

# HOUSE BILL No. 4799

May 17, 2007, Introduced by Reps. Wenke and Mayes and referred to the Committee on Education.

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  
6       **DIRECTLY OR INDIRECTLY, INCLUDING, BUT NOT LIMITED TO, EMPLOYED**  
7       **THROUGH A CONTRACT BETWEEN THE REPORTING UNIT AND ANOTHER ENTITY,**  
8       the following shall take place:

9       (a) The retirant shall not be entitled to a new final average  
10      compensation or additional service credit under this retirement

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

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

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

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

~~1 (a) The retirant is a former teacher or administrator employed  
2 in a teaching or research capacity by a university that is  
3 considered a reporting unit for the limited purpose described in  
4 section 7(3).~~

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

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

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

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

~~notification and documentation under this subdivision, the department of education shall notify the chief executive officer or superintendent and the retirement system of its approval or disapproval of the emergency situation. If disapproved by the department of education, this subsection does not apply.~~

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

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

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

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

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

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

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

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