

My name is Rose Bogaert, Chair of the Wayne County Taxpayers Association. Thank you for allowing me to address this committee with regard to HB 4804. Addressing some of the problems facing cities and counties with regard to their defined benefit retirement is long overdue. While many have tried to turn a blind eye to the growing pension crisis that will negatively impact a growing number of local governments, the problem is simply too big to ignore.

It is a particularly egregious problem in the city where I live, Dearborn Heights. Some 40 years ago, or better, the voters of Dearborn Heights passed a charter amendment allowing for a millage to cover the cost of police and fire retirement benefits under PA 345. That millage fluctuates as the need to pay the benefits arises. The intention of the voters no doubt was to support the police and firemen and reward them for the job they do. Unfortunately, the good intentions are now being abused. Our present PA 345 millage is 6.61 mills and is expected to go up.

Dearborn Heights, along with many cities, needs additional tools to address the increasingly unaffordable benefits that previous councils agreed to provide city employees. HB 4804 will allow Dearborn Heights, and other charter communities, to establish that future hires will be provided defined contribution pension

benefits instead of extremely expensive defined benefit plans. This change, should the local government choose to adopt it, will allow Dearborn Heights and others to avoid potentially severe financial consequences in a way that protects existing contracts and essential services to citizens.

Changing the charter is not a fix for our problem without the help of this legislation. Again I am asking you to support HB 4804.

Rose Bogaert, Chair

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