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**BILL ANALYSIS**

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House Bill 5951 (as reported with amendment)
Sponsor: Representative Jerry Vander Roest
House Committee: Senior Health, Security and Retirement
Senate Committee: Appropriations

CONTENT

The bill would make a technical amendment to the Public School Employees Retirement Act to clarify two of the provisions that exclude certain employees from membership in the retirement system. The bill also would add a new provision to exempt certain persons working for independent contractors from being employees of that reporting unit. Earlier this year, House Bill 5468 was signed into law. That law exempts from membership in the retirement system any person employed after September 30, 1983, by a reporting unit through participation in a program established pursuant to the Job Training Partnership Act (JTPA). That bill also made a technical change to the provision that excludes from membership any employee employed by a reporting unit through participation in a program established pursuant to the Michigan Opportunity and Skills Training Program (MOST), adding language referring to the program administered by the Family Independence Agency and the Department of Career Development.

This bill would make technical amendments to the current Act to state that persons employed pursuant to the *former* JTPA would be exempt from membership in the retirement system. The bill also would delete the reference to the MOST program and delete the language referring to the program administered by the Family Independence Agency and the Department of Career Development. Instead, the provision simply would refer to the Work First program under Section 57f of the Social Welfare Act. This change is necessary since the MOST program no longer exists.

Additionally, the bill would exclude certain persons from being considered employees of reporting units. A retirant who retired on October 4, 1988, and began employment for a reporting unit on October 21, 1996, would not be considered an employee of that reporting unit if two conditions were met: 1) The retirant would have to work in a reporting unit as an employee of an independent corporation that pays the retirant's salary; and 2) the reporting unit that the retirant works in has contracted with the independent corporation for services that do not exceed five consecutive years of work in the same reporting unit and the retirant will provide those services. Any retirant providing services as newly defined and meeting the two criteria would not be subject to the current earnings limitations and thus would not have his or her pension benefits reduced.

MCL 38.1305

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 11-30-00

Fiscal Analyst: J. Carrasco

[floor/hb5951](#)

Analysis available @ <http://www.michiganlegislature.org>

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