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SFA**BILL ANALYSIS**

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House Bill 4943 (Substitute S-1 as reported)
Sponsor: Representative Judith Scranton
House Committee: Retirement
Senate Committee: Appropriations

CONTENT

The bill would amend the Michigan Public School Employees' Retirement Act to disallow a person under 19 years of age, who was employed by a school district only in a seasonal or athletic position, from being considered a member of the Public School Employees Retirement System (PSERS). Currently, seasonal or athletic employees are required to become members of PSERS and to make contributions under the Member Investment Plan (MIP) provisions. These employees are then refunded their contributions at the end of their employment.

The bill also would open a new window period for former employees to become members of MIP. The new provisions would allow members who were employed by a reporting unit from January 1, 1987, to January 1, 1990, who had less than one year of service credit, and who were not members of the retirement system during the second window period between 1990 and 1993, to elect to become members of MIP before December 31, 1998. The decision would be irrevocable. Members choosing to become MIP members would be required to reimburse the State for the costs associated with being a member of MIP and receiving the MIP retirement benefits.

The bill also would add language stating that the MIP open window provisions would not apply until the IRS notified the Department of Management and Budget that the provisions would not affect the retirement system's tax status.

MCL 38.1305

FISCAL IMPACT

There would be no fiscal impact on local government. The State, however, could realize minimal savings from the seasonal employee provision of the bill. By not having to reimburse the seasonal and athletic employees for their contributions to the retirement system, the State could realize savings of an estimated \$60,000 annually.

Date Completed: 5-11-98

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