



HOUSE BILL No. 4047

January 11, 1995, Introduced by Reps. Rhead, Hammerstrom, Horton, Dalman, Gilmer, Fitzgerald, DeLange, Llewellyn, Bullard and Perricone and referred to the Committee on Appropriations.

A bill to amend sections 5, 6, and 7 of Act No. 300 of the Public Acts of 1980, entitled "The public school employees retirement act of 1979," sections 5 and 6 as amended by Act No. 272 of the Public Acts of 1994 and section 7 as amended by Act No. 318 of the Public Acts of 1993, being sections 38.1305, 38.1306, and 38.1307 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 5, 6, and 7 of Act No. 300 of the
2 Public Acts of 1980, sections 5 and 6 as amended by Act No. 272
3 of the Public Acts of 1994 and section 7 as amended by Act
4 No. 318 of the Public Acts of 1993, being sections 38.1305,
5 38.1306, and 38.1307 of the Michigan Compiled Laws, are amended
6 to read as follows:

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

3 (a) A person enrolled in a neighborhood youth corps program
4 operated with funds from the federal office of economic opportu-
5 nity or a person enrolled in a comparable youth training program
6 designed to prevent high school dropouts and rehabilitate high
7 school dropouts operated by an intermediate school district.

8 (b) A person enrolled in a transitional public employment
9 program and employed by a reporting unit.

10 (c) A person employed by a reporting unit while enrolled as
11 a full-time student in that same reporting unit.

12 (d) A person who ~~elects~~ ELECTED to participate in the
13 optional retirement program under ~~the optional retirement act of~~
14 ~~1967,~~ FORMER Act No. 156 of the Public Acts of 1967. ~~, as~~
15 ~~amended, being sections 38.381 to 38.388 of the Michigan Compiled~~
16 ~~Laws.~~

17 (e) A retirant of this retirement system.

18 (f) A person, not regularly employed by a reporting unit,
19 who is employed by a reporting unit through a summer youth
20 employment program established pursuant to the Michigan youth
21 corps act, Act No. 69 of the Public Acts of 1983, being sections
22 409.221 to 409.229 of the Michigan Compiled Laws.

23 (g) A person, not regularly employed by a reporting unit,
24 who is employed by a reporting unit to administer a program
25 described in subdivision (f), (h), (i), (j), or (k).

26 (h) After September 30, 1983, a person, not regularly
27 employed by a reporting unit, who is employed by a reporting unit

1 through participation in a program established pursuant to the
2 job training partnership act, Public Law 97-300, 96 Stat. 1322.

3 (i) A person, not regularly employed by a reporting unit,
4 who is employed by a reporting unit through participation in a
5 program established pursuant to the Michigan opportunity and
6 skills training program, first established under sections 12 to
7 23 of Act No. 259 of the Public Acts of 1983.

8 (j) A person, not regularly employed by a reporting unit,
9 who is employed by a reporting unit through participation in a
10 program established pursuant to the Michigan community service
11 corps program, first established under sections 25 to 35 of Act
12 No. 259 of the Public Acts of 1983.

13 (k) A person, not regularly employed by a reporting unit,
14 who is employed by a reporting unit through participation in a
15 program established pursuant to the older American community
16 service employment program under the older American community
17 service employment act, title V of the older Americans act of
18 1965, Public Law 89-73, 42 U.S.C. 3056 to 3056i.

19 (2) "Membership service" means service performed after June
20 30, 1945.

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

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

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

3 Sec. 6. (1) "Original member" means a member employed in
4 Michigan public schools before July 1, 1945.

5 (2) "Out of system public education service" means service
6 performed in public education meeting 1 or more of the following
7 requirements:

8 (a) Performed in other states in the United States or its
9 territorial possessions.

10 (b) Performed at the university of Michigan, Michigan state
11 university, Wayne state university, Grand Valley state universi-
12 ty, Oakland university, or Saginaw Valley university. BEGINNING
13 ON AND AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
14 THIS SENTENCE, PERFORMED AT AN INSTITUTION OF HIGHER EDUCATION
15 DESCRIBED IN SECTION 4, 5, OR 6 OF ARTICLE VIII OF THE STATE CON-
16 STITUTION OF 1963.

17 (c) Service purchased before January 31, 1991 and performed
18 in a juvenile training school operated by a county in this
19 state.

20 (d) Service purchased before January 31, 1991 and performed
21 in a community mental health service program operated under
22 former Act No. 54 of the Public Acts of 1963 for the severely
23 mentally retarded in day care programs, day training programs, or
24 day care training programs that were transferred to an intermedi-
25 ate school district by direction of the department of education.

1 (e) Service purchased before January 31, 1991 and performed
2 as an elementary or secondary teacher at a United States armed
3 forces military base in the United States or a foreign country.

4 (f) Service purchased before January 31, 1991 and performed
5 as a teacher or administrator of American nationals in overseas
6 public elementary or secondary schools operated by the United
7 States department of defense.

8 (3) "Prior service" means service performed before July 1,
9 1945.

10 (4) Except as otherwise provided in this subsection, "public
11 school academy" means a public school academy established under
12 part 6a of the school code of 1976, Act No. 451 of the Public
13 Acts of 1976, being sections 380.501 to 380.507 of the Michigan
14 Compiled Laws. Public school academy does not include any of the
15 following:

16 (a) A public school academy operated by a state public uni-
17 versity that is not subject to ~~the optional retirement act of~~
18 ~~1967,~~ FORMER Act No. 156 of the Public Acts of 1967. ~~, being~~
19 ~~sections 38.381 to 38.388 of the Michigan Compiled Laws.~~

20 (b) A public school academy corporation formed by a state
21 public university that is not subject to FORMER Act No. 156 of
22 the Public Acts of 1967.

23 (5) ~~"Public"~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSEC-
24 TION, "PUBLIC school employee" means an employee of a public
25 local school district, intermediate school district, public
26 school academy, tax supported community or junior college,
27 eastern Michigan university, central Michigan university,

1 northern Michigan university, western Michigan university, Ferris
2 state university, Michigan technological university, Lake
3 Superior state university, or district library as defined in
4 section 69g if the conditions in section 69g(1) are met for that
5 employee. Service at Michigan technological university shall be
6 creditable only if the amount of the accumulated contributions in
7 the state employees' retirement system CREATED BY THE STATE
8 EMPLOYEES' RETIREMENT ACT, ACT NO. 240 OF THE PUBLIC ACTS OF
9 1943, BEING SECTIONS 38.1 TO 38.48 OF THE MICHIGAN COMPILED LAWS,
10 for service is paid to the retirement system. Service at Ferris
11 state university shall be creditable as prior service or member-
12 ship service only if the employee was employed at Ferris state
13 university on a full-time basis for 2 or more years after May 17,
14 1949. Until January 1, 1988, public school employee also
15 includes a person holding a Michigan teacher certificate and
16 serving as an employee of the Michigan high school athletic asso-
17 ciation, other than a person whose effective date of employment
18 with the Michigan high school athletic association is on or after
19 December 31, 1986. ~~A~~ PUBLIC SCHOOL EMPLOYEE INCLUDES A public
20 school employee on an approved leave of absence. ~~is included~~
21 ~~within this definition.~~ PUBLIC SCHOOL EMPLOYEE DOES NOT INCLUDE
22 A PERSON WHO BECOMES EMPLOYED BY A UNIVERSITY DESCRIBED IN THIS
23 SUBSECTION ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
24 THAT ADDED THIS SENTENCE.

25 Sec. 7. (1) "Refund beneficiary" means 1 or more persons
26 whom the member or former member nominates in writing and files
27 with the retirement system for the purpose of being paid

1 accumulated contributions in the event of the death of the member
2 or former member. If a valid nomination is not on file, the
3 retirement board shall pay the accumulated contributions to the
4 legal representative of the deceased member or deceased former
5 member, if any, or to the estate of the deceased member or
6 deceased former member.

7 (2) "Regular interest" means interest at 1 or more rates per
8 annum determined by the retirement board and compounded
9 annually.

10 (3) "Reporting unit" means a public school district, inter-
11 mediate school district, public school academy, tax supported
12 community or junior college, ~~college,~~ or university, or an
13 agency having employees on its payroll who are members of this
14 retirement system. The reporting unit shall be the employer for
15 purposes of this act. BEGINNING ON THE EFFECTIVE DATE OF THE
16 AMENDATORY ACT THAT ADDED THIS SENTENCE, REPORTING UNIT DOES NOT
17 INCLUDE A UNIVERSITY, EXCEPT TO THE EXTENT THAT UNIVERSITY HAS
18 EMPLOYEES ON ITS PAYROLL WHO ARE MEMBERS OF THIS RETIREMENT
19 SYSTEM.

20 (4) "Retirant" means a member who retires with a retirement
21 allowance payable from reserves of the retirement system.

22 (5) "Retirement allowance" means a payment for life or a
23 temporary period provided for in this act to which a retirant,
24 retirement allowance beneficiary, or refund beneficiary is
25 entitled.

26 (6) "Retirement allowance beneficiary" means a person who is
27 being paid or has entitlement to the payment of a retirement

1 allowance in the event of the death of a member, deferred member,
2 or retirant.

3 (7) "Retirement board" means the board provided to adminis-
4 ter this retirement system.

5 (8) "Retirement system" means the Michigan public school
6 employees' retirement system provided for in this act.

7 Section 2. Act No. 156 of the Public Acts of 1967, being
8 sections 38.381 to 38.388 of the Michigan Compiled Laws, is
9 repealed.