



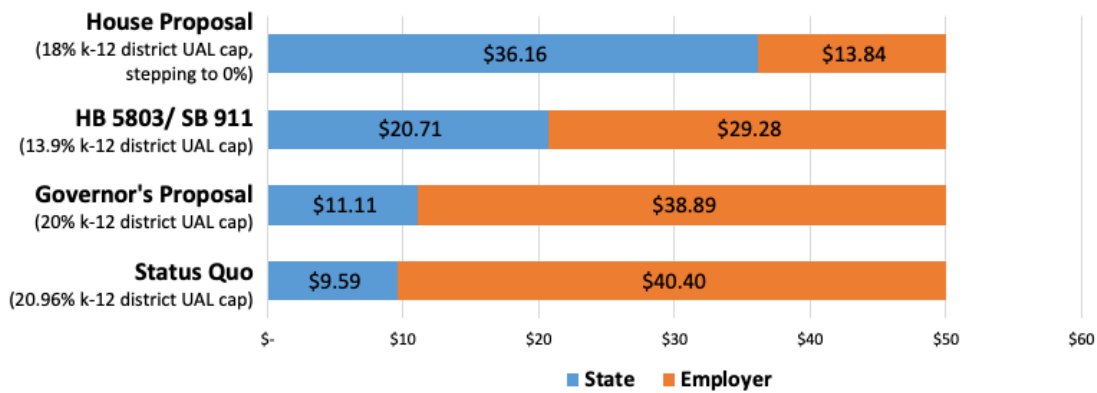
Michigan Public School Employees Retirement System (MPERS)

Various Proposals Would Increase State Share of MPERS Debt

Amid the discussions around continuing to pay down Michigan Public School Employees' Retirement System, MPERS, unfunded accrued liability (UAL), various proposals would also adjust the percentage of the unfunded accrued liability that K-12 school districts will be asked to pay in the future. As of today, the first 20.96% of each year's unfunded accrued liability contribution is paid by local school districts, and any amount required above that is paid by the state (for 2023, that amounted to around a 7% state contribution).

The proposals aim to manage the Michigan Public School Employees' Retirement System's \$29 billion in unfunded pension liabilities by adjusting the caps, which would have a major impact on the budgets of the state and local school districts. The chart provided (using Reason Foundation Pension Integrity Project modeling of MPERS) compares total contributions from 2024 to 2038, both state and employer, under various proposals with all amounts adjusted for inflation.

Total Contributions, 2024-2038 (in Billion USD, inf adjusted)



	State	Employer	Additional State
House Proposal (18% K-12 district UAL cap, stepping down to 0%)	\$36.2 b	\$13.8 b	\$26.6 b
House Bill 5803/Senate Bill 911 (13.9% K-12 district UAL cap)	\$20.7 b	\$29.3 b	\$11.1 b
Governor's Proposal (20.00% K-12 district UAL cap)	\$11.1 b	\$38.9 b	\$1.5 b
Status Quo (20.96% K-12 district UAL cap)	\$9.6 b	\$40.4 b	-

Takeaway: The proposals would all involve having the state pay more for local district personnel costs. The range of total contributions over the 2024-2038 period does not change across the proposals. However, the distribution of these costs between the state and the employers (K-12 districts) varies significantly, with the House proposal requiring over \$26.5 billion in additional state contributions.

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