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BILL ANALYSIS



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House Bill 4291 (Substitute H-1 as reported without amendment)
Sponsor: Representative Chuck Moss
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would adjust the Fiscal Year (FY) 2010-11 budget to reflect the savings from the State employee early retirement incentive legislation (Public Act 185 of 2010) that was enacted pursuant to the establishment of State appropriation spending targets.

A total of 4,755 State employees retired under the early retirement legislation. Savings result from replacing only a portion of the retirees, and at a generally lower compensation rate. For most departments, there was a replacement rate of one position for every two vacated, except for direct care services such as custody staff at correctional facilities, staff at State psychiatric facilities, and child welfare positions which were one for one replacements.

The early retirement legislation provided for a 3.0% employee contribution for retiree health care costs but this bill does not include any budget savings related to the 3.0% contribution because there is litigation pending on this issue.

FISCAL IMPACT

The bill would reduce FY 2010-11 Gross State appropriations by \$64,635,200 and General Fund/General Purpose (GF/GP) appropriations by \$57,395,200. There are no reductions for State employee costs funded from Federal or State restricted revenue. Table 1 lists the Gross and GF/GP early retirement savings for each State department.

Table 1

| FY 2010-11 Early Retirement Savings | | |
|--|----------------------------|----------------------------|
| Department | Gross Appropriation | GF/GP Appropriation |
| Agriculture & Rural Development | \$(1,314,700) | \$(1,314,700) |
| Attorney General | (1,665,200) | (1,665,200) |
| Civil Rights | (797,500) | (797,500) |
| Community Health | (11,664,400) | (8,073,500) |
| Corrections | (18,801,100) | (18,801,100) |
| Education | (544,200) | (544,200) |
| Energy, Labor, & Economic Growth | (907,400) | (907,400) |
| Human Services | (12,410,300) | (12,410,300) |
| Judiciary | (1,338,500) | (1,338,500) |
| Military & Veterans Affairs | (539,200) | (539,200) |
| Natural Resources & Environment | (1,351,800) | (1,351,800) |
| State | (819,200) | (819,200) |
| State Police | (2,637,100) | (2,637,100) |
| Technology, Management, & Budget | (7,856,400) | (4,207,300) |
| Treasury | (1,988,200) | (1,988,200) |
| Total Early Retirement Savings | \$(64,635,200) | \$(57,395,200) |

Ongoing savings for FY 2011-12 will be less than those for FY 2010-11 due in part to the lag in filling vacant positions. The FY 2011-12 Governor's recommendation includes \$28.0 million in GF/GP savings related to early retirement incentives.

Date Completed: 5-5-11

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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.