

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 888**

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending sections 5 and 124 (MCL 38.1305 and 38.1424), section 5
as amended by 2017 PA 92 and section 124 as amended by 2012 PA 300,
and by adding section 42a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. (1) "Member" means a public school employee, except
2 that member does not include any of the following:
3 (a) An individual enrolled in a neighborhood youth corps
4 program operated with funds from the federal office of economic
5 opportunity or an individual enrolled in a comparable youth
6 training program designed to prevent high school dropouts and
7 rehabilitate high school dropouts operated by an intermediate
8 school district.

1 (b) An individual enrolled in a transitional public employment
2 program and employed by a reporting unit.

3 (c) An individual employed by a reporting unit while enrolled
4 as a full-time student in that same reporting unit.

5 (d) An individual who elects to participate in the optional
6 retirement program under the optional retirement act of 1967, 1967
7 PA 156, MCL 38.381 to 38.388.

8 (e) A retirant of this retirement system.

9 (f) An individual, not regularly employed by a reporting unit,
10 who is employed by a reporting unit through a summer youth
11 employment program established under the Michigan youth corps act,
12 1983 PA 69, MCL 409.221 to 409.229.

13 (g) An individual, not regularly employed by a reporting unit,
14 who is employed by a reporting unit to administer a program
15 described in subdivision (f), (h), (i), (j), or (k).

16 (h) After September 30, 1983, an individual, not regularly
17 employed by a reporting unit, who is employed by a reporting unit
18 through participation in a program established under the former job
19 training partnership act, Public Law 97-300, 96 Stat 1322 or
20 beginning July 1, 2000, the workforce investment act of 1998,
21 Public Law 105-220, 112 Stat 936.

22 (i) An individual, not regularly employed by a reporting unit,
23 who is employed by a reporting unit through participation in a
24 program established under the PATH program under section 57f of the
25 social welfare act, 1939 PA 280, MCL 400.57f.

26 (j) An individual, not regularly employed by a reporting unit,
27 who is employed by a reporting unit through participation in a

1 program established under the Michigan community service corps
2 program, first established under sections 25 to 35 of 1983 PA 259.

3 (k) An individual, not regularly employed by a reporting unit,
4 who is employed by a reporting unit through participation in a
5 program established under the older American community service
6 employment program under the older American community service
7 employment act, title V of the older Americans act of 1965, Public
8 Law 89-73, 42 USC 3056 to 3056p.

9 (l) An individual, not regularly employed by a reporting unit,
10 who is employed by a reporting unit in a temporary, intermittent,
11 or irregular seasonal or athletic position and who is under the age
12 of 19 years.

13 (m) An individual, not regularly employed by a reporting unit,
14 who is employed by a reporting unit only in a temporary position to
15 assist in the conduct of a school election.

16 (n) A qualified participant who makes a valid election under
17 section 81d(1) to not become a member of Tier 1.

18 (o) A qualified participant who is not a member of Tier 1
19 under section 81d(4).

20 (P) BEGINNING WITH THE EFFECTIVE DATE OF THE AMENDATORY ACT
21 THAT ADDED SECTION 42A, AN INDIVIDUAL EMPLOYED BY A REPORTING UNIT
22 WHILE ENROLLED AS A STUDENT IN THAT SAME REPORTING UNIT IF THE
23 STUDENT'S SERVICES IN THE EMPLOY OF THE REPORTING UNIT ARE EXCEPTED
24 FROM EMPLOYMENT AS DESCRIBED IN 26 CFR 31.3121(B)(10)-2. HOWEVER,
25 AN INDIVIDUAL WHO, ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
26 ADDED SECTION 42A, IS A MEMBER AND IS EMPLOYED BY A REPORTING UNIT
27 WHILE ENROLLED AS A STUDENT IN THAT SAME REPORTING UNIT AND THE

1 STUDENT'S SERVICES IN THE EMPLOY OF THE REPORTING UNIT ARE EXCEPTED
2 FROM EMPLOYMENT AS DESCRIBED IN 26 CFR 31.3121(B)(10)-2 WILL REMAIN
3 A MEMBER WHILE EMPLOYED AS DESCRIBED IN THIS SUBDIVISION IF THE
4 INDIVIDUAL ELECTS TO REMAIN A MEMBER. THE RETIREMENT SYSTEM SHALL
5 DETERMINE A METHOD OF ADMINISTERING ELECTIONS UNDER THIS
6 SUBDIVISION.

7 (2) "Membership service" means service performed after June
8 30, 1945.

9 (3) "Noncontributory plan" means the plan which began between
10 July 1, 1974 and July 1, 1977, in which the reporting unit elected
11 to discontinue withholding contributions from employees'
12 compensation.

13 (4) "Noncontributory service" means credited service rendered
14 under the noncontributory plan.

15 (5) "Nonteacher" means an individual employed by a reporting
16 unit who is not a teacher as defined in section 8.

17 SEC. 42A. (1) NOT LATER THAN 60 DAYS AFTER THE EFFECTIVE DATE
18 OF THE AMENDATORY ACT THAT ADDED THIS SECTION, EACH REPORTING UNIT
19 THAT IS A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE SHALL SUBMIT A
20 REPORT TO THE OFFICE OF RETIREMENT SERVICES WITH THE INFORMATION
21 NECESSARY FOR THE RETIREMENT SYSTEM TO COMPLETE THE REPORT UNDER
22 SUBSECTION (2), AS DETERMINED BY THE RETIREMENT SYSTEM.

23 (2) NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF THE
24 AMENDATORY ACT THAT ADDED THIS SECTION, THE OFFICE OF RETIREMENT
25 SERVICES SHALL SUBMIT A REPORT TO THE SENATE AND HOUSE OF
26 REPRESENTATIVES COMMITTEES ON EDUCATION. THE REPORT REQUIRED UNDER
27 THIS SUBSECTION MUST INCLUDE ALL OF THE FOLLOWING INFORMATION,

1 BASED ON INFORMATION INCLUDED IN THE REPORTS SUBMITTED TO THE
2 RETIREMENT SYSTEM UNDER SUBSECTION (1), FOR EACH REPORTING UNIT
3 THAT IS A TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE:

4 (A) FOR EACH OF THE 4 SCHOOL FISCAL YEARS PRECEDING THE STATE
5 FISCAL YEAR ENDING SEPTEMBER 30, 2018, THE NUMBER OF INDIVIDUALS
6 EMPLOYED BY THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE WHILE
7 ENROLLED AS A PART-TIME STUDENT IN THAT SAME TAX SUPPORTED
8 COMMUNITY OR JUNIOR COLLEGE.

9 (B) FOR EACH OF THE 4 SCHOOL FISCAL YEARS PRECEDING THE STATE
10 FISCAL YEAR ENDING SEPTEMBER 30, 2018, THE AMOUNT OF REPORTING UNIT
11 CONTRIBUTIONS THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE
12 CONTRIBUTED UNDER SECTION 42 ASSOCIATED WITH AN INDIVIDUAL EMPLOYED
13 BY THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE WHILE ENROLLED AS
14 A PART-TIME STUDENT IN THAT SAME TAX SUPPORTED COMMUNITY OR JUNIOR
15 COLLEGE.

16 (C) FOR EACH OF THE 4 SCHOOL FISCAL YEARS PRECEDING THE STATE
17 FISCAL YEAR ENDING SEPTEMBER 30, 2018, THE AMOUNT OF REPORTING UNIT
18 CONTRIBUTIONS THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE FAILED
19 TO CONTRIBUTE UNDER SECTION 42, IF ANY, ASSOCIATED WITH AN
20 INDIVIDUAL EMPLOYED BY THE TAX SUPPORTED COMMUNITY OR JUNIOR
21 COLLEGE WHILE ENROLLED AS A PART-TIME STUDENT IN THAT SAME TAX
22 SUPPORTED COMMUNITY OR JUNIOR COLLEGE.

23 Sec. 124. (1) "Plan document" means the document that contains
24 the provisions and procedures of Tier 2 in conformity with this act
25 and the internal revenue code.

26 (2) "Qualified participant" means an individual who is a
27 participant of Tier 2 and who is first employed and entered ~~upon~~ ON

1 the payroll of his or her employer on or after July 1, 2010, and
2 who also was not employed by any employer before July 1, 2010,
3 EXCEPT THAT BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT
4 THAT ADDED SECTION 42A, QUALIFIED PARTICIPANT DOES NOT INCLUDE AN
5 INDIVIDUAL EMPLOYED BY A REPORTING UNIT WHILE ENROLLED AS A STUDENT
6 IN THAT SAME REPORTING UNIT IF THE STUDENT'S SERVICES IN THE EMPLOY
7 OF THE REPORTING UNIT ARE EXCEPTED FROM EMPLOYMENT AS DESCRIBED IN
8 26 CFR 31.3121(B)(10)-2. HOWEVER, AN INDIVIDUAL WHO, ON THE
9 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SECTION 42A, IS A
10 QUALIFIED PARTICIPANT AND IS EMPLOYED BY A REPORTING UNIT WHILE
11 ENROLLED AS A STUDENT IN THAT SAME REPORTING UNIT AND THE STUDENT'S
12 SERVICES IN THE EMPLOY OF THE REPORTING UNIT ARE EXCEPTED FROM
13 EMPLOYMENT AS DESCRIBED IN 26 CFR 31.3121(B)(10)-2 WILL REMAIN A
14 QUALIFIED PARTICIPANT WHILE EMPLOYED AND WHILE ENROLLED AS A
15 STUDENT IN THAT SAME REPORTING UNIT AND THE STUDENT'S SERVICES IN
16 THE EMPLOY OF THE REPORTING UNIT ARE EXCEPTED FROM EMPLOYMENT AS
17 DESCRIBED IN 26 CFR 31.3121(B)(10)-2 IF THE INDIVIDUAL ELECTS TO
18 REMAIN A QUALIFIED PARTICIPANT. THE RETIREMENT SYSTEM SHALL
19 DETERMINE A METHOD OF ADMINISTERING ELECTIONS UNDER THIS
20 SUBSECTION.

21 (3) "Refund beneficiary" means an individual nominated by a
22 qualified participant or a former qualified participant under
23 section 134 to receive a distribution of the participant's
24 accumulated balance in the manner prescribed in section 135.

25 (4) "State treasurer" means the treasurer of this state.