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Are Local Government Retirement Reforms On The Horizon?

While nothing concrete has reportedly surfaced, some people around Lansing have acknowledged there's chatter about doing something about local governments' unfunded liabilities as time in this legislative session ticks down.

It was a focus at the West Michigan Policy Forum this fall, where moving government employees to a defined contribution system was identified as a priority (See "[Bits And Tidbits](#)," 9/26/16).

"It was a big topic of conversation there, so I think a lot of people are talking about it," said Lt. Gov. Brian **CALLEY**, who said he personally doesn't know of any legislation being drafted.

Rep. Earl **POLESKI** (R-Jackson) said he isn't working on legislation to this effect, but he did mention looking at moving more local governments toward defined contribution systems, and providing incentives to do so.

"You'd say, you know, your millage can't go higher than x, or your . . . funding level has to be greater than x percent or else . . . something bad happens," he said. "I don't know, I don't know what the answer is."

Then there's Senate Education Committee Chair Phil **PAVLOV** (R-St. Clair), who in acknowledging the discussion going on about municipal retirement reform, is hoping his bill dealing with the public school employee side is part of the mix, too.

Pavlov's bill, 🐾 SB 0102, would shift all new public school employees into defined contribution systems and away from the current hybrid system (See "[Debate Over Teacher Retirement System Could Lie Ahead](#)," 4/8/15).

"There isn't anybody in the state of Michigan who doesn't recognize . . . what defined benefit retirement systems have done to municipal and state government," Pavlov said.

Jennifer **MAUSOLF**, spokesperson for the Municipal Employees' Retirement System (MERS), said that with any shift to a defined contribution system, up-front costs should to be considered. Also, she said a one-size-fits-all approach wouldn't do well with the variety of municipalities across Michigan.

"The western U.P. is very different than southeast Michigan and today they have very different benefits and very different employees," she said.

Calley also spoke about not being too "prescriptive" when it comes to addressing this topic.

"I just think this deserves a lot of . . . thorough examination, and there's probably not a one-size-fits-all type of an answer," he said.

And, because it's a "complicated, complex issue," Mausolf said, "time and care should be taken to ensure that there isn't any unintended consequences for our public workers." Mausolf said any reform could end up affecting many different statutes.

Chris **DeROSE**, CEO of MERS, said much of the same in an [Op-Ed](#) published in *Crain's* last month, which Mausolf said came in response to an article posted after the West Michigan Policy Forum.

Poleski acknowledged municipal finance reforms are a "heavy lift" and potentially "quite complicated" to do in the time left in session.

He said he'd like to see something done in lame duck, but it's more likely to be mostly left to the next Legislature.

"Or maybe you just kind of . . . nibble off a piece of what the whole problem is and leave it for the next term," Poleski said.