

Scaled-back retirement reforms head to Snyder

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Lansing – Michigan lawmakers on Tuesday gave final approval to a scaled-back plan that will require local governments to report unfunded pension and retiree health care obligations, sending the package to Gov. Rick Snyder's desk for his expected signature.

The House and Senate made minor changes to legislation both chambers voted for last week after removing provisions heavily opposed by police officer and firefighter unions, who feared forced benefit cuts.

Republican sponsors in the House, who had joined Snyder in pursuing a more aggressive approach to addressing billions of dollars in unfunded liabilities, accounted for two of the three "no" votes across both chambers.

The revised plan aligns with recommendations from a work group Snyder had appointed that included local government and union officials but failed to find consensus on some issues.

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The proposal would require local governments to pre-fund retiree health benefits for new hires and retiree premiums. It mandates more reporting to the state by 2018 and potential review by the Treasury Department.

"I was hoping for more, that we'd have more solutions," Senate Majority Leader Arlan Meekhof, R-West Olive, said after voting for the legislation. "That's not to say that there isn't more work to do, it's just not today."

Under the revised legislation, local units of government that fall short of funding 40 percent of future health care obligations and 60 percent of pensions would be subject to extra scrutiny by the state Treasury.

Municipalities that don't receive a state waiver would be overseen by a three-member Michigan Stability Board appointed by the governor.

The board could reject local government plans to fix their finances to fund retiree health care costs. Lawmakers could not agree on whether to allow the board to change benefit plans or take other actions for communities struggling to resolve financial problems.

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"We're going to all measure the same thing, and then folks that have no financial issues, they go on their merry way and continue what they're doing," Meekhof said of the legislation.

While some local governments have taken steps to address looming pension and retiree health care costs, they have collectively committed just \$3 billion to cover \$12 billion in promised benefits, state Treasurer Nick Khouri said last week.



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provisions were cut last week from the proposal.

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