

# MEA-Retired Tribune

May 2015

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**Verification of Coverage (VOC)** forms are being mailed to all BLUE CROSS BLUE SHIELD contract holders in May. The form asks if you have any additional insurance. Blue Cross Blue Shield members must respond to avoid an interruption (cancellation) of coverage. You may respond by phone, return the form by mail, or register on the internet.

## Still No Decision on PA 75's 3 Percent Retiree Health Care Provision

The Supreme Court is still holding off deciding whether school employees have to pay an extra 3 percent into a fund for retiree health insurance with no guarantee that the benefits will be available when they retire.

In 2010, MEA challenged PA 75's requirement saying it violated school employees' federal and state constitutional rights by "impairing the contract" formed when MPSERS was set up in 1980.

In 2011, Court of Claims Judge James Giddings agreed with MEA, and put the money into an interest-bearing escrow account until the issue was fully settled. Gov. Snyder appealed the decision to the Michigan Supreme Court, where the case still sits.

But, last week, the Michigan Supreme Court did rule that PA 300, requiring public school employees to contribute to their pension and retiree benefits, is not unconstitutional. The decision is in response to a suit brought by labor unions representing public school employees challenging PA 300 of 2012.

Under PA 300, MPSERS members have to contribute 4 percent to their pensions, while employees hired between Jan. 1990 and July 2010 and MIP members pay 7 percent. Those members who opt out can take a lower multiplier or move into a defined contribution plan. Members also must pay 3 percent to receive retiree healthcare benefits. While there are similarities in the lawsuits against PA 300 and PA 75, the Supreme Court emphasized that in their decision regarding PA 300, "we address only 2012 PA 300 and do not decide whether the Court of Appeals correctly held that 2010 PA 75 violated those same provisions."

In response, MEA General Counsel Mike Shoudy said, "We remain hopeful that the Court will rule in favor of public school employees regarding our legal challenge to PA 75 which resulted in the mandatory taking of 3 percent of our members' hard-earned money despite prior commitments."

### DID YOU KNOW:

- Tuesday, May 5, is Teacher Day/School Family Day when schools and communities pay tribute to the lasting contributions all school employees make to public education. It's part of a week-long celebration honoring educators.

## Retirement Bills to Watch

<u>HB 4027</u>	PENSION BENEFITS ( <u>Barrett</u> ) Eliminates limits on deduction for pension and retirement benefits.
<u>HB 4059</u>	PUBLIC SCHOOL EMPLOYEES( <u>Hughes</u> ) Eliminates sunset on the allowance of retired public school employees to be employed at a reporting unit under certain circumstances without forfeiting retirement or health care coverage. HB 4027 passed the House and is now in the Senate.
<u>HB 4124</u>	RETIREMENT TAX( <u>Townsend</u> ) Clarifies limitations and restrictions on retirement income deduction for a surviving spouse.
<u>HB 4338</u>	PUBLIC SCHOOL EMPLOYEES( <u>Forlini</u> ) Allows reporting unit designating its own Tier 2 contract and account plan.
<u>SB 102</u>	MPSERS( <u>Pavlov</u> ) Provides for defined contribution only for public school employees hired after a certain date.

## Full Senate and House Begin Work on 2015-16 School Aid Budget.

The budget process is starting with both the Senate and House Appropriations committees reporting out their versions of 2015-16 school aid. The Senate version is SB [130](#) and the House version is HB [4115](#).

May will be taken up with each chamber acting on its own bill, but there probably won't be any serious consideration until after the Revenue Estimating Conference on May 15 which establishes revenue targets for 2015-16.

SB 130 appropriates \$13,968,913,000 in total appropriations. The bill increases the per pupil allowance on a 2X formula which gives \$50 per pupil for the highest state-funded districts to \$100 for the lowest. SB 130 provides a \$100 million increase to At-Risk funding for a total of \$409 million. Best Practices and Pupil Performance grants are reduced by \$75 million to a total of \$30 million. Career/Technical Education is increased to \$34.8 million, and the MPSERS Rate Cap is increased by \$216.6 million.

The Senate version follows the Governor's proposals when it comes to increasing At-Risk funding and the MPSERS Rate Cap, and reducing Best Practices and Pupil Performance grants.

HB 4115 provides for \$13,906,469,000 in total appropriations. It increases the per pupil allowance with a 2X formula that gives the highest state-funded districts \$137 per pupil and the lowest state-funded, \$240. The bill maintains the current level of funding for At-Risk at \$309 million. It also totally eliminates Best Practices and Pupil Performance grants to pay for the per pupil increase. Career/Technical Education is increased to \$42.6 million and the House also increased the MPSERS Rate Cap by \$216.6

The [House Appropriations](#) and [Senate Appropriations](#) committees have completed an analysis of each of their bills.

**REMEMBER: VOTE MAY 5**