



## MICHIGAN LEGISLATIVE CONSULTANTS

### LANSING UPDATE

While the Legislature continues its focus on resolving the 2011 budget the current fiscal year's budget is now \$300 million in the red. Overall, the 2010 budget is balanced but the General Fund has the deficit and the School Aid Fund has a similar surplus, thereby making the entire budget balanced.

Since the last update nothing has changed regarding the focus on balancing budgets through cuts and reforms. This is evident by the Senate's Reforms and Restructuring Committee passing SJR U which cuts public employees' pay by 5 percent. The bill is now on the Senate floor.

The House and Senate completed negotiations and passed the early out/forced out program for teachers to help balance the K-12 budget. The Governor signed the measure into law and teachers are making their retirement decisions. As of now, only half as many teachers are retiring than expected. If the savings from this measure aren't sufficient, state government will continue to look for new ways to save money.

#### Retirement related legislation:

##### HB 5345

Speaker Dillon's health care plan for all public employees in Michigan, while having a new draft, continues to be held up in the Public Employee Health Care Reform Committee awaiting action. This is probably the most dramatic legislation in terms of affecting public employee retirement benefits.

##### HB 5570, 5571 & 5572

While this legislation wouldn't affect anyone retired prior to the effect date of the act, it demonstrates how public employee pensions are the target of legislation. These bills, if they became law, would prohibit a pension from being based on a salary that includes any overtime. The bills are still in the House Labor Committee and are awaiting action.

