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BILL ANALYSIS

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House Bill 4248 (as passed by the House)
Sponsor: Representative Alma Wheeler Smith
House Committee: Judiciary
Senate Committee: Judiciary

Date Completed: 3-8-10

CONTENT

The bill would amend the State Employees' Retirement Act to allow a State retirant to receive a retirement allowance and work for the Department of Corrections (DOC) providing health care services, under certain circumstances.

Under the Act, a retirant who is receiving a retirement allowance and is employed by the State beginning on or after October 1, 2007, must forfeit his or her right to receive that retirement allowance during the period of State employment. The retirement system must cease payment of the retirement allowance during that period of State employment.

Under the bill, the requirement to forfeit a retirement allowance during State employment would not apply if all of the following applied:

- The retirant was hired to provide health care services to individuals under the DOC's jurisdiction.
- The retirant was hired in a position that was limited in term, no benefits were paid, and pay was on a per diem basis.
- The DOC provided written notice to the State Budget Office and the Department of Management and Budget that attempts were made to fill the position through postings and recruitment and that the vacancy still existed.
- The DOC reported the employment of a retirant within 30 days of employment.

The required report would have to include the retirant's name, the capacity in which he or she was employed, and the total compensation paid to the retirant.

MCL 38.68c

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government. For employees who already have retired, the proposed policy change would not create additional costs to the State Employees Retirement System. However, the bill could increase costs to the retirement system to the extent that it would encourage current State employees to retire knowing they could return to employment and receive both current compensation and their pension allowances.

The Department of Corrections could experience modest cost savings under the bill, because regular full-time nurses could be hired at an hourly rate lower than that currently paid to noncareer or contractual nurses. Additionally, the DOC could experience a reduction in position vacancies, leading to a potential reduction in overtime costs.

Fiscal Analyst: Matthew Grabowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.