



CITY OF NOVI CITY COUNCIL
APRIL 17, 2023

SUBJECT: Approval of a Resolution requesting that the State of Michigan Legislature/Governor include funding in the 2023 Budget for communities following pension best practices established by the State.

SUBMITTING DEPARTMENT: City Manager

BACKGROUND INFORMATION:

In 2022 the State of Michigan's House of Representatives introduced legislation that would allocate \$1 billion for Local Government Pension Grant Funding. First introduced as House Bill 5054 with broad bipartisan support. The bill introduced \$250 million for those communities funded at +60% and \$750 million for communities that fall below the 60% funding ratio. Subsequently, the Bill approach was dropped, and only the \$750 million was appropriated into the state budget, officially developing the Pension Grant Funding Program. The new program does not assist those communities that meet the +60% funding ratio. Per the City's 2023 Annual Comprehensive Financial Report, Novi's pension program sits at 67% funded.

Communities that have either bonded, negotiated pension reforms, shifted to defined contribution programs, or otherwise took difficult financial steps to reach higher funding ratios should not be excluded from state funding assistance for their proactive efforts. These communities have made genuine sacrifices to achieve higher funding ratios. State funding could partially offset those sacrifices and allow these communities to better serve their residents, businesses, and visitors. As a result of these shared beliefs in relation to this funding discrepancy, a workgroup of city managers from across the State has gathered to generate a form resolution that can be used by each interested community to request the legislature and governor to reconsider the \$250 million for communities with higher ratios funding ratios and included in the State's upcoming budget. The process of the legislature formulating their 2023 budget will be in full swing beginning in April 2023 hence the request to City Council for consideration at this meeting.

RECOMMENDED ACTION: Approval of a Resolution requesting that the State of Michigan Legislature/Governor include funding in the 2023 Budget for communities following pension best practices established by the State.