

HOUSE BILL No. 6005

March 25, 2010, Introduced by Rep. Melton 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, 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 to

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

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

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

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

26 (a) The retirant is a former teacher or administrator employed
27 in a teaching or research capacity by a university that is

1 considered a reporting unit for the limited purpose described in
2 section 7(3).

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

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

12 (4) Until July 1, 2011, 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 a
16 labor dispute, that necessitates the hiring of a retirant in the
17 capacity of a teacher, principal, stationary engineer,
18 administrator, or other category as determined by the
19 superintendent of public instruction to prevent depriving students
20 of an education. The chief executive officer or superintendent of
21 the school district shall include with the written notification
22 documentation showing that more than 8% of all classes in the
23 district during the 1998-99 school year are taught by full-time
24 substitute teachers who are not certificated in the subjects or
25 grade levels which they teach. Within 30 days after receipt of the
26 notification and documentation under this subdivision, the
27 department of education shall notify the chief executive officer or

1 superintendent and the retirement system of its approval or
2 disapproval of the emergency situation. If disapproved by the
3 department of education, this subsection does not apply.

4 (b) The retirant is employed under an emergency situation
5 described in subdivision (a) for a period not to exceed 6 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, 2011, 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 been
18 identified by the state superintendent of public instruction as a
19 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 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 apply
27 for retirants who have been retired for at least 12 months before

1 becoming employed under this section.

2 (8) BEGINNING OCTOBER 1, 2010, A RETIRANT WHO WORKS AS AN
3 INDEPENDENT CONTRACTOR FOR A REPORTING UNIT OR WHO CONTRACTS WITH
4 THIRD PARTIES TO WORK FOR A REPORTING UNIT SHALL CONTRIBUTE TO THE
5 SYSTEM AN AMOUNT DETERMINED BY THE SYSTEM DURING HIS OR HER
6 CONTRACT PERIOD.