



**House
Legislative
Analysis
Section**

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PSERS: ALLOW LIBRARY MEMBERS TO REMAIN

House Bill 4919 with committee amendments

First Analysis (7-27-89)

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Sponsor: Rep. Mary Brown

Committee: Senior Citizens & Retirement

Mich. State Law Library

THE APPARENT PROBLEM:

Currently, many public libraries are part of a public school system. Public Act 24 of 1989 (Senate Bill 140) was enacted, in part, to allow public libraries to separate from public school systems and establish library districts. However under current law, if a public library chooses to separate from a public school system, the employees that are vested in the Public School Employees Retirement System (PSERS) at the time of separation would no longer be vested once separation occurred. Several libraries, including the Kalamazoo Public Library and Museum, are contemplating separation, but do not want to initiate the separation until they can guarantee their employees that they will still be vested under the Public School Employees Retirement Act.

THE CONTENT OF THE BILL:

The bill would amend the Public School Employees Retirement Act to allow a member, or former member, whose reporting unit service consisted of library or museum service, and whose employment with that unit was terminated because the unit became a participating municipality to a district library agreement established under the District Library Establishment Act, to remain a member of PSERS if he or she met both the following conditions:

- a) He or she were subsequently employed by the district library established under the agreement.
- b) The district library board of that library adopted a resolution providing for the remittance of an amount equal to both the employer's and the member's contributions for service performed at the library both before and after the resolution was adopted, as required under the act.

Under the bill, the above remittances would be the exclusive obligation of the district library, and would not be a separate obligation — by specific reimbursement or otherwise — of the state.

MCL 38.1306 et al.

FISCAL IMPLICATIONS:

According to the Department of Management and Budget, the bill would have no actuarial fiscal implications and negligible administrative costs for the state. (7-27-89)

ARGUMENTS:

For:

According to testimony presented before the House Senior Citizens and Retirement Committee, there are approximately 30 libraries that wish to separate from public school systems. However, like the Kalamazoo public library, these libraries will not separate until they are assured that their employees will remain vested in the PSERS. It is only fair to let the employees remain in the

system since they have contributed to it. In addition, when public functions of government are transferred it is not unusual to allow employees to protect their vested interest in the retirement system. The bill will ensure the protection of the vested interest of public library employees.

Against:

House Bill 4466 includes a provision that is the same as House Bill 4919. Since House Bill 4466 is pending in the Senate Judiciary Committee, it is likely that the bill will be enrolled before House Bill 4919 is passed, making House Bill 4919 unnecessary.

Response:

Since the legislative process cannot be predicted with certainty, and since the issue can be addressed by a relatively minor bill, the issue should be addressed so that the vested interests of public library employees will be protected and that public libraries can implement their plans to separate from public school systems expeditiously.

POSITIONS:

The Department of Management and Budget supports the bill. (7-27-89)

The Michigan Library Association supports the bill. (7-27-89)

H.B. 4919 (7-27-89)