

Legislative Analysis



EARLY OUT OPTION FOR CERTAIN JUVENILE JUSTICE EMPLOYEES

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House Bill 5944

Sponsor: Rep. Shanelle Jackson

Committee: Labor

Complete to 5-5-08

A SUMMARY OF HOUSE BILL 5944 AS INTRODUCED 4-8-08

The bill would amend the State Employees' Retirement Act to provide "early-out" retirement options for certain employees of the Bureau of Juvenile Justice in the Department of Human Services. They would apply to employees laid off or displaced on or after October 1, 2007 and on or before September 30, 2008.

The term "displaced" would refer to "an active employee who must move from his or her assignment location because of a staffing imbalance resulting from layoffs, a reduction in force, a closure, or any combination thereof."

Specifically, the bill contains the following two options.

** A member of the retirement system who is an employee of the Bureau of Juvenile Justice on October 1, 2007 and who is laid off or displaced on or after October 1, 2007, and on or before September 30, 2008, may retire if the member's age and length of service is equal to or greater than 70 years on the date the member is laid off or displaced. The retirement allowance would not be subject to the reduction based on age that usually applies to employees. The retirement would be computed based on the member's number of years of credited service multiplied by 1.5 percent of his or her final average compensation.

** A member of the retirement system who is an employee of the Bureau of Juvenile Justice in the Department of Human Services on October 1, 2007 and who is laid off or displaced on or after October 1, 2007 and on or before September 30, 2008 may retire if the member's age and length of service is equal to or greater than 75 years on the date the member is laid off or displaced. The retirement allowance would not be subject to the reduction based on age that usually applies to employees. The retirement would be computed based on the member's number of years of credited service multiplied by 1.75 percent of his or her final average compensation.

In both cases, the member could retire upon written application to the Retirement Board, stating a date he or she desires to retire, which could be not less than 30 days or more than 90 days after the execution and filing of the application.

MCL 38.19

FISCAL IMPACT:

The bill will create an unfunded liability to the retirement system, depending on how many people take the early out. An actuarial evaluation is required to determine this.

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