

Legislative Analysis



REQUIRE ANNUAL APPROPRIATION FOR MPSERS DC MATCH

Phone: (517) 373-8080
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House Bill 5092 (H-3) as reported from committee
Sponsor: Rep. Jim Lilly
Committee: Financial Liability Reform
Complete to 11-8-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5092 would amend the Public School Employees Retirement Act to require that the legislature annually appropriate funds specifically for the employer contributions required under the new defined contribution benefit's matching provisions that will begin in 2018 under recently enacted MPSERS revisions (SB 401, PA 92 of 2017¹).

PA 92 revised the optional MPSERS defined contribution (DC), a 401k style retirement saving plan, to provide an automatic employer contribution equal to 4% of an employee's compensation plus an additional employer matching contribution equal to 100% of an employee's contribution up to 3% of the employee's compensation beginning February 1, 2018. PA 92 provided that the School Aid Fund must pay the *matching* employer contributions, and the related cost was included FY 2017-18 in Sec. 147e in the School Aid budget.

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government as it aligns with current practice. The current School Aid budget appropriates funds for this purpose in Sec. 147e. While the bill would require the practice to continue each year, established case law provides that one legislature cannot bind the hands of a future legislature in regard to its constitutional authority regarding appropriations, and as such statutory language regarding future appropriation is considered legislative intent.² Thus, the bill would have no future fiscal impact.

POSITIONS:

Representatives of the following organizations indicated support for the bill.

- State Budget Office (11-1-17)
- Michigan Association of School Administrators (11-1-17)

Fiscal Analyst: Bethany Wicksall

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ See House Fiscal Agency analysis for SB 401: <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0401-A84AD1A8.pdf>

² Oakland Schools Bd. of Ed. v. Superintendent of Public Instruction, 392 Mich. 613, 620-621, 221 N.W.2d 345 (1974)