

FISCAL SNAPSHOT

FY 2021-22 ONE-TIME PUBLIC UNIVERSITY MPSERS FUNDING

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Summary

Seven public universities (Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Tech, Northern Michigan, and Western Michigan) participate in the Michigan Public School Employees' Retirement System (MPSERS). While MPSERS has been closed to new employees at these institutions since 1996, the institutions are obligated to contribute 25.73% of payroll for employees within the system for the unfunded actuarial accrued liability (UAAL). In FY 2021-22, the legislature made two one-time contributions totaling \$384.7 million to address MPSERS UAAL costs for the seven universities.

Recent Activity

A one-time \$84.7 million MPSERS deposit was initially appropriated in the FY 2021-22 Higher Education budget, [2021 PA 86](#). The goal was to help reduce the overall UAAL obligation for the participating universities. However, due to statutes governing UAAL contributions, the one-time payment only reduced the state's share of UAAL, with no impact on the individual universities' UAAL debt payments. As a result, the MPSERS state share of UAAL declined from \$13.5 million in FY 2021-22 to \$70,000 for FY 2022-23.

A subsequent one-time FY 2021-22 supplemental MPSERS deposit of \$300.0 million was implemented as part of the FY 2022-23 Higher Education budget, [2022 PA 144](#). Unlike the original \$84.7 million allocation, [additional legislation](#) was enacted to ensure that the deposit would reduce the payroll debt obligation for each participating university in subsequent fiscal years.

The Bottom Line

The seven MPSERS universities will realize annual UAAL payroll contribution savings due to the FY 2021-22 one-time contributions. [Table 1](#) below shows estimated FY 2022-23 UAAL contribution savings based on the actuarial valuation provided by the Michigan Office of Retirement Services (ORS) near the end of FY 2021-22. Actual savings will depend on updated ORS actuarial valuations and actual FY 2022-23 payroll. The UAAL contribution savings allow each participating university to allocate those dollars to other university priorities. This was accounted for in the FY 2022-23 appropriations process, with MPSERS universities receiving a 2% operations increase, while non-MPSERS universities received up to a 5% operations increase, effectively treating the UAAL contribution savings as an operations increase.

Table 1: Estimated FY 2022-23 MPSERS UAAL Contribution Savings	
University	Estimated UAAL Savings
Central Michigan	\$9,013,678
Eastern Michigan	4,499,121
Ferris State	5,926,573
Lake Superior State	1,112,278
Michigan Tech	4,096,147
Northern Michigan	3,401,315
Western Michigan	8,280,254
TOTAL	\$36,329,366