




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 180 (as reported without amendment)
Sponsor: Senator Tony Stamas
Committee: Education

CONTENT

The bill would amend the Public School Employees Retirement Act to allow an individual, beginning October 1, 2005, to purchase service credit for service performed as a teacher at a military base before January 31, 1991.

Under the Act, before January 31, 1991, a member of the public school employees retirement system with "out of system public education service" could purchase service credit for that service. The Act's definition of "out of system public education service" includes service purchased before January 31, 1991, and performed as an elementary or secondary teacher at a United States armed forces military base in the United States or a foreign country.

The bill would amend the definition of "out of system public education service" to include the same service, beginning October 1, 2005. The service would have to be performed (but not purchased) before January 31, 1991.

MCL 38.1306

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on both the State and local school districts. The bill would allow members to receive an enhanced benefit above and beyond current actuarial costs. This could result in the payment of higher benefits from the system's assets, which would increase unfunded liabilities. This, in turn, could result in higher contribution rates for local and intermediate school districts and public school academies. Current law allows the universal buy-in of up to five years of service, which are accounted for in the system's annual actuarial valuation. This bill would allow, under specific circumstances, a buy-in that would supercede the current universal buy-in provision, thus resulting in the additional unfunded liabilities just described.

Date Completed: 4-18-05

Fiscal Analyst: Joe Carrasco