



**House Bill 4327 with committee
amendments
First Analysis (3-17-93)**

**Sponsor: Rep. H. Lynn Jondahl
Committee: Public Retirement**

THE APPARENT PROBLEM:

The State Employees' Retirement Act allows members of the state employees' retirement system to purchase service credit for certain qualifying public employment performed outside of Michigan's state government (i.e., employment with another state, local governments in Michigan, or the federal government). However, the act specifies that only full-time work in other public employment areas qualifies for purchase of service credit. It has been proposed that this eligibility be expanded for qualifying part-time public employment service as well.

THE CONTENT OF THE BILL:

The State Employees Retirement Act allows members to purchase up to five years service credit for full-time employment with a Michigan city, county, township, village, another state, or the federal government. House Bill 4327 would allow a member to purchase service credit for part-time employment of up to five years with one or more of these entities. Just as is now required for purchasing service credit for qualifying full-time work, documentation of the member's part-time employment rendered or other documentation acceptable to the retirement board--that was "verifiable from official employment records"--would have to be presented to the board before purchase could be made.

MCL 38.17h and 38.17i

FISCAL IMPLICATIONS:

The Department of Management and Budget says the bill would have negligible fiscal impact to the department as it would slightly add to the administrative work of the department in processing requests to buy service credit into the state employees' retirement system. (3-16-93)

ARGUMENTS:

For:

The bill simply would expand eligibility for purchasing service credit into the state employee retirement system, which now applies only for members of the system who had worked full-time in certain public employment positions outside of Michigan state government, to members who had worked part-time for up to five years in qualifying public employment jobs outside of state government. It seems only fair that part-time work with a qualifying public employer should qualify for the purchase of service credit, too. However, before the credit could be bought certification of the number of hours actually worked would have to be provided by the qualifying public employer to the DMB, just as is required now when purchasing credit for full-time public employment. Thus, the administrative expense to the DMB of processing service credit purchase requests made by members with qualifying part-time public employment would not substantially increase under the bill.

Response:

Apparently, the bill is intended to allow purchase of service credit for part-time work prorated to its full-time equivalent, but the language does not specifically require the service to be prorated.

POSITIONS:

The Department of Management and Budget supports the bill. (3-16-93)

The State Employees Retirement Association supports the concept of the bill. (3-16-93)

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