



**House  
Legislative  
Analysis  
Section**

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## **STATE POLICE RETIREMENT**

**Senate Bill 490 as passed by the Senate  
First Analysis (6-4-92)**

**Sponsor: Sen. Jon Cisky  
Senate Committee: Appropriations  
House Committee: Appropriations**

### ***THE APPARENT PROBLEM:***

In September 1990, the Michigan State Police Troopers Association gained, in collective bargaining, a two percent annual post-retirement adjustment (a cost-of-living increase) for all state police troopers and sergeants who retired after October 1, 1990. It has been customary to grant similar benefits to state police command officers, who do not have the constitutional right of collective bargaining, the same level of benefits afforded their subordinates.

### ***THE CONTENT OF THE BILL:***

The bill would amend the State Police Retirement Act to provide members and deferred members of the retirement system who retired after September 30, 1991 (and the beneficiaries of members who died after that date) with an annual benefit increase of two percent of the initial retirement benefit, not to exceed \$500. (Since troopers and sergeants have already received this increase due to their collective bargaining contract, the effect of amending the act in this manner would be to extend the benefit to command officers, those of lieutenant rank and above.)

MCL 38.1640a

### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill would result in an unfunded accrued liability to the retirement system of approximately \$809,700 in the first year, which would be fiscal year 1992-93. This amount has been included in the pending appropriation bill for the Department of State Police. (5-18-92)

### ***ARGUMENTS:***

#### ***For:***

The bill would simply extend to state police command officers a modest cost-of-living increase in retirement benefits that is already granted to troopers and sergeants. Ordinarily, benefits gained by the troopers association in collective bargaining are extended to command officers as a matter of fairness. For example, improvements in health benefits and the addition of dental and vision benefits were granted to command officer retirees in 1989, after the collective bargaining process resulted in those benefit improvements for troopers and sergeants. The annual adjustments would be cumulative but not compounded. That is, if an officer retired with annual benefits of \$20,000, after the first year his or her benefits would be increased to \$20,400, and after the second year, to \$20,800, and so on.

#### ***Against:***

Although it is indeed customary that benefit increases for one segment of a retirement system are often followed by other segments "piggybacking" on, it is an expensive custom that needs to be reexamined. (It is also not unusual for benefits gained in one system to be used to justify similar benefit increases in all the other state systems.)

### ***POSITIONS:***

The Department of Management and Budget supports the bill. (12-6-91)