

HOUSE BILL NO. 4375

February 25, 2021, Introduced by Reps. Steven Johnson and Meerman 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.