

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4694**

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 2018 PA 482.

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 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



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

13 (b) The retirant's retirement allowance must be reduced by the
14 lesser of the amount that the earnings in a calendar year exceed
15 the amount permitted without a reduction of benefits under the
16 social security act, chapter 531, 49 Stat 620, or 1/3 of the
17 retirant's final average compensation. For purposes of computing
18 allowable earnings under this subdivision, the final average
19 compensation must be increased by 5% for each full year of
20 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
28 considered a reporting unit for the limited purpose described in
29 section 7(3). A university that employs a retirant under this



1 subsection shall report that employment to the retirement system by
2 July 1 of each year. The university shall include in the report the
3 name of the retirant, the capacity in which the retirant is
4 employed, and the total annual compensation paid to the retirant.

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

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

27 (5) Until July 1, ~~2021~~, **2025**, subsection (1) does not apply to
28 a retirant if all of the following circumstances exist:

29 (a) The retirant is employed by a reporting unit that has a



1 situation, not including a situation caused by a labor dispute,
 2 that necessitates the hiring of the retirant in an area that has
 3 been identified by the superintendent of public instruction as a
 4 critical shortage discipline under subsection (4).

5 ~~(b) The retirant is employed under any situation described in~~
 6 ~~subdivision (a) for a period not to exceed 3 years for that~~
 7 ~~retirant.~~

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

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

17 (6) Subsection (5) only applies for ~~retirants~~**a retirant** who
 18 ~~have~~**has** been retired for at least 12 months before becoming
 19 employed under this section **unless, following a bona fide**
 20 **termination, including not working in the month of the retirant's**
 21 **retirement effective date, the retirant is employed at a reporting**
 22 **unit that provides instruction under an extended COVID-19 learning**
 23 **plan under section 98a of the state school aid act of 1979, 1979 PA**
 24 **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 ~~, subject to the definition of core services in~~
19 ~~this subsection,~~ but who is employed by an entity other than the
20 reporting unit or is an independent contractor, the retirant
21 forfeits his or her retirement allowance and the retirement system
22 subsidy for health care benefits from the retirement system for the
23 entire month of each month in which the retirant is performing core
24 services at the reporting unit, unless the retirant is employed as
25 described in subsection (9), (10), or (12). A retirant who has
26 forfeited the retirement system subsidy for health care benefits
27 under this subsection and who wants to retain health care benefits
28 shall pay the retirant's and retirement system's costs for the
29 health care benefits. The retirement allowance and retirement



1 system subsidy for health care benefits must resume without
2 recalculation on the first of the month following the month in
3 which the retirant has terminated performing core services, as
4 described in this subsection. As used in this subsection, "core
5 services" does not include custodial, food, or transportation
6 services.

7 (9) Until July 1, ~~2021, 2025~~, subsection (1) does not apply to
8 a retirant who retires after June 30, 2010; ~~and before September 2,~~
9 ~~2017; who following a bona fide termination, including not working~~
10 ~~in the month of his or her retirement effective date, becomes who~~
11 **is** employed as a substitute teacher by a reporting unit, by an
12 entity other than the reporting unit, or as an independent
13 contractor; **who has been retired for at least 12 months before**
14 **becoming employed under this subsection unless, following a bona**
15 **fide termination, including not working in the month of the**
16 **retirant's retirement effective date, the retirant is employed at a**
17 **reporting unit that provides instruction under an extended COVID-19**
18 **learning plan under section 98a of the state school aid act of**
19 **1979, 1979 PA 94, MCL 388.1698a;** and whose amount of earnings
20 attributable to employment by or at a reporting unit in a calendar
21 year does not exceed 1/3 of his or her final average compensation.
22 A retirant described in this subsection is not eligible to use any
23 service or compensation attributable to the employment described in
24 this subsection for a recomputation of his or her retirement
25 allowance. The reporting unit at which the retirant provides
26 substitute teacher services described in this subsection shall pay
27 100% of the contribution rates for the unfunded actuarial accrued
28 liability for retiree health care and the unfunded actuarial
29 accrued liability for pension to the retirement system for the



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

20 (10) Until July 1, ~~2021, 2025~~, subsection (1) does not apply
21 to a retirant who retires after June 30, 2010; ~~and before September~~
22 ~~2, 2017; who following a bona fide termination, including not~~
23 ~~working in the month of his or her retirement effective date,~~
24 ~~becomes~~ **who is** employed as an instructional coach or a school
25 improvement facilitator by an entity other than the reporting unit
26 or as an independent contractor; **who has been retired for at least**
27 **12 months before becoming employed under this subsection unless,**
28 **following a bona fide termination, including not working in the**
29 **month of the retirant's retirement effective date, the retirant is**



1 employed at a reporting unit that provides instruction under an
2 extended COVID-19 learning plan under section 98a of the state
3 school aid act of 1979, 1979 PA 94, MCL 388.1698a; and whose amount
4 of earnings attributable to employment at a reporting unit in a
5 calendar year does not exceed 1/3 of his or her final average
6 compensation. A retirant described in this subsection is not
7 eligible to use any service or compensation attributable to the
8 employment described in this subsection for a recomputation of his
9 or her retirement allowance. The reporting unit at which the
10 retirant provides the services described in this subsection shall
11 pay 100% of the contribution rates for the unfunded actuarial
12 accrued liability for retiree health care and the unfunded
13 actuarial accrued liability for pension to the retirement system
14 for the employment described in this subsection. The reporting unit
15 shall report the engagement of instructional coaches or school
16 improvement facilitators to the retirement system at the same
17 interval the reporting unit reports information to the retirement
18 system with regard to its other employees. The reporting unit shall
19 include in the report the name of the instructional coach or school
20 improvement facilitator and the total earnings paid to the coach or
21 facilitator for that reporting period. In order to comply with the
22 reporting requirements of this subsection, a reporting unit shall
23 obtain from the coach's or facilitator's employer a list of all
24 instructional coaches and school improvement facilitators the
25 employer supplies to that reporting unit and the total earnings
26 paid to each coach or facilitator for the reporting period. An
27 employer other than a reporting unit that employs instructional
28 coaches or school improvement facilitators as described in this
29 subsection shall provide to the reporting unit all information that



1 the reporting unit is required to report to the retirement system
2 under this subsection. For the purposes of this subsection, an
3 employer includes an independent contractor. As used in this
4 subsection, "instructional coach" and "school improvement
5 facilitator" mean those terms as used in the listing of critical
6 shortage disciplines developed by the superintendent of public
7 instruction under subsection (4).

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

29 (12) Until July 1, ~~2021~~, **2025**, notwithstanding any provision



1 of this act to the contrary, for a retirant who retires after June
 2 30, 2010, who is employed as an independent contractor at a
 3 reporting unit for a situation described in subsection (5)(a) or is
 4 employed at a reporting unit for a situation described in
 5 subsection (5)(a) by an entity other than the reporting unit, **and**
 6 who has been retired for at least 12 months before becoming
 7 employed under this subsection, ~~and whose employment under this~~
 8 ~~subsection does not exceed 3 years, unless, following a bona fide~~
 9 **termination, including not working in the month of the retirant's**
 10 **retirement effective date, the retirant is employed at a reporting**
 11 **unit that provides instruction under an extended COVID-19 learning**
 12 **plan under section 98a of the state school aid act of 1979, 1979 PA**
 13 **94, MCL 388.1698a,** the reporting unit at which the retirant
 14 provides services under this subsection shall pay 100% of the
 15 contribution rates for the unfunded actuarial accrued liability for
 16 retiree health care and the unfunded actuarial accrued liability
 17 for pension to the retirement system for the employment described
 18 in this subsection.

19 (13) Subsection (1) does not apply to a retirant who retires
 20 after June 30, 2010 and before ~~May 11, 2018~~ **the ending date of**
 21 **funding for a federal grant given from the United States Department**
 22 **of Education in 2017, including any extensions, to fund the high-**
 23 **impact leadership for school renewal project and that meets the**
 24 **requirements of subsection (14)** and who, following a bona fide
 25 termination, becomes employed by a reporting unit as a school
 26 renewal coach or high impact leadership facilitator as part of a
 27 school leadership support program that is funded by ~~a~~ **the** federal
 28 grant ~~awarded before May 10, 2018~~ **given from the United States**
 29 **Department of Education in 2017, including any extensions, to fund**



1 **the high-impact leadership for school renewal project** and that
2 meets the requirements of subsection (14). **Also, subsection (1)**
3 **does not apply to a retirant who retires after June 30, 2010 and**
4 **before the ending date of funding for a federal grant that meets**
5 **the requirements of subsection (14) and who, following a bona fide**
6 **termination, becomes a national service member with a federally**
7 **funded national service program such as Americorps State and**
8 **National or Americorps VISTA and is placed by the federally funded**
9 **national service program at a service site that is a reporting**
10 **unit.** A retirant described in this subsection is not eligible to
11 use any service or compensation attributable to the employment
12 described in this subsection for a recomputation of his or her
13 retirement allowance. The reporting unit shall pay 100% of the
14 contribution rates for the unfunded actuarial accrued liability for
15 retiree health care and the unfunded actuarial accrued liability
16 for pension to the retirement system for the employment described
17 in this subsection. The reporting unit shall report the engagement
18 of school renewal coaches or high impact leadership facilitators to
19 the retirement system at the same interval the reporting unit
20 reports information to the retirement system with regard to its
21 other employees. The reporting unit shall include in the report the
22 name of the school renewal coach or high impact leadership
23 facilitator and the total earnings paid to the school renewal coach
24 or high impact leadership facilitator for that reporting period.

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

28 (a) Providing intense professional development and support,
29 and money, for renewal projects for teams of school leaders in a



1 number of project schools that are implementing a set of new
2 literacy essentials.

3 (b) Placing a trained team of school renewal coaches or high
4 impact leadership facilitators in each project school.

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

7 (d) Applying a set of proven school leadership practices for
8 school renewal and sustainable implementation.

9 (e) Providing training, support, and oversight for the school
10 renewal coaches or high impact leadership facilitators as a
11 coordinator or supervisor of that work.

