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BILL ANALYSIS

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House Bill 4530 (as reported without amendment)
Sponsor: Representative Lee Gonzales
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

This bill would make two changes to the Michigan Public School Employees' Retirement System (MPSERS) for fiscal year 2006-07. The first change would revalue MPSERS assets according to their actual market value as of September 30, 2006, for the purposes of determining the required amount of employer contributions. Assets are currently valued by a five-year smoothing process.

The second change would allow for an interest-only payment on the unfunded actuarially accrued liability (UAAL) for FY 2006-07, deferring the remaining payments for this fiscal year. For FY 2006-07, the UAAL contribution is 4.5% of the UAAL.

MCL 38.1304 et al.

FISCAL IMPACT

The revaluation of MPSERS assets would save the School Aid Fund \$175.6 million. Savings to community colleges and universities would reduce General Fund expenditures by \$10.9 million and \$2.8 million, respectively.

The interest-only payment would create savings of \$86.4 million in the School Aid Fund and \$6.7 million in the General Fund (\$5.4 million for community colleges and \$1.3 million for universities).

Date Completed: 5-11-07

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