



House Office Building, 9 South  
Lansing, Michigan 48909  
Phone: 517/373-6466

## STATE EMPLOYEES & RETIREES: DIRECT DEPOSIT OF PAYROLL

**House Bill 5778**

**Sponsor: Rep. Jim Howell**

**Committee: Insurance and Financial  
Services**

**Complete to 8-30-00**

### **A SUMMARY OF HOUSE BILL 5778 AS INTRODUCED 5-11-00**

The bill would amend Public Act 190 of 1991 to alter provisions regarding the direct deposit of the payrolls of active state employees and the retirement benefits of retirees. (Public Act 190 provided for an electronic distribution system for payrolls and retirement benefits to replace paper warrants; made all state and federally chartered financial institutions eligible to participate rather than only the State Employees Credit Union; and allowed the direct deposit of the entire amount of a payroll rather than only a portion of a payroll.)

The bill would require the Department of Management and Budget to enroll active state employees, if they so chose, in a distribution system that directly deposits their net payroll into one or more accounts at one or more financial institutions. Currently, the act requires the deposit of the "biweekly payroll" into not more than one account at a financial institution.

The bill would also amend the act so that the monthly retirement benefit of a person receiving a state retirement benefit could be deposited in one or more accounts at a financial institution rather than with not more than one account. (As now, this is to be carried out by the Bureau of Retirement Systems in the Department of Management and Budget).

Currently, the act contains language requiring the Bureau of Retirement Systems to enroll active state employees and recipients of state retirement benefits (who elect enrollment) in a distribution system that directs "the entire net amount of the biweekly payroll or monthly retirement benefit to be directly deposited . . . into not more than one account maintained by the employee or recipient of a state retirement benefit with a financial institution." The bill would put the enrollment provisions of active employees and retired employees in separate paragraphs (as described above) rather than combining them in one paragraph.

MCL 487.2102 and 487.2103

Analyst: C. Couch

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