

**SUBSTITUTE FOR
HOUSE BILL NO. 4593**

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 2006 PA 158.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 61. (1) Except as otherwise provided in this section, if
2 a retirant is receiving a retirement allowance other than a
3 disability allowance payable under this act or under former 1945 PA
4 136, 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

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

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

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

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

27 (a) The retirant is a former teacher or administrator employed

1 in a teaching or research capacity by a university that is
2 considered a reporting unit for the limited purpose described in
3 section 7(3).

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

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

13 (4) ~~Until July 1, 2011, subsection~~ **SUBSECTION** (1) does not
14 apply to a retirant if all of the following circumstances exist:

15 (a) The retirant is employed by a reporting unit that has an
16 approved emergency situation, not including a situation caused by a
17 labor dispute, that necessitates the hiring of a retirant in the
18 capacity of a teacher, principal, stationary engineer,
19 administrator, or other category as determined by the
20 superintendent of public instruction to prevent depriving students
21 of an education. The chief executive officer or superintendent of
22 the school district shall, **ON AN ANNUAL BASIS**, include with the
23 written notification documentation showing that more than 8% of all
24 classes in the district during the ~~1998-99-2007-2008~~ school year
25 are taught by full-time substitute teachers who are not
26 certificated in the subjects or grade levels which they teach. **THE**
27 **CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT OF THE SCHOOL DISTRICT**

1 SHALL ON AN ANNUAL BASIS INCLUDE WITH THE WRITTEN NOTIFICATION
2 DOCUMENTATION THAT THE DISTRICT HAS POSTED THE POSITION WITH
3 COLLEGES, UNIVERSITIES, AND OTHER RECRUITING PLACEMENT SOURCES AND
4 HAS BEEN UNABLE TO EMPLOY A QUALIFIED PERSON FOR EACH POSITION.

5 Within 30 days after receipt of the notification and documentation
6 under this subdivision, the department of education shall notify
7 the chief executive officer or superintendent and the retirement
8 system of its approval or disapproval of the emergency situation.
9 If disapproved by the department of education, this subsection does
10 not apply.

11 (b) The retirant is employed under an emergency situation
12 described in subdivision (a) for a period not to exceed ~~6~~8 years.

13 (c) The retirant is not eligible to use any service or
14 compensation attributable to the employment described in
15 subdivision (a) for a recomputation of his or her retirement
16 allowance.

17 (D) IF THE REPORTING UNIT EMPLOYS A RETIRANT UNDER THIS
18 SUBSECTION FOR AT LEAST 3 AND LESS THAN 4 YEARS, THE REPORTING UNIT
19 SHALL PAY TO THE RETIREMENT SYSTEM AN AMOUNT EQUAL TO 50% OF THE
20 CONTRIBUTION RATE FOR HEALTH BENEFITS PROVIDED UNDER SECTION 91
21 THAT IS IDENTIFIED IN SECTION 41 TO THE RETIREMENT SYSTEM FOR EACH
22 RETIRANT WHO BECOMES EMPLOYED BY A REPORTING UNIT UNDER THIS
23 SECTION. IF THE RETIRANT IS EMPLOYED FOR 4 YEARS OR MORE, THE
24 REPORTING UNIT SHALL PAY 100% OF THE CONTRIBUTION RATE FOR HEALTH
25 BENEFITS PROVIDED UNDER SECTION 91 THAT IS IDENTIFIED IN SECTION 41
26 TO THE RETIREMENT SYSTEM FOR EACH RETIRANT WHO BECOMES EMPLOYED BY
27 A REPORTING UNIT UNDER THIS SUBSECTION.

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

4 (6) Until July 1, 2011, subsection (1) does not apply to a
5 retirant if all of the following circumstances exist:

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

11 (b) The retirant is employed under a situation described in
12 subdivision (a) for a period not to exceed ~~6~~8 years.

13 (c) The retirant is not eligible to use any service or
14 compensation attributable to the employment described in
15 subdivision (a) for a recomputation of his or her retirement
16 allowance.

17 (D) IF THE REPORTING UNIT EMPLOYS A RETIRANT UNDER THIS
18 SUBSECTION FOR AT LEAST 3 AND LESS THAN 4 YEARS, THE REPORTING UNIT
19 SHALL PAY TO THE RETIREMENT SYSTEM AN AMOUNT EQUAL TO 50% OF THE
20 CONTRIBUTION RATE FOR HEALTH BENEFITS PROVIDED UNDER SECTION 91
21 THAT IS IDENTIFIED IN SECTION 41 TO THE RETIREMENT SYSTEM FOR EACH
22 RETIRANT WHO BECOMES EMPLOYED BY A REPORTING UNIT UNDER THIS
23 SECTION. IF THE RETIRANT IS EMPLOYED FOR 4 YEARS OR MORE, THE
24 REPORTING UNIT SHALL PAY 100% OF THE CONTRIBUTION RATE FOR HEALTH
25 BENEFITS PROVIDED UNDER SECTION 91 THAT IS IDENTIFIED IN SECTION 41
26 TO THE RETIREMENT SYSTEM FOR EACH RETIRANT WHO BECOMES EMPLOYED BY
27 A REPORTING UNIT UNDER THIS SUBSECTION.

1 (E) THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT OF THE
2 SCHOOL DISTRICT SHALL PROVIDE WRITTEN NOTIFICATION TO THE
3 SUPERINTENDENT OF PUBLIC INSTRUCTION THAT INCLUDES DOCUMENTATION
4 THAT THE DISTRICT HAS POSTED THE POSITION WITH COLLEGES,
5 UNIVERSITIES, AND OTHER RECRUITING PLACEMENT SOURCES AND HAS BEEN
6 UNABLE TO EMPLOY A QUALIFIED PERSON FOR THE VACANCY. EACH NOTICE
7 SHALL BE APPROVED OR DISAPPROVED BY THE STATE BOARD OF EDUCATION,
8 WHICH SHALL NOTIFY THE CHIEF EXECUTIVE OFFICER OR SUPERINTENDENT OF
9 THE DISTRICT AND THE RETIREMENT SYSTEM OF ITS DECISION.

10 (7) The provisions of subsections (4) and (6) shall only apply
11 for retirants who have been retired for at least 12 months before
12 becoming employed under this section.

13 (8) A REPORTING UNIT THAT EMPLOYS A RETIRANT WHO QUALIFIES
14 UNDER SUBSECTION (4) OR (6) SHALL REPORT THE EMPLOYMENT TO THE
15 RETIREMENT SYSTEM WITHIN 30 DAYS OF EMPLOYMENT. THE REPORT SHALL
16 INCLUDE THE NAME OF THE RETIRANT, THE CAPACITY IN WHICH THE
17 RETIRANT IS EMPLOYED, AND THE TOTAL COMPENSATION PAID TO THE
18 RETIRANT BY THE REPORTING UNIT, OR THE COMPENSATION PAID TO THE
19 RETIRANT THROUGH A CONTRACTUAL ARRANGEMENT.

20 (9) AS USED IN THIS SECTION, "BECOMES EMPLOYED BY A REPORTING
21 UNIT" OR "HIRED" MEANS DIRECTLY HIRED BY A REPORTING UNIT, HIRED AS
22 AN INDEPENDENT CONTRACTOR BY A REPORTING UNIT, OR INDIRECTLY HIRED
23 BY A REPORTING UNIT THROUGH A CONTRACTUAL ARRANGEMENT WITH THIRD
24 PARTIES, TO FILL A VACANT OR CREATED POSITION FOR THE REPORTING
25 UNIT THROUGH A CONTRACTUAL ARRANGEMENT. A RETIRANT WHO IS AN
26 EMPLOYEE OF A COMPANY THAT DOES BUSINESS WITH A REPORTING UNIT BUT
27 WHO IS NOT REPLACING A VACANT OR FILLING A CREATED POSITION WITH

1 THE REPORTING UNIT OR WORKING FULL-TIME AT THE REPORTING UNIT IN
2 FULFILLING HIS OR HER DUTIES WITH THE COMPANY THAT DOES BUSINESS
3 WITH THE REPORTING UNIT IS NOT EMPLOYED BY A REPORTING UNIT.