



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 21 (as reported without amendment) *(Senate-passed version)*  
Senate Bill 22 (Substitute S-1 as reported) *(Senate-passed version)*  
Sponsor: Senator Mike Nofs (S.B. 21)  
          Senator Tom Casperson (S.B. 22)  
Committee: Appropriations

**CONTENT**

Senate Bill 22 (S-1) would amend the State Police Retirement Act to provide that the annual retirement allowance of any retirant (or the beneficiary of a deceased retirant) who retired and was drawing a pension payment before October 1, 1986, would have to be at least \$16,000 beginning October 1, 2015.

The bill also would appropriate up to \$5,000 from the General Fund for fiscal year 2014-15 for an actuarial study of the cost of this proposal.

Senate Bill 21 would amend the Act to add a citation to Section 40c, proposed by Senate Bill 22 (S-1), to account for the proposed pension adjustment in the calculation of annual cost-of-living adjustments. The bills are tie-barred.

MCL 38.1640a (S.B. 21)  
Proposed MCL 38.1640c (S.B. 22)

**FISCAL IMPACT**

The Office of Retirement Services (ORS) provided information on the members of Michigan State Police (or their beneficiaries) who retired before October 1, 1986, and were drawing a pension of certain monetary levels. According to ORS, there were 23 retirees with a pension less than \$12,000; 50 retirees with a pension between \$12,000 and \$14,999; and 23 retirees who have pensions between \$15,000 and \$16,000. Therefore, the total number of retirees or beneficiaries who have pension incomes that fall under \$16,000 and would be affected by the bill is estimated at 96. The yearly cost to the pension plan would be equal to the difference between \$16,000 and what each of the eligible retirees is receiving under current law.

If the proposed increase in the pension for those 96 payees were amortized and deposited into the pension plan over five years (standard procedure for statutory changes in pension calculations like early outs), the yearly cost to the State is estimated at \$330,000 per year for five years. This cost likely would be added to the State Police budget and funded from the State's General Fund/General Purpose revenue. For fiscal year 2015-16, \$400,000 was reserved on the balance sheet for this purpose, pending adoption of authorizing legislation.

Senate Bill 22 (S-1) also would appropriate up to \$5,000 from the General Fund for fiscal year 2014-15 for an actuarial study.

Date Completed: 6-11-15

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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.

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