



CITY OF GROSSE POINTE WOODS

MEMORANDUM

Date: April 13, 2023
To: Mayor and Council
From: Frank Schulte, City Administrator *FS*
Subject: Pension Grant Program - House Bill 5054

The original Pension Grant Program - House Bill (HB) 5054 had broad bi-partisan support that included funding of \$250 million for communities with a pension funding ratio greater than or equal to 60% as of December 31, 2021. In addition, \$750 million for communities with a pension funding ratio less than 60% as of December 31, 2021. The final approved HB of \$750 million was included in the State's 2022 appropriation budget.

As a result, a work group of city manager's statewide gathered to generate a generic letter and resolution that can be used by communities to request that the Legislature and Governor reconsider the \$250 million grant program and include it in the State's upcoming budget.

The city's pension funding ratio was 54.85% as of June 30, 2022, down from 65.03% in 2021. The decrease in the funding ratio in large part is due to 2022 market losses. The city is now facing similar financial issues as those communities eligible for the \$750 million grant funding who had a pension funding ratio of less than 60% as of December 31, 2021.

The original \$250 million included in HB 5054 would provide immeasurable relief to the communities who are now experiencing the same pension-related financial stress.

Administration is requesting city council to adopt Resolution 2023 and approve the mayor to sign letters to both State Representative Joe Tate and State Senator Kevin Hertel to revisit HB 5054 and include the \$250 million in the State's upcoming budget for communities following pension best practices and who had a funding level of greater than or equal to 60% as of December 31, 2021.