



CITY OF GROSSE POINTE WOODS  
20025 Mack Plaza Drive  
Grosse Pointe Woods, Michigan 48236-2397

April 13, 2023

Honorable State Senator Kevin Hertel  
Post Office Box 30014  
Lansing, MI 48909

Re: Revisiting HB 5054 for communities following pension best practices

Dear Senator Kevin Hertel:

On behalf of the City of Grosse Pointe Woods, I ask that the Legislature reconsider the section of HB 5054 that did not make it into the 2022 State of Michigan budget – specifically the sum to be divided between local government units meeting specified pension funding levels and best practices.

When passed by the House a year ago, 5054 included \$750 million to be divided between communities with pensions funded at less than 60 percent and \$250 million to be divided by communities with pensions funded at or above that, following the State's best practices. The Legislation created an equitable division of revenue, with three-quarters going to local units with pensions the House considered to be substantially underfunded and one-quarter going to those who had taken often difficult steps to improve their funded ratio. These steps included delaying or eliminating projects that were vitally important to our taxpayers in order to contribute significant dollars beyond annual required contributions, keeping our pensions viable and our communities solvent.

Despite those efforts, our pension expenses are set to skyrocket due to 2022 market losses and a volatile and unpredictable 2023 market. In short, we have the same financial issues facing those communities eligible for the \$750 million in relief allocated in the 2022 State budget.

While a community with a funded ratio of 40 percent might receive \$5 million from the State this year, a community that has sacrificed greatly over the past few years to contribute \$5 million of its own dollars to reach a funded ratio of 60 percent would receive nothing. The \$250 million included in HB 5054 for communities that sacrificed to solidify their pensions would provide immeasurable relief to those of us who are experiencing the same pension-related financial stress as those eligible for the much larger sum. HB 5054 had broad bi-partisan support in 2022, and we are hopeful such bipartisan support

remains today. We are not asking that the applicable HB 5054 language be changed in any way, nor are we asking for funds in addition to the \$250 million included in the Bill.

Without these dollars, many of us are staring at significant debt retirement payments on top of greatly increased required pension contributions. Others are staring at more cuts to the programs and projects our taxpayers depend upon. In short, we are looking at more pain. Bringing this funding back would be a game changer for us as we look to keep our pension liabilities under control, our finances stable, and the great places we represent the very best versions of themselves for the many who call them home.

In closing, we want to reiterate that communities like ours, ineligible for the \$750 million in relief from the State, have the same pension-related problems as the communities who will receive those dollars and the same pressing need for such relief.

We are providing you with the copy from HB 5054, calling your attention to Sec. 302, which begins on Page 7 of the Bill. We look forward to discussing this with you further in the coming days and weeks. We thank you in advance for your consideration of this vital matter.

Best regards,

Art Bryant  
Mayor  
City of Grosse Pointe Woods