

HOUSE BILL No. 6477

November 7, 2018, Introduced by Rep. Albert and referred to the Committee on Financial Liability Reform.

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
by amending section 13 (MCL 38.13), as amended by 2002 PA 743.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) Except as otherwise provided in this act,
2 membership in the retirement system consists of state employees
3 occupying permanent positions in the state civil service. All state
4 employees except those specifically excluded by law and those who
5 are members or eligible to be members of other statutory retirement
6 systems in this state, ~~shall~~**MUST** become members of the retirement
7 system. The employees may use service previously performed as an
8 employee of this state in meeting the service requirements for the
9 retirement allowances and death benefits provided by the retirement
10 system. However, the prior service ~~shall~~**MUST** not be used in

1 computing the amount of a retirement allowance to be paid by the
2 retirement system unless the employee pays to the retirement system
3 the amount the employee's contributions would have been had the
4 employee become a member immediately ~~upon~~**ON** employment by the
5 state with interest compounded annually at the regular rate from a
6 date 1 year after the date of employment by this state to the date
7 of payment. ~~A person~~**AN INDIVIDUAL** who draws compensation as a
8 state employee of a political subdivision of this state is eligible
9 for the benefits provided by this act to the extent of the ~~person's~~
10 **INDIVIDUAL'S** compensation paid by this state. An individual who
11 meets the requirements of section 44a is a member of the retirement
12 system.

13 (2) Elected or appointed state officials may elect not to
14 become or continue as members of the retirement system by filing
15 written notice with the retirement board. An appointed state
16 official who is a member of a state board, commission, or council
17 and who receives a per diem rate in his or her capacity as a member
18 of the board, commission, or council is excluded from membership in
19 the retirement system for the service rendered in his or her
20 capacity as a member of the board, commission, or council. Service
21 performed by an elected or appointed official during the time the
22 official elects not to participate ~~shall~~**MUST** not be used in
23 meeting the service requirement or in computing the amount of
24 retirement allowance to be paid by the retirement system. A member
25 who elects not to participate ~~shall~~**MUST** be refunded all
26 contributions made before the election.

27 (3) Membership in the retirement system does not include any

1 of the following:

2 (a) A person who is a contributing member in the public school
3 employees' retirement system provided for in the public school
4 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
5 ~~38.1408-38.1437.~~

6 (b) A person who is a contributing member in the Michigan
7 judges retirement system provided for in the judges retirement act
8 of 1992, 1992 PA 234, MCL 38.2101 to 38.2670.

9 (c) A person who comes within the Michigan state police
10 retirement system provided for in the state police retirement act
11 of 1986, 1986 PA 182, MCL 38.1601 to ~~38.1648-38.1675.~~

12 (d) An individual who is first employed and entered upon the
13 payroll on or after March 31, 1997 for employment for which the
14 individual would have been eligible for membership under this
15 section before March 31, 1997. An individual described in this
16 subdivision is eligible to be a qualified participant in Tier 2
17 subject to sections 50 to 69.

18 (e) Except as provided in section 19g, an individual who
19 elects to terminate membership under section 50 and who, but for
20 that election, would otherwise be eligible for membership in Tier 1
21 under this section.

22 (f) A retirant who again becomes employed by the state and is
23 entered upon the payroll on or after December 1, 2002, for
24 employment for which the retirant would have been eligible for
25 membership under this section before December 1, 2002. A retirant
26 described in this subdivision ~~shall be~~ **IS** a qualified participant
27 in Tier 2 subject to sections 50 to 69.

1 (4) ~~A person~~ **AN INDIVIDUAL** who is hired in state classified or
2 unclassified service after June 30, 1974, who is first employed and
3 entered upon the payroll before March 31, 1997, and who possesses a
4 Michigan teaching certificate ~~shall be~~ **IS** a member of this
5 retirement system. After June 30, 1974, but before March 31, 1997,
6 ~~a person~~ **AN INDIVIDUAL** who returns to state employment in the
7 classified or unclassified service who previously was a
8 contributing member of the Michigan public school employees'
9 retirement system shall have the ~~person's~~ **INDIVIDUAL'S** accumulated
10 contributions and service transferred to this retirement system, or
11 having withdrawn the contributions, may pay into the retirement
12 system the amount withdrawn together with regular interest and have
13 credit restored as provided for in section 16. On and after March
14 31, 1997, an individual described in this subsection who returns to
15 state service shall make an irrevocable election to remain in Tier
16 1 or to become a qualified participant of Tier 2 in the manner
17 prescribed in section 50.

18 (5) ~~A person,~~ **AN INDIVIDUAL**, not regularly employed by this
19 state, who is employed through participation in 1 or more of the
20 following programs, shall not be a member of the retirement system
21 and ~~shall~~ **MUST** not receive service credit for the employment:

22 (a) A program authorized, undertaken, and financed pursuant to
23 the comprehensive employment and training act of 1973, former
24 Public Law 93-203, 87 Stat. 839.

25 (b) A summer youth employment program established ~~pursuant to~~
26 **UNDER** the Michigan youth corps act, 1983 PA 69, MCL 409.221 to
27 409.229.

1 (c) A program established pursuant to the job training
2 partnership act, Public Law 97-300, 96 Stat. 1322.

3 (d) A program established pursuant to the Michigan opportunity
4 and skills training program, first established under sections 12 to
5 23 of 1983 PA 259.

6 (e) A program established pursuant to the Michigan community
7 service corps program, first established under sections 25 to 35 of
8 1983 PA 259.

9 (6) ~~A person,~~ **AN INDIVIDUAL**, not regularly employed by this
10 state, who is employed to administer a program described in
11 subsection (5) ~~shall~~ **IS** not ~~be~~ a member of the retirement system
12 and ~~shall~~ **MUST** not receive service credit for the employment.

13 (7) If ~~a person~~ **AN INDIVIDUAL** described in subsection (5) (a)
14 later becomes a member of this retirement system within 12 months
15 after the date of termination as a participant in a transitional
16 public employment program, service credit shall be given for
17 employment ~~which~~ **THAT** is excluded in subsection (5) for purposes of
18 determining a retirement allowance ~~upon~~ **ON** the payment by the
19 ~~person's~~ **INDIVIDUAL'S** employer under subsection (5) from funds
20 provided under the comprehensive employment and training act of
21 1973, former Public Law 93-203, 87 Stat. 839, as funds permit, to
22 the retirement system of the contributions, plus regular interest,
23 the employer would have paid had the employment been rendered in a
24 position covered by this act. During the ~~person's~~ **INDIVIDUAL'S**
25 employment in the transitional public employment program, the
26 ~~person's~~ **INDIVIDUAL'S** employer shall place in reserve a reasonable
27 but not necessarily an actuarially determined amount equal to the

1 contributions that the employer would have paid to the retirement
2 system for those employees in the transitional public employment
3 program as if they were members under this act, but only for that
4 number of employees that the employer determined would move from
5 the transitional public employment program into positions covered
6 by this act. If the funds provided under the comprehensive
7 employment and training act of 1973, former Public Law 93-203, 87
8 Stat. 839, are insufficient, the remainder of the employer
9 contributions ~~shall~~**MUST** be paid by the ~~person's~~**INDIVIDUAL'S**
10 current employer.

11 (8) For purposes of section 19g, a former member ~~shall be~~**IS**
12 considered a member and ~~shall be~~**IS** considered to have satisfied
13 the requirements of section 19g(1)(c) and (2)(c) if the former
14 member was employed by the department formerly known as the
15 department of mental health on January 1, 1996 and went on layoff
16 status before January 1, 1997.

17 Enacting section 1. This amendatory act does not take effect
18 unless Senate Bill No.____ or House Bill No. 6475 (request no.
19 05259'18) of the 99th Legislature is enacted into law.