

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5128**

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
by amending section 68c (MCL 38.68c), as amended by 2015 PA 20.

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

1       Sec. 68c. (1) Except as otherwise provided in this section, a  
2   retirant who is receiving a retirement allowance under this act and  
3   is employed by this state beginning after October 1, 2007 agrees to  
4   forfeit his or her right to receive that retirement allowance  
5   during this period of state employment. The retirement system shall  
6   cease payment of the retirement allowance to a retirant described  
7   in this subsection during this period of state employment and shall  
8   reinstate payment of the retirement allowance without recalculation  
9   when the period of state employment ceases. This subsection does  
10   not apply to a retirant who is directly or indirectly employed by

1 this state on October 1, 2007 while he or she remains in the  
2 position held by the retirant on October 1, 2007. As used in this  
3 subsection, "employed by this state" means employed directly by  
4 this state as an employee, indirectly by this state through a  
5 contractual arrangement with other parties, or by engagement of the  
6 retirant by this state as an independent contractor. This  
7 subsection does not apply to a retirant who is engaged as an  
8 independent contractor on October 1, 2010 while the retirant  
9 remains engaged in the same contract that was held by the retirant  
10 on October 1, 2010 without amendment or extension.

11 (2) A hospital, medical-surgical, and sick care benefits plan,  
12 dental plan, vision plan, and hearing plan that covers retirants,  
13 retirant allowance beneficiaries, former qualified participants,  
14 and health benefit dependents under this act must contain a  
15 coordination of benefits provision that provides all of the  
16 following:

17 (a) If the person covered under any of the plans is also  
18 eligible for Medicare, ~~then~~ the benefits under Medicare must be  
19 determined before the health insurance benefits under this act.

20 (b) If a person covered under any of the plans provided by  
21 this act is also covered under another plan that contains a  
22 coordination of benefits provision, the benefits must be  
23 coordinated as provided in the coordination of benefits act, 1984  
24 PA 64, MCL 550.251 to ~~550.255~~. **550.254**.

25 (c) If the person covered under any of the plans provided by  
26 this act is also covered under another plan that does not contain a  
27 coordination of benefits provision, the benefits under the other

1 plan must be determined before the benefits provided under this  
2 act.

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

5 (a) The retirant is hired to provide health care services to  
6 individuals under the jurisdiction of the department of  
7 corrections.

8 (b) The retirant is hired in a position that is limited in  
9 term, no benefits are paid, and pay is on a per diem basis.

10 (c) The department of corrections provides written notice to  
11 the state budget office and the department of technology,  
12 management, and budget that attempts have been made to fill the  
13 position through postings and recruitment and that the position  
14 vacancy still exists.

15 (d) The department of corrections reports the employment of a  
16 retirant under this subsection within 30 days ~~of~~ **AFTER** employment  
17 of the retirant to the state budget office and the department of  
18 technology, management, and budget. The report must include the  
19 name of the retirant, the capacity in which the retirant is  
20 employed, and the total compensation paid to the retirant.

21 (e) The retirant retired after a bona fide termination.

22 (4) Subsection (1) does not apply to the appointment of a  
23 retirant who retired after a bona fide termination and who was an  
24 assistant attorney general as a special assistant attorney general  
25 if the attorney general determines that, as a result of his or her  
26 previous employment with this state, the retirant possesses  
27 specialized expertise and experience necessary for the appointment

1 and that the appointment is the most cost-effective option for this  
2 state.

3 (5) Until September 30, 2015, subsection (1) does not apply to  
4 a retirant if all of the following apply:

5 (a) The retirant is hired to provide for the custody of  
6 individuals under the jurisdiction of the department of  
7 corrections.

8 (b) The retirant is hired in a position that is limited in  
9 term, no benefits are paid, and the pay is not more than 80% of the  
10 maximum hourly wage granted to classified civil service employees  
11 employed by the department of corrections to perform the same  
12 duties as the retirant for the fiscal year during which the  
13 retirant is employed.

14 (c) The retirant works no more than 1,040 hours in a 12-month  
15 period of state employment.

16 (d) The retirant retired after a bona fide termination of  
17 employment.

18 (6) Subsection (1) does not apply to a retirant if all of the  
19 following apply:

20 (a) The department of attorney general contracts with the  
21 retirant as a witness, expert, or consultant for litigation  
22 involving this state. The contract must provide that the retirant's  
23 service as a witness, expert, or consultant ends at the conclusion  
24 of the litigation.

25 (b) The attorney general determines that, as result of the  
26 retirant's previous employment with this state, the retirant  
27 possesses specialized expertise and experience necessary for the

1 litigation and the contract is the most cost-effective option for  
2 the state.

3 (c) The retirant retired after a bona fide termination of  
4 employment.

5 (7) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF THE  
6 FOLLOWING APPLY:

7 (A) THE RETIRANT IS HIRED BY THE DEPARTMENT OF NATURAL  
8 RESOURCES FOR ACTIVE WILDLAND FIRE SUPPRESSION.

9 (B) THERE IS AN IMMEDIATE CONTINUAL NEED FOR PREQUALIFIED,  
10 SKILLED, AND TRAINED PERSONNEL TO ADDRESS WILDFIRE SUPPRESSION.

11 (C) THE RETIRANT WORKS NO MORE THAN 600 HOURS IN A FISCAL  
12 YEAR.

13 (D) THE RETIRANT IS HIRED IN A POSITION THAT IS LIMITED IN  
14 TERM, NO BENEFITS ARE PAID, AND THE PAY IS NOT MORE THAN 70% OF THE  
15 MAXIMUM HOURLY WAGE GRANTED TO CLASSIFIED CIVIL SERVICE EMPLOYEES  
16 EMPLOYED BY THE DEPARTMENT OF NATURAL RESOURCES TO PERFORM THE SAME  
17 DUTIES AS THE RETIRANT FOR THE FISCAL YEAR DURING WHICH THE  
18 RETIRANT IS EMPLOYED.

19 (E) THE DEPARTMENT OF NATURAL RESOURCES REPORTS THE EMPLOYMENT  
20 OF A RETIRANT UNDER THIS SUBSECTION WITHIN 30 DAYS AFTER EMPLOYMENT  
21 AND WITHIN 30 DAYS AFTER TERMINATION OF EMPLOYMENT OR WITHIN 30  
22 DAYS AFTER THE END OF EACH FISCAL YEAR, WHICHEVER OCCURS FIRST, TO  
23 THE STATE BUDGET OFFICE AND THE DEPARTMENT OF TECHNOLOGY,  
24 MANAGEMENT, AND BUDGET. THE REPORT REQUIRED UNDER THIS SUBDIVISION  
25 MUST INCLUDE THE NAME OF THE RETIRANT, THE CAPACITY IN WHICH THE  
26 RETIRANT IS EMPLOYED, THE EQUIVALENT CIVIL SERVICE POSITION IN  
27 WHICH THE RETIRANT IS EMPLOYED, THE HOURLY WAGE PAID TO THE

1 RETIRANT, AND THE TOTAL HOURS OF SERVICE PROVIDED BY THE RETIRANT  
2 FOR THE FISCAL YEAR. THE DEPARTMENT OF NATURAL RESOURCES MAY SUBMIT  
3 A REPORT REQUIRED UNDER THIS SUBDIVISION ELECTRONICALLY.

4 (F) BY MARCH 1 OF EACH YEAR, THE DEPARTMENT OF NATURAL  
5 RESOURCES SUBMITS A SUMMARY OF ALL THE REPORTS REQUIRED UNDER  
6 SUBDIVISION (E) FOR THE PRECEDING FISCAL YEAR TO THE HOUSE OF  
7 REPRESENTATIVES AND SENATE APPROPRIATIONS SUBCOMMITTEES THAT  
8 CONSIDER THE BUDGET OF THE DEPARTMENT OF NATURAL RESOURCES, THE  
9 STATE BUDGET OFFICE, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE  
10 DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET. THE DEPARTMENT OF  
11 NATURAL RESOURCES MAY SUBMIT A SUMMARY REQUIRED UNDER THIS  
12 SUBDIVISION ELECTRONICALLY.