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FISCAL ANALYSIS

Mitchell Bean, Director

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4-N HOB Lansing, MI

HOUSE BILL 5110

Sponsor: Rep. Sandra Caul

House Committee: Appropriations

ENROLLED ANALYSIS - 4/12/02

Analyst(s): Al Valenzio

SUMMARY

Amends the Public School Employees Retirement Act to refer to the (new) Public Employee Retirement Benefit Protection Act. A member or retiree who has earned a public retirement benefit would not lose all or a portion of that benefit due to bankruptcy, garnishment, or attachment.

The bill also creates a Health Advance Funding Subaccount (HAFS). Monies in this account will be used for paying retiree health benefits, but not until it becomes 100% funded. , If the pension benefit account is more than 100% funded then employer contributions for the subsequent fiscal year could be diverted to the HAFS in part or total.

In addition, the bill contains numerous technical changes in order to be consistent with recent (U.S.) Internal Revenue Code amendments.

STATE FISCAL IMPACT

None.

LOCAL FISCAL IMPACT

If the pension benefit account is more than 100% funded, employer contributions, in part or total, could be diverted to the Health Advance Funding Subaccount. This is currently a moot point as the Public School Employees Retirement System is currently not 100% funded.