PENSION AND OPEB POLICY RECOMMENDATIONS

Policy Recommendation	Issue /Problem	Impact Area	Difficulty on a Scale of 1-5 with 5 being most difficult	Amends Existing Law	Requires Constitutional Change	Emergency Manager Required
Actually Enforce Art. IX, Sec 24- AG injunctions.	Underfunding of Pensions	Pension	1	No	No	No
Legislate "hard caps" for Pension multiplier. Define FAC conservatively.	Unfunded Pension Liabilities	Pension	3	Yes	No, if changes only prospective	No
Legislate limits for CBAs, including minimum age and years of service for retirement benefits.	Unfunded Pension Liabilities	Pension	3	Yes	No	
Legislate minimum qualifications for local pension board members.	Mismanagement of pension assets	Pension	3	Yes	No	No
Legislate mandated CBA provisions whereby future retiree pension benefits can be no greater than the pension benefits included in the current CBAs for active employees.	Unfunded Pension Liabilities	Pension	3	Yes	No	No
Legislate mechanism whereby statutory revenue sharing is withheld in escrow for underfunded pension plans. (OPEB?)	Underfunded retirement plans	Pension	4	Yes	No	No
Legislate mandatory conversion to State managed pension plan for non-MERS pension assets. Each local unit has an account with the State.	Mismanagement of pension assets	Pension	4	Yes	No	No
Legislate that if local pension funds underperform, on a 10 year average, the MERS average performance, then the local board is dissolved and the fund moves to MERS, or to a newly created state managed pension fund.	Under performance of local pension assets	Pension	3	No	No	No
Usage of Section 27 of PA 436 to establish favorable work rules, pay scales, and retirement benefits.	Pension, OPEB, and Labor Expense	OPEB, Pension	2	No	No	Yes, or Consent Agreement

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Usage of 12(1)(k) to reduce future pension benefits for active employees	Underfunding of Pensions	Pension	3	No	No	Yes
OPEB Benefit Audits every three years	Benefits to improper parties	OPEB	1	No	No	No
Legislate OPEB reform- Medicare supplemental only; Stipend or VEBA.	OPEB is universally underfunded/ not funded	OPEB	3	Yes	No	No
Legislate mandated provisions whereby future retiree OPEB benefits can be no greater than the OPEB benefits included in the current CBAs for active employees.	OPEB is universally underfunded/ not funded	OPEB	3	Yes	No	No
Usage of 12(1)(k) to reduce current retiree OPEB	OPEB Expense	OPEB	4	No	No	Yes