- 4 as a coordinator or supervisor of that work.