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BILL ANALYSIS

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House Bill 5760 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative David Palsrok
House Committee: Education
Senate Committee: Education

CONTENT

The bill would amend the Public School Employees Retirement Act to extend until July 1, 2011, provisions that allow retired employees to work for certain school districts without a reduction in their retirement allowance. The current provisions are to expire on July 1, 2006.

Under the Act, if a retirant is receiving a retirement allowance other than a disability allowance, and becomes employed by a reporting unit (i.e., a public school district, intermediate school district, public school academy, tax-supported college or university, or agency with employees who are members of the retirement system), his or her retirement allowance must be reduced by either the amount that his or her earnings exceed the amount permitted without a reduction in benefits under the Social Security Act, or one-third of his or her final average compensation (increased by 5% for each full year of retirement), whichever amount is smaller.

Until July 1, 2006, those provisions do not apply to a retirant who is employed for six years or less by a reporting unit that has one of the following:

- An approved emergency situation, not including a situation caused by a labor dispute, in which hiring a retirant in the capacity of a teacher, principal, stationary engineer, or administrator is necessary to prevent depriving students of an education.
- A critical shortage discipline, as identified by the Superintendent of Public Instruction.

The bill would extend those exceptions until July 1, 2011, and would allow the hiring of a retirant during an emergency situation in any category determined to be necessary by the Superintendent of the Public Institution.

Currently, the exceptions apply only to retirants who retired on or before July 1, 2003. Under the bill, they would apply to retirants who had been retired for at least 12 months before becoming employed under these provisions.

MCL 38.1361

Legislative Analyst: Curtis Walker

FISCAL IMPACT

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

Date Completed: 5-11-06

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.

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