



# SENATE BILL No. 1055

May 28, 1996, Introduced by Senator STEIL and referred to the Committee on Judiciary.

A bill to amend section 13 of Act No. 240 of the Public Acts of 1943, entitled as amended "State employees' retirement act," as amended by Act No. 195 of the Public Acts of 1993, being section 38.13 of the Michigan Compiled Laws; and to add section 44a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13 of Act No. 240 of the Public Acts of  
2 1943, as amended by Act No. 195 of the Public Acts of 1993, being  
3 section 38.13 of the Michigan Compiled Laws, is amended and sec-  
4 tion 44a is added to read as follows:

5 Sec. 13. (1) Membership in the retirement system shall con-  
6 sist of state employees occupying permanent positions in the  
7 state civil service. A state employee whose position is not  
8 included in the state civil service, or state employed officers

1 or an elected or appointed state official, including county  
2 juvenile officers appointed pursuant to section 1 of Act No. 22  
3 of the Public Acts of the Extra Session of 1919, ~~as amended,~~  
4 being section 400.251 of the Michigan Compiled Laws, or any  
5 employee of the state accident fund as provided by Chapter 7 of  
6 the worker's disability compensation act of 1969, Act No. 317 of  
7 the Public Acts of 1969, ~~as amended,~~ being sections ~~418.701 to~~  
8 ~~418.755~~ 418.700 TO 418.751 of the Michigan Compiled Laws, or the  
9 secretary of the senate, or assistant secretary of the senate, or  
10 the clerk of the house of representatives, or the assistant clerk  
11 of the house of representatives, or an employee of a state tuber-  
12 culosis sanatorium taken over by the state from a county who was  
13 an employee of the sanatorium on the date the sanatorium became a  
14 state institution, or an employee of a congressionally chartered  
15 veterans' organization who is paid either wholly or in part from  
16 a state general fund appropriation, or an employee of the  
17 Michigan veterans' trust fund county committees who is employed  
18 on a full-time basis by the committees may become a member by  
19 filing a written notice with the retirement board before July 1,  
20 1974. The employee shall pay to the retirement fund a sum equal  
21 to the amount the employee's contributions would have been had  
22 the member become a member immediately upon employment by the  
23 state with interest compounded annually at the regular rate from  
24 a date 1 year after the date of employment by the state and date  
25 of payment. In order to remain in the retirement system, a  
26 member who is an employee of the state accident fund shall be  
27 vested in the retirement system on or before the effective date

1 of the transfer authorized by section 701a of Chapter 7 of Act  
2 No. 317 of the Public Acts of 1969.

3       (2) All state employees except those specifically excluded  
4 by law and those who are members or eligible to be members of  
5 other statutory retirement systems in this state, shall become  
6 members of the retirement system. The employees may use service  
7 previously performed as an employee of this state in meeting the  
8 service requirements for the retirement allowances and death ben-  
9 efits provided by the retirement system. However, the prior  
10 service shall not be used in computing the amount of a retirement  
11 allowance to be paid by the retirement system unless the employee  
12 pays to the retirement fund with interest the amount the  
13 employee's contributions would have been had the employee become  
14 a member immediately upon employment by the state as provided in  
15 subsection (1). Elected or appointed state officials may elect  
16 not to become or continue as members of the retirement system by  
17 filing written notice with the retirement board. An appointed  
18 state official who is a member of a state board, commission, or  
19 council and who receives a per diem rate in his or her capacity  
20 as a member of the board, commission, or council shall be  
21 excluded from membership in the retirement system for the service  
22 rendered in his or her capacity as a member of the board, commis-  
23 sion, or council. Service performed by an elected or appointed  
24 official during the time the official elects not to participate  
25 shall not be used in meeting the service requirement or in com-  
26 puting the amount of retirement allowance to be paid by the  
27 retirement system. A member who elects not to participate shall

1 be refunded all contributions made before the election.  
2 Membership in the retirement system shall not include a person  
3 who is a contributing member in a public school employees'  
4 retirement system provided for in the public school employees  
5 retirement act of 1979, Act No. 300 of the Public Acts of 1980,  
6 being sections 38.1301 to ~~38.1407~~ 38.1408 of the Michigan  
7 Compiled Laws, the probate judges' retirement system provided for  
8 in FORMER Act No. 165 of the Public Acts of 1954, ~~as amended,~~  
9 ~~being sections 38.901 to 38.933 of the Michigan Compiled Laws,~~  
10 the judges' retirement system provided for in FORMER Act No. 198  
11 of the Public Acts of 1951, ~~as amended, being sections 38.801 to~~  
12 ~~38.831 of the Michigan Compiled Laws,~~ the judges retirement act  
13 of 1992, Act No. 234 of the Public Acts of 1992, being sections  
14 38.2101 to 38.2608 of the Michigan Compiled Laws, or a person who  
15 comes within the state police retirement act of 1986, Act No.  
16 182 of the Public Acts of 1986, being sections 38.1601 to 38.1648  
17 of the Michigan Compiled Laws. A person who draws compensation  
18 as a state employee and also as an employee of a political subdi-  
19 vision of the state shall be eligible for the benefits provided  
20 by this act to the extent of the person's compensation paid by  
21 the state.

22 (3) On July 1, 1974, the contributing members of the  
23 Michigan public school employees' retirement system who are  
24 employed in the state classified or unclassified service as pro-  
25 vided for in former Act No. 136 of the Public Acts of 1945 shall  
26 have their membership transferred to the retirement system. The  
27 accumulated contributions, including interest, for each member,

1 and service standing to the member's credit as of June 30, 1974,  
2 shall be transferred from the annuity accumulation fund estab-  
3 lished under former Act No. 136 of the Public Acts of 1945 to the  
4 employee savings fund of this retirement system.

5       (4) The accumulated contributions and prior service shall be  
6 transferred to the employee savings fund of this retirement  
7 system from the pension accumulation fund established under  
8 former Act No. 136 of the Public Acts of 1945 and its predecessor  
9 acts for service performed as a teaching or nonteaching public  
10 school employee before July 1, 1945.

11       (5) A person hired in state classified or unclassified serv-  
12 ice after June 30, 1974, possessing a Michigan teaching certifi-  
13 cate shall be a member of this retirement system. After June 30,  
14 1974, a person who returns to state employment in the classified  
15 or unclassified service who previously was a contributing member  
16 of the Michigan public school employees' retirement system shall  
17 have the person's accumulated contributions and service trans-  
18 ferred to this retirement system, or having withdrawn the contri-  
19 butions, may pay into the retirement system the amount withdrawn  
20 together with regular interest and have credit restored as pro-  
21 vided for in section 16.

22       (6) A person whose membership service and prior service in  
23 the Michigan public school employees' retirement system was  
24 transferred to this retirement system shall be entitled to the  
25 service which otherwise would have been creditable to the member  
26 had the member remained a member of the Michigan public school

1 employees' retirement system under former Act No. 136 of the  
2 Public Acts of 1945.

3       (7) A person who participates in a transitional public  
4 employment program financed with federal or state funds designed  
5 to reach the unemployed or underemployed and provide short-term,  
6 limited, or temporary employment shall not be a member of this  
7 retirement system or be defined as an employee occupying a per-  
8 manent position under subsection (1). As used in this subsection  
9 and subsection (8), "transitional public employment program"  
10 means a public service employment program in the area of environ-  
11 mental quality, health care, education, public safety, crime pre-  
12 vention and control, prison rehabilitation, transportation, rec-  
13 reation, maintenance of parks, streets, and other public facili-  
14 ties, solid waste removal, pollution control, housing and neigh-  
15 borhood improvements, rural development, conservation, beautifi-  
16 cation, veterans' out-reach, or any other area of human better-  
17 ment and community improvement as part of a program of comprehen-  
18 sive manpower services authorized, undertaken, and financed pur-  
19 suant to the comprehensive employment and training act, former  
20 Public Law 93-203, 87 Stat. 839.

21       (8) If a person described in subsection (7) later becomes a  
22 member of this retirement system within 12 months after the date  
23 of termination as a participant in a transitional public employ-  
24 ment program, service credit shall be given for employment which  
25 is excluded in subsection (7) for purposes of determining a  
26 retirement allowance upon the payment by the person's employer  
27 under subsection (7) from funds provided under the comprehensive

1 employment and training act, former Public Law 93-203,  
2 87 Stat. 839, as funds permit, to the retirement system of the  
3 contributions, plus regular interest, the employer would have  
4 paid had the employment been rendered in a position covered by  
5 this act. During the person's employment in the transitional  
6 public employment program, the person's employer shall place in  
7 reserve a reasonable but not necessarily an actuarially deter-  
8 mined amount equal to the contributions which the employer would  
9 have paid to the retirement system for those employees in the  
10 transitional public employment program as if they were members  
11 under this act, but only for that number of employees which the  
12 employer determined would move from the transitional public  
13 employment program into positions covered by this act. If the  
14 funds provided under the comprehensive employment and training  
15 act, former Public Law 93-203, 87 Stat. 839, are insufficient,  
16 the remainder of the employer contributions shall be paid by the  
17 person's current employer.

18 (9) A person, not regularly employed by the state, who is  
19 hired by the state through a summer youth employment program  
20 established pursuant to the Michigan youth corps act, Act No. 69  
21 of the Public Acts of 1983, being sections 409.221 to 409.230 of  
22 the Michigan Compiled Laws, shall not be a member of this retire-  
23 ment system. In addition, a person described in this subsection  
24 shall not receive service credit for the employment described in  
25 this subsection even though the person subsequently becomes or  
26 has been a member of this retirement system.

1       (10) A person, not regularly employed by the state, who is  
2 hired by the state to administer a program described in  
3 subsection (9), (11), (12), or (13) shall not be a member of this  
4 retirement system. In addition, a person described in this sub-  
5 section shall not receive service credit for the employment  
6 described in this subsection even though the person subsequently  
7 becomes or has been a member of this retirement system.

8       (11) A person, not regularly employed by the state, who is  
9 employed by the state through participation in a program estab-  
10 lished pursuant to the job training partnership act, Public Law  
11 97-300, 96 Stat. 1322, shall not be a member of this retirement  
12 system. In addition, a person described in this subsection shall  
13 not receive service credit for the employment described in this  
14 subsection even though the person subsequently becomes or has  
15 been a member of this retirement system.

16       (12) A person, not regularly employed by the state, who is  
17 employed by the state through participation in a program estab-  
18 lished pursuant to the Michigan opportunity and skills training  
19 program under sections 12 to 23 of Act No. 259 of the Public Acts  
20 of 1983, shall not be a member of this retirement system. In  
21 addition, a person described in this subsection shall not receive  
22 service credit for the employment described in this subsection  
23 even though the person subsequently becomes or has been a member  
24 of this retirement system.

25       (13) A person, not regularly employed by the state, who is  
26 employed by the state through participation in a program  
27 established pursuant to the Michigan community service corps



1 program under sections 25 to 35 of Act No. 259 of the Public Acts  
2 of 1983, shall not be a member of this retirement system. In  
3 addition, a person described in this subsection shall not receive  
4 service credit for the employment described in this subsection  
5 even though the person subsequently becomes or has been a member  
6 of this retirement system.

7       (14) A PERSON WHO WAS AN EMPLOYEE OF THE STATE JUDICIAL  
8 COUNCIL SHALL NOT BE A MEMBER OF THE RETIREMENT SYSTEM ON AND  
9 AFTER OCTOBER 1, 1997. A PERSON WHO WAS AN EMPLOYEE OF THE STATE  
10 JUDICIAL COUNCIL BEFORE OCTOBER 1, 1997 AND WHO BECAME VESTED IN  
11 THE RETIREMENT SYSTEM BEFORE OCTOBER 1, 1997 SHALL REMAIN A  
12 MEMBER FOR THE EXCLUSIVE PURPOSE OF RECEIVING A RETIREMENT ALLOW-  
13 ANCE FROM THE RETIREMENT SYSTEM UNDER SECTION 19 AS DETERMINED  
14 UNDER SECTION 20.

15       SEC. 44A. AN EMPLOYEE OF THE STATE JUDICIAL COUNCIL WHO WAS  
16 VESTED IN THE STATE RETIREMENT SYSTEM BEFORE OCTOBER 1, 1997  
17 SHALL BE ENTITLED TO ALL OF THE RIGHTS, PRIVILEGES, AND BENEFITS  
18 PROVIDED BY THIS ACT ACCRUED AS OF THE EFFECTIVE DATE OF THE  
19 TRANSFER.