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House Bill 4340 (Substitute H-1 as passed by the House)
Sponsor: Representative Bruce Caswell
House Committee: Senior Health, Security and Retirement
Senate Committee: Education

Date Completed: 1-14-04

CONTENT

The bill would amend the Public School Employees Retirement Act to allow retirants who retired by July 1, 2003, rather than July 1, 2000, to be rehired by a "reporting unit" experiencing an emergency situation or needing to hire a retirant in a critical shortage discipline, without a reduction in the retirants' retirement allowance. (A "reporting unit" is a public school district, intermediate school district, public school academy, tax-supported community or junior college, or university, or an agency employing members of the retirement system.)

Under the Act, retirants from the Public School Employees Retirement System (PSERS) who are reemployed by a reporting unit are not entitled to a new final average compensation or additional service credit for their postretirement work, unless they perform the equivalent of at least five years of additional service (or three years, if a retirant has contributed to the member investment plan). Also, retirants' allowances must be reduced when their new earnings exceed either one-third of their final average compensation, or the maximum earnings permitted under the Social Security Act; the retirants' allowances are reduced by the full amount that their earnings exceed the lesser of the two calculations.

The Act makes an exception to these limitations, however, for a retirant who is employed for three years or less by a reporting unit experiencing an "emergency situation", which means that more than 8% of all classes in the district during the 1998-99 school year were taught by full-time substitute teachers not certified in the subjects or grades they taught. Also, the limitations do not apply to a retirant hired by a reporting unit in an area identified by the State Superintendent of Public Instruction as a "critical shortage discipline". In either case, the retirant may not be employed for more than three years, the retirant may not use the service or compensation for a recomputation of his or her retirement allowance, and the exceptions apply only until July 1, 2006.

These exceptions currently are available only for PSERS members who retired on or before July 1, 2000. The bill would extend the exceptions to those who retired on or before July 1, 2002; and, beginning July 1, 2004, to those who retired on or before July 1, 2003.

MCL 38.1361

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.