



## **Rochester PTA Council and Legislative Committee Statement on HB 4647 and SB 401**

***House Bill 4647 (HB 4647) and Senate Bill 401 (SB 401) would close the state's hybrid Pension Plus plan and replace it with a 401(k) alternative for public school educators.***

The Rochester Community PTA Council and Legislative Committee is committed to advocating and being a voice for children, not only in our school district, but for all children in public education throughout Michigan. Our Legislative Committee considers funding a priority when advocating for and evaluating legislative policies that impact all children in public schools.

To that end, this PTA Council and Legislative Committee also recognizes the important role of the state legislature in enacting fiscally sound policy to support the financial sustainability of public education, the school districts that manage public education dollars, and the livelihood of the education professionals, including but not limited to, teachers, paraprofessionals, and support staff, that are an integral part of public school student success.

After careful analysis, discussion and reflection on our priorities when evaluating public education legislation, we have concerns regarding the fiscal rationale of HB 4647 and SB 401 which seek to alter the pension plan for educators. The current "hybrid" pension system – a defined benefit pension + 401(k) plan for public school teaching professionals – was implemented 5 years ago to stabilize MPSERS (Michigan Public School Employees Retirement System). The Michigan Department of Technology, Management and Budget has stated that closing the current hybrid system would:

- result in a \$5.2 billion increase in state costs over the next 5 years.
- result in \$24.1 billion in increased costs over the next 30 years.

An additional analysis of both bills by the House and Senate Fiscal Agencies has estimated the additional costs of closing MPSERS totaling \$46.43 billion over the next 40 years - more than \$1 billion each year on average. This Legislative Committee has concerns that the state would consider using School Aid dollars to pay for implementing these bills from the current hybrid system to a 401(k) plan. Based on the fiscal analysis, this would be detrimental to school funding, the districts that receive public education funding, and ultimately, the students in their classrooms.

This PTA Council also supports and recognizes the value of certified teaching professionals in their subject area and their positive impact on the success of public school students. In addition to the fiscal impact of this legislation the Legislative Committee also considered the impact these bills would have on the profession of teaching and the quality of teachers that will be in our children's classrooms. It is known that Michigan is facing an educator shortage. The current hybrid system is an important tool for recruitment and can help retain the best educators for public school students.

Based on the fiscal analysis, committee discussion and reflection on our priorities when evaluating public education legislation, the Rochester Community PTA Council and Legislative Committee DOES NOT support House Bill 4647 and Senate Bill 401.

***This statement was adopted unanimously by the Legislative Committee on June 2, 2017 and the Rochester PTA Council on June 12, 2017.***