

STATE EMPLOYEES RETIREMENT; FORENSIC CENTER NURSES



Telephone: (517) 373-8080
Facsimile: (517) 373-5874
www.house.state.mi.us/hfa

FISCAL ANALYSIS

Mitchell Bean, Director
124 N. Capitol Avenue
4-N HOB Lansing, MI

HOUSE BILL 4581 AS INTRODUCED

Sponsor: Rep. Judith L. Scranton

House Committee: Senior Health, Security and Retirement

COMMITTEE ANALYSIS - 5/8/02

Analyst(s): Al Valenzio

SUMMARY

Amends the State Employees Retirement System (SERS) Act to extend the 'covered position' designation to certain other positions at the Ypsilanti Center for Forensic Psychiatry. These are Registered Nurse Manager, Registered Nurse Director, and Registered Nurse. According to Department of Community Health sources, there are 44 employees who would be affected by this.

Under the (now closed) SERS Defined Benefit plan, employees working in certain specified positions requiring supervision of prisoners or direct contact with prisoners are eligible for an earlier retirement. To be eligible, an employee must, a) be 51 years old with 25 years service in a covered position, or b) be age 56 with 10 years in a covered position. A member would also be eligible for a supplemental retirement allowance. Rather than the standard 1.5% of final average compensation (FAC) times years of service, these members receive 2% of FAC times years of covered service plus 1.5% of FAC for non-covered service years. This supplement ends at age 62.

The most recent SERS annual report (dated 9/30/2000) shows that the SERS is 109% funded, or \$863 million over-funded. As Of September 30, 2000, there were 47,778 active and 36,705 retirees/beneficiaries. The average annual pension allowance is \$12,640.

STATE FISCAL IMPACT:

An actuarial analysis is required to determine the unfunded liability that this bill creates. This has not yet been done. However, because the system is significantly over-funded and the number of members affected so small, no employer contributions are anticipated and the additional cost will be absorbed through the surplus.

LOCAL FISCAL IMPACT:

None.

