

MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent

FROM: Lisa Allen, Director of Finance

SUBJECT: Informational Item – PA 152 Resolution (80/20 vs Hard Cap) Resolution

DATE: September 25, 2025

Background

Public Act 152 of 2011 (“PA 152”) establishes limits on the amount a public employer may contribute toward employee medical benefit plan costs. Districts must comply with either:

- **80/20 Option** – The employer pays no more than 80% of the total medical benefit plan costs, with employees responsible for at least 20%.
- **Hard Cap Option** – Employer contributions are capped at annually indexed dollar amounts (set by the Michigan Department of Treasury) regardless of plan costs.

If a public employer does not take formal board action, the **default requirement** is the hard cap. Importantly, under the Department of Treasury’s interpretation, a district must apply the same election consistently across all employee groups; it cannot mix 80/20 for some groups and a hard cap for others.

The District’s collective bargaining agreements (CBAs) include language requiring employees to pay at least 20% of plan costs. While this aligns with the 80/20 option, it is still recommended that the Board adopt a formal resolution to ensure compliance with PA 152 and avoid defaulting to the hard cap limits.

The Board of Education’s previous election of the 80/20 option was through December 31, 2025. Attached is the draft 80/20 option resolution for 2026.

The Finance Committee reviewed the PA 152 information at its meeting on September 8, 2025.