

SENATE BILL No. 1177

November 10, 2016, Introduced by Senator PAVLOV and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending section 147 (MCL 388.1747), as amended by 2016 PA 249.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 147. (1) The allocation for 2016-2017 for the public
2 school employees' retirement system pursuant to the public school
3 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
4 38.1408, shall be made using the individual projected benefit entry
5 age normal cost method of valuation and risk assumptions adopted by
6 the public school employees retirement board and the department of
7 technology, management, and budget.

8 (2) The annual level percentage of payroll contribution rates
9 for the 2016-2017 fiscal year, as determined by the retirement
10 system, are estimated as follows:

1 (a) For public school employees who first worked for a public
2 school reporting unit before July 1, 2010 and who are enrolled in
3 the health premium subsidy, the annual level percentage of payroll
4 contribution rate is estimated at 36.64%, with 24.94% paid directly
5 by the employer.

6 (b) For public school employees who first worked for a public
7 school reporting unit on or after July 1, 2010 and who are enrolled
8 in the health premium subsidy, the annual level percentage of
9 payroll contribution rate is estimated at 36.01%, with 24.31% paid
10 directly by the employer.

11 (c) For public school employees who first worked for a public
12 school reporting unit on or after July 1, 2010 and who participate
13 in the personal healthcare fund, the annual level percentage of
14 payroll contribution rate is estimated at 35.79%, with 24.09% paid
15 directly by the employer.

16 (d) For public school employees who first worked for a public
17 school reporting unit on or after September 4, 2012, who elect
18 defined contribution, and who participate in the personal
19 healthcare fund, the annual level percentage of payroll
20 contribution rate is estimated at 32.66%, with 20.96% paid directly
21 by the employer.

22 (e) For public school employees who first worked for a public
23 school reporting unit before July 1, 2010, who elect defined
24 contribution, and who are enrolled in the health premium subsidy,
25 the annual level percentage of payroll contribution rate is
26 estimated at 32.88%, with 21.18% paid directly by the employer.

27 (f) For public school employees who first worked for a public

1 school reporting unit before July 1, 2010, who elect defined
2 contribution, and who participate in the personal healthcare fund,
3 the annual level percentage of payroll contribution rate is
4 estimated at 32.66%, with 20.96% paid directly by the employer.

5 (g) For public school employees who first worked for a public
6 school reporting unit before July 1, 2010 and who participate in
7 the personal healthcare fund, the annual level percentage of
8 payroll contribution rate is estimated at 36.42%, with 24.72% paid
9 directly by the employer.

10 (3) In addition to the employer payments described in
11 subsection (2), the employer shall pay the applicable contributions
12 to the Tier 2 plan, as determined by the public school employees
13 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408.

14 (4) The contribution rates in subsection (2) reflect ~~an~~**THE**
15 amortization period ~~of 22 years for 2016-2017.~~**DETERMINED UNDER**
16 **SECTION 41 OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979,**
17 **1980 PA 300, MCL 38.1341.** The public school employees' retirement
18 system board shall notify each district and intermediate district
19 by February 28 of each fiscal year of the estimated contribution
20 rate for the next fiscal year.