

Act No. 328  
Public Acts of 2018  
Approved by the Governor  
June 28, 2018  
Filed with the Secretary of State  
July 2, 2018  
EFFECTIVE DATE: July 2, 2018

**STATE OF MICHIGAN  
99TH LEGISLATURE  
REGULAR SESSION OF 2018**

**Introduced by Senators Proos, Pavlov, Schuitmaker, Hansen, Robertson, MacGregor, Booher, Brandenburg,  
Marleau and Emmons**

# **ENROLLED SENATE BILL No. 888**

AN ACT to amend 1980 PA 300, entitled "An act to provide a retirement system for the public school employees of this state; to create certain funds for this retirement system; to provide for the creation of a retirement board; to prescribe the powers and duties of the retirement board; to prescribe the powers and duties of certain state departments, agencies, officials, and employees; to authorize and make appropriations for the retirement system; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," 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:*

Sec. 5. (1) "Member" means a public school employee, except that member does not include any of the following:

(a) An individual enrolled in a neighborhood youth corps program operated with funds from the federal office of economic opportunity or an individual enrolled in a comparable youth training program designed to prevent high school dropouts and rehabilitate high school dropouts operated by an intermediate school district.

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

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

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

(e) A retirant of this retirement system.

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

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

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

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

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

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

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

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

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

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

(p) Beginning with the effective date of the amendatory act that added section 42a, an individual employed by a reporting unit while enrolled as a student in that same reporting unit if the student's services in the employ of the reporting unit are excepted from employment as described in 26 CFR 31.3121(b)(10)-2. However, an individual who, on the effective date of the amendatory act that added section 42a, is a member and is employed by a reporting unit while enrolled as a student in that same reporting unit and the student's services in the employ of the reporting unit are excepted from employment as described in 26 CFR 31.3121(b)(10)-2 will remain a member while employed as described in this subdivision if the individual elects to remain a member. The retirement system shall determine a method of administering elections under this subdivision.

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

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

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

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

Sec. 42a. (1) Not later than 60 days after the effective date of the amendatory act that added this section, each reporting unit that is a tax supported community or junior college shall submit a report to the office of retirement services with the information necessary for the retirement system to complete the report under subsection (2), as determined by the retirement system.

(2) Not later than 90 days after the effective date of the amendatory act that added this section, the office of retirement services shall submit a report to the senate and house of representatives committees on education. The report required under this subsection must include all of the following information, based on information included in the reports submitted to the retirement system under subsection (1), for each reporting unit that is a tax supported community or junior college:

(a) For each of the 4 school fiscal years preceding the state fiscal year ending September 30, 2018, the number of individuals employed by the tax supported community or junior college while enrolled as a part-time student in that same tax supported community or junior college.

(b) For each of the 4 school fiscal years preceding the state fiscal year ending September 30, 2018, the amount of reporting unit contributions the tax supported community or junior college contributed under section 42 associated with an individual employed by the tax supported community or junior college while enrolled as a part-time student in that same tax supported community or junior college.

(c) For each of the 4 school fiscal years preceding the state fiscal year ending September 30, 2018, the amount of reporting unit contributions the tax supported community or junior college failed to contribute under section 42, if any, associated with an individual employed by the tax supported community or junior college while enrolled as a part-time student in that same tax supported community or junior college.

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

(2) "Qualified participant" means an individual who is a participant of Tier 2 and who is first employed and entered on the payroll of his or her employer on or after July 1, 2010, and who also was not employed by any employer before July 1, 2010, except that beginning on the effective date of the amendatory act that added section 42a, qualified participant does not include an individual employed by a reporting unit while enrolled as a student in that same reporting unit if the student's services in the employ of the reporting unit are excepted from employment as described in 26 CFR 31.3121(b)(10)-2. However, an individual who, on the effective date of the amendatory act that added section 42a, is a qualified participant and is employed by a reporting unit while enrolled as a student in that same reporting unit and the student's services in the employ of the reporting unit are excepted from employment as described in 26 CFR 31.3121(b)(10)-2 will remain a qualified participant while employed and while enrolled as a student in that same reporting unit and the student's services in the employ of the reporting unit are excepted from employment as

described in 26 CFR 31.3121(b)(10)-2 if the individual elects to remain a qualified participant. The retirement system shall determine a method of administering elections under this subsection.

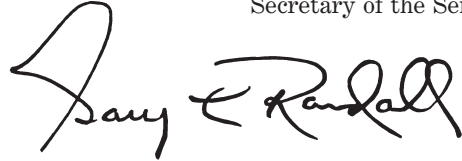
(3) "Refund beneficiary" means an individual nominated by a qualified participant or a former qualified participant under section 134 to receive a distribution of the participant's accumulated balance in the manner prescribed in section 135.

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

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

.....  
Governor