

Legislative Analysis



ALLOW RETIREES TO WORK IN COUNTY SHERIFF OFFICES WITHOUT SUSPENDING PENSION BENEFITS

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House Bill 5203 as reported from committee
Sponsor: Rep. Kelly Breen
Committee: Local Government and Municipal Finance
Complete to 3-12-24

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

SUMMARY:

House Bill 5203 would amend 1851 PA 156, an act that authorizes county boards of commissioners to provide retirement benefits to their employees, to allow retired county employees who work at a sheriff's office to continue to receive retirement benefits.

Generally, under the act, if a person who has retired and is receiving retirement benefits becomes re-employed with the same county, the retirement benefit payment is suspended for the period of employment. (The act contains certain exceptions to this provision.)

The bill would allow pension or retirement benefit payments to continue without change in amount or conditions if a retiree becomes employed by a county sheriff's office, as long as all of the following apply:

- The retiree is not eligible for any benefits from the county other than those required by law or otherwise provided because they are a retiree.
- The retiree is not a member of the county retirement plan during the period of reemployment and does not receive any additional retirement credits.
- The retiree does not receive an increase in pension or retirement benefits because of the employment.

MCL 46.12a

BRIEF DISCUSSION:

According to committee testimony, 11 counties currently operate a retirement plan under the act.¹ In these counties, retired individuals cannot come back to work in the same county, so years of institutional knowledge are lost. The bill intends to give those retirees the same opportunity as individuals employed by most other counties, who can return to work after retirement and continue to receive pension benefits. Supporters of the bill believe that allowing these individuals, who have extensive experience working in public safety, to come back to work would help address staffing shortages in county sheriff departments.

FISCAL IMPACT:

Generally speaking, the bill would create an incentive for some employees to retire earlier than they might have otherwise knowing that they may return to work and earn both current

¹ Reportedly, these counties are Bay, Berrien, Genesee, Gogebic, Jackson, Kent, Macomb, Midland, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties.

compensation and a pension. When retirees retire earlier than anticipated under a retirement system's actuarial assumptions, it increases the unfunded liabilities in a pension system. Increased unfunded liabilities would be borne by the county through increased costs on payroll. An estimate of the costs is not available at this time and would vary by county assuming the county chose to allow retirants to return to work in the county sheriff's office. The increased unfunded liabilities would be directly related to the number of employees choosing to retire earlier than the system otherwise assumed. How this policy would affect employment and staffing in county sheriff's offices is unknown.

POSITIONS:

Representatives of the following entities testified in support of the bill (2-21-24):

- Kent County Sheriff
- Michigan Sheriffs' Association

The following entities indicated support for the bill:

- Michigan Association of Counties (3-6-24)
- Southeast Michigan Council of Governments (2-21-24)

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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.