

# HOUSE BILL NO. 5357

January 16, 2020, Introduced by Reps. Steven Johnson, Leutheuser, Bellino, Calley, Slagh, Hornberger, Brann, Hoytenga and Maddock and referred to the Committee on Education.

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 61 (MCL 38.1361), as amended by 2018 PA 482.

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

- 1           Sec. 61. (1) Except as otherwise provided in this section, if
- 2 a retirant is receiving a retirement allowance other than a
- 3 disability allowance payable under this act or under former 1945 PA



1 136, on account of either age or years of personal service  
2 performed, or both, and becomes employed by a reporting unit, the  
3 following must occur:

4 (a) The retirant is not entitled to a new final average  
5 compensation or additional service credit under this retirement  
6 system unless additional service is performed equivalent to 5 or  
7 more years of service credit or, if the retirant has contributed to  
8 the member investment plan, the equivalent of 3 or more years of  
9 service credit. The retirant may elect to have the retirement  
10 allowance recomputed based on the added credit or the final average  
11 compensation resulting from the added service, or both. A  
12 retirement allowance must not be recomputed until the retirant pays  
13 into the retirement system an amount equal to the retirant's new  
14 final average compensation multiplied by the percentage determined  
15 under section 41(2) for normal cost and unfunded actuarial accrued  
16 liabilities, not including the percentage required for the funding  
17 of health benefits, multiplied by the total service credit in the  
18 period in which the retirant's additional service was performed.

19 (b) The retirant's retirement allowance must be reduced by the  
20 lesser of the amount that the earnings in a calendar year exceed  
21 the amount permitted without a reduction of benefits under the  
22 social security act, chapter 531, 49 Stat 620, or 1/3 of the  
23 retirant's final average compensation. For purposes of computing  
24 allowable earnings under this subdivision, the final average  
25 compensation must be increased by 5% for each full year of  
26 retirement.

27 (2) The retirement system may offset retirement benefits  
28 payable under this act against amounts owed to the retirement  
29 system by a retirant or retirement allowance beneficiary.



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

3 (a) The retirant is a former teacher or administrator employed  
4 in a teaching or research capacity by a university that is  
5 considered a reporting unit for the limited purpose described in  
6 section 7(3). A university that employs a retirant under this  
7 subsection shall report that employment to the retirement system by  
8 July 1 of each year. The university shall include in the report the  
9 name of the retirant, the capacity in which the retirant is  
10 employed, and the total annual compensation paid to the retirant.

11 (b) The retirant is not eligible to use any service or  
12 compensation attributable to the employment described in  
13 subdivision (a) for a recomputation of his or her retirement  
14 allowance.

15 (4) Not later than April 1 of each year, the superintendent of  
16 public instruction shall compile a listing of critical shortage  
17 disciplines based on evidence of a shortage for each discipline.  
18 The department of education shall post the listing and the  
19 accompanying evidence on its website. If a discipline is not  
20 included in the listing of critical shortage disciplines, 2 or more  
21 contiguous reporting units may submit a written request to the  
22 superintendent of public instruction to add a discipline to the  
23 listing. The request must include evidence of a shortage of the  
24 discipline in those contiguous reporting units. If the  
25 superintendent of public instruction determines that there is a  
26 shortage of the discipline in those contiguous reporting units, the  
27 superintendent of public instruction shall add the discipline to  
28 the listing. A discipline added under a request under this  
29 subsection applies only to those contiguous reporting units. For



1 purposes of this subsection, a reporting unit that is a public  
2 school academy is considered contiguous to any other reporting unit  
3 in which the public school academy is located.

4 (5) Until July 1, ~~2021~~, **2031**, subsection (1) does not apply to  
5 a retirant if all of the following circumstances exist:

6 (a) The retirant is employed by a reporting unit that has a  
7 situation, not including a situation caused by a labor dispute,  
8 that necessitates the hiring of the retirant in an area that has  
9 been identified by the superintendent of public instruction as a  
10 critical shortage discipline under subsection (4).

11 (b) The retirant is employed under any situation described in  
12 subdivision (a) for a period not to exceed 3 years for that  
13 retirant.

14 (c) The retirant is not eligible to use any service or  
15 compensation attributable to the employment described in  
16 subdivision (a) for a recomputation of his or her retirement  
17 allowance.

18 (d) The reporting unit pays 100% of the contribution rates for  
19 the unfunded actuarial accrued liability for retiree health care  
20 and the unfunded actuarial accrued liability for pension to the  
21 retirement system for each retirant who becomes employed by a  
22 reporting unit under this subsection.

23 (6) Subsection (5) only applies for retirants who have been  
24 retired for at least 12 months before becoming employed under this  
25 section.

26 (7) Notwithstanding any other provision of this act to the  
27 contrary, for a retirant who retires after June 30, 2010, and  
28 following a bona fide termination, including not working in the  
29 month of the retirant's retirement effective date, and who becomes



1 employed by a reporting unit and the retirant's amount of earnings  
2 in a calendar year exceeds 1/3 of the retirant's final average  
3 compensation, the retirant forfeits his or her retirement allowance  
4 and the retirement system subsidy for health care benefits from the  
5 retirement system for the entire month of each month in which the  
6 retirant is employed at the reporting unit unless the retirant is  
7 employed as described in subsection (5), (9), (10), (11), or (13).  
8 A retirant who has forfeited the retirement system subsidy for  
9 health care benefits under this subsection and who wants to retain  
10 health care benefits shall pay the retirant's and retirement  
11 system's costs for the health care benefits. The retirement  
12 allowance and retirement system subsidy for health care benefits  
13 must resume without recalculation on the first of the month  
14 following the month in which the retirant has terminated reporting  
15 unit employment.

16 (8) Notwithstanding any other provision of this act to the  
17 contrary, for a retirant who retires after June 30, 2010, who  
18 performs core services at a reporting unit as determined by the  
19 retirement system ~~, subject to the definition of core services in~~  
20 ~~this subsection,~~ but who is employed by an entity other than the  
21 reporting unit or is an independent contractor, the retirant  
22 forfeits his or her retirement allowance and the retirement system  
23 subsidy for health care benefits from the retirement system for the  
24 entire month of each month in which the retirant is performing core  
25 services at the reporting unit, unless the retirant is employed as  
26 described in subsection (9), (10), or (12). A retirant who has  
27 forfeited the retirement system subsidy for health care benefits  
28 under this subsection and who wants to retain health care benefits  
29 shall pay the retirant's and retirement system's costs for the



1 health care benefits. The retirement allowance and retirement  
2 system subsidy for health care benefits must resume without  
3 recalculation on the first of the month following the month in  
4 which the retirant has terminated performing core services, as  
5 described in this subsection. As used in this subsection, "core  
6 services" does not include custodial, food, or transportation  
7 services.

8 (9) Until July 1, ~~2021,~~ **2031**, subsection (1) does not apply to  
9 a retirant who retires after June 30, 2010; ~~and before September 2,~~  
10 ~~2017;~~ who following a bona fide termination, including not working  
11 in the month of his or her retirement effective date, becomes  
12 employed as a substitute teacher by a reporting unit, by an entity  
13 other than the reporting unit, or as an independent contractor; and  
14 whose amount of earnings attributable to employment by or at a  
15 reporting unit in a calendar year does not exceed 1/3 of his or her  
16 final average compensation. A retirant described in this subsection  
17 is not eligible to use any service or compensation attributable to  
18 the employment described in this subsection for a recomputation of  
19 his or her retirement allowance. ~~The reporting unit at which the~~  
20 ~~retirant provides substitute teacher services described in this~~  
21 ~~subsection shall pay 100% of the contribution rates for the~~  
22 ~~unfunded actuarial accrued liability for retiree health care and~~  
23 ~~the unfunded actuarial accrued liability for pension to the~~  
24 ~~retirement system for the employment described in this subsection.~~  
25 The reporting unit shall report the engagement of substitute  
26 teachers to the retirement system at the same interval the  
27 reporting unit reports information to the retirement system with  
28 regard to its other employees. The reporting unit shall include in  
29 the report the name of the substitute teacher and the total



1 earnings paid to the substitute teacher for that reporting period.  
2 In order to comply with the reporting requirements of this  
3 subsection, a reporting unit that engages substitute teachers  
4 through an entity other than a reporting unit or as independent  
5 contractors shall obtain from the substitute teacher's employer a  
6 list of all substitute teachers the employer supplies to that  
7 reporting unit and the total earnings paid to each substitute  
8 teacher for the reporting period. An employer other than a  
9 reporting unit that employs substitute teachers as described in  
10 this subsection shall provide to the reporting unit all information  
11 that the reporting unit is required to report to the retirement  
12 system under this subsection. For the purposes of this subsection,  
13 an employer includes an independent contractor.

14 (10) Until July 1, ~~2021~~, **2031**, subsection (1) does not apply  
15 to a retirant who retires after June 30, 2010 and before September  
16 2, 2017; who following a bona fide termination, including not  
17 working in the month of his or her retirement effective date,  
18 becomes employed as an instructional coach or a school improvement  
19 facilitator by an entity other than the reporting unit or as an  
20 independent contractor; and whose amount of earnings attributable  
21 to employment at a reporting unit in a calendar year does not  
22 exceed 1/3 of his or her final average compensation. A retirant  
23 described in this subsection is not eligible to use any service or  
24 compensation attributable to the employment described in this  
25 subsection for a recomputation of his or her retirement allowance.  
26 The reporting unit at which the retirant provides the services  
27 described in this subsection shall pay 100% of the contribution  
28 rates for the unfunded actuarial accrued liability for retiree  
29 health care and the unfunded actuarial accrued liability for



1 pension to the retirement system for the employment described in  
2 this subsection. The reporting unit shall report the engagement of  
3 instructional coaches or school improvement facilitators to the  
4 retirement system at the same interval the reporting unit reports  
5 information to the retirement system with regard to its other  
6 employees. The reporting unit shall include in the report the name  
7 of the instructional coach or school improvement facilitator and  
8 the total earnings paid to the coach or facilitator for that  
9 reporting period. In order to comply with the reporting  
10 requirements of this subsection, a reporting unit shall obtain from  
11 the coach's or facilitator's employer a list of all instructional  
12 coaches and school improvement facilitators the employer supplies  
13 to that reporting unit and the total earnings paid to each coach or  
14 facilitator for the reporting period. An employer other than a  
15 reporting unit that employs instructional coaches or school  
16 improvement facilitators as described in this subsection shall  
17 provide to the reporting unit all information that the reporting  
18 unit is required to report to the retirement system under this  
19 subsection. For the purposes of this subsection, an employer  
20 includes an independent contractor. As used in this subsection,  
21 "instructional coach" and "school improvement facilitator" mean  
22 those terms as used in the listing of critical shortage disciplines  
23 developed by the superintendent of public instruction under  
24 subsection (4).

25 (11) Subsection (1) does not apply to a retirant who is a  
26 former teacher or administrator who retires after June 30, 2010 and  
27 before October 2, 2014, who following a bona fide termination,  
28 including not working in the month of his or her retirement  
29 effective date, becomes employed in a teaching or research capacity



1 or in a program-department direction capacity by a university that  
2 is considered a reporting unit for the limited purpose described in  
3 section 7(3). A retirant described in this subsection is not  
4 eligible to use any service or compensation attributable to the  
5 employment described in this subsection for recomputation of his or  
6 her retirement allowance. The reporting unit at which the retirant  
7 provides the services described in this subsection shall pay 100%  
8 of the contribution rates for the unfunded actuarial accrued  
9 liability for retiree health care and the unfunded actuarial  
10 accrued liability for pension to the retirement system for the  
11 employment described in this subsection. The reporting unit shall  
12 report the employment of a retirant as described in this subsection  
13 to the retirement system by July 1 of each year. The reporting unit  
14 shall include in the report the name of the retirant, the capacity  
15 in which the retirant is employed, and the total annual  
16 compensation paid to the retirant.

17 (12) Until July 1, ~~2021~~, **2031**, notwithstanding any provision  
18 of this act to the contrary, for a retirant who retires after June  
19 30, 2010, who is employed as an independent contractor at a  
20 reporting unit for a situation described in subsection (5)(a) or is  
21 employed at a reporting unit for a situation described in  
22 subsection (5)(a) by an entity other than the reporting unit, who  
23 has been retired for at least 12 months before becoming employed  
24 under this subsection, and whose employment under this subsection  
25 does not exceed 3 years, the reporting unit at which the retirant  
26 provides services under this subsection shall pay 100% of the  
27 contribution rates for the unfunded actuarial accrued liability for  
28 retiree health care and the unfunded actuarial accrued liability  
29 for pension to the retirement system for the employment described



1 in this subsection.

2 (13) Subsection (1) does not apply to a retirant who retires  
3 after June 30, 2010 and before May 11, 2018 and who, following a  
4 bona fide termination, becomes employed by a reporting unit as a  
5 school renewal coach or high impact leadership facilitator as part  
6 of a school leadership support program that is funded by a federal  
7 grant awarded before May 10, 2018 and that meets the requirements  
8 of subsection (14). A retirant described in this subsection is not  
9 eligible to use any service or compensation attributable to the  
10 employment described in this subsection for a recomputation of his  
11 or her retirement allowance. The reporting unit shall pay 100% of  
12 the contribution rates for the unfunded actuarial accrued liability  
13 for retiree health care and the unfunded actuarial accrued  
14 liability for pension to the retirement system for the employment  
15 described in this subsection. The reporting unit shall report the  
16 engagement of school renewal coaches or high impact leadership  
17 facilitators to the retirement system at the same interval the  
18 reporting unit reports information to the retirement system with  
19 regard to its other employees. The reporting unit shall include in  
20 the report the name of the school renewal coach or high impact  
21 leadership facilitator and the total earnings paid to the school  
22 renewal coach or high impact leadership facilitator for that  
23 reporting period.

24 (14) Subsection (13) applies to retirants employed as part of  
25 a program that supports teams of school principals and teacher  
26 leaders in elementary schools by doing all of the following:

27 (a) Providing intense professional development and support,  
28 and money, for renewal projects for teams of school leaders in a  
29 number of project schools that are implementing a set of new



1 literacy essentials.

2 (b) Placing a trained team of school renewal coaches or high  
3 impact leadership facilitators in each project school.

4 (c) Providing a lower level of professional development  
5 support and funding for leaders in additional schools.

6 (d) Applying a set of proven school leadership practices for  
7 school renewal and sustainable implementation.

8 (e) Providing training, support, and oversight for the school  
9 renewal coaches or high impact leadership facilitators as a  
10 coordinator or supervisor of that work.

