

## **ALLOW MPSERS RETIREES TO WORK IN CERTAIN SITUATIONS WITHOUT LOSING BENEFITS**

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**House Bill 4694 as reported from committee**  
**Sponsor: Rep. Jim Lilly**  
**Committee: Government Operations**  
**Complete to 6-11-19**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

House Bill 4694 would amend the Public School Employees Retirement Act to modify a provision that allows certain retirees to work without losing retirement benefits while serving as a school renewal coach or high impact leadership facilitator under certain circumstances. The bill would extend the window during which a retiree to whom the provision applies could retire.

2018 PA 141 (House Bill 4422) amended the act to allow retirees to retain their retirement benefits while serving as a school renewal coach or high impact leadership facilitator as part of a school leadership program that is funded by a federal grant awarded before May 10, 2018 (the effective date of 2018 PA 14). The leadership program must also meet other requirements described in the act.

The bill would change the requirement that the program be funded by a federal grant awarded before May 10, 2018, to instead require that the program be funded by a federal grant or private grant, or both, with no restriction on the date the grant was awarded.

Currently, to be eligible under these provisions, a retiree must have retired after June 30, 2010, and before May 11, 2018. The bill would instead require the retiree to have retired after June 30, 2010, and before the ending date of funding for a federal grant for the eligible school leadership program described above.

MCL 38.1361

### **BRIEF DISCUSSION:**

The bill is understood to address a need for experienced educators to act as facilitators in the High-Impact Leadership for School Renewal (HIL) Project,<sup>1</sup> a collaborative literacy improvement project involving over 150 schools in western Michigan. In 2017, the project received a three-year \$12.5 million grant from the U.S. Department of Education, which can be extended for another two years, and another \$9.0 million, if the project is successful. According to committee testimony, HB 4694 would add flexibility by continuing to allow recent retirees to participate as facilitators in the project, rather than limiting that eligibility

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<sup>1</sup> <https://hilwmu.org/>

to those who retired before 2018 PA 141 took effect. The bill would also take into account the possible extension of the federal grant underlying the project.

### **FISCAL IMPACT:**

House Bill 4694 would have an indeterminate fiscal impact on state and local government. Any Michigan Public School Employees' Retirement System (MPERS) costs would be directly related to the number of individuals hired as a renewal coach or high impact leadership facilitator who retired early to take the position.

By extending the retirement date sunset to allow retirees to return to work as a renewal coach or high impact leadership facilitator, the bill could create an incentive to retire earlier than an employee might have otherwise, knowing they may continue to work and earn both current compensation as well as a pension. When retirees retire earlier than anticipated under the retirement system's actuarial assumptions, it increases the unfunded liabilities in a pension system.

Increased unfunded liabilities would be borne either by the state or the MPERS reporting units depending on the required employer contribution levels at that time compared to the capped employer UAAL rate enacted under 2012 PA 300. Once the federal grant supporting renewal coaches or high impact leadership facilitators ended, the incentive to retire early would cease to exist because the pool of eligible individuals would be capped at those who retired between June 30, 2010, and the ending date of the federal grant.

### **POSITIONS:**

A representative of the West Michigan Talent Triangle testified in support of the bill. (6-11-19)

The Middle Cities Education Association indicated support for the bill. (6-11-19)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.