

SENATE BILL NO. 1101

June 23, 2022, Introduced by Senators ANANICH, POLEHANKI, WOJNO, GEISS, MCMORROW, SANTANA, MOSS, MCCANN, CHANG, HERTEL, BAYER, BRINKS, MCBROOM and IRWIN and referred to the Committee on Education and Career Readiness.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending sections 41, 41b, 61, and 81c (MCL 38.1341, 38.1341b, 38.1361, and 38.1381c), section 41 as amended by 2018 PA 512, sections 41b and 81c as amended by 2017 PA 92, and section 61 as amended by 2020 PA 267.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 41. (1) The annual level percentage of payroll
- 2 contribution rates to finance benefits being provided and to be

1 provided by the retirement system must be determined by actuarial
2 valuation under subsection (2) on the basis of the risk assumptions
3 that the retirement board and the department adopt after
4 consultation with the state treasurer and an actuary. An annual
5 actuarial valuation must be made of the retirement system to
6 determine the actuarial condition of the retirement system and the
7 required contribution to the retirement system. An annual actuarial
8 gain-loss experience study of the retirement system must be made to
9 determine the financial effect of variations of actual retirement
10 system experience from projected experience.

11 (2) Except as otherwise provided in sections 41a and 41b, the
12 annual contribution rates for benefits are subject to all of the
13 following:

14 (a) Except as otherwise provided in this subdivision, the
15 contribution rate for benefits must be computed using an individual
16 projected benefit entry age normal cost method of valuation. If the
17 contributions described in section 43e are determined by a final
18 order of a court of competent jurisdiction for which all rights of
19 appeal have been exhausted to be unconstitutional and the
20 contributions are not deposited into the appropriate funding
21 account referenced in section 43e, the contribution rate for health
22 benefits provided under section 91 must be computed using a cash
23 disbursement method.

24 (b) Subject to subdivision (c), the contribution rate for
25 service likely to be rendered in the current year, the normal cost
26 contribution rate, for reporting units must be determined as
27 follows:

28 (i) Calculate the aggregate amount of individual projected
29 benefit entry age normal costs.

1 (ii) Divide the result of the calculation under subparagraph (i)
2 by 1% of the aggregate amount of active members' valuation
3 compensation.

4 (c) Except for the employee portion of the normal cost
5 contribution rates for members under section 41b(2), beginning with
6 the state fiscal year ending September 30, 2018 and for each
7 subsequent fiscal year, the normal cost contribution rate must not
8 be less than the normal cost contribution rate in the immediately
9 preceding state fiscal year.

10 (d) Subject to subdivision (e), the contribution rate for
11 unfunded service rendered before the valuation date, the unfunded
12 actuarial accrued liability contribution rate, must be determined
13 as follows:

14 (i) Calculate the aggregate amount of unfunded actuarial
15 accrued liabilities of reporting units as follows:

16 (A) Calculate the actuarial present value of benefits for
17 members attributable to reporting units.

18 (B) Calculate the actuarial present value of future normal
19 cost contributions of reporting units.

20 (C) Calculate the actuarial present value of assets on the
21 valuation date.

22 (D) Add the results of sub-subparagraphs (B) and (C).

23 (E) Subtract from the result of the calculation under sub-
24 subparagraph (A) the result from the calculation under sub-
25 subparagraph (D).

26 (ii) Subject to subsection (18), divide the result of the
27 calculation under subparagraph (i) by 1% of the actuarial present
28 value over a period not to exceed 50 years of projected valuation
29 compensation.

1 (e) ~~Except for the employee portion of the unfunded actuarial~~
2 ~~accrued liability contribution rates for members under section~~
3 ~~41b(2), beginning~~ **Beginning** with the state fiscal year ending
4 September 30, 2018 and for each subsequent fiscal year until the
5 state fiscal year ending September 30, 2021, the unfunded actuarial
6 accrued liability contribution rate must not be less than the
7 unfunded actuarial accrued liability contribution rate in the
8 ~~immediately~~ preceding state fiscal year. Beginning with the state
9 fiscal year ending September 30, 2022, and for each subsequent
10 fiscal year until the unfunded actuarial accrued liability is **fully**
11 paid, ~~off,~~ the unfunded actuarial accrued liability contribution
12 sum due and payable must not be less than the unfunded actuarial
13 accrued liability contribution ~~sum~~ **amount** due and payable in the
14 ~~immediately~~ preceding state fiscal year.

15 (f) Beginning with the state fiscal year ending September 30,
16 2013 and for each subsequent fiscal year, the unfunded actuarial
17 accrued liability contribution rate applied to payroll must not
18 exceed 20.96% for a reporting unit that is not a university
19 reporting unit. Any additional unfunded actuarial accrued liability
20 contributions as determined under this section for each fiscal year
21 are to be paid by appropriation from the state school aid fund
22 established by section 11 of article IX of the state constitution
23 of 1963. Except as otherwise provided in this section and sections
24 41a and 41b, the unfunded actuarial accrued liability contribution
25 rate must be based on and applied to the combined payrolls of the
26 employees who are members or qualified participants, or both.

27 (g) Beginning with the state fiscal year ending September 30,
28 2016 and for each subsequent state fiscal year, the unfunded
29 actuarial accrued liability contribution rate applied to the

1 combined payroll, as provided in section 41a, must not exceed
2 25.73% for a university reporting unit. Any additional unfunded
3 actuarial accrued liability contributions as determined under this
4 section for each fiscal year for university reporting units are to
5 be paid by appropriation under article III of the state school aid
6 act of 1979, 1979 PA 94, MCL 388.1836 to 388.1891.

7 (3) Before November 1 of each **state fiscal** year, the executive
8 secretary of the retirement board shall certify to the director of
9 the department the aggregate compensation estimated to be paid
10 public school employees for the ~~current~~ state fiscal year.

11 (4) On the basis of the estimate under subsection (3), the
12 annual actuarial valuation, and any adjustment required under
13 subsection (6), the director of the department shall compute the
14 ~~sum-~~**amount** due and payable to the retirement system and shall
15 certify this amount to the reporting units.

16 (5) Except as provided in section 41b, the reporting units
17 shall pay the amount certified under subsection (4) to the director
18 of the department in equal payroll cycle installments for unfunded
19 actuarial accrued liability contributions and payroll cycle
20 installments for normal cost contributions.

21 (6) Not later than 90 days after ~~termination~~**the end** of each
22 state fiscal year, the executive secretary of the retirement board
23 shall certify to the director of the department and each reporting
24 unit the actual aggregate compensation paid to public school
25 employees during the preceding state fiscal year. On receipt of
26 that certification, the director of the department may compute any
27 adjustment required to the amount because of a difference between
28 the estimated and the actual aggregate compensation and the
29 estimated and the actual actuarial employer contribution rate. The

1 difference, if any, must be paid as provided in subsection (9).
 2 This subsection does not apply in a fiscal year in which a deposit
 3 ~~occurs~~**is made** under subsection (14).

4 (7) The director of the department may require evidence of
 5 correctness and may conduct an audit of the aggregate compensation
 6 that the director of the department considers necessary to
 7 establish its correctness.

8 (8) A reporting unit shall forward employee and employer
 9 Social Security contributions and reports as required by the
 10 federal old-age, survivors, disability, and hospital insurance
 11 provisions of title II of the social security act, 42 USC 401 to
 12 434.

13 (9) For an employer of an employee of a local public school
 14 district or an intermediate school district, for differences
 15 occurring in fiscal years beginning on or after October 1, 1993, a
 16 minimum of 20% of ~~the~~**any** difference between the estimated and the
 17 actual aggregate compensation and the estimated and the actual
 18 actuarial employer contribution rate described in subsection (6) ~~7~~
 19 ~~if any,~~ must be paid by that employer in the next ~~succeeding~~ state
 20 fiscal year and a minimum of 25% of the remaining difference must
 21 be paid by that employer in each of the following 4 state fiscal
 22 years, or until 100% of the remaining difference is submitted,
 23 whichever first occurs. For an employer of other public school
 24 employees, for differences occurring in fiscal years beginning on
 25 or after October 1, 1991, a minimum of 20% of ~~the~~**any** difference
 26 between the estimated and the actual aggregate compensation and the
 27 estimated and the actual actuarial employer contribution rate
 28 described in subsection (6) ~~7, if any,~~ must be paid by that employer
 29 in the next ~~succeeding~~ state fiscal year and a minimum of 25% of

1 the remaining difference must be paid by that employer in each of
2 the following 4 state fiscal years, or until 100% of the remaining
3 difference is submitted, whichever first occurs. In addition,
4 interest must be included for each year that a portion of the
5 remaining difference is carried forward. The interest rate must
6 equal the actuarially assumed rate of investment return for the
7 state fiscal year in which payment is made. This subsection does
8 not apply in a fiscal year in which a deposit ~~occurs~~**is made** under
9 subsection (14).

10 (10) Beginning on September 30, 2006, all assets held by the
11 retirement system must be reassigned their fair market value, as
12 determined by the state treasurer, as of September 30, 2006, and in
13 calculating any unfunded actuarial accrued liabilities, any market
14 gains or losses incurred before September 30, 2006 may not be
15 considered by the retirement system's actuaries.

16 (11) Except as otherwise provided in this subsection,
17 beginning on September 30, 2006, the actuary used by the retirement
18 board shall assume a rate of return on investments of 8% per annum,
19 as of September 30, 2006, which rate may only be changed with the
20 approval of the retirement board and the director of the
21 department. Beginning on July 1, 2010, the actuary used by the
22 retirement board shall assume a rate of return on investments of 7%
23 per annum for investments associated with members who first became
24 members after June 30, 2010, and before February 1, 2018, which
25 rate may only be changed with the approval of the retirement board
26 and the director of the department. Beginning on February 1, 2018,
27 the actuary used by the retirement board shall assume a rate of
28 return on investments of 6% per annum for investments associated
29 with members who first became a member on or after February 1,

1 2018, which rate may only be changed with the approval of the
2 retirement board and the director of the department.

3 (12) Beginning on September 30, 2006, the value of assets used
4 must be based on a method that spreads over a 5-year period the
5 difference between actual and expected return occurring in each
6 year after September 30, 2006, and the methodology may only be
7 changed with the approval of the retirement board and the director
8 of the department.

9 (13) Beginning on September 30, 2006, the actuary used by the
10 retirement board shall use a salary increase assumption that
11 projects annual salary increases of 4%. In addition to the 4%, the
12 retirement board shall use an additional percentage based on an
13 age-related scale to reflect merit, longevity, and promotional
14 salary increase. The actuary shall use this assumption until a
15 change in the assumption is approved in writing by the retirement
16 board and the director of the department.

17 (14) For fiscal years that begin on or after October 1, 2001,
18 if the actuarial valuation prepared under this section demonstrates
19 that as of the beginning of a fiscal year, and after all credits
20 and transfers required by this act for the previous fiscal year
21 have been made, the sum of the actuarial value of assets and the
22 actuarial present value of future normal cost contributions exceeds
23 the actuarial present value of benefits, the amount based on the
24 annual level percent of payroll contribution rate under subsections
25 (1) and (2) may be deposited into the health advance funding
26 subaccount created by section 34.

27 (15) Notwithstanding any other provision of this act, if the
28 retirement board establishes an arrangement and fund as described
29 in section 6 of the public employee retirement benefit protection

1 act, 2002 PA 100, MCL 38.1686, the benefits that are required to be
2 paid from that fund must be paid from a portion of the employer
3 contributions described in this section or other eligible ~~funds-~~
4 **money**. The retirement board shall determine the amount of the
5 employer contributions or other eligible ~~funds-~~**money** that must be
6 allocated to that fund and deposit that amount in that fund before
7 it deposits any remaining employer contributions or other eligible
8 ~~funds-~~**money** in the pension fund.

9 (16) The retirement board and the department shall conduct and
10 review an experience investigation study and adopt risk assumptions
11 on which actuarial valuations are to be based after consultation
12 with the actuary and the state treasurer. The experience
13 investigation study must be completed and risk assumptions must be
14 periodically reviewed at least once every 5 years.

15 (17) Every April 1 following the periodic review of risk
16 assumptions under subsection (16), the office of retirement
17 services on behalf of the department and the state treasurer shall
18 collaborate to submit a report to the senate majority leader, the
19 speaker of the house of representatives, the senate and house of
20 representatives appropriations committees, and the senate and house
21 fiscal agencies. A report required under this subsection must be
22 published on the office of retirement services's website and
23 include at least all of the following:

24 (a) Forecasted rate of return on investments at all of the
25 following probability levels:

- 26 (i) 5%.
27 (ii) 25%.
28 (iii) 50%.
29 (iv) 75%.

1 (v) 95%.

2 (b) The actual rate of return on investments for 10-, 15-, and
3 20-year intervals.

4 (c) Mortality assumptions.

5 (d) Retirement age assumptions.

6 (e) Payroll growth assumptions.

7 (f) Any other assumptions that have a material impact on the
8 financial status of the retirement system.

9 (18) Except as otherwise provided in this subsection, for
10 members who first became members before February 1, 2018, beginning
11 with the state fiscal year ending September 30, 2022 and for each
12 subsequent state fiscal year until the pension and retiree health
13 care payroll growth assumption rate for a reporting unit that is
14 not a university reporting unit is zero, the payroll growth
15 assumption rate for a reporting unit that is not a university
16 reporting unit must be reduced by 50 basis points. Beginning with
17 the state fiscal year ending September 30, 2025 and for each
18 subsequent state fiscal year until the rate described in this
19 subsection is zero, if the pension and retiree health care unfunded
20 actuarial accrued liability contribution ~~sum-amount~~ directly
21 attributable to the 50 basis points reduction under this subsection
22 for the ~~current~~-fiscal year is 7% or more of the pension and
23 retiree health care unfunded actuarial accrued liability
24 contribution ~~sum-amount~~ in the ~~immediately~~-preceding state fiscal
25 year, the office of retirement services may reduce the rate
26 described in this subsection by 25 basis points in that current
27 fiscal year instead of the 50 basis point reduction described in
28 this subsection. Beginning with the fiscal year ending September
29 30, 2022 and for each subsequent state fiscal year until the rate

1 described in this subsection is zero, the office of retirement
2 services and the retirement board may agree to reduce the rate
3 described in this subsection by any number of additional basis
4 points.

5 (19) As used in this section, "university reporting unit"
6 means a reporting unit that is a university listed in the
7 definition of public school employee under section 6.

8 Sec. 41b. (1) Beginning July 1, 2010, the retirement system
9 may determine a separate employer contribution rate for members who
10 first became members ~~on or after July 1, June 30,~~ 2010 and before
11 February 1, 2018. Except as provided in this section, the
12 retirement system shall determine the separate employer
13 contribution rate in the manner prescribed in section 41.

14 (2) Beginning February 1, 2018, the retirement system shall
15 determine a separate contribution rate for members who first became
16 members ~~on or after February 1, January 31,~~ 2018. Except as
17 provided in this section, the retirement system shall determine the
18 separate contribution rate in the manner prescribed in section 41,
19 except that any increase or decrease in the unfunded actuarial
20 accrued liabilities associated with members who first became
21 members ~~on or after February 1, January 31,~~ 2018 must be amortized
22 on a 10-year level-dollar schedule with a new contribution rate
23 calculated for each year.

24 (3) All normal cost ~~and any unfunded actuarial accrued~~
25 ~~liability contributions~~ as determined under subsection (2) must be
26 paid on a cost-sharing basis of 50% by the employer and 50% by the
27 employee. Except as provided in this section, contributions ~~shall~~
28 **must** be made in the manner prescribed in section 42. ~~An employee~~
29 ~~contribution for unfunded actuarial accrued liability must not be~~

1 ~~assessed to an employee based on any portion of an unfunded~~
 2 ~~liability caused by the failure of an employer to make a required~~
 3 ~~contribution.~~ Following the determination of the cost-sharing basis
 4 under this subsection, section 41(2)(c) and (e) applies.

5 ~~(4) The contributions of a member for unfunded actuarial~~
 6 ~~accrued liability must be treated as picked-up contributions under~~
 7 ~~the internal revenue code, deducted by the employer, and remitted~~
 8 ~~as employer contributions to the general fund of the retirement~~
 9 ~~system and must only be used to finance unfunded actuarial accrued~~
 10 ~~liabilities of the retirement system.~~

11 **(4)** ~~(5)~~ To the extent **of** and ~~upon~~ **on** approval by the Internal
 12 Revenue Service, the retirement system for the Tier 1 plan and the
 13 plan administrator for the Tier 2 plan may also determine the
 14 extent to which some or all of the individuals performing services
 15 for an entity not participating in the retirement system that
 16 receives any funding from the state school aid fund established in
 17 section 11 of article IX of the state constitution of 1963 may
 18 participate in the Tier 1 and Tier 2 plans.

19 Sec. 61. (1) Except as otherwise provided in this section, if
 20 a retirant is receiving a retirement allowance other than a
 21 disability allowance payable under this act or under former 1945 PA
 22 136, on account of either age or years of personal service
 23 performed, or both, and becomes employed by a reporting unit, the
 24 following must occur:

25 (a) The retirant is not entitled to a new final average
 26 compensation or additional service credit under this retirement
 27 system unless additional service is performed equivalent to 5 or
 28 more years of service credit or, if the retirant has contributed to
 29 the member investment plan, the equivalent of 3 or more years of

1 service credit. The retirant may elect to have the retirement
2 allowance recomputed based on the added credit or the final average
3 compensation resulting from the added service, or both. A
4 retirement allowance must not be recomputed until the retirant pays
5 into the retirement system an amount equal to the retirant's new
6 final average compensation multiplied by the percentage determined
7 under section 41(2) for normal cost and unfunded actuarial accrued
8 liabilities, not including the percentage required for the funding
9 of health benefits, multiplied by the total service credit in the
10 period in which the retirant's additional service was performed.

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

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

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

24 (a) The retirant is a former teacher or administrator employed
25 in a teaching or research capacity by a university that is
26 considered a reporting unit for the limited purpose described in
27 section 7(3). A university that employs a retirant under this
28 subsection shall report that employment to the retirement system by
29 July 1 of each year. The university shall include in the report the

1 name of the retirant, the capacity in which the retirant is
2 employed, and the total annual compensation paid to the retirant.

3 (b) The retirant is not eligible to use any service or
4 compensation attributable to the employment described in
5 subdivision (a) for a recomputation of his or her retirement
6 allowance.

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

25 (5) Until July 1, 2025, subsection (1) does not apply to a
26 retirant if all of the following circumstances exist:

27 (a) The retirant is employed by a reporting unit that has a
28 situation, not including a situation caused by a labor dispute,
29 that necessitates the hiring of the retirant in an area that has

1 been identified by the superintendent of public instruction as a
2 critical shortage discipline under subsection (4).

3 (b) The retirant is not eligible to use any service or
4 compensation attributable to the employment described in
5 subdivision (a) for a recomputation of his or her retirement
6 allowance.

7 (c) The reporting unit pays 100% of the contribution rates for
8 the unfunded actuarial accrued liability for retiree health care
9 and the unfunded actuarial accrued liability for pension to the
10 retirement system for each retirant who becomes employed by a
11 reporting unit under this subsection.

12 (6) Subsection (5) only applies for a retirant who has been
13 retired for at least 12 months before becoming employed under this
14 section unless, following a bona fide termination, including not
15 working in the month of the retirant's retirement effective date,
16 the retirant is employed at a reporting unit that provides
17 instruction under an extended COVID-19 learning plan under section
18 98a of the state school aid act of 1979, 1979 PA 94, MCL 388.1698a.

19 (7) Notwithstanding any other provision of this act to the
20 contrary, for a retirant who retires after June 30, 2010, and
21 following a bona fide termination, including not working in the
22 month of the retirant's retirement effective date, and who becomes
23 employed by a reporting unit and the retirant's amount of earnings
24 in a calendar year exceeds 1/3 of the retirant's final average
25 compensation, the retirant forfeits his or her retirement allowance
26 and the retirement system subsidy for health care benefits from the
27 retirement system for the entire month of each month in which the
28 retirant is employed at the reporting unit unless the retirant is
29 employed as described in subsection (5), (9), (10), (11), or (13).

1 A retirant who has forfeited the retirement system subsidy for
2 health care benefits under this subsection and who wants to retain
3 health care benefits shall pay the retirant's and retirement
4 system's costs for the health care benefits. The retirement
5 allowance and retirement system subsidy for health care benefits
6 must resume without recalculation on the first of the month
7 following the month in which the retirant has terminated reporting
8 unit employment.

9 (8) Notwithstanding any other provision of this act to the
10 contrary, for a retirant who retires after June 30, 2010, who
11 performs core services at a reporting unit as determined by the
12 retirement system but who is employed by an entity other than the
13 reporting unit or is an independent contractor, the retirant
14 forfeits his or her retirement allowance and the retirement system
15 subsidy for health care benefits from the retirement system for the
16 entire month of each month in which the retirant is performing core
17 services at the reporting unit, unless the retirant is employed as
18 described in subsection (9), (10), or (12). A retirant who has
19 forfeited the retirement system subsidy for health care benefits
20 under this subsection and who wants to retain health care benefits
21 shall pay the retirant's and retirement system's costs for the
22 health care benefits. The retirement allowance and retirement
23 system subsidy for health care benefits must resume without
24 recalculation on the first of the month following the month in
25 which the retirant has terminated performing core services, as
26 described in this subsection. As used in this subsection, "core
27 services" does not include custodial, food, or transportation
28 services.

29 (9) Until July 1, 2025, subsection (1) does not apply to a

1 retirant who retires after June 30, 2010; who is employed as a
2 substitute teacher by a reporting unit, by an entity other than the
3 reporting unit, or as an independent contractor; who has been
4 retired for at least 12 months before becoming employed under this
5 subsection unless, following a bona fide termination, including not
6 working in the month of the retirant's retirement effective date,
7 the retirant is employed at a reporting unit that provides
8 instruction under an extended COVID-19 learning plan under section
9 98a of the state school aid act of 1979, 1979 PA 94, MCL 388.1698a;
10 and whose amount of earnings attributable to employment by or at a
11 reporting unit in a calendar year does not exceed 1/3 of his or her
12 final average compensation. A retirant described in this subsection
13 is not eligible to use any service or compensation attributable to
14 the employment described in this subsection for a recomputation of
15 his or her retirement allowance. The reporting unit at which the
16 retirant provides substitute teacher services described in this
17 subsection shall pay 100% of the contribution rates for the
18 unfunded actuarial accrued liability for retiree health care and
19 the unfunded actuarial accrued liability for pension to the
20 retirement system for the employment described in this subsection.
21 The reporting unit shall report the engagement of substitute
22 teachers to the retirement system at the same interval the
23 reporting unit reports information to the retirement system ~~with~~
24 ~~regard to~~ **for** its other employees. The reporting unit shall include
25 in the report the name of the substitute teacher and the total
26 earnings paid to the substitute teacher for that reporting period.
27 ~~In order to~~ **To** comply with the reporting requirements of this
28 subsection, a reporting unit that engages substitute teachers
29 through an entity other than a reporting unit or as independent

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

10 (10) Until July 1, 2025, subsection (1) does not apply to a
11 retirant who retires after June 30, 2010; who is employed as an
12 instructional coach or a school improvement facilitator by an
13 entity other than the reporting unit or as an independent
14 contractor; who has been retired for at least 12 months before
15 becoming employed under this subsection unless, following a bona
16 fide termination, including not working in the month of the
17 retirant's retirement effective date, the retirant is employed at a
18 reporting unit that provides instruction under an extended COVID-19
19 learning plan under section 98a of the state school aid act of
20 1979, 1979 PA 94, MCL 388.1698a; and whose amount of earnings
21 attributable to employment at a reporting unit in a calendar year
22 does not exceed 1/3 of his or her final average compensation. A
23 retirant described in this subsection is not eligible to use any
24 service or compensation attributable to the employment described in
25 this subsection for a recomputation of his or her retirement
26 allowance. The reporting unit at which the retirant provides the
27 services described in this subsection shall pay 100% of the
28 contribution rates for the unfunded actuarial accrued liability for
29 retiree health care and the unfunded actuarial accrued liability

1 for pension to the retirement system for the employment described
2 in this subsection. The reporting unit shall report the engagement
3 of 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, 2025, notwithstanding any provision of this
18 act to the contrary, for a retirant who retires after June 30,
19 2010, who is employed as an independent contractor at a reporting
20 unit for a situation described in subsection (5)(a) or is employed
21 at a reporting unit for a situation described in subsection (5)(a)
22 by an entity other than the reporting unit, and who has been
23 retired for at least 12 months before becoming employed under this
24 subsection unless, following a bona fide termination, including not
25 working in the month of the retirant's retirement effective date,
26 the retirant is employed at a reporting unit that provides
27 instruction under an extended COVID-19 learning plan under section
28 98a of the state school aid act of 1979, 1979 PA 94, MCL 388.1698a,
29 the reporting unit at which the retirant provides services under

1 this subsection shall pay 100% of the contribution rates for the
2 unfunded actuarial accrued liability for retiree health care and
3 the unfunded actuarial accrued liability for pension to the
4 retirement system for the employment described in this subsection.

5 (13) Subsection (1) does not apply to a retirant who retires
6 after June 30, 2010 and before the ending date of funding for a
7 federal grant given from the United States Department of Education
8 in 2017, including any extensions, to fund the high-impact
9 leadership for school renewal project and that meets the
10 requirements of subsection (14) and who, following a bona fide
11 termination, becomes employed by a reporting unit as a school
12 renewal coach or high impact leadership facilitator as part of a
13 school leadership support program that is funded by the federal
14 grant given from the United States Department of Education in 2017,
15 including any extensions, to fund the high-impact leadership for
16 school renewal project and that meets the requirements of
17 subsection (14). Also, subsection (1) does not apply to a retirant
18 who retires after June 30, 2010 and before the ending date of
19 funding for a federal grant that meets the requirements of
20 subsection (14) and who, following a bona fide termination, becomes
21 a national service member with a federally funded national service
22 program such as Americorps State and National or Americorps VISTA
23 and is placed by the federally funded national service program at a
24 service site that is a reporting unit. A retirant described in this
25 subsection is not eligible to use any service or compensation
26 attributable to the employment described in this subsection for a
27 recomputation of his or her retirement allowance. The reporting
28 unit shall pay 100% of the contribution rates for the unfunded
29 actuarial accrued liability for retiree health care and the

1 unfunded actuarial accrued liability for pension to the retirement
 2 system for the employment described in this subsection. The
 3 reporting unit shall report the engagement of school renewal
 4 coaches or high impact leadership facilitators to the retirement
 5 system at the same interval the reporting unit reports information
 6 to the retirement system ~~with regard to~~ **for** its other employees.
 7 The reporting unit shall include in the report the name of the
 8 school renewal coach or high impact leadership facilitator and the
 9 total earnings paid to the school renewal coach or high impact
 10 leadership facilitator for that reporting period.

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

14 (a) Providing intense professional development and support,
 15 and money, for renewal projects for teams of school leaders in a
 16 number of project schools that are implementing a set of new
 17 literacy essentials.

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

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

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

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

27 **(15) Subsections (1) and (3) to (14) do not apply after the**
 28 **effective date of the amendatory act that added this subsection.**

29 Sec. 81c. (1) A member who first becomes a member ~~on or~~ after

1 ~~July 1, June 30, 2010~~ who no longer is working as a public school
 2 employee or in any other capacity for which service credit
 3 performed in this state is allowed under this act, on the member's
 4 written application to the retirement system, is entitled to a
 5 retirement allowance provided for in section 84(1) if the member is
 6 60 years of age or older and has accumulated 10 or more years of
 7 credited service ~~pursuant to~~ **under** section 68 as a public school
 8 employee. ~~and has reached regular retirement age.~~

9 (2) The eligibility requirements of subsection (1) must not be
 10 modified as provided in section 43b.

11 (3) The reduction provided for in section 84(2) does not apply
 12 to an individual who retires under this section.

13 (4) Notwithstanding any other provision of this act, a member
 14 who first becomes a member ~~on or after July 1, June 30, 2010~~ shall
 15 not purchase or transfer service credit under article 4 and shall
 16 not have any purchased or transferred service credit included in
 17 the calculation of a retirement allowance on retirement.

18 ~~(5) Beginning October 1, 2019 and for each fiscal year in~~
 19 ~~which an experience investigation study is completed under section~~
 20 ~~41(16), if the most recent experience investigation study of~~
 21 ~~mortality of the retirement system using a 65-year-old based on a~~
 22 ~~50-50 male female blend shows an increase of 1 or more years from~~
 23 ~~the previous experience investigation study of mortality, the~~
 24 ~~retirement board, in consultation with the actuary and the~~
 25 ~~department, shall increase the regular retirement age by at least 1~~
 26 ~~year up to the total increase in whole-year increments unless the~~
 27 ~~most recent actuarial funded ratio for the benefits funded under~~
 28 ~~section 41b(3) is greater than 100% after accounting for an~~
 29 ~~increase in mortality as reflected in the experience investigation~~

1 ~~study. Any adjustment to the regular retirement age by the~~
2 ~~retirement board must take place within 12 months after the~~
3 ~~retirement board's adoption of the most recent experience~~
4 ~~investigation study on an effective date as determined by the~~
5 ~~retirement board. Any required increase to the regular retirement~~
6 ~~age under this subsection must take into account the cumulative~~
7 ~~increase in mortality relative to the experience investigation~~
8 ~~study covering the period 2012 through 2017, less any actual~~
9 ~~increase already taken into account in a previous increase to the~~
10 ~~regular retirement age. An adjustment to the regular retirement age~~
11 ~~under this subsection does not apply to a member who, on the~~
12 ~~effective date of the increase, is within 5 years of the then~~
13 ~~current regular retirement age. The retirement board may~~
14 ~~additionally exclude members who, on the effective date of the~~
15 ~~increase, are within between 5 and 8 years of the then current~~
16 ~~regular retirement age.~~

17 ~~(6) As used in this section, "regular retirement age" means~~
18 ~~the following:~~

19 ~~(a) For a member who first becomes a member on or after July~~
20 ~~1, 2010 and before February 1, 2018, 60 years of age and is not~~
21 ~~subject to increase as provided under subsection (5).~~

22 ~~(b) Subject to subsection (5), for a member who first becomes~~
23 ~~a member on or after February 1, 2018, 60 years of age.~~