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BILL ANALYSIS

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Senate Bills 1177 and 1178 (as introduced 11-10-16)
Sponsor: Senator Phil Pavlov
Committee: Appropriations

Date Completed: 11-29-16

CONTENT

Senate Bill 1177 would amend the State School Aid Act to remove from that Act the specification of the number of years of the amortization period in which to pay off unfunded actuarial accrued liabilities in the Public School Employees' Retirement System. Current language in the Act refers to an amortization period of 22 years. The bill would replace that language with a reference to the amortization period determined under Section 41 of the Public School Employees Retirement Act.

Senate Bill 1178 would amend the Public Employee Retirement System Investment Act to add language specifying that the required employer contribution rate for the School Employees' Retirement System would have to be determined using the amortization period provided in Section 41 of the Public School Employees Retirement Act. Current language states that the required employer contribution must not be determined using an amortization period greater than 30 years; this provision would be superseded by the new language, referring the amortization period back to the formula and dates found in the Retirement Act.

MCL 388.1747 (S.B. 1177)
MCL 38.1140m (S.B. 1178)

FISCAL IMPACT

On their own, these bills would have no fiscal impact as they simply would refer the determination of the amortization period to Section 41 of the Public School Employees Retirement Act, instead of defining the amortization period (or the cap on it) themselves. These bills would work in tandem with Senate Bill 102, which includes proposed changes to Section 41 of the Retirement Act.

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