

## What the Law Says v. Interpretation

### The Public School Employees Retirement Act – MCL 38.1303a

- Created in 1996 to define compensation and prevent a union services agreement scenario.
- Subsection (2): What is considered compensation
- Subsection (3): What is not considered compensation
  - o ORS' interpretation of (3)(f) led to the creation of their Normal Salary Increase table (NSI) to stop compensation increases that they believed could be considered pension spiking:  
*"Compensation in excess of an amount over the level of compensation reported for the preceding year except increases provided by the normal salary schedule 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 the reporting unit or in similar reporting units shall be used."*
  - o MASA believes Subsection (3)(e) was designed as the pension spiking provision within the law:  
*"Remuneration paid for the specific purpose of increasing the final average compensation."*

### Batista v. ORS Legal Timeline

