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EARLY RETIREMENT; EXTENSION OF DATE FOR LEGISLATIVE, JUDICIAL EMPLOYEES

Senate Bill 127 (Substitute H-2) First Analysis (3-18-97)

Sponsor: Sen. Robert Geake
Committee: Public Retirement

THE APPARENT PROBLEM:

One feature of the early retirement program for state workers that passed late last year (Public Act 487 of 1996, enrolled House Bill 6229) was a provision that allowed an extension of the effective date of retirement for employees in certain critical positions. Upon the request of the director of a principal department, and with the concurrence of the employee, the effective date of an individual's retirement may be delayed for up to one year, or until June 1, 1998. (Otherwise, employees who are eligible to retire under the provisions of early-out program must retire between April 1, 1997 and June 1, 1997.) Because the statute uses the term "principal department", which generally refers to the major departments of the executive branch of state government, the provision is thought not to apply to legislative and judicial branch employees who are otherwise members of the retirement system and may be eligible to retire under the early-out provisions.

THE CONTENT OF THE BILL:

The bill would amend the State Employees Retirement Act to allow the retirement date of certain legislative and judicial employees who retire under the early-out provisions of Public Act 487 of 1996 to be extended to a date not later than June 1, 1998. For employees of the Senate, approval would have to be given by the Senate Majority Leader; for House employees, by the Speaker of the House; for employees of the auditor general, by the Speaker and the Senate Majority Leader; and for employees of agencies under the jurisdiction of the Legislative Council, by the chair and alternate chair of the council. For employees of the judicial branch, approval would have to be given by the chief justice. The officers approving such extensions would have to give written notice to the Office of Retirement Systems of all extensions approved on or before April 30, 1997.

MCL 38.19f

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill has no fiscal implications. (3-12-97)

ARGUMENTS:

For:

The bill would simply extend to employees of the legislative and judicial branches who are eligible to retire under the provisions of Public Act 487 the ability to delay retirement for up to one year, upon approval of legislative leadership or the chief justice. This provision was included in the early retirement program for state employees generally, but because of the language used, it appears to exclude legislative and judicial employees. The intent of the provision, apparently, was to help the employing agencies adjust to the loss of large numbers of retirees by allowing those in critical positions to work longer and help ease the transition, while still taking advantage of the enhanced retirement provisions of Public Act 487.

POSITIONS:

There are no positions on the bill.

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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