

Act No. 272
Public Acts of 1995
Approved by the Governor
Jan. 7, 1996
Filed with the Secretary of State
Jan. 8, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1995**

Introduced by Reps. Rhead, Hammerstrom, Horton, Dalman, Gilmer, Fitzgerald, DeLange, Llewellyn,
Bullard and Perricone
Rep. McBryde named co-sponsor

ENROLLED HOUSE BILL No. 4047

AN ACT to amend sections 6 and 7 of Act No. 300 of the Public Acts of 1980, entitled "An act to provide a retirement system for the public school employees of this state; to create certain funds for this retirement system; to provide for the creation of a retirement board within the department of management and budget; to prescribe the powers and duties of the retirement board; to prescribe the powers and duties of the department of management and budget; to prescribe penalties; and to repeal certain acts and parts of acts," section 6 as amended by Act No. 272 of the Public Acts of 1994 and section 7 as amended by Act No. 318 of the Public Acts of 1993, being sections 38.1306 and 38.1307 of the Michigan Compiled Laws; and to add section 41a.

The People of the State of Michigan enact:

Section 1. Sections 6 and 7 of Act No. 300 of the Public Acts of 1980, section 6 as amended by Act No. 272 of the Public Acts of 1994 and section 7 as amended by Act No. 318 of the Public Acts of 1993, being sections 38.1306 and 38.1307 of the Michigan Compiled Laws, are amended and section 41a is added to read as follows:

Sec. 6. (1) "Original member" means a member employed in Michigan public schools before July 1, 1945.

(2) "Out of system public education service" means service performed in public education meeting 1 or more of the following requirements:

(a) Performed in other states in the United States or its territorial possessions.

(b) Performed at the university of Michigan, Michigan state university, Wayne state university, Grand Valley state university, Oakland university, or Saginaw Valley university.

(c) Service purchased before January 31, 1991 and performed in a juvenile training school operated by a county in this state.

(d) Service purchased before January 31, 1991 and performed in a community mental health service program operated under former Act No. 54 of the Public Acts of 1963 for the severely mentally retarded in day care programs, day training programs, or day care training programs that were transferred to an intermediate school district by direction of the department of education.

(e) Service purchased before January 31, 1991 and performed as an elementary or secondary teacher at a United States armed forces military base in the United States or a foreign country.

(f) Service purchased before January 31, 1991 and performed as a teacher or administrator of American nationals in overseas public elementary or secondary schools operated by the United States department of defense.

(g) Performed by a person who first becomes employed by an institution of higher education described in section 4, 5, or 6 of article VIII of the state constitution of 1963 on or after January 1, 1996.

(3) "Prior service" means service performed before July 1, 1945.

(4) Except as otherwise provided in this subsection, "public school academy" means a public school academy established under part 6a or 6b of the school code of 1976, Act No. 451 of the Public Acts of 1976, being sections 380.501 to 380.507 and 380.511 to 380.518 of the Michigan Compiled Laws. Public school academy does not include any of the following:

(a) A public school academy operated by a state public university that is not subject to the optional retirement act of 1967, Act No. 156 of the Public Acts of 1967, being sections 38.381 to 38.388 of the Michigan Compiled Laws.

(b) A public school academy corporation formed by a state public university that is not subject to Act No. 156 of the Public Acts of 1967.

(5) Except as otherwise provided in this subsection, "public school employee" means an employee of a public local school district, intermediate school district, public school academy, tax supported community or junior college, eastern Michigan university, central Michigan university, northern Michigan university, western Michigan university, Ferris state university, Michigan technological university, Lake Superior state university, or district library as defined in section 69g if the conditions in section 69g(1) are met for that employee. Service at Michigan technological university shall be creditable only if the amount of the accumulated contributions in the state employees' retirement system created by the state employees' retirement act, Act No. 240 of the Public Acts of 1943, being sections 38.1 to 38.48 of the Michigan Compiled Laws, for service is paid to the retirement system. Service at Ferris state university shall be creditable as prior service or membership service only if the employee was employed at Ferris state university on a full-time basis for 2 or more years after May 17, 1949. Until January 1, 1988, public school employee also includes a person holding a Michigan teacher certificate and serving as an employee of the Michigan high school athletic association, other than a person whose effective date of employment with the Michigan high school athletic association is on or after December 31, 1986. Public school employee includes a public school employee on an approved leave of absence. Public school employee does not include a person who first becomes employed by a university described in this subsection on or after January 1, 1996.

Sec. 7. (1) "Refund beneficiary" means 1 or more persons whom the member or former member nominates in writing and files with the retirement system for the purpose of being paid accumulated contributions in the event of the death of the member or former member. If a valid nomination is not on file, the retirement board shall pay the accumulated contributions to the legal representative of the deceased member or deceased former member, if any, or to the estate of the deceased member or deceased former member.

(2) "Regular interest" means interest at 1 or more rates per annum determined by the retirement board and compounded annually.

(3) Except as otherwise provided in this subsection, "reporting unit" means a public school district, intermediate school district, public school academy, tax supported community or junior college, or university, or an agency having employees on its payroll who are members of this retirement system. The reporting unit shall be the employer for purposes of this act. On and after January 1, 1996, reporting unit does not include a university, except to the extent that university has employees on its payroll who are members of this retirement system.

(4) "Retirant" means a member who retires with a retirement allowance payable from reserves of the retirement system.

(5) "Retirement allowance" means a payment for life or a temporary period provided for in this act to which a retirant, retirement allowance beneficiary, or refund beneficiary is entitled.

(6) "Retirement allowance beneficiary" means a person who is being paid or has entitlement to the payment of a retirement allowance in the event of the death of a member, deferred member, or retirant.

(7) "Retirement board" means the board provided to administer this retirement system.

(8) "Retirement system" means the Michigan public school employees' retirement system provided for in this act.

Sec. 41a. For fiscal years that begin on or after the effective date of this section, the retirement system shall determine a separate contribution rate for a reporting unit that is a university listed in section 6(5). The retirement system shall determine the separate contribution rate in the manner prescribed in section 41, except that the unfunded actuarial accrued liability shall be amortized as a level dollar amount in 40 annual payments. The amount of the unfunded accrued liability on which the separate contribution rate is determined shall be that amount which a reporting

unit that is a university listed in section 6(5) is legally responsible for and is calculated by actuarial analysis. Any reduction in the unfunded liability of the system pursuant to governmental action affecting the entire system will be allocated to all reporting units including universities as determined by the system's actuary.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.