

# HOUSE BILL No. 5094

August 8, 2007, Introduced by Rep. Jackson 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 sections 69, 69c, 69f, and 75 (MCL 38.1369, 38.1369c, 38.1369f, and 38.1375), sections 69, 69c, and 75 as amended and section 69f as added by 1989 PA 194.

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

1       Sec. 69. (1) As a condition for granting membership or prior  
2 service credit under this act for out of system public education  
3 service, a member shall pay to the retirement system an amount  
4 equal to the amount the member would have contributed pursuant to  
5 the schedule governing member contributions in effect at the time  
6 of that service had the service been performed under this act or  
7 former ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA 136**, together

1 with regular interest from the end of the school fiscal year in  
2 which service was performed to the semiannual anniversary of the  
3 date following the payment, and shall have 5 years of reporting  
4 unit service credit under this act or former ~~Act No. 136 of the~~  
5 ~~Public Acts of 1945~~ **1945 PA 136**, following the out of system public  
6 education service.

7 (2) A member shall not be entitled to a retirement allowance  
8 based on out of system public education service that was performed  
9 after July 1, 1974, until the member pays into the retirement  
10 system for that service an amount equal to 5% of the member's full-  
11 time or equated full-time compensation earned in the school fiscal  
12 year before the school fiscal year in which the application to  
13 purchase and payment for the service credit is made, multiplied by  
14 the years of that service the member elects to purchase and unless,  
15 **FOR A MEMBER WHO BECOMES A MEMBER BEFORE DECEMBER 31, 2007, that**  
16 service is followed by 5 years of reporting unit service credit  
17 under this act. **A MEMBER WHO BECOMES A MEMBER ON OR AFTER DECEMBER**  
18 **31, 2007 AND WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION SHALL**  
19 **FOLLOW THE PURCHASE OF SERVICE CREDIT BY 10 YEARS OF REPORTING UNIT**  
20 **SERVICE CREDIT UNDER THIS ACT.**

21 (3) For the purposes of computing payment under this section,  
22 the compensation amount used shall not be less than the highest  
23 school fiscal year compensation previously earned by the member. If  
24 the compensation amount used for computing payment under this  
25 section exceeds the member's final average compensation determined  
26 at the time of retirement, the payment required under this section  
27 shall be recomputed using the member's final average compensation

1 and a refund shall be made based upon the recomputation. Credit  
2 provided by this section shall not be used in satisfying the  
3 minimum of 10 years of service credit required under this act for a  
4 retirement allowance. A person who had employment with a community  
5 mental health service program as described in section 6(2) shall  
6 not be subject to the minimum of 10 years of service credit, if the  
7 other requirements of this section are met.

8 (4) A member shall not receive more than 15 years of out of  
9 system public education service. A member shall not receive more  
10 out of system public education service than service performed under  
11 this act or former ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA**  
12 **136**, unless, before July 1, 1974, the member applied for out of  
13 system public education service credit based upon payment of  
14 contributions for that service credit as required under former ~~Act~~  
15 ~~No. 136 of the Public Acts of 1945~~ **1945 PA 136**. The total out of  
16 system public education service credited shall be used to compute  
17 the member's retirement allowance if the minimum service  
18 requirements performed under this act or former ~~Act No. 136 of the~~  
19 ~~Public Acts of 1945~~ **1945 PA 136** are met.

20 (5) If a member who made payment for out of system public  
21 education service dies and a retirement allowance beneficiary has  
22 not been designated, or if the member withdraws from service before  
23 his or her retirement becomes effective, the payment made by the  
24 member shall be refunded to the member or to the member's refund  
25 beneficiary upon request.

26 (6) Out of system public education service shall not be  
27 creditable toward retirement under this act if the member is or

1 will be receiving a retirement allowance for the same service from  
2 another retirement system.

3 (7) Out of system public education service shall not be  
4 creditable under this act unless similar service performed in a  
5 reporting unit would be creditable.

6 (8) Before January 31, 1991, a member may elect to purchase  
7 service credit as an elementary or secondary teacher at a United  
8 States armed forces military base in the United States or a foreign  
9 country upon payment to the retirement board of the actuarial cost.

10 Sec. 69c. (1) A member may elect to purchase service credit  
11 for service performed as an employee in a nonpublic elementary or  
12 secondary educational institution or a nonpublic 2- or 4-year  
13 institution of higher education in this state, in other states of  
14 the United States, or in the territorial possessions of the United  
15 States upon request and presentation of documentation of the  
16 employment rendered that is verifiable from official employment or  
17 payroll records or other acceptable documentation as determined by  
18 the retirement board, and upon payment to the retirement system of  
19 the actuarial cost.

20 (2) Before January 31, 1991, a member may elect to purchase  
21 service credit for service performed as an employee in a foreign  
22 country at a school for United States personnel or dependents of  
23 the United States military or United States department of state  
24 personnel; service performed as a full-time teacher with the job  
25 corps created pursuant to section 422 of part B of title IV of the  
26 job training partnership act, Public Law 97-300, 29 ~~U.S.C.~~ **USC**  
27 1692; service performed as a teacher in a trust territory or former

1 trust territory of the United States; or service performed as a  
2 teacher on an Indian reservation in this country; upon request and  
3 presentation of documentation of the employment rendered that is  
4 verifiable from official employment or payroll records or other  
5 acceptable documentation as determined by the retirement board, and  
6 upon payment to the retirement system of the actuarial cost.

7 (3) ~~Service~~ **FOR A MEMBER WHO BECOMES A MEMBER BEFORE DECEMBER**  
8 **31, 2007, SERVICE** shall not be credited under this section unless  
9 the service being purchased is followed by at least 5 years of  
10 reporting unit service credit under this act or former ~~Act No. 136~~  
11 ~~of the Public Acts of 1945~~ **1945 PA 136. FOR A MEMBER WHO BECOMES A**  
12 **MEMBER ON OR AFTER DECEMBER 31, 2007, SERVICE SHALL NOT BE CREDITED**  
13 **UNDER THIS SECTION UNLESS THE SERVICE BEING PURCHASED IS FOLLOWED**  
14 **BY AT LEAST 10 YEARS OF REPORTING UNIT SERVICE CREDIT UNDER THIS**  
15 **ACT.** Service purchased under this section shall not be used to  
16 satisfy the minimum of 10 years of service credit required to  
17 receive a retirement allowance under this act. The total service  
18 credited under subsections (1) and (2) shall not exceed 5 years.

19 (4) If a member who made payment for service under this  
20 section dies and a retirement allowance beneficiary has not been  
21 designated, or if the member withdraws from service before his or  
22 her retirement becomes effective, the payment made by the member  
23 shall be refunded to the member or to the member's refund  
24 beneficiary upon request.

25 (5) Service shall not be credited under this section if the  
26 member is or will be receiving a pension or annuity for the same  
27 service from another retirement system.

1           (6) A person who became a retirant with a retirement allowance  
2 effective date on or after January 1, 1988 and on or before  
3 December 21, 1988 shall be entitled to purchase service credit for  
4 service performed as an employee in a nonpublic elementary or  
5 secondary educational institution or a nonpublic 2- or 4-year  
6 institution of higher education as provided by this section.  
7 Service credit purchased pursuant to this subsection shall be  
8 purchased before July 1, 1989, or the expiration of 6 months after  
9 December 21, 1988, whichever is later. The monthly retirement  
10 allowance of a retirant entitled to purchase service credit under  
11 this subsection shall be recomputed based upon the additional  
12 service credit. The recomputed monthly amount shall be payable  
13 beginning on the first day of the month following the month in  
14 which payment is received by the retirement system.

15           (7) As used in this section:

16           (a) "Nonpublic elementary or secondary educational  
17 institution" means an institution that offers or provides an  
18 organized course of academic study primarily oriented toward the  
19 awarding of high school diplomas. Nonpublic elementary or secondary  
20 educational institution does not include a proprietary school.

21           (b) "Nonpublic 2- or 4-year institution of higher education"  
22 means an institution that offers an organized course of academic  
23 study primarily oriented toward the awarding of associate,  
24 baccalaureate, master's, doctoral, or other academic degrees.  
25 Nonpublic 2- or 4-year institution of higher education does not  
26 include a proprietary school.

27           (c) "Proprietary school" means a school that uses a certain

1 plan or method to teach a trade, occupation, or vocation for a  
2 consideration, reward, or promise. Proprietary school includes, but  
3 is not limited to, a private business, trade, or home study school.

4       Sec. 69f. (1) A member may elect to purchase not more than 5  
5 years of service credit less the number of years of service credit  
6 purchased under sections 6(2)(c), (d), (e), and (f), 64(3), (4),  
7 and (5), 69a, 69b, 69c(2), 69d, 69e, 74a, 74b, 77, and 78, upon  
8 request and payment to the retirement system of the actuarial cost.

9       (2) Service credit purchased under this section may not be  
10 used to satisfy the minimum of 10 years of service credit required  
11 to receive a retirement allowance under this act.

12       (3) Service credit purchased under this section shall not be  
13 used to satisfy the service credit requirement set forth in section  
14 81(1)(a) for a retirement allowance paid prior to age 46 as  
15 provided by section 43b(a).

16       (4) If a member who made payment for service under this  
17 section dies and a retirement allowance is not payable, or if the  
18 member withdraws from service and a retirement allowance is not  
19 payable, the payment made by the member shall be refunded to the  
20 member or to the member's refund beneficiary upon request.

21       **(5) SERVICE PURCHASED UNDER THIS SECTION SHALL NOT BE CREDITED**  
22 **TO A MEMBER WHO BECOMES A MEMBER ON OR AFTER DECEMBER 31, 2007**  
23 **UNLESS THE MEMBER FOLLOWS THE PURCHASE OF SERVICE CREDIT UNDER THIS**  
24 **SECTION WITH 10 YEARS OF REPORTING UNIT SERVICE CREDIT UNDER THIS**  
25 **ACT.**

26       Sec. 75. (1) A member who left or leaves service as a public  
27 school employee for purposes of maternity or paternity or child

1 rearing, and returns to service as a public school employee, or a  
2 person performing out of system public education service who leaves  
3 that service for purposes of maternity, paternity, or child rearing  
4 and who subsequently becomes a member of this retirement system,  
5 without other intervening employment of more than 20 hours per week  
6 for each week for which service credit is claimed, may purchase  
7 service credit for the time period or periods during which the  
8 person was separated from service as a public school employee or  
9 during which the person was separated from performing out of system  
10 public education service because of maternity or paternity or child  
11 rearing, upon request and payment to the retirement system of the  
12 actuarial cost. The total service credited under this section shall  
13 not exceed 5 years. A member requesting purchase of service credit  
14 under this section shall certify to the board the purpose for which  
15 the member took leave and was separated from service as a public  
16 school employee.

17 (2) Service credit purchased under this section may not be  
18 used to satisfy the minimum of 10 years of service credit required  
19 to receive a retirement allowance under this act.

20 (3) If a member who made payment under this section dies and a  
21 retirement allowance beneficiary has not been designated, or if the  
22 member leaves reporting unit service before his or her retirement  
23 becomes effective, the payment made by the member shall be refunded  
24 upon request to the member or to the member's refund beneficiary.

25 (4) A member who reduces hours of employment with a reporting  
26 unit for purposes of maternity, paternity, or child rearing or a  
27 person who reduces hours of out of system public education service

1 for purposes of maternity, paternity, or child rearing and who  
2 subsequently becomes a member of this retirement system may  
3 purchase service credit for those hours by which employment was  
4 reduced if all other requirements of this section are met.

5 (5) SERVICE PURCHASED UNDER THIS SECTION SHALL NOT BE CREDITED  
6 TO A MEMBER WHO BECOMES A MEMBER ON OR AFTER DECEMBER 31, 2007  
7 UNLESS THE MEMBER HAS AT LEAST 10 YEARS OF REPORTING UNIT SERVICE  
8 CREDIT UNDER THIS ACT.