

**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

1 school district.

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

4 (c) An individual employed by a reporting unit while enrolled
5 as a ~~full-time~~ student in that same reporting unit **IF THE STUDENT**
6 **PERFORMS A SERVICE THAT IS EXCEPTED FROM EMPLOYMENT AS DESCRIBED IN**
7 **26 CFR 31.3121(B) (10) -2.**

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

11 (e) A retirant of this retirement system.

12 (f) An individual, not regularly employed by a reporting unit,
13 who is employed by a reporting unit through a summer youth
14 employment program established under the Michigan youth corps act,
15 1983 PA 69, MCL 409.221 to 409.229.

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

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

25 (i) An individual, not regularly employed by a reporting unit,
26 who is employed by a reporting unit through participation in a
27 program established under the PATH program under section 57f of the

1 social welfare act, 1939 PA 280, MCL 400.57f.

2 (j) An individual, not regularly employed by a reporting unit,
3 who is employed by a reporting unit through participation in a
4 program established under the Michigan community service corps
5 program, first established under sections 25 to 35 of 1983 PA 259.

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

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

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

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

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

23 (2) "Membership service" means service performed after June
24 30, 1945.

25 (3) "Noncontributory plan" means the plan which began between
26 July 1, 1974 and July 1, 1977, in which the reporting unit elected
27 to discontinue withholding contributions from employees'

1 compensation.

2 (4) "Noncontributory service" means credited service rendered
3 under the noncontributory plan.

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

6 SEC. 42A. NOT LATER THAN 60 DAYS AFTER THE EFFECTIVE DATE OF
7 THE AMENDATORY ACT THAT ADDED THIS SECTION, THE OFFICE OF
8 RETIREMENT SERVICES SHALL SUBMIT A REPORT TO THE SENATE AND HOUSE
9 OF REPRESENTATIVES COMMITTEES ON EDUCATION. THE REPORT REQUIRED
10 UNDER THIS SECTION MUST INCLUDE ALL OF THE FOLLOWING INFORMATION
11 FOR EACH REPORTING UNIT THAT IS A TAX SUPPORTED COMMUNITY OR JUNIOR
12 COLLEGE:

13 (A) FOR EACH OF THE 10 FISCAL YEARS PRECEDING THE FISCAL YEAR
14 ENDING SEPTEMBER 30, 2018, THE NUMBER OF INDIVIDUALS EMPLOYED BY
15 THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE WHILE ENROLLED AS A
16 PART-TIME STUDENT IN THAT SAME TAX SUPPORTED COMMUNITY OR JUNIOR
17 COLLEGE.

18 (B) FOR EACH OF THE 10 FISCAL YEARS PRECEDING THE FISCAL YEAR
19 ENDING SEPTEMBER 30, 2018, THE AMOUNT OF REPORTING UNIT
20 CONTRIBUTIONS THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE
21 CONTRIBUTED UNDER SECTION 42 ASSOCIATED WITH AN INDIVIDUAL EMPLOYED
22 BY THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE WHILE ENROLLED AS
23 A PART-TIME STUDENT IN THAT SAME TAX SUPPORTED COMMUNITY OR JUNIOR
24 COLLEGE.

25 (C) FOR EACH OF THE 10 FISCAL YEARS PRECEDING THE FISCAL YEAR
26 ENDING SEPTEMBER 30, 2018, THE AMOUNT OF REPORTING UNIT
27 CONTRIBUTIONS THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE FAILED

1 TO CONTRIBUTE UNDER SECTION 42, IF ANY, ASSOCIATED WITH AN
 2 INDIVIDUAL EMPLOYED BY THE TAX SUPPORTED COMMUNITY OR JUNIOR
 3 COLLEGE WHILE ENROLLED AS A PART-TIME STUDENT IN THAT SAME TAX
 4 SUPPORTED COMMUNITY OR JUNIOR COLLEGE.

5 (D) FOR EACH OF THE 10 FISCAL YEARS PRECEDING THE FISCAL YEAR
 6 ENDING SEPTEMBER 30, 2018, ANY LATE FEE OR INTEREST CHARGES
 7 INCURRED BY THE TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE UNDER
 8 SECTION 42 ASSOCIATED WITH AN INDIVIDUAL EMPLOYED BY THE TAX
 9 SUPPORTED COMMUNITY OR JUNIOR COLLEGE WHILE ENROLLED AS A PART-TIME
 10 STUDENT IN THAT SAME TAX SUPPORTED COMMUNITY OR JUNIOR COLLEGE.

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

14 (2) "Qualified participant" means an individual who is a
 15 participant of Tier 2 and who is first employed and entered ~~upon~~ ON
 16 the payroll of his or her employer on or after July 1, 2010, and
 17 who also was not employed by any employer before July 1, 2010,
 18 EXCEPT THAT BEGINNING ON THE EFFECTIVE DATE OF THE 2018 AMENDATORY
 19 ACT THAT AMENDED THIS SUBSECTION, QUALIFIED PARTICIPANT DOES NOT
 20 INCLUDE AN INDIVIDUAL EMPLOYED BY A REPORTING UNIT WHILE ENROLLED
 21 AS A STUDENT IN THAT SAME REPORTING UNIT IF THE STUDENT PERFORMS A
 22 SERVICE THAT IS EXCEPTED FROM EMPLOYMENT AS DESCRIBED IN 26 CFR
 23 31.3121(B) (10) -2.

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

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