

THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979 (EXCERPT)
Act 300 of 1980

38.1341a Separate contribution rate; unfunded accrued liability; "university reporting unit" defined.

Sec. 41a.

(1) For fiscal years that begin after March 27, 1996, the retirement system shall determine a separate contribution rate for a university reporting unit. Subject to this subsection, the retirement system shall determine the separate contribution rate in the manner prescribed in section 41, except that the unfunded actuarial accrued liability must be amortized over 40 years beginning October 1, 1996 and ending on September 30, 2036, with the payment schedule for universities being based on and applied to the combined payrolls of the universities' employees who are members and who were hired before January 1, 1996 and the universities' employees who would have been members after December 31, 1995, but for the enactment of 1995 PA 272. Beginning with the state fiscal year ending September 30, 2016 and for each subsequent fiscal year, the combined payrolls used for the payment schedule for the university reporting units must include each university reporting unit's combined payroll, as projected by the actuary based on the actuarial valuation for each following fiscal year, except that the combined payroll for each university reporting unit must not be less than the combined payroll projected for each subsequent fiscal year for each university reporting unit by the actuary based on the September 30, 2012 actuarial valuation. The amount of the unfunded accrued liability on which the separate contribution rate is determined must be that amount which a university reporting unit is legally responsible for and is calculated by actuarial analysis. Any reduction in the unfunded liability of the system under governmental action affecting the entire system will be allocated to all reporting units including universities as determined by the system's actuary. For the state fiscal year ending September 30, 2007, the contribution for unfunded actuarial accrued liability must be equal to 4.5% of the unfunded actuarial accrued liability.

(2) As used in this section, "university reporting unit" means a reporting unit that is a university listed in the definition of public school employee under section 6.

History: Add. 1995, Act 272, Eff. Mar. 28, 1996 ;-- Am. 1996, Act 488, Eff. Mar. 31, 1997 ;-- Am. 2007, Act 15, Imd. Eff. June 6, 2007 ;-- Am. 2012, Act 300, Imd. Eff. Sept. 4, 2012 ;-- Am. 2016, Act 136, Imd. Eff. May 26, 2016

Compiler's Notes: Section 2 of Act 488 of 1996 provides: "Section 2. If any section or part of a section of this act is for any reason held to be invalid or unconstitutional, the holding does not affect the validity of the remaining sections of this act or the act in its entirety." Enacting section 2 of Act 300 of 2012 provides: "Enacting section 2. (1) If the office of retirement services in the department of technology, management, and budget receives notification from the United States internal revenue service that any section or any portion of a section of this amendatory act will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply." (2) The provisions of this amendatory act are severable. If any part of this amendatory act is declared invalid or unconstitutional, that declaration shall not affect the remaining part of this amendatory act."

Popular Name: Act 300