

Legislative Analysis



PUBLIC PENSION SYSTEM AUDITS AND DISCLOSURE

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House Bill 5181 and House Bill 5214
Sponsor: Rep. Douglas Geiss

House Bill 5182
Sponsor: Rep. Kim Meltzer

House Bill 5184
Sponsor: Rep. Timothy Bledsoe

Committee: Intergovernmental and Regional Affairs
Complete to 9-14-09

A SUMMARY OF HOUSE BILLS 5181, 5182, AND 5184 AS INTRODUCED 7-14-09 & HOUSE BILL 5214 AS INTRODUCED 7-16-09

The bills would amend the Public Employee Retirement System Investment Act (MCL 38.1133) and the Freedom of Information Act (MCL 115.232) to require public pension system boards to comply with the Freedom of Information Act, subject their work to audits, and require them to retain expense records and to disclose fund expenditures to the public on a website. A more detailed explanation of each bill follows.

House Bill 5181 specifies that a public pension system would be subject to audit at any time by a public body that was qualified to audit the system. In particular, if the system had been created by a political subdivision of the State of Michigan, then the system would be subject to audit by that political subdivision. In addition, a system would be required to retain expense records, including travel records, for at least seven years.

In contrast, House Bill 5184 would require a public pension system to retain records of all expenses, including travel expenses, for five years from the date of the creation of the record.

House Bill 5182 would require a public pension system to publish and make available to the public on a website all the expenditures made by the board of the system, including travel expenditures and the system budget. Under the bill, publication and availability would be on a quarterly basis.

Finally, House Bill 5214 would amend the definition of "public body" that is found in the Freedom of Information Act so that the term would include "any pension board, pension advisory board, or other board of a public employee retirement system created and established by this state or any political subdivision of this state." Consequently, under the bill, public pension systems would be required to comply with the Freedom of Information Act and make their documents available upon request.

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on the State and on local governments. It could create additional administrative expenses for public pension systems and their boards, which would likely be borne by the pension funds and ultimately by the governmental unit and its employees that contribute to the fund.

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