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## PSERS: EXCLUDE WORK FIRST EMPLOYEES

### House Bill 4333 as introduced First Analysis (5-9-01)

**Sponsor: Rep. Jerry Vander Roest**  
**Committee: Senior Health, Security and  
Retirement**

#### ***THE APPARENT PROBLEM:***

Under the Public Employees Retirement Act, people employed by "reporting units" (local and intermediate school districts, public school academies, district libraries, and community colleges) are members of the retirement system on the first day of their employment. Being a member of the retirement system means that employees have a portion of their wages withheld as member contributions to the retirement system, and that employers must pay contributions on behalf of those employees into the retirement system. Additionally, when a member leaves the employ of a school district or other reporting unit after working a short period of time, he or she is entitled to receive a refund of contributions to the retirement system. This, obviously, entails an administrative burden for the employees, the employer, and the retirement system. Consequently, certain kinds of employment are listed in the statute as exempt from membership in the retirement system. The listed employment is understood to be short-term, or not within the traditional (or permanent) school workforce. There are exceptions in the statute for neighborhood youth corps employees, transitional public employment program employees, election workers, and so forth.

One listed exemption is for persons who are not regularly employed by a reporting unit, but are employed through participation in a program established under the Michigan Opportunity and Skills Training Program (MOST) administered by the Family Independence Agency and the Department of Career Development. According to the Department of Career Development, the MOST program is no longer in existence. Its successor program is the Work First program. Legislation is required to change the reference in the statute so that these temporary employees need not be included in the "membership" of the retirement system.

#### ***THE CONTENT OF THE BILL:***

House Bill 4333 would amend the Public School Employees Retirement Act. It would change the reference to the MOST program, referring instead to the Work First program under the Social Welfare Act, in the provision exempting temporary employees from membership in the retirement system.

MCL 38.1305

#### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill would have no fiscal impact. (5-4-01)

#### ***ARGUMENTS:***

##### ***For:***

The bill would simply update a reference in the statute so that participants in the Work First program would be exempted from membership in the Public School Employees Retirement System, just as participants in the predecessor program, the MOST program, were exempted. Apparently, without such an explicit exemption in the statute, these temporary workers would have to have retirement contributions withheld from their wages, and would have to file an application to have them refunded at the conclusion of the temporary employment.

#### ***POSITIONS:***

The Department of Career Development supports the bill. (5-3-01)

Analyst: D. Martens

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

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