

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4340**

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 2001 PA 30.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 61. (1) Except as otherwise provided in this section,  
2 if a retirant is receiving a retirement allowance other than a  
3 disability allowance payable under this act or under former 1945  
4 PA 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 shall take place:

7       (a) The retirant shall not be 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  
10 more years of service credit or, if the retirant has contributed  
11 to the member investment plan, the equivalent of 3 or more years

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

12 (b) The retirant's retirement allowance shall be reduced by  
13 the lesser of the amount that the earnings in a calendar year  
14 exceed the amount permitted without a reduction of benefits under  
15 the social security act, chapter 531, 49 Stat. 620, or 1/3 of the  
16 retirant's final average compensation. For purposes of computing  
17 allowable earnings under this subdivision, the final average  
18 compensation shall be increased by 5% for each full year of  
19 retirement.

20 (2) The retirement system may offset retirement benefits  
21 payable under this act against amounts owed to the retirement  
22 system by a retirant or retirement allowance beneficiary.

23 (3) Subsection (1) does not apply to a retirant if all of the  
24 following circumstances exist:

25 (a) The retirant is a former teacher or administrator  
26 employed in a teaching or research capacity by a university that  
27 is considered a reporting unit for the limited purpose described

1 in section 7(3).

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

6 (c) A university that employs a retirant pursuant to this  
7 subsection shall report such employment to the retirement system  
8 by July 1 of each year. The report to be filed shall include the  
9 name of the retirant, the capacity in which the retirant is  
10 employed, and the total annual compensation paid to the  
11 retirant.

12 (4) Until July 1, 2006, subsection (1) does not apply to a  
13 retirant if all of the following circumstances exist:

14 (a) The retirant is employed by a reporting unit that has an  
15 approved emergency situation, not including a situation caused by  
16 a labor dispute, that necessitates the hiring of a retirant in  
17 the capacity of a teacher, principal, stationary engineer, or  
18 administrator to prevent depriving students of an education. The  
19 chief executive officer or superintendent of the school district  
20 shall include with the written notification documentation showing  
21 that more than 8% of all classes in the district during the  
22 1998-99 school year are taught by full-time substitute teachers  
23 who are not certificated in the subjects or grade levels which  
24 they teach. Within 30 days after receipt of the notification and  
25 documentation under this subdivision, the department of education  
26 shall notify the chief executive officer or superintendent and  
27 the retirement system of its approval or disapproval of the

1 emergency situation. If disapproved by the department of  
2 education, this subsection does not apply.

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

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

10 (5) On or before July 1, 1999, the state superintendent of  
11 public instruction shall compile a listing of critical shortage  
12 disciplines. This listing shall be updated annually.

13 (6) Until July 1, 2006, subsection (1) does not apply to a  
14 retirant if all of the following circumstances exist:

15 (a) The retirant is employed by a reporting unit that has a  
16 situation, not including a situation caused by a labor dispute,  
17 that necessitates the hiring of a retirant in an area that has  
18 been identified by the state superintendent of public instruction  
19 as a critical shortage discipline pursuant to subsection (5).

20 (b) The retirant is employed under a situation described in  
21 subdivision (a) for a period not to exceed ~~3~~ 6 years.

22 (c) The retirant is not eligible to use any service or  
23 compensation attributable to the employment described in  
24 subdivision (a) for a recomputation of his or her retirement  
25 allowance.

26 (7) The provisions of subsections (4) and (6) shall only  
27 apply for retirants who retired on or before July 1, ~~2000~~

1 2003.