

# APPENDIX G: REPORTABLE COMPENSATION OVERVIEW

## G.1 Introduction

REV. 04-11-08

Section 3a of the Public School Employees Retirement Act, MCL 38.1303a, provides the definition of compensation that the Retirement System must use when determining a member's compensation. The *Reporting Instruction Manual* (RIM) can be found on the employer information website for all Michigan public school employers. The RIM assists reporting units in determining how much of the amount paid to a member is compensation that must be reported. Reporting compensation correctly is necessary to collect the correct employer and employee contributions, plus, upon eligibility for a pension, the correct compensation is necessary to calculate the member's pension. Any reporting unit or member that has a question about whether a particular payment to a member is compensation should contact us for clarification.

## G.2 Reportable Compensation

REV. 04-11-08

Listed below are types of compensation. The amount of the yearly payment increase that is considered compensation is limited to the normal salary schedule increase for the current job classification. In cases where the current job classification in the reporting unit has less than 3 members, the normal salary schedule for the most nearly identical job classification in similar reporting units is used to determine the normal salary increase.

- Coaching
- Deductions from pay
- Deferred compensation
- Education pay
- Leave pay while absent from work (holiday, sick, vacation)
- Longevity
- Professional services leave/released time
- Remuneration, salary, or wages paid to member for service performed as public school employee, except for payments excluded by MCL 38.1303a(3) and (5)
- Short-term disability, employer sponsored
- Tax-sheltered annuity (TSA)
- Worker's compensation when absent and employed

Additional documentation may be required before a determination can be made for the following:

- Arbitration, Court Order, and Two or Three-Party decisions regarding payment to member
- Cafeteria plans (flexible spending account)
- Merit pay
- Overtime pay - extra work
- Stipends

## G.3 Explanation of Normal Salary Increases

REV. 01-03-12

ORS recognizes there are positions in a reporting unit that have less than three members in a job classification (superintendents, assistant superintendents, administrative assistants). The salary increases reported for every member in each classification were averaged to calculate the Normal Salary Increase (NSI). Those calculations were compared with "...the most nearly identical job classification...in similar reporting units..." in accordance with MCL 38.1303a. This resulted in Normal Salary Increase (NSI) percentage tables.

First, similar reporting units were grouped into four categories based on payroll size. Then, the annual average percentage increase was calculated and doubled to allow a more generous and flexible deviation of 'normal'. Annual increases in compensation for particular job classifications are allowed if they are within the NSI. Increases in excess of the NSI are excluded.

The wages allowed for one year becomes the base salary upon which the next year's allowable increase is calculated. This means that any portion of salary excluded in one year as above the allowable NSI may be included in a subsequent year depending on the amount allowed by the NSI. The allowable Normal Salary Increase (NSI) percentages are identified on the following tables.

The allowable Normal Salary Increase (NSI) percentages are identified on the following tables.

**G.3.1 Normal Salary Increase (NSI) - Superintendents 1110**

REV. 01-03-12

Fiscal Year Ending	Average Salary Increase When Payroll under \$4M	Allowable NSI	Average Salary Increase When Payroll Over \$4M but under \$10M	Allowable NSI	Average Salary Increase When Payroll Over \$10M but under \$20 M	Allowable NSI	Average Salary Increase When Payroll Over \$20 Million	Allowable NSI
1996	5.51%	11.02%	4.39%	8.78%	3.96%	7.92%	3.82%	7.64%
1997	4.39%	8.78%	4.22%	8.44%	3.84%	7.68%	3.28%	6.56%
1998	4.35%	8.70%	4.04%	8.08%	3.38%	6.76%	2.97%	5.94%
1999	4.57%	9.14%	4.51%	9.02%	4.10%	8.20%	3.81%	7.62%
2000	4.02%	8.04%	3.99%	7.98%	4.48%	8.96%	4.42%	8.84%
2001	4.25%	8.50%	4.28%	8.56%	4.33%	8.66%	4.46%	8.92%
2002	5.18%	10.36%	4.40%	8.80%	4.76%	9.52%	4.87%	9.74%
2003	4.18%	8.36%	3.74%	7.48%	4.30%	8.60%	4.21%	8.42%
2004	3.99%	7.98%	3.23%	6.46%	3.73%	7.46%	3.24%	6.48%
2005	3.39%	6.78%	2.90%	5.80%	2.57%	5.14%	3.30%	6.60%
2006	4.11%	8.22%	3.26%	6.52%	3.92%	7.84%	4.02%	8.04%
2007	2.69%	5.37%	3.05%	6.09%	2.58%	5.15%	3.30%	6.60%
2008	1.80%	3.60%	2.31%	4.62%	2.65%	5.30%	3.15%	6.30%
2009	3.29%	6.58%	4.14%	8.28%	2.24%	4.48%	3.74%	7.48%
2010	3.65%	7.30%	3.08%	6.16%	2.81%	5.62%	2.62%	5.24%
2011	3.09%	6.18%	2.04%	4.08%	2.41%	4.82%	2.20%	4.40%
2012	2.78%	5.57%	2.58%	5.16%	1.61%	3.22%	2.93%	5.87%

**G.3.2 Normal Salary Increase (NSI) - Assistant Superintendents 1120**

REV. 01-03-12

Fiscal Year Ending	Average Salary Increase When Payroll under \$4M	Allowable NSI	Average Salary Increase When Payroll Over \$4M but under \$10M	Allowable NSI	Average Salary Increase When Payroll Over \$10M but under \$20 M	Allowable NSI	Average Salary Increase When Payroll Over \$20 Million	Allowable NSI
1997	4.93%	9.86%	5.26%	10.52%	3.71%	7.42%	3.28%	6.56%
1998	3.70%	7.40%	4.10%	8.20%	4.02%	8.04%	3.08%	6.16%
1999	4.34%	8.68%	4.02%	8.04%	4.90%	9.80%	3.79%	7.58%
2000	3.94%	7.88%	5.29%	10.58%	3.80%	7.20%	4.61%	9.22%
2001	4.07%	8.14%	5.57%	11.14%	4.02%	8.04%	4.87%	9.74%
2002	5.11%	10.22%	4.03%	8.06%	4.86%	9.72%	4.37%	8.74%
2003	3.73%	7.46%	3.93%	7.86%	3.75%	7.50%	4.08%	8.16%
2004	2.10%	4.20%	2.96%	5.92%	3.49%	6.98%	3.10%	6.20%
2005	3.72%	7.44%	3.15%	6.30%	3.12%	6.24%	4.47%	8.94%
2006	4.20%	8.40%	3.20%	6.40%	4.18%	8.36%	3.81%	7.62%
2007	2.51%	5.02%	6.14%	12.28%	3.84%	7.68%	4.10%	8.20%
2008	2.64%	5.28%	1.59%	3.18%	1.86%	3.72%	1.82%	3.64%
2009	2.79%	5.58%	5.87%	11.74%	3.08%	6.16%	3.93%	7.86%
2010	1.78%	3.56%	4.16%	8.32%	3.09%	6.18%	2.82%	5.64%
2011	1.55%	3.10%	2.47%	4.94%	2.14%	4.28%	2.47%	4.94%
2012	3.13%	6.26%	1.90%	3.80%	2.59%	5.18%	2.35%	4.71%

**G.3.3 Normal Salary Increase (NSI) - Administrative Assistants 1130**

REV. 01-03-12

Fiscal Year Ending	Average Salary Increase When Payroll under \$4M	Allowable NSI	Average Salary Increase When Payroll Over \$4M but under \$10M	Allowable NSI	Average Salary Increase When Payroll Over \$10M but under \$20 M	Allowable NSI	Average Salary Increase When Payroll Over \$20 Million	Allowable NSI
1996	7.43%	14.86%	5.34%	10.68%	5.55%	11.10%	4.40%	8.80%
1997	6.18%	12.36%	5.86%	11.72%	5.62%	11.24%	4.60%	9.20%
1998	7.08%	14.16%	5.28%	10.56%	4.50%	9.00%	3.74%	7.48%
1999	6.48%	12.96%	5.03%	10.06%	5.40%	10.80%	4.40%	8.80%
2000	8.08%	16.16%	5.22%	10.44%	6.61%	13.22%	5.27%	10.54%
2001	5.72%	11.44%	5.91%	11.82%	5.96%	11.92%	5.66%	11.32%
2002	4.19%	8.38%	5.10%	10.20%	4.47%	8.94%	5.03%	10.06%
2003	2.73%	5.46%	2.42%	4.84%	3.17%	6.34%	2.11%	4.22%
2004	4.28%	8.56%	5.14%	10.28%	5.65%	11.30%	4.97%	9.94%
2005	5.11%	10.22%	4.31%	8.62%	5.04%	10.08%	4.12%	8.24%
2006	5.39%	10.78%	4.68%	9.36%	4.94%	9.88%	4.93%	9.86%
2007	5.14%	10.28%	4.23%	8.46%	3.79%	7.58%	4.21%	8.42%
2008	6.36%	12.72%	3.68%	7.36%	3.18%	6.36%	3.50%	7.00%
2009	3.94%	7.89%	2.95%	5.91%	3.33%	6.66%	3.69%	7.38%
2010	5.67%	11.34%	3.06%	6.12%	3.81%	7.61%	4.26%	8.52%
2011	4.48%	8.96%	2.78%	5.56%	1.41%	2.82%	3.42%	6.84%
2012	3.13%	6.26%	2.75%	5.50%	2.76%	5.51%	4.48%	8.96%

**G.4 Summary**

REV. 04-11-08

The Retirement System must apply the definition of compensation found in MCL 38.1303a to the total amount paid to a member by a reporting unit. We use the *Reporting Instruction Manual* to provide information to reporting units regarding application of this definition.

**G.5 References**

REV. 04-11-08

- Reporting Instruction Manual, Chapter 5
- Public School Employees Retirement Act 300 of 1980, MCL 38.1303a

**G.6 Disclaimer**

REV. 04-11-08

The information provided here discusses the definition of compensation found in MCL 38.1303a. However, should there be any discrepancy between this information and MCL 38.1303a, the statute governs.