

HOUSE BILL NO. 5497

February 19, 2020, Introduced by Reps. Kennedy, Brenda Carter, Stone, Sneller, Koleszar, Camilleri, Brixie, Ellison, Hertel, Miller, Wittenberg, Tyrone Carter, Hood, Bellino, Peterson, Garza, Manoogian, Kuppa, Elder, Howell, Haadsma, Sowerby, Clemente, Frederick, Green, Shannon, Garrett, Hoadley, Cambensy, Chirkun, Anthony, Tate, Paquette, Cynthia Johnson and Coleman 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
4 136, on account of either age or years of personal service
5 performed, or both, and becomes employed by a reporting unit, the



1 following must occur:

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

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

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

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



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

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

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



1 ~~in which the public school academy is located.~~

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

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

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

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

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

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

24 ~~(7) Notwithstanding any other provision of this act to the~~
25 ~~contrary, for a retirant who retires after June 30, 2010, and~~
26 ~~following a bona fide termination, including not working in the~~
27 ~~month of the retirant's retirement effective date, and who becomes~~
28 ~~employed by a reporting unit and the retirant's amount of earnings~~
29 ~~in a calendar year exceeds 1/3 of the retirant's final average~~



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

14 ~~(8) Notwithstanding any other provision of this act to the~~
15 ~~contrary, for a retirant who retires after June 30, 2010, who~~
16 ~~performs core services at a reporting unit as determined by the~~
17 ~~retirement system, subject to the definition of core services in~~
18 ~~this subsection, but who is employed by an entity other than the~~
19 ~~reporting unit or is an independent contractor, the retirant~~
20 ~~forfeits his or her retirement allowance and the retirement system~~
21 ~~subsidy for health care benefits from the retirement system for the~~
22 ~~entire month of each month in which the retirant is performing core~~
23 ~~services at the reporting unit, unless the retirant is employed as~~
24 ~~described in subsection (9), (10), or (12). A retirant who has~~
25 ~~forfeited the retirement system subsidy for health care benefits~~
26 ~~under this subsection and who wants to retain health care benefits~~
27 ~~shall pay the retirant's and retirement system's costs for the~~
28 ~~health care benefits. The retirement allowance and retirement~~
29 ~~system subsidy for health care benefits must resume without~~



1 ~~recalculation on the first of the month following the month in~~
2 ~~which the retirant has terminated performing core services, as~~
3 ~~described in this subsection. As used in this subsection, "core~~
4 ~~services" does not include custodial, food, or transportation~~
5 ~~services.~~

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



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

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



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

~~23 (11) Subsection (1) does not apply to a retirant who is a
24 former teacher or administrator who retires after June 30, 2010 and
25 before October 2, 2014, who following a bona fide termination,
26 including not working in the month of his or her retirement
27 effective date, becomes employed in a teaching or research capacity
28 or in a program department direction capacity by a university that
29 is considered a reporting unit for the limited purpose described in~~



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

~~15 (12) Until July 1, 2021, notwithstanding any provision of this
16 act to the contrary, for a retirant who retires after June 30,
17 2010, who is employed as an independent contractor at a reporting
18 unit for a situation described in subsection (5) (a) or is employed
19 at a reporting unit for a situation described in subsection (5) (a)
20 by an entity other than the reporting unit, who has been retired
21 for at least 12 months before becoming employed under this
22 subsection, and whose employment under this subsection does not
23 exceed 3 years, the reporting unit at which the retirant provides
24 services under this subsection shall pay 100% of the contribution
25 rates for the unfunded actuarial accrued liability for retiree
26 health care and the unfunded actuarial accrued liability for
27 pension to the retirement system for the employment described in
28 this subsection.~~

~~29 (13) Subsection (1) does not apply to a retirant who retires~~



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

~~22 (14) Subsection (13) applies to retirants employed as part of~~
~~23 a program that supports teams of school principals and teacher~~
~~24 leaders in elementary schools by doing all of the following:~~

~~25 (a) Providing intense professional development and support,~~
~~26 and money, for renewal projects for teams of school leaders in a~~
~~27 number of project schools that are implementing a set of new~~
~~28 literacy essentials.~~

~~29 (b) Placing a trained team of school renewal coaches or high~~



1 ~~impact leadership facilitators in each project school.~~

2 ~~(c) Providing a lower level of professional development~~
3 ~~support and funding for leaders in additional schools.~~

4 ~~(d) Applying a set of proven school leadership practices for~~
5 ~~school renewal and sustainable implementation.~~

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

9 (4) Subsection (1) does not apply to a retirant if all of the
10 following circumstances exist:

11 (a) The retirant, following a bona fide termination, is
12 employed in a position other than an administrator by a reporting
13 unit, by an entity other than a reporting unit, or as an
14 independent contractor.

15 (b) The retirant has been retired for at least 30 days before
16 becoming employed as described in subdivision (a).

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

21 (d) The reporting unit at which the retirant provides services
22 described in subdivision (a) pays 100% of the contribution rates
23 for the unfunded actuarial accrued liability for retiree health
24 care and the unfunded actuarial accrued liability for pension to
25 the retirement system for the employment described in subdivision
26 (a).

27 (e) The reporting unit at which the retirant provides services
28 described in subdivision (a) pays a mitigation rate determined by
29 the office of retirement services in consultation with the actuary.



1 The mitigation rate determined under this subdivision must not
2 exceed the normal cost contribution rate calculation under section
3 41 for the employment described in subdivision (a).

4 (f) The reporting unit reports the engagement of the retirant
5 to the retirement system at the same interval the reporting unit
6 reports information to the retirement system with regard to its
7 other employees and includes in the report the name of the retirant
8 and the total earnings paid to the retirant for that reporting
9 period. In order to comply with the reporting requirements of this
10 subdivision, a reporting unit that engages the retirant through an
11 entity other than a reporting unit or as an independent contractor
12 shall obtain from the retirant's employer a list of all retirants
13 the employer supplies to that reporting unit and the total earnings
14 paid to each retirant for the reporting period. An employer other
15 than a reporting unit that employs retirants as described in this
16 subdivision shall provide to the reporting unit all information
17 that the reporting unit is required to report to the retirement
18 system under this subdivision. For the purposes of this
19 subdivision, an employer includes an independent contractor.

20 (5) Subsection (1) does not apply to a retirant if all of the
21 following circumstances exist:

22 (a) The retirant, following a bona fide termination, is
23 employed as an administrator by a reporting unit, by an entity
24 other than a reporting unit, or as an independent contractor.

25 (b) The retirant has been retired for at least 30 days before
26 becoming employed as described in subdivision (a).

27 (c) The retirant is not eligible to use any service or
28 compensation attributable to the employment described in
29 subdivision (a) for a recomputation of his or her retirement



1 allowance.

2 (d) The reporting unit at which the retirant provides services
3 described in subdivision (a) pays 100% of the contribution rates
4 for the unfunded actuarial accrued liability for retiree health
5 care and the unfunded actuarial accrued liability for pension to
6 the retirement system for the employment described in subdivision
7 (a).

8 (e) The reporting unit at which the retirant provides services
9 described in subdivision (a) pays a mitigation rate determined by
10 the office of retirement services in consultation with the actuary.
11 The mitigation rate determined under this subdivision must not
12 exceed the normal cost contribution rate calculation under section
13 41 for the employment described in subdivision (a).

14 (f) The reporting unit reports the engagement of the retirant
15 to the retirement system at the same interval the reporting unit
16 reports information to the retirement system with regard to its
17 other employees and includes in the report the name of the retirant
18 and the total earnings paid to the retirant for that reporting
19 period. In order to comply with the reporting requirements of this
20 subdivision, a reporting unit that engages the retirant through an
21 entity other than a reporting unit or as independent contractor
22 shall obtain from the retirant's employer a list of all retirants
23 the employer supplies to that reporting unit and the total earnings
24 paid to each retirant for the reporting period. An employer other
25 than a reporting unit that employs retirants as described in this
26 subdivision shall provide to the reporting unit all information
27 that the reporting unit is required to report to the retirement
28 system under this subdivision. For the purposes of this
29 subdivision, an employer includes an independent contractor.



1 (g) The retirant works in the position described in
2 subdivision (a) for no more than 18 total months.

3 (6) As used in this section, "administrator" means a
4 superintendent, principal, assistant principal, or chief business
5 officer.

