

**Karen Hill**

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**To:** Charlie Glaes  
**Subject:** RE: MEMSPA Legislative Update

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**From:** Charlie Glaes  
**Sent:** Friday, April 13, 2012 8:49 AM  
**To:** Karen Hill  
**Subject:** FW: MEMSPA Legislative Update

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**From:** Debbie Squires [mailto:debbie@memspa.org]  
**Sent:** Saturday, March 31, 2012 10:46 AM  
**To:** Charlie Glaes  
**Subject:** MEMSPA Legislative Update

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## Update for March 30, 2012

Hi All,

*The Legislature has begun its two week spring break; giving us all a chance to catch our breath and regroup for what will likely be a lively session when they return.*

### **Proposed MPSERS Changes**

As reported in last week's abbreviated update, Sen. Kahn (R-Saginaw) introduced [SB 1040](#). The bill is a result of a number of closed door meetings held by a workgroup consisting of both Senate and House members. Because of the method used, it is unlikely that the bill will see many changes as it moves through the process.

Highlights of the bill include -

- As of July 1, 2012, compensation will no longer include merit pay, tax sheltered annuities, or longevity pay
- Employees hired before July 1, 2010, would have the following

choices

- Make higher contributions to receive the 1.5% multiplier upon retirement
  - Hired prior to January 1, 1990 - a new employee contribution would be 5%
  - Hired between January 1, 1990 and July 1, 2010 - employee contribution currently paying 3-6.4% would pay a flat 8%
  - Hired on or after July 1, 2010 are already in a hybrid system and would see no changes
- Continue paying current contribution to receive a 1.25% multiplier for future years of service
- Freeze current benefits and move to a defined contribution (DC) plan for future years of service - employer would contribute 4%
- Retiree health care premiums paid by state would be capped at 80%; includes current retirees
- Maintains current 3% employee health care contribution
- Age eligibility for retiree health care would increase to at least 60 for all employees retiring on or after July 1, 2012
- A one year phase-in of the age 60 requirement would allow an employee with a combined age and service of 85 to retire by July 1, 2013 to receive health care prior to age 60
- Retiree graded health care premium coverage would be applied to all employees retroactively - 30% after 10 years, 3% increase per year to the maximum of 80%

Employees hired after July 1, 2012,

- Final average compensation (FAC) will be capped at \$100,000
- Employee would not make the current health care contribution of 3%
- Retiree health care eliminated and replaced with matching employer contributions deposited into a 401k

According to a Senate Fiscal Summary issued this week ([click here to see the summary](#)), the MPSERS rapidly increasing rate projected to increase from 24.46% in the current year, to 27.37% for FY2012-13, could see a reduction of 3.5% if the legislation were enacted as introduced.

Even though the Legislature is on their spring break, the Senate Retirement Subcommittee has scheduled two meetings on Wednesday, April 11 (from 10:00am to 12:00pm and from 1:00pm to 4:00pm) to take public testimony. If you are interested in providing testimony please contact the office and we will be happy to assist you in your efforts.

MEMSPA understands the seriousness to our members, of any changes made to MPSERS. MEMSPA's Platform opposes changes made to pension

and health care benefits for employees currently in the system, other than those necessary to sustain its viability. We also understand that timeliness is of the utmost importance as some of you will be making the decision, or not, to retire as a result of the proposed changes.

Due to the multiple plans already in place, and the likelihood of new plans as a result of this proposed legislation, MEMSPA recommends that you contact your personal financial advisor to seek advice, as well as the [Office of Retirement Services](#) (ORS) to ask questions related to your individual situation.

### **Cyber School Legislation Still Stalled**

Although a vote was expected this week on the cyber school legislation, it seems as though [SB619](#) has hit a few snags. When Sen. Colbeck (R-Canton) introduced the bill as part of the 'parent empowerment package', it looked like it might sail through with the rest of the bills. The House Education Committee did make several changes to the bill to make it more palatable to hesitant members.

Leadership in the House has been busy working on possible additional changes to the bill to get the necessary support to bring it to a vote on the floor. It seems we have been successful so far in preventing the vote. It won't likely last forever - just until they return from their spring break. Look for another legislative alert when the bill is up for a vote.

### **FY2012-13 SAF Budget**

Both the Senate and House Appropriations Subcommittees have moved their versions of the SAF budget on to the full Appropriations Committees.

[SB 961](#) highlights include -

- Foundation allowance increase using a 2X formula ranging from \$104 to \$208
- All Day Every Day Kindergarten required to receive full foundation allowance
- Allocates an additional \$95 million to foundation by eliminating best practices and performance funding grants
- Allocates an additional \$177 million to foundation by eliminating MPSERS offset
- Allocates \$95 million for testing grants in grades 2-11 to measure growth
- Requires MDE to seek a new computer-based test to replace the MEAP
- Increases GF contribution to SAF by \$95 million

[HB 5388](#) highlights include -

- No increase in the foundation allowance
- Eliminates performance funding grant
- Makes changes to best practices - 6 of 8 items would garner \$75/pupil
- Allocates \$75 million for technology infrastructure grants to prepare for online testing
- Allocates additional dollars to the MPSERS offset, but does not reduce the rate
- Increases GF contribution to SAF by \$133 million
- Intent language added to move to 8 pupil count days in FY2013-14
- Intent language added to move to a state-wide data system in FY2014-15

There is still much work to do before any of the budgets will be final. Last year's budget process was complete in late May; too late for districts to wait for budget development, but still earlier than prior years.

### **Assorted Education Related Bills and Resolutions**

This is a list of the latest bills/resolutions introduced since last week's update that may have an impact on education policy or appropriations. As a reminder, some of these bills will see action and ultimately become law. Others will never even receive a hearing.

- [HB 5470 of 2012](#)  
State financing and management; other; requirement for fiscal agencies to score certain tax expenditures; implement. Amends secs. 501 & 601 of 1986 PA 268 (MCL 4.1501 & 4.1601).  
Last Action: 3/13/2012 referred to Committee on Government Operations
- [HB 5471 of 2012](#)  
Higher education; financial aid; grant program for certain state high school graduates to attend state universities and community colleges; establish, and create Michigan higher education grant trust fund. Creates new act.  
Last Action: 3/13/2012 referred to Committee on Government Operations
- [HB 5474 of 2012](#)  
Education; other; withholding diplomas, grades, or transcripts for nonpayment of fees owed to the school; prohibit. Amends 1976 PA 451 (MCL 380.1 - 380.1852) by adding sec. 1136.  
Last Action: 3/15/2012 referred to Committee on Education
- [HB 5495 of 2012](#)  
Health; emergency response; automated external defibrillator (AED) device to be present at all public schools; require. Amends 1976 PA 451 (MCL 380.1 - 380.1851) by adding sec. 1180.  
Last Action: 3/20/2012 referred to Committee on Education
- [HB 5500 of 2012](#)  
Appropriations; other; executive recommendation; provide for omnibus bill. Creates appropriation act.  
Last Action: 3/20/2012 referred to Committee on Appropriations
- [HB 5501 of 2012](#)  
Appropriations; school aid; executive recommendation; provide for. Last Action: 3/20/2012 referred to Committee on Appropriations
- [HB 5521 of 2012](#)

Education; safety; certain measures to ensure pupil health and safety; require. Amends 1976 PA 451 (MCL 380.1 - 380.1852) by adding secs. 1180, 1181, 1182 & 1183.

Last Action: 3/29/2012 referred to Committee on Education

- [HB 5523 of 2012](#)  
Civil rights; privacy; access information for social networking account of employees and students; prohibit employers and education institutions from requiring disclosure. Creates new act.  
Last Action: 3/29/2012 referred to Committee on Energy and Technology
- [SB 1015 of 2012](#)  
Higher education; financial aid; grant program for certain state high school graduates to attend state universities and community colleges; establish, and create Michigan higher education grant trust fund. Creates new act. TIE BAR WITH: SB 1017'12  
Last Action: 3/13/2012 REFERRED TO COMMITTEE ON APPROPRIATIONS
- [SB 1016 of 2012](#)  
State financing and management; other; requirement for fiscal agencies to score certain tax expenditures; implement. Amends secs. 501 & 601 of 1986 PA 268 (MCL 4.1501 - 4.1601).  
Last Action: 3/13/2012 REFERRED TO COMMITTEE ON APPROPRIATIONS
- [SB 1040 of 2012](#)  
Retirement; public school employees; member contributions; increase contribution to member investment plan and require all Tier 1 members to contribute at least 5% of compensation. Amends secs. 3a, 4, 43a, 84 & 91 of 1980 PA 300 (MCL 38.1303a et. seq.); adds secs. 43g, 59, 84b, 91a & 92b & repeals sec. 43d of 1980 PA 300 (MCL 38.1343d).  
Last Action: 3/22/2012 REFERRED TO COMMITTEE ON APPROPRIATIONS
- [SB 1051 of 2012](#)  
Education; board members; board members to abstain from voting on financial issues or contracts when a conflict of interest exists; require. Amends 1976 PA 451 (MCL 380.1 - 380.1852) by adding sec. 1203.  
Last Action: 3/28/2012 REFERRED TO COMMITTEE ON EDUCATION

*Don't miss any up-to-the-minute information on important happenings here in Lansing, or in Washington DC. Just 'like' MEMSPA's Facebook page or sign up to follow DebbieSquires on Twitter.*

*Feel free to contact me for any questions you may have about this update or other legislation being considered.*

*Advocating for You,*

*Debbie*

*Debbie Squires  
MEMSPA Associate Director*

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