



WEEKLY LEGISLATIVE REPORT

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Please route to all interested parties in your township.

GOVERNOR'S IDEAS ON TRANSFORMING MICHIGAN

When Gov. Jennifer Granholm delivered her State of the State address this week, she spent little time focused on government operations, instead devoting the majority of her speech to job issues. However, the week prior, the governor gave another public address in which she outlined her next steps in transforming government to improve efficiency and cut costs. Many considered the early speech as the State of the State Part 1. In that address, the governor outlined a plan to require all new state employees pay for 20% of their health care premium costs. The governor further added that this plan would be opened to all public employees in the state. It is hoped that this would bring down the cost of health insurance for local governments. The governor also supported a two-year state budget. This would give local governments greater ability to plan their own budgets into the future. The governor seeks to require all local governments to competitively bid contracts over \$50,000 and to create additional shared services between governmental units. Gov. Granholm also supported no-reason absentee voting, on-line registration and elections by mail in some cases. Finally, the governor also discussed tightening ethics standards for elected officials, appointed officials and state contract managers. The most prominent proposal that she offered on that day did not impact township operations. The governor supported offering early retirement incentives to the 7,000 state employees who are currently eligible to retire as well as 39,000 school employees. The state does not operate pension funds for local government operations.

SENATE BEGINS HEARINGS ON REFORM LEGISLATION

The Senate Restructuring and Reform Committee began to hold hearings on the proposals outlined by the Senate Republicans to reduce state and local expenditures by over \$2 billion per year. The first bills on the docket were SB 1072, which would amend binding arbitration for police and firefighters (PA 312), as well as SBs 1085 and 1086, which would impact the treatment of public employees during consolidation of service efforts. As introduced, none of the bills made any significant changes to the functional operation of the existing laws. Substitute versions of the bills were disseminated this week that showed progress on two out of three of the bills in question. SBs 1085 and 1086 amend the Intergovernmental Transfer of Functions and Responsibilities Act and the Urban Cooperation Act respectively. In each case, the current law specifies that no employee may be financially harmed by efforts to transfer or consolidate services. This becomes very problematic, for example, when two fire departments are combined, which have different pay scales or benefit packages. The only practical way to deal with the situation is to offer the best salary scale and benefit package to all of the employees of the new entity: so much for reduced costs. Newest drafts for these bills significantly modify these restrictions. On the other hand, SB 1072 seems to be mired in modifications that are not likely to change the dynamics of contract negotiations between local government and emergency service unions. While the legislation may allow for some expedited decisions, it is not likely that these modifications will change outcomes. Local governments are much more focused on ability to pay and internal comparisons to other employees within the local unit of government. So far, modifications in these areas have not been addressed. Testimony on SB 1072 was consistent with employers voicing concerns over the current law and employees extolling the virtues of the current law.

LEGISLATORS BREAK BREAD WITH MTA OFFICIALS

34 legislators from across the state journeyed to Grand Rapids last week to attend the MTA Networking Dinner. At the event, three legislators were singled out for special recognition. Reps. Michael Lahti (D-Hancock) and Darwin Booher (R-Osceola Twp.) were presented MTA Legislator of the Year awards with special note given for their work on payment in lieu of taxes (PILT) payments. The final award for the night went to Sen. Patricia Birkholz (R-SaugatuckTwp.) who received the Township Champion award based on an entire career of outstanding service to Michigan townships.

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