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STATE EMPLOYEES; NON-DUTY DISABILITY

House Bill 4478 as introduced First Analysis (4-22-97)

Sponsor: Rep. Eileen DeHart
Committee: Public Retirement

THE APPARENT PROBLEM:

Since 1987, the traditional defined benefit retirement system offered under the State Employees Retirement Act has provided five-year vesting for nonclassified employees of the executive and legislative branches of state government (and for certain others), as opposed to the 10-year vesting requirement that normally applies to classified civil servants. (This is said to be due to the nature of the jobs and the lack of civil service protection afforded these employees.) However, the provisions for granting non-duty disability benefits still specifically require 10 years of service. Legislation has been introduced to specify that those employees who are vested in the retirement system after five years would be eligible for the non-duty disability benefits offered under the act.

THE CONTENT OF THE BILL:

Under the State Employees Retirement Act, a member of the retirement system with at least ten years of service who becomes totally and permanently disabled due to a reason unrelated to his or her employment may retire and receive a non-duty disability retirement allowance under certain conditions. Under the bill, this provision would also apply to members who are vested in the system after five years of service (elected officers, unclassified executive or legislative branch employees, and certain former employees of the state accident fund and the former Department of Mental Health).

MCL 38.24

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would have no fiscal impact. (3-12-97)

BACKGROUND INFORMATION:

According to information published by the State Employees Retirement System, a member is eligible to receive a non-duty disability allowance if he or she: 1) has 10 or more years of credited service, 2) becomes

totally and permanently disabled from performing duties as a state employee for which he or she is trained, educated, or experienced, 3) submits sufficient objective medical documentation so that the system's medical advisor can determine eligibility, and 4) receives a favorable determination by the retirement board. A non-duty disability allowance is calculated in the same manner as a regular retirement allowance; there is no reduction on account of the retiree's age.

ARGUMENTS:

For:

The bill would simply make the vesting requirements for non-duty disability consistent with the vesting requirements for a regular retirement allowance. There would be no fiscal impact, as the number of people affected would be very small. Apparently, it is very rare for people to obtain a non-duty disability retirement allowance under the State Employees Retirement System.

POSITIONS:

There are no positions on the bill.

Analyst: D. Martens

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