



HOUSE BILL No. 5761

September 14 1994 Introduced by Rep Profit and referred to the Committee on Public Retirement

A bill to amend sections 4 and 8 of Act No 300 of the Public Acts of 1980 entitled
The public school employees retirement act of 1979
section 4 as amended by Act No 193 of the Public Acts of 1989
being sections 38 1304 and 38 1308 of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 4 and 8 of Act No 300 of the Public
2 Acts of 1980 section 4 as amended by Act No 193 of the Public
3 Acts of 1989 being sections 38 1304 and 38 1308 of the Michigan
4 Compiled Laws are amended to read as follows

5 Sec 4 (1) Compensation means the remuneration earned by
6 a member for service performed as a public school employee If
7 part of a member s remuneration is not paid in money, the
8 retirement board shall fix the value of that part of the

1 remuneration not paid in money Compensation includes on a
2 current basis ^L investments made in a tax sheltered annuity for a
3 public school employee as remuneration for service under this
4 act The remuneration shall be valued at the amount of money
5 actually paid into the annuity Compensation includes all
6 amounts deducted from the pay of a public school employee,
7 including amounts deducted pursuant to the member investment
8 plan Compensation includes longevity pay overtime pay vaca-
9 tion pay ~~—~~ and holiday pay while absent from work, sick leave
10 pay while absent from work, WEEKLY WORKER S DISABILITY COMPENSA-
11 TION PAYMENTS RECEIVED WHILE EMPLOYED BY A REPORTING UNIT AND
12 WHILE ABSENT FROM WORK and items of deferred compensation
13 exclusive of employer contributions to the retirement system
14 Compensation does not include terminal payments for unused sick
15 leave, annual leave, bonus payments hospitalization insurance
16 and life insurance premiums, other fringe benefits paid by and
17 from the funds of employers of public school employees, and remu-
18 nation paid for the specific purpose of increasing the final
19 average compensation Compensation for the period on which final
20 average compensation is based for the purpose of computing final
21 average compensation, does not include an amount over the compen-
22 sation for the preceding year except increases provided by the
23 normal salary schedule for the reporting unit The retirement
24 board shall require a sworn affidavit from the member that final
25 compensation does not include remuneration paid either directly
26 or indirectly for actual or anticipated expenses

1 (2) Compound interest means interest compounded annually
2 on July 1 on the contributions on account as of the previous
3 July 1 and computed at the rate of investment return determined
4 under section 104a(1) for the last completed state fiscal year

5 (3) Contributory service means credited service other than
6 noncontributory service

7 (4) Deferred member means a member who has ceased to be a
8 public school employee and has satisfied the requirements of sec-
9 tion 82 for a deferred vested service retirement allowance

10 (5) 'Department means the department of management and
11 budget

12 (6) Employee organization professional services leave or
13 professional services leave' means a leave of absence that is
14 renewed annually by the reporting unit so that a member may
15 accept a position with a public school employee organization to
16 which he or she belongs and which represents employees of a
17 reporting unit in employment matters The member shall be
18 included in membership of the retirement system during a profes-
19 sional services leave if all of the conditions of section 71(5)
20 are satisfied

21 (7) Employee organization professional services released
22 time or professional services released time means a portion of
23 the school fiscal year during which a member is released by the
24 reporting unit from his or her regularly assigned duties to
25 engage in employment matters for a public school employee organi-
26 zation to which he or she belongs The member s compensation
27 received and service rendered by a member while on professional

1 services released time shall be reportable to the retirement
2 system if all of the conditions of section 71(5) are satisfied

3 (8) Final average compensation means the aggregate amount
4 of a member s compensation earned within the averaging period in
5 which the aggregate amount of compensatic was highest divided by
6 the member s number of years including any fraction of a year
7 of credited service during the averaging period The averaging
8 period shall be 36 consecutive calendar months if the member con-
9 tributes to the member investment plan otherwise the averaging
10 period shall be 60 consecutive calendar months If the member
11 has less than 1 year of credited service in the averaging period
12 the number of consecutive calendar months in the averaging period
13 shall be increased to the lowest number of consecutive calendar
14 months that contains 1 year of credited service

15 (9) Health benefits' means hospital, medical-surgical and
16 sick care benefits and dental vision, and hearing benefits for
17 retirants retirement allowance beneficiaries and health insur-
18 ance dependents provided pursuant to section 91

19 (10) Member investment plan means the program of member
20 contributions described in section 43a

21 Sec 8 (1) Service means personal service performed as a
22 public school employee or creditable under this act SERVICE
23 INCLUDES THE TIME A MEMBER IS ABSENT FROM WORK AND IN RECEIPT OF
24 WEEKLY WORKER S DISABILITY COMPENSATION ON THE BASIS OF THE
25 NUMBLR OF HOURS THAT WOULD OTHERWISE NORMALLY BE REPORTED FOR
26 RETIREMENT PURPOSES HAD THE MEMBER BEEN PRESENT AT WORK

1 (2) Simple interest means interest at 1 or more rates per
2 annum determined by the retirement board

3 (3) State of Michigan service means service performed as a
4 state employee in the classified or unclassified service under
5 THE STATE EMPLOYEES RETIREMENT ACT, Act No 240 of the Public
6 Acts of 1943, as amended being sections 38 1 to ~~38 47~~ 38 48 of
7 the Michigan Compiled Laws

8 (4) Teacher means a person employed by a reporting unit
9 who is engaged in teaching who is engaged in administering and
10 supervising teaching or who is under a teacher s contract with a
11 reporting unit

12 (5) Transitional public employment program means partici-
13 pation in public service employment programs in the areas of
14 environmental quality health care education public safety
15 crime prevention and control, prison rehabilitation transporta-
16 tion recreation maintenance of parks streets, and other public
17 facilities solid waste removal pollution control housing and
18 neighborhood improvements, rural development conservation beau-
19 tification, veterans outreach, and other fields of human better-
20 ment and community improvement as part of a program of comprehen-
21 sive manpower services authorized undertaken and financed under
22 the FORMER comprehensive employment and training act of 1973, ~~29~~
23 ~~U S C 801 to 999~~ PUBLIC LAW 93-203

24 (6) WORKER S DISABILITY COMPENSATION MEANS COMPENSATION
25 PAID TO A MEMBER PURSUANT TO THE WORKER S DISABILITY COMPENSATION
26 ACT OF 1969, ACT NO 317 OF THE PUBLIC ACTS OF 1969 BEING
27 SECTIONS 418 101 TO 418 941 OF THE MICHIGAN COMPILED LAWS