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MTA Weekly Legislative Report



capitol currents

Official Publication of the Michigan Townships Association

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A Legislative Update for Township Officials

2010 Capitol Conference wrap-up

The 2010 MTA Capitol Conference attracted over 160 township officials and 40-plus legislators (see list below) to its biannual event held at the Radisson Hotel in Lansing on April 21. The Capitol Conference started with the traditional morning breakfast buffet held with legislators from both the House and Senate. Township officials were given the opportunity to “break bread” with their legislators and talk about the issues of the day both back home and in Lansing. Following the breakfast, 2010 MTA President Linda Towsley officially welcomed everyone to the conference and set the agenda for the day.

MTA Executive Director Larry Merrill then took the stage and presented a very comprehensive explanation of the various “reforms” being discussed in Lansing and their impact on township government. The presentation generated a great deal of interest and discussion concerning the future of reforms as well as revenues at both the state and local levels.

Following Merrill’s presentation, MTA Legislative Liaison Bill Anderson moderated the first panel discussion of the day. The topic was Assessing: Things are Changing and included panelists Val Washington, deputy state treasurer for Local Government Services, and Kelli Sobel, executive director of the State Tax Commission. The panel discussion focused on numerous changes coming to the process for certifying assessors including new educational components and the steps that are being taken to transition to the new process.

After lunch, attendees started the afternoon with an Election 2010 panel session moderated by MTA Legislative Liaison Tom Frazier. The panelists included Dave Doyle, executive vice president of Marketing Resource Group; Pat Harrington, president of Muchmore, Harrington, Smalley and Associates; and Dawson Bell, Capitol Bureau reporter with the Detroit Free Press. The panel provided an in-depth analysis of the governor’s race as it stands today as well as predictions for primary and general election outcomes. The panelists also discussed other statewide races including secretary of state and attorney general before embarking on analyzing some of the key congressional races across the state.

Panelists were then asked to prognosticate on the chances of Republicans maintaining control of the state Senate and Democrats the state House. All agreed Republicans would keep control of the Senate and most believed that Republicans would come close or take the majority in the House too. None of the panelists seemed very optimistic that the FY 2011 state budget would be completed anytime soon with a strong possibility that a continuation budget might be enacted to get us through the rest of the current calendar year.

The conference ended with Bill Anderson moderating a panel discussion entitled Government Employee Health Care Reform (see related article) addressing the various proposals for health care reform. Panelists included Sens. Wayne Kuipers (R-Holland) and Jud Gilbert (R-Clay Township) as well as Kate Kohn-Parrot, advisor to Speaker of the House Andy Dillon (D-Redford Chtr. Twp.). The panelists discussed the health care reform legislation recently passed by the Senate, an effort by Gov. Granholm to include local governments in the state health care plan and Speaker Dillon’s proposal to bring all government employees under a state health care umbrella.

The MTA legislative division thanks all those who participated in the conference and encourages you to mark your calendar for the department’s next major event: our 2011 MTA Summer Legislative Forum scheduled for August 3-5, 2011, at the Crystal Mountain Resort. ■

The following legislators attended our conference:

| | | |
|-------------------------|----------------------|------------------------|
| Sen. Patricia Birkholz | Rep. Barb Byrum | Rep. Chuck Moss |
| Sen. Jud Gilbert | Rep. Kevin Daley | Rep. Judy Nerat |
| Sen. John Gleason | Rep. Cindy Denby | Rep. Andy Neumann |
| Sen. Ron Jelinek | Rep. Larry DeShazor | Rep. Paul Opsommer |
| Sen. Roger Kahn | Rep. Jennifer Haase | Rep. Tom Pearce |
| Sen. Wayne Kuipers | Rep. Goeff Hansen | Rep. Bill Rogers |
| Sen. Mike Nofs | Rep. Harold Haugh | Rep. Wayne Schmidt |
| Sen. John Pappageorge | Rep. Joseph Haveman | Rep. Tonya Schuitmaker |
| Sen. Michael Prusi | Rep. Kenneth Horn | Rep. Joel Sheltrown |
| Sen. Gerald Van Woerkom | Rep. Robert Jones | Rep. Jim Stamas |
| Rep. David Agema | Rep. Kenneth Kurtz | Rep. Sharon Tyler |
| Rep. Richard Ball | Rep. Michael Lahti | Rep. Mary Valentine |
| Rep. Vicki Barnett | Rep. Steven Lindberg | |
| Rep. James Bolger | Rep. James Marleau | |
| Rep. Darwin Booher | Rep. Jeff Mayes | |
| Rep. Terry Brown | Rep. Arlan Meekhof | |

Senate health plan raises big concerns

The Senate Republican Caucus declared that this was their year of the reform. The first point in their reform package was to require public employees to pay 20 percent of their health care premiums. Senate Bill 1046 was introduced by Sen. Mark Jansen (R-Gaines Chtr. Twp.) in order to implement the proposed changes.

The legislation was assigned to a new committee in the Senate called the Reform and Restructuring Committee. Senate Majority Leader Mike Bishop (R-Rochester) is the chairman of the committee. After several weeks of testimony, SB 1046 was reported from committee, but it was modified from the way it was originally introduced. The concept of having every state and local government employee pay at least 20 percent of the cost of their health care has morphed into a formula that will have drastically different impacts on different employees.

The formula in SB 1046, as reported from committee, would require every governmental unit to calculate a single number. The local unit would add up the total cost of health care premiums for all employees and elected officials within that unit of government. That number would then be divided by the total number of employees covered by the plan. This yields the average cost for health insurance per covered employee. Eighty percent of this average becomes the value that will govern the employer's share of health care costs into the future. SB 1046 states that no public employer shall pay more than this amount for the cost of each employee's or elected official's medical benefit plan.

Obviously, this approach has a much different outcome than simply requiring everyone to pay 20 percent of their plan costs. Most health care plans have different rates for different classifications of employees, usually based on marital and family status. Creating an average in the manner suggested in SB 1046 will be highly dependent on the mix of employees who are single versus those who have family coverage. Two local units that have identical insurance plans would thus see different

base numbers due to different mixtures of employee marital status at the time of the calculation.

This also means that instead of everyone paying 20 percent of their cost of their health care, everyone's health care would be subsidized by an equal amount. For instance, the single calculated subsidy rate may be \$10,000 per employee. If the cost of health insurance for a single individual was \$9,000 per year, the proposed law would not require that person to contribute to their health care plan. On the other hand, if the cost of the family coverage is \$24,000 per year, the township could only pay for \$10,000 of the coverage and the employee would be required to pay the remaining \$14,000.

The Senate proposal becomes even more complicated in any community that offers multiple health plans. Again, each governmental unit must create the single base contribution limit. Those that participate in plans that are more expensive than other plans offered to other employees would end up being required to contribute more to be insured. This difference might be seen between public safety officers and clerical staff as an example.

The legislation requires the average cost of health insurance be calculated based on rates in effect on January 1, 2011. The legislation creates an additional cap for all future years. After the initial cap is calculated, the cap in each succeeding year would increase no more than the rate of inflation. Historically, the cost of health insurance has increased at a much faster rate than the general cost of living. This would mean that as time goes on, more and more of the cost would be shifted from the public employer to the employee. This inflationary increase is commonly referred to as the "hard cap." The hard cap creates a situation where any cost associated with a potentially more expensive plan would become the concern of the employee and not the employer.

It should also be noted that the legislation specifies that employee copayments and deductibles are not to be considered when calculating the employee contribution to the health insurance premium payment.

Finally, the legislation has included a provision that any city, village, township or county may opt out of this requirement by an affirmative vote of two-thirds of the governing board. However, this opt-out provision is only good for the length of the labor contract or insurance contract. While the board may decide to opt out of the provision one year, a change in membership may result in the resumption of the employee copayment in a future year. It should be noted that only the four main local government entities have this opt-out provision. The opt-out would not apply to authorities or any educational governing bodies.

While the Legislature has the authority to impose this plan on local governments and local school districts, it does not have the authority to require the same provision for universities and state employees. The state constitution vests this power with the State Civil Service Commis-



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**Thank you, Burnham and Flower
for sponsoring the breakfast and lunch
at the MTA Capitol Conference.**

sion for state employees and with the governing boards of the state universities. The Senate is also considering Senate Joint Resolution P which, if adopted by a two-thirds vote of both the House and Senate, would place a question on the statewide ballot to amend the constitution to allow the Legislature to regulate health insurance for all public employees in the state. That resolution has also passed out of committee in the Senate and is awaiting action on the Senate floor.

The Michigan Townships Association has testified in opposition to this legislation. Township officials are elected to make the decisions regarding all aspects of operating a township including the levels of salary and which benefits are provided. It is the belief of MTA that this responsibility should be maintained at the local level. ■

House minority leader speaks to MTA Board



House Minority Leader Kevin Elsenheimer (R-Custer Twp.) addresses a meeting of the MTA Board of Directors on April 22, 2010.

House Minority Leader Kevin Elsenheimer (R-Custer Twp.) spoke to the MTA Board of Directors on April 22, 2010, about the status of the state budget and how the Republicans in the House are setting their sights on balancing the budget. Elsenheimer said that even though the Republicans are in the minority in the House and have limited ability to control the agenda, they wanted to put out their plan titled, "A Comprehensive Solution Without Raising Taxes." The document outlines House Republican budget priorities for the 2011 fiscal year.

One part of the 36-page document that was released in late March addresses a number of local government reforms and caught the attention of MTA. Specifically, pages 22-23 of the report suggest that the authority of the State Boundary Commission should be expanded to study whether townships and villages of 3,000 population or less should be consolidated. Elsenheimer fielded numerous questions from MTA Board members about the GOP plan, some asking why townships

were being singled out. There were also many comments made by Board members that the state should reform itself first before targeting local governments. Elsenheimer states that he feels there are a number of townships that should be reviewed for such consolidations. He said that he was involved with several efforts to consolidate township services when he practiced as an attorney in his northern Michigan district. The report can be reviewed at <http://www.gophouse.com/publications/Budget%20Plan%20Framework%20Final.pdf>. ■

Legislation helps with overseas AV ballots

After a fairly lengthy legislative process, Gov. Jennifer Granholm has signed into law the final pieces of legislation to make it easier for uniformed services and overseas voters to participate in elections. The bill package follows similar legislation that had previously passed Congress to allow military and overseas voters to designate how they want to receive voter registration and absentee voter (AV) ballot applications and ballots—either by mail or electronically for federal elections (president, U.S. Senate and U.S. House of Representatives).

House Bill 5279 (now PA 50 of 2010), introduced by Rep. Vincent Gregory (D-Southfield), will allow county, city, township and village clerks to send uniformed services and overseas voters electronic voter registration applications and AV ballot applications and ballots for all elections making state and local elections consistent with the federal law. Voted AV ballots would still need to be returned by U.S. mail to the appropriate clerk. Local clerks would need to mail or electronically transmit (based on individual requests) an AV ballot at least 45 days before an election to each absent uniformed services or overseas voter who applied for a ballot at least 45 days before the election. Both the federal and state legislation are efforts to address the timeliness of military and overseas AV ballots being returned to local clerks on or before Election Day to ensure the ballots are counted.

The governor also signed into law HB 5530 (now PA 51 of 2010), introduced by Rep. Jennifer Haase (D-Richmond). The new public act will require AV ballots be delivered to the county clerk at least 47 days before any election or primary election. Senate Bill 1094 (PA 43 of 2010), introduced by Sen. Cameron Brown (R-Fawn River Twp.), requires county clerks to deliver AV ballots to local clerks at least 45 days before any election. The new public acts will serve to give clerks the additional time needed to get AV ballots out to uniformed services and overseas voters to meet the new requirements of PA 50.

The final piece of the package is SB 1095 (PA 44 of 2010), introduced by Sen. Michelle McManus (Leland Twp.). The new act standardizes the filing deadline in all local elections to the twelfth Tuesday before an election.

All of the signed bills were given immediate effect putting the new procedures in place for the 2010 August and November elections. ■



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Senate passes legislation changing school district election dates

Toward the end of April, the full Senate passed a package of bills (Senate Bills 751-756) that would alter when school district elections are held. The bipartisan package, introduced by Sens. Cameron Brown (R-Fawn River Twp.), Mickey Switalski (D-Roseville) and Roger Kahn (R-Saginaw Chtr. Twp.), would require school district elections to move from May to either the November odd-year election, the August even-year election or the November even-year election starting after March 31, 2011.

Under the legislation, if a school district wishes to change its election to the November odd-year election, certain conditions must be met. School district elections could only move to the November odd-year election date if a city or a community college already holds a November odd-year election and that city (or cities) or community college contains more than 50 percent of the registered electors eligible to vote in a school district election. These stipulations were utilized in order to conduct school elections on the November odd-year date only if a certain level of elections were already being conducted on that date.

Another stipulation was added to the final Senate passed version of the legislation that school districts that are wholly or partly contained in a county with a population of 750,000 or more could not move its election to the August even-year election. This would apply to those school districts in Wayne, Oakland and Macomb counties. The concern was that the August primary ballot could become too long in those more highly populated areas. All other school districts outside the three counties would be able to move to the August even-year election.

In addition, the package would eliminate the ability of school districts to hold annual elections. If a school district in those districts not partly or wholly contained in a county with a population of 750,000 or more currently holds an election in both the November even-year and odd-year elections, it would have to choose between the November even-year election or the November odd-year election (if it meets the above criteria).

The legislative package also requires a school district to pass a resolution during a public hearing when changing its election date under certain circumstances. Finally, the package eliminates the "floater" election date for millage elections that was previously established under election consolidation.

The bill package now moves to the House for consideration where it has been assigned to the House Ethics and Elections Committee. ■

MTA Weekly Legislative Report soon to be electronic only

The MTA Weekly Legislative Report that comes to you weekly from the MTA Legislative Department will become an electronic-only document beginning on July 2 to save costs. Most subscribers currently receive the report via e-mail; however, there is still a small number who receive the document via fax. MTA is asking those fax subscribers to provide us with an e-mail address to replace their current fax number. There are a variety of ways to receive a free e-mail account. Please contact Erma at erma@michigantownships.org or at (517) 321-6467 for more about the change. ■