

SENATE BILL No. 1147

May 29, 2012, Introduced by Senator WARREN and referred to the Committee on Appropriations.

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 2010 PA 75.

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~~:**OCCUR:**

7 (a) The retirant ~~shall~~ **IS** not ~~be~~ entitled to a new final
8 average compensation or additional service credit under this
9 retirement system unless additional service is performed equivalent

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

21 (i) **FIVE PERCENT** for each full year of retirement.

22 (ii) **THE AMOUNT OF TAX ASSESSED ON THE RETIREMENT ALLOWANCE**
 23 **UNDER THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.1 TO**
 24 **206.713.**

25 (iii) **THE AMOUNT OF THE ANNUAL PREMIUM PAYABLE BY THE RETIRANT**
 26 **FOR HEALTH CARE COVERAGE UNDER SECTION 91.**

27 (2) The retirement system may offset retirement benefits

1 payable under this act against amounts owed to the retirement
2 system by a retirant or retirement allowance beneficiary.

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

5 (a) The retirant is a former teacher or administrator employed
6 in a teaching or research capacity by a university that is
7 considered a reporting unit for the limited purpose described in
8 section 7(3). **A UNIVERSITY THAT EMPLOYS A RETIRANT UNDER THIS**
9 **SUBSECTION SHALL REPORT THAT EMPLOYMENT TO THE RETIREMENT SYSTEM BY**
10 **JULY 1 OF EACH YEAR. THE UNIVERSITY SHALL INCLUDE IN THE REPORT THE**
11 **NAME OF THE RETIRANT, THE CAPACITY IN WHICH THE RETIRANT IS**
12 **EMPLOYED, AND THE TOTAL ANNUAL COMPENSATION PAID TO THE RETIRANT.**

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

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

24 ~~—— (a) The retirant is employed by a reporting unit that has an~~
25 ~~approved emergency situation, not including a situation caused by a~~
26 ~~labor dispute, that necessitates the hiring of a retirant in the~~
27 ~~capacity of a teacher, principal, stationary engineer,~~

1 administrator, or other category as determined by the
2 superintendent of public instruction to prevent depriving students
3 of an education. The chief executive officer or superintendent of
4 the school district shall include with the written notification
5 documentation showing that more than 8% of all classes in the
6 district during the 1998-99 school year are taught by full-time
7 substitute teachers who are not certificated in the subjects or
8 grade levels which they teach. Within 30 days after receipt of the
9 notification and documentation under this subdivision, the
10 department of education shall notify the chief executive officer or
11 superintendent and the retirement system of its approval or
12 disapproval of the emergency situation. If disapproved by the
13 department of education, this subsection does not apply.

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

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

20 ~~—— (5) The state superintendent of public instruction shall
21 compile a listing of critical shortage disciplines. This listing
22 shall be updated annually.~~

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

25 ~~—— (a) The retirant is employed by a reporting unit that has a
26 situation, not including a situation caused by a labor dispute,
27 that necessitates the hiring of a retirant in an area that has been~~

1 ~~identified by the state superintendent of public instruction as a~~
2 ~~critical shortage discipline pursuant to subsection (5).~~

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

5 ~~—— (c) 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 ~~—— (7) Subsection (6) shall only apply for retirants who have~~
10 ~~been retired for at least 12 months before becoming employed under~~
11 ~~this section.~~

12 (4) ~~(8)~~ Notwithstanding any other provision of this act **TO THE**
13 **CONTRARY**, for ~~any~~ **A** retirant who retires on ~~and~~ **OR** after July 1,
14 2010, and following a bona fide termination, including not working
15 in the month of the retirant's retirement effective date, and who
16 becomes employed by a reporting unit and the retirant's amount of
17 earnings in a calendar year exceeds 1/3 of the retirant's final
18 average compensation, **INCLUDING THE INCREASES PROVIDED IN**
19 **SUBSECTION (1) (B)**, the retirant shall forfeit his or her retirement
20 allowance and the retirement system subsidy for health care
21 benefits from the retirement system for as long as the retirant is
22 employed at the reporting unit. ~~Any~~ **A** retirant who has forfeited
23 the retirement system subsidy for health care benefits and wants to
24 retain health care benefits shall pay the retirant's and retirement
25 system's costs for ~~such~~ **THE** health care benefits. Upon termination
26 of employment at the reporting unit, the retirement allowance and
27 health care benefits shall resume without recalculation.

1 ~~—— (9) Notwithstanding any other provision of this act, for any~~
2 ~~retirant who retires on and after July 1, 2010, who performs core~~
3 ~~services at a reporting unit as determined by the retirement~~
4 ~~system, but who is employed by an entity other than the reporting~~
5 ~~unit or is an independent contractor, the retirant shall forfeit~~
6 ~~his or her retirement allowance and the retirement system subsidy~~
7 ~~for health care benefits from the retirement system for as long as~~
8 ~~the retirant is performing core services at the reporting unit. Any~~
9 ~~retirant who has forfeited the retirement system subsidy for health~~
10 ~~care benefits and wants to retain health care benefits shall pay~~
11 ~~the retirant's and retirement system's costs for such health care~~
12 ~~benefits. Upon termination of services at the reporting unit, the~~
13 ~~retirement allowance and health care benefits shall resume without~~
14 ~~recalculation.~~