

# Legislative Analysis

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## COMMUNITY COLLEGE RETIREMENT SYSTEM

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### House Bill 5314

**Sponsor: Rep. Lorence Wenke**

**Committee: Higher Education and Career Preparation**

**Complete to 10-24-05**

### A SUMMARY OF HOUSE BILL 5314 AS INTRODUCED 10-18-05

House Bill 5314 would amend the Public School Employees Retirement Act to remove community college employees hired after January 1, 2006 from the Michigan Public School Employees Retirement System. Community college and junior college employees hired before that date who are already members of the public school employees' retirement system would continue their membership.

The bill also would alter the composition of the Michigan Public School Employees' Retirement Board, eliminating the requirement that the board include one administrator or trustee of a community college, and requiring, instead, three representatives of the general public (rather than two as is currently the practice).

The bill specifies that for fiscal years that begin on or after March 28, 2006, the retirement system would be required to determine a separate contribution rate for a reporting unit that is a tax-supported community or junior college, in a manner prescribed under the bill. The amount of unfunded accrued liability on which the separate contribution rate was determined would be the amount that a community college was legally responsible for, and would be calculated by actuarial analysis. Any reduction in the unfunded liability of the system following governmental action that affected the entire system would be allocated to all of the reporting units, including community colleges, as determined by the system's actuary.

MCL 38.1306 et al

### FISCAL IMPACT:

This proposed change to the Michigan Public School Employees Retirement System requires an actuarial analysis by the system's actuary located in the Office of Retirement Services. Consequently, the increased cost is indeterminate at this time.

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