CRITERIA TO RECEIVE REVENUE SHARING:
Employee Compensation Requirements

As the third of three state mandated requirements to receive revenue sharing payment, EVIP Form 4888, “Certification of Employee Compensation,” from the Michigan Department of Treasury requires that, by May 1, 2012, the local unit develop “an employee compensation plan” for its intent to implement specific parameters for retirement and healthcare benefits, to make that plan available to the public, and to submit the plan to Treasury.

The “employee compensation plan” referenced in that form does NOT include pay structures; rather it is a plan of intent related to the EVIP requirements associated with retirement plans and health care premium costs, as follows:

a. **New hires** eligible for retirement plans will be placed on retirement plans that cap annual employer contributions:
   i. 10% of base salary if they are eligible for social security
   ii. 16.2% of base salary if they are not eligible for social security.

   *This is a cap on employer contribution to new hires’ retirement plans—whether a defined benefit, defined contribution, or hybrid, is used.*

b. For **defined benefit plans**:
   i. A maximum 1.5% multiplier if employee is eligible for social security. If there is no retiree health care, a maximum 2.25% multiplier.
   ii. A maximum 2.25% multiplier if employee is not eligible for social security. If there is no retiree health care, a maximum 3.0% multiplier.

   *This applies to both current and new employees. For current employees, all previous service would be credited at the previous plan levels; service going forward would have these limits imposed.*

c. Also for **defined benefit plans** the final average compensation shall be computed using at a minimum 3 years compensation and can’t include more than 240 hours of paid leave. It also cannot include overtime.

   *This applies to both current and new employees.*

d. Health care premium costs for **new hires** shall include a minimum employee share of 20%, OR the employer’s share shall be cost competitive with the new state preferred provider organization health plan on a per-employee basis.

   *This is for new hires only. WARNING: compliance with PA 152 does NOT mean you are compliant with this part of EVIP! These are two separate and distinct state requirements. Here is a link to the State’s PPO information.*