



D E P A R T M E N T O F

Management & Budget

POLICY CHANGES IMPLEMENTING 2007 PUBLIC ACTS

Prepared for the Michigan House and
Senate Appropriations Subcommittees on
General Government; the Joint
Committee on Administrative Rules; and
the House and Senate Fiscal Agencies

April 1, 2008

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EXECUTIVE SUMMARY

The Department of Management and Budget, in accordance with Section 221(1) of Public Act 127 of 2007, has prepared this Policy Changes Implementing 2007 Public Acts Report. The Acts states:

“Sec. 221. (1) Each department shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.”

With the exception of appropriations bills, during calendar year 2007, eight acts impacting department activities became law. Following enactment, the Department made policy changes or took other actions to implement those acts where necessary.

The following chart lists the changes made to implement each act as of March 31, 2008. Please contact Lisa Webb Sharpe, Director, Department of Management and Budget at 517-373-1004 for more information.

2007 Public Acts Impacting DMB

2007 Public Act	Bill	Act Description	Policy Changes
DMB Management			
15	HB 4530	This bill makes two, one-time changes in the way the Michigan Public School Employees Retirement System (MPERS) is funded.	
		First, llows for a one-time interest-only payment on the Unfunded Actuarially Accrued Liability (UAAL) for FY 2006-07 for the MPERS. The state's contractual actuary has recommended that the minimum interest charge be 4.5%.	Implemented, and reflected in a reduced contribution rate in FY2007.
		Second, it allows for a one-time revaluation of system assets to their actual market value as of September 30, 2006 instead of doing a five-year smoothed valuation. The five-year smoothing would begin again in FY 2007-08.	Implemented. Reflected in a reduced contribution rate in FY2007, 2008 and 2009, and into future fiscal years if actuarial assumptions continue to be met. Smoothing period restarted as of October 1, 2007.
16	HB 4512	Allows for a one-time interest-only payment on the Unfunded Actuarially Accrued Liability (UAAL) for FY 2006-07 for the State Employees Retirement System (SERS). The state's contractual actuary has recommended that the minimum interest charge be 4.5%.	Implemented, and reflected in a reduced contribution rate in FY2007.
43	SB 134	The Act authorizes the Department of Management and Budget to convey four properties and release certain property rights in Ingham and Wayne counties.	
		Section 1 authorizes the conveyance of property for fair market value in the city of Lansing, Ingham County, commonly known as "the Ottawa Block". The city of Lansing or the Lansing Economic Development Corporation shall have the first right to purchase the property for 180 days after the effective date of the act.	Property sold to City of Lansing
		Section 2 authorizes the conveyance of the former Western Wayne Correctional Facility property in Plymouth Township, Wayne County, consisting of approximately 127 acres of land.	In process
		Section 3 authorizes the State Administrative Board to release for less than fair market value the reservation of antiquities recited on the quitclaim deed between the state of Michigan and 1200 Sixth Street, LLC. This former Plaza building property was sold via competitive bid in 2005. The property is being considered by the federal government as the site of the new FBI headquarters in Detroit, and the antiquities reservation removal is a condition of purchase. The reservation of antiquities was not required in the original legislation, but was recited on the quitclaim deed conveying the property to the buyer.	In process
		Section 4 authorizes the State Administrative Board to convey 116+ acres of certain State owned property in Tuscola County, under the jurisdiction of the Department of Community Health, to Indianfields Township for \$1.00 plus the costs necessary to prepare the property for sale.	Property conveyed to Indianfields Township

<i>2007 Public Act</i>	<i>Bill</i>	<i>Act Description</i>	<i>Policy Changes</i>
DMB Management (cont.)			
95	HB 4800	Act amends the State Employees' Retirement Act to suspend the retirement allowance payments under certain circumstances where a retiree is reemployed by the State of Michigan directly or indirectly (including through third-party contracts).	Evaluated impact of PA 95 with department attorneys.
			Communicated change to members through inserts in EFT and warrant statements and through Office of Retirement Services (ORS) website.
			Require members to notify ORS if the retired member returns to work for the state in a position which requires the forfeiture of their pension.
			Worked with DMB purchasing to include statute requirements in state vendor contracts.
96	SB 396	Creates the Legislative Commission on Government Efficiency	Responding to information requests and presented before the Commission.
110	SB 546	Elimination of 17-Day Rule for Deferred Retired Teachers: Requires deferred retirees to have .5 years of service in the two years prior to retirement or .1 year of service in each of the 5 years prior to retirement to qualify for full 90% health subsidy.	Communicated to members of the policy change on 17 day rule through the active member newsletter and the ORS website.
		Creates Public School Teachers Graded Health Care Premium: This bill creates a Graded Premium (or Years-Based Premium) Health Care Subsidy program in retirement for all new employees of Michigan public schools after June 30, 2008, with the specific provisions, depending on the member's age, earned service credit and purchased service credit.	This part of PA 110 has not yet become effective. The ORS is preparing for upcoming policy changes. Information has been placed on the website.
		Service Credit Gap Closure for Retired Teachers: Makes retirees who become eligible for retirement earlier through the purchase of service credit ineligible to receive health care until the effective date that the retiree would have retired had he/she not purchased the service credit. This bill applies to any service credit that members elect to purchase on or after July 1, 2008.	This part of PA 110 has not yet become effective. The ORS is preparing for upcoming policy changes. Information has been placed on the website.
111	SB 547	Increased Member Investment Plan (MIP) Contribution: Currently, Increased Member Investment Plan (MIP) members contribute \$510 plus 4.3% of their wages over \$15,000 to their retirement plan. This bill changes this contribution so that new members hired on or after July 1, 2008, will contribute \$510 plus 6.4% of their wages over \$15,000.	PA 111 has not yet become effective. The ORS is preparing for upcoming policy changes. Information has been placed on the website.

<i>2007 Public Act</i>	<i>Bill</i>	<i>Act Description</i>	<i>Policy Changes</i>
DMB Management (cont.)			
111 (cont.)	SB 547	Two Years of Service Requirement for Purchasing Service Credit: This bill requires members purchasing service credit on or after July 1, 2008, to have earned two years of service credit prior to the purchase.	PA 111 has not yet become effective. The Office of Retirement Services is preparing for upcoming policy changes. Information has been placed on the website.
183	HB 5484	Reference change in DMB Act to reflect the creation of the Michigan Business Tax	No policy change needed
DMB Budget			
2		Requires legislative notification when an expenditure exceeds an appropriation level.	The State Budget Office enhanced the allotment process and created a certification form to strengthen controls governing the expenditure of restricted revenues and to produce the annual June 1 report required under PA 2 of 2007.
DMB Agencies			
Office of the Children's Ombudsman		No Public Acts	
Office of the State Employer		No Public Acts	
Michigan State Fair		No Public Acts	