

SFA

BILL ANALYSIS

Senate Fiscal Agency

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Senate Bill 439 (as enrolled)
Sponsor: Senator Phil Arthurhultz
Senate Committee: Government Operations
House Committee: Seniors Citizens and Retirement

PUBLIC ACT 394 of 1988

Date Completed: 2-1-89

RATIONALE

Public Act 520 of 1980 provided for the creation of a council on public employee retirement systems within the Legislative Council, to conduct a continuing review of all public employee retirement systems. The Legislative Council, however, has never appointed members to the council on public employee retirement systems, and funds have never been appropriated for its operation. Although the Act was to expire on September 30, 1986, it was one of a number of acts declared by the Attorney General to contain language that was inadequate to make the expiration effective. Thus, the Act has not actually expired. When Public Act 520 was passed it was argued that advice from an independent research council would better prepare the Legislature to make decisions regarding the complex statutes that govern public employee retirement systems. While it has been suggested by some that legislation be passed to repeal the Act effectively, it has been proposed by others that the Act be allowed to continue until a date certain in the hope that the council will be appointed and allowed to function.

CONTENT

The bill would repeal Public Act 520 of 1980 on January 1, 1993.

MCL 38.1141 - 38.1148

FISCAL IMPACT

This bill would have an indeterminate impact on State government and no fiscal impact on local units of government. The Council on Public Employee Retirement has not been formed by the Legislative Council. This Act offers the Legislature the opportunity to review the administrative and financial practices of the Executive Branch as they relate to the management of the State's public retirement systems. If the Council on Public Employee Retirement were formed, its seven members would be eligible for per diem reimbursement on those occasions when the council convened. If a per diem rate were established at \$50.00/day and if council members were reimbursed for travel expenses at the rate of \$52.75 per day, the cost for each meeting would be as much as \$720 per day. The annual cost for the council would be more than \$2,800 for the mandated four meetings per year as specified in Section 2(2) of Public Act 520 of 1980.

ARGUMENTS

Supporting Argument

The idea of creating a special body to advise the Legislature on public employee retirement systems was a sound one; the complexity of the issues and the enormous financial implications of changes in the systems warrant the most thorough and rational decisions the Legislature can make. Since the legislation was never implemented and therefore never given a fair try, the Act should be extended to allow implementation of the idea at this time.

Opposing Argument

Since the council has never operated, its value must be seriously questioned. Existing legislative oversight has indeed been adequate, together with the research and informational capabilities of the executive branch. The establishment of such a council would be an unnecessary duplication of services.

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