

**GRAND VALLEY METROPOLITAN COUNCIL
LEGISLATIVE COMMITTEE MEETING**

September 9, 2009

8:30 a.m.

GVMC Offices
Grand Rapids, MI 49503

MINUTES

1. Call To Order

Chair Rick Root called the meeting to order at 8:40 a.m.

2. Roll Call

Present:

Alex Arends	Alpine Township
Sam Bolt	City of Wyoming
Jim Buck	City of Grandville
Chris Burns	City of Cedar Springs
Bill Cousins	Cascade Township
Mike DeVries	Grand Rapids Township
Cindy Fox	Cascade Township
Denny Hoemke	Algoma Township
Jim LaPeer	Cannon Township
Elias Lumpkins	City of Grand Rapids
Rick Root	City of Kentwood
Don Stypula	Grand Valley Metro Council

3. Dillon Healthcare Proposal

Don Stypula reported yesterday in a committee meeting the progress of the Dillon healthcare proposal hit a brick wall. The committee was told they should do a thorough actuarial study before moving forward. They may go ahead with public hearings to get input and then contract with the professional actuaries. It is projected there would be \$900 million in savings.

Charles Ballard of the MSU Economics department had published a book on state government analysis. In the book he said state of Michigan employees were better compensated at lower costs to them personally than other classes of employees. The AFLCIO contracted Ballard to revisit the issue after the Dillon proposal was released. He now concludes Michigan public employees are compensated at an average rate and they pay a higher portion of their benefits, which now exceed that most others are paying.

Don Stypula asked the committee what testimony should he give on the issue. What do we need in the legislation to approve it? He believes they got the message from our recent meeting. The current draft shows public entities must go before a board every year to prove they would achieve at least 5% savings by opting out. We shouldn't need to go before a board to prove the savings each year. It needs to be simpler. Is there a way to include the information on the yearly financial reporting to the state?

Rick Root asked why should we even have to appear before a board. We have our own fiduciary responsibility to our Board. We are smart enough to know if we are getting a good deal. It is another impingement on local rule.

Bill Cousins stated this (going before the board to opt-out) would have to be done nine months ahead of time and insurance companies won't even talk to us about rates until about 2 months before renewal.

Christine Burns reported the efficiencies in West Michigan don't prevail in some communities on the southeast side of Michigan.

Alex Arends added we need to be in control of our own compensation packages. The next thing they will want to do is tell us what wages should be.

Rick Root stated for auto insurance, rates have to be leveled across the whole state. They could do that with health insurance also.

Jim LaPeer said they need to compare what is being done in the private sector in Michigan, not what other states are doing.

Sam Bolt reported rate wise, it needs to be segmented. Rates are much less here than in southeast Michigan.

Denny Hoemke said the bottom line is it is all about southeast Michigan and we are going to get pulled along in the wake.

Items needed in legislation:

- ❖ No specific opt-out requirements. Hold locals harmless
- ❖ Segmented by region
- ❖ Eliminate 9 month language
- ❖ Focus on opt-in
- ❖ Properly definition and standardizing of terms

Jim LaPeer stated we could not go with it if it didn't have a hold harmless opt-out.

Denny Hoemke reported the real target is the MEA, and if there is an opt-out, there won't be a program.

Rick Root said the opt-out decision would come from the elected officials.

Mike DeVries reported he is concerned about creating the largest lobbying group ever created. We wouldn't be able to fight that. If there is an opt-out, there will be no program. The state needs to look at their regulatory system and make it more competitive. One size does not fit all communities. Get rid of the regulations and let more insurance companies offer programs. Allow us to make our own decisions. Define and standardize the terms. Legacy costs are killing everyone. The program may save some money now, but in the future, it will be more expensive.

Rick asked in conclusion, what should we say.

Don Stypula reported the majority of Dillon's caucus are detractors on this. I have told them the opt-out language is troublesome. There are too many hoops to jump through to opt-out. Give me time to work with Pam Burns in the next 30 days and allow us to come up with some commentary. We should not close the doors. We need to indicate to them we still want to keep talking. We need an apples to apples comparison. When we are given a time slot to discuss this, you should share your challenges.

Mike DeVries stated he felt we had three options at this point: stay silent; support with reservations' or don't support with our reasoning.

Jim Buck said it maybe too early to be too specific. We need to stay at the table. When Don goes to talk with the committee, he should take a cross section of members.

Mike DeVries said they need to know we have serious concerns.

Rick Root reported staying at the table is important.

Denny Hoemke asked if this wasn't also covered under Headlee. Will they pay the difference if it is more expensive?

Bill Cousins asked if there were any more changes on the table regarding Act 312. Without that, we can't do anything.

Don Stypula said he will talk with Pam Burns and explain we have reservations and on our side of the state we have done everything we can do to lower costs, including not providing coverage at all. We want to talk with the committee. Two or three GVMC members and I should come up as a panel. We have identified some significant concerns and will bring those to them.

4. County Revenue Sharing

Don Stypula reported state budget negotiations are ongoing for FY 2010. As counties continue to deplete their reserve funds, they are supposed to be restored into the revenue sharing formula. The legislature is considering restoring to the 2003-2004 level. It will be a cost of \$1.7 million to Kent County. I will tell legislators we have serious problems with lowering this amount.

Mike DeVries stated it was a divide and conquer strategy. They cut most townships out, and then they took away the counties'.

Don Stypula said he would talk about revenue sharing in general terms. It is a promise made and they should stick to it.

5. 2010 Budget

The Governor will have to cut an additional \$74 million from this year's budget. She is calling for a number of special taxes (bottled water, film industry, slow growth in earned income credit). There is \$650 million in revenue increases. The Speaker of the House and the Governor are not in sync. More negotiations are scheduled for today and next week. Republicans want to have across the board cuts to balance the budget. They are no closer than they were three weeks ago.

6. Other

Don Stypula distributed a draft on changes to PA 312. The bill should be introduced today. It includes changes we needed. Let Don know your thoughts.

7. Adjourn – 10:30