



MI Local Retirement Grant Program

Frequently Asked Questions (FAQs)

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Michigan Department of Treasury
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Introduction

Pursuant to [Public Act 119 of 2023](#), legislation was passed that appropriated funding for the MI Local Retirement Grant Program.

This FAQ provides detailed information cities, counties, townships, or villages that operate qualified pension and retirement health benefit systems need to know about the MI Local Retirement Grant Program and includes resource material and contact information. More information on this grant program can be found on the MI Local Retirement Grant Program webpage at: <https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program>

MI Local Retirement Grant Program Overview

1. What is the MI Local Retirement Grant Program?

The Local Unit Municipal Retirement Pension and Health Care Benefit Premium Payment Grant program (MI Local Retirement Grant) was created to help provide relief to the local units of government with the most significant burden from qualified pension and retirement health benefit systems on their annual budget and revenues. Under the [Fiscal Year 2023-24 budget](#), the Michigan Department of Treasury (Treasury) was appropriated \$35 million to establish and operate a grant program that provides the most substantial relief to local units of government that experience the greatest burden from qualified pension and retirement health benefit systems on their annual budget and revenues.

Key to understanding the MI Local Retirement Grant Program is the definition of “qualified pension and retirement health benefit system”, “annual budget and revenues”, “qualified unit”, “pension actuarially determined contribution”, and “retirement health care benefit premium”.

- a) “Qualified Pension and Retirement Health Benefit System” means a retirement system that provides retirement pension or health benefits, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803, of a qualified unit, as of the qualified local unit’s most recent fiscal year ending on or before December 31, 2021.
- b) “Annual Budget and Revenues” means the general fund operating revenues for the qualified unit, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803
- c) “Qualified unit” means a city, county, township, or village that operates qualified pension and retirement health benefit systems offering both retirement pension benefits and retirement health benefits, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803 for the local unit of government’s most recent fiscal year ending on or before December 31, 2021

- d) "Pension Actuarially Determined Contribution" means the sum of the normal cost payment and the annual amortization payment for past service costs to fund the unfunded actuarial accrued liability. This is reported in 2017 PA 202, MCL 38.2805.
- e) "Retirement Health Care Benefit Premium" means premiums for insurance covering medical, drugs, dental, hearing, or vision care. This is reported in 2017 PA 202, MCL 38.2804.

Grant Program Eligibility and Grant Requirements

2. Who is eligible for the MI Local Retirement Grant Program?

Grant funds will be made to qualified units with qualified annual qualified pension and retirement health benefit systems costs greater than 22% of general fund operating revenues based on the last report filed as required by Sections 4 and 5 of the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, MCL 38.2805](#), as of December 31, 2021, the Retirement System Annual Report (Form 5572).

Treasury will also post a preliminary list of grant eligible communities as a resource. Go to the grant program website to view the list of preliminarily eligible communities.

3. What qualified pension and retirement health benefit system costs are used to determine eligibility?

To determine eligibility, the qualified unit will review actuarially determined contribution payments for all pension systems and all retirement health benefit premium payments made as reported on in the most recent financial statement audit report filed as of December 31, 2021. These costs will be reviewed as a percentage of general fund operating revenues.

4. Do Other Post-Employment Benefit (OPEB) systems qualify for the MI Local Retirement Grant Program?

Yes, grant funds for the MI Local Retirement Grant Program will be made to qualified local units that have BOTH a defined benefit retirement pension benefit systems AND a defined benefit retiree health care system (OPEB) as defined in section 3 of the [Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017, MCL 38.2803](#).

5. Our local government only has a pension system, do we qualify for the MI Local Retirement Grant Program?

No, qualified units for the purpose of this grant program must offer BOTH retirement pension benefits AND retirement health benefits, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803 for the local unit of government's most recent fiscal year ending on or before December 31, 2021

6. We are an authority or road commission, are we eligible for the MI Local Retirement Grant Program?

No, a qualified unit for the MI Local Retirement Grant Program means a city, county, township, or village that that operates qualified pension and retirement health benefit systems offering both retirement pension benefits and retirement health benefits, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803 for the local unit of government’s most recent fiscal year ending on or before December 31, 2021

7. We have several qualified retirement pension and retirement health benefit systems. Which systems have annual costs eligible to use in a claim for the MI Local Retirement Grant Program?

Qualified units are only eligible for one grant award through the MI Local Retirement Grant Program. Actuarially determined contributions for all qualified pension and retirement health benefit premium payments for all qualified retirement health benefit systems are combined and calculated as a percent of general funds operating revenues to determine eligibility.

8. How do I verify the annual retirement costs as a percent of general fund operating revenue submitted as of December 31, 2021 under The Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017 \(MCL 38.2805\)](#) to determine eligibility? Where can my local government find that report?

Qualified local units can verify the annual retirement costs as a percent of general fund operating revenues submitted to Treasury as of December 31, 2021 by referencing the most recent Retirement System Annual Report (Form 5572) submitted to LocalRetirementReporting@michigan.gov as of December 31, 2021, or by referencing the numbers reported in your financial statement audit report as of December 31, 2021. Local government financial statement audit reports can be found at the [Department of Treasury’s Local Government Document Search Site](#).

Qualified units that are identified as preliminarily eligible will be posted at <https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program>.

9. What is the source for the data reported under The Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017](#) in the Retirement System Annual Report (Form 5572) to determine eligibility?

The data reported on the Form 5572 used to determine eligibility is reported from the local unit’s financial statement audit report for the corresponding fiscal year.

10. What fields in my Retirement System Annual Report (Form 5572) are used to determine grant eligibility?

On the Form 5572, line 7 of the Pension Report worksheet provides the Actuarially Determined Contribution (ADC) of each qualified retirement pension system. Line 14 of the Health Care (OPEB) Report worksheet provides the Retirement Health Care Benefit Premium amount for each qualified retirement health system as reported in the financial statement audit report. Line 8 of the Pension Report worksheet or Line 9 if Health Care Report worksheet provide the governmental funds revenues number. Each of these numbers is sourced from the corresponding Financial Statement Audit Report.

11. Where in my financial statement audit report can I locate the eligibility data for my qualified retirement pension and OPEB systems?

Qualified units can verify their pension system actuarially determined contribution amount(s) by reviewing the Required Supplementary Information section of the most recent financial statement audit report received as of December 31, 2021. By reviewing the *Schedule of Contributions* within the Required Supplementary Information section of the audit, you would review the data for the most recent year listed in this schedule. There will be a separate schedule for each pension system for the local government.

Qualified units can verify their OPEB system retirement health care benefit premium payment amount(s) by reviewing the Required Supplementary Information section of the most recent financial statement audit report received as of December 31, 2021. By reviewing the *Schedule of Changes in the Net OPEB Liability and Related Ratios* within the Required Supplementary Information section of the audit, you would review the line item of “Benefit payments, including refunds of employee contributions” data for the most recent year listed in this schedule.

Qualified units can verify their general fund operating revenues by reviewing the Basic Financial Statements section of the most recent financial statement audit report received as of December 31, 2021. By reviewing the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* within the Basic Financial Statements section of the audit, you would review the data for Total Revenues for all governmental funds

12. The actuarially determined contribution amount(s) on line 7 of the Retirement System Annual Report (Form 5572) Pension tab is lower than the actuarially determined contribution amount(s) using uniform actuarial assumptions reported on line 27 of the Form 5572 Pension tab. Can my qualified unit use the uniform assumption calculation for the MI Local Retirement Grant?

No, grant eligibility is based on the data as reported on the Form 5572 using the revenues, pension actuarially determined contribution amount(s), and OPEB benefit premium payment amount(s) according to the financial statement audit.

13. My qualified unit made additional payments above the actuarially determined contribution and the retirement healthcare benefit premium payment amounts. Are these additional payments able to be used in calculating grant award eligibility?

No, additional payments are not included in the eligibility calculation for this grant award.

14. My qualified local unit's fiscal year end falls between January 31 and July 1? Which fiscal year submission would I use to locate the funded ratio(s) for my unit's pension system(s)?

Qualified local units with a fiscal year ending prior to July 1 can verify their pension/OPEB system data by reviewing the fiscal year 2021 retirement system annual report (Form 5572) or the financial statement audit report for fiscal year 2021 submitted as of December 31, 2021. Units that did not submit a timely audit or Form 5572 by December 31, 2021, may use the Fiscal Year 2020 financial statement audit report or Form 5572 to determine qualified status.

15. My qualified local unit's fiscal year ends between July 1 and December 31? Which submission would I use to locate the funded ratio(s) for my unit's pension system(s)?

Qualified local units with a fiscal year ending after July 1 can verify their pension/OPEB system data by reviewing the fiscal year 2020 retirement system annual report (Form 5572) or the financial statement audit report for Fiscal Year 2020 submitted as of December 31, 2021.

16. My Retirement Health Care Benefit Premium payment or Pension Actuarially Determined Contribution amount(s) on the Retirement System Annual Report (Form 5572), filed is different than what was reported on the financial statement audit report as of December 31, 2021. Which number should I use to determine if I am eligible to participate in the MI Local Retirement Grant Program?

If the data provided on the Form 5572 reported to Treasury as of December 31, 2021, is different than what was reported on your financial statement audit report, qualified units of government should use the data reported on their financial statement audit report as of December 31, 2021.

17. My local unit filed the Retirement System Annual Report (Form 5572) after December 31, 2021. What date will Treasury use to determine eligibility?

For qualified units that filed their Form 5572 after December 31, 2021, Treasury will use the most recent submission filed with the Treasury as of December 31, 2021.

18. I filed my fiscal year 2021 Retirement System Annual Report (Form 5572) on or before January 3, 2022. What Form 5572 will be used to determine eligibility?

If your qualified unit's Form 5572 and Financial Statement Audit Report submissions were filed by January 3, 2022 due to a State of Michigan holiday consistent with [Numbered Letter 2019-1](#), Treasury will accept the data reported on Form 5572 submitted as of January 3, 2022 to determine eligibility for the purposes of the MI Local Retirement Grant Program.

19. Why is 22% used as a threshold for qualifying for a grant award under the MI Local Retirement Grant Program?

Public Act 202 of 2017, MCL 38.2805 identifies that qualified unit pension systems may be underfunded if their annual pension costs as a percentage of revenues are greater than 10% and qualified unit retiree health care systems may be underfunded if their annual costs are greater than 12% of revenues. Consistent with these benchmarks, qualified units that experience the greatest burden from these retirement systems on their annual budget and revenues are eligible for a grant award.

20. Why is OPEB benefit premium payment amount used in determining eligibility rather than OPEB actuarially determined contribution (ADC) amount?

Section 990(1) of the Public Act 119 of 2023 states the purpose of the grant program is to: "establish and operate a grant program that provides the most substantial relief to local units of government that experience the greatest burden from qualified pension and retirement health benefit systems on their annual budget and revenues." With the stated goal of providing relief to annual budgets and revenues, benefit premium payment amount provides the most accurate review of current burden on annual budgets from qualified OPEB systems, as there are limited requirements for local governments to fully fund the OPEB ADC(s). As such it was determined that benefit premium payment amount most accurately reflects the current OPEB burden on annual budgets and revenues.

21. My local government is not listed in the preliminarily eligible communities document, but our calculations show that we should be eligible. Is there any way to be included in this list?

If after following the instructions for calculating the eligibility criteria, you believe that your community should be eligible for a grant award, but is not listed on the preliminary list of eligible communities, please complete the MI Local Retirement Grant: Retirement Data Discrepancy Form (Form 5877) listed on the MI Local Retirement Grant program website. Please complete and submit this form to Treasury-MIPensionGrant@michigan.gov for review and consideration.

Grant Payment Calculation

22. How will Treasury calculate the grant payment amount for the qualified pension and retirement health benefit system for the MI Local Retirement Grant Program?

Treasury will validate the requested grant payment amounts on the MI Local Retirement Grant Claim Form (Form 5886) using the qualified local unit's qualified pension ADC(s), retirement health care (OPEB) benefit premium payment amount(s), and total governmental funds revenues as reported on the completed financial statement audit report available as of December 31, 2021, for the MI Local Retirement Grant Program. This validation calculation will be done by adding the qualified retirement pension system ADC(s) and qualified retirement OPEB system benefit premium payment(s) and subtracting 22% of the total governmental funds revenues.

23. Is there a limit on grant funds received? How much grant funding will my local unit receive?

Yes, there is a limit on grant funds received. Qualified units for the MI Local Retirement Grant Program may receive a grant award amount not to exceed an amount equal to the amount necessary to reduce annual retirement costs (all pension ADC(s) and all OPEB Benefit Premium Payment amount(s)) to 22% of total governmental funds revenues. The grant program was allocated a total of \$35 million, so there may be a proration required if requested awards exceed \$35 million.

24. Is there a minimum grant award that can be received as part of the MI Local Retirement Grant Program?

Yes, there is a minimum award that qualified units with qualified pension and retirement health benefit system costs above 22% of governmental funds revenues can expect to receive. All qualified local units that file a claim form for a grant award claim will receive a minimum of \$100,000.00 or the amount necessary to reduce qualified pension and retirement health benefit system costs to 22% of total governmental funds revenues, whichever is less.

25. My qualified pension and retirement health benefit system's eligibility data is different from what was reported on the most recent Retirement System Annual Report (Form 5572) submitted as of December 31, 2021. Will this affect potential grant award payment?

Grant awards are eligible to all qualified units with qualified pension and retirement health benefit system costs greater than 22% of total governmental funds revenues as reported as of December 31, 2021. Qualified units for the MI Local Retirement Grant Program may receive a grant award amount not to exceed an amount equal to the amount necessary to reduce qualified pension and retirement health benefit system costs to 22% of total governmental funds revenues, or the minimum grant award, whichever is less, as reported on their financial statement audit report as of December 31, 2021 (or consistent with the due dates described in [Numbered Letter 2019-1](#)). Updated retirement system costs will not impact grant eligibility or award payment amounts.

26. What can the grant payment not be used for?

Grant payment awards must be distributed directly to qualified pension and retirement health benefit system(s). Award funds cannot be used for any purpose other than to pay into qualified pension or retirement health benefit system(s).

27. How will grant payments be awarded?

The grant award payment will be made directly to the qualified pension and retirement health benefit system(s).

28. Is the MI Local Retirement Grant one-time funding or ongoing grant payments?

Funds appropriated for the MI Local Retirement Grant Program under Public Act 119 of 2023 provides one-time payments totaling \$35 million to be allocated in a grant program established by the Department of Treasury.

29. Is there a way to estimate my grant payment amount for the MI Local Retirement Grant Program?

Yes, qualified units can estimate a maximum grant payment amount for the MI Local Retirement Grant Program using the pension ADC(s), OPEB benefit premium payment amount(s), and total governmental funds revenues as reported on your financial statement audit report as of December 31, 2021. The specific calculation will be done by adding together the qualified retirement pension system ADC(s) and qualified retirement OPEB system benefit premium payment(s), and subtracting 22% (0.22) of the total governmental funds revenues.

30. Will grant funds be prorated? If so, how will I be notified that grant payments were prorated?

Yes, grant funds will be prorated if the amount appropriated is insufficient to meet all grant award claim requests for each qualified unit to reduce annual qualified pension and retirement health benefit system costs to 22% of total governmental funds revenues. Treasury shall prorate payments by reducing the amount of the allocation as otherwise calculated by an equal percentage per qualified unit receiving funds under this section (not less than the minimum award amount of \$100,000.00 or amount necessary to lower retirement costs to 22%). Qualified units will be notified in writing of a pro-rated grant payment amount no later than August 15, 2024.

Certification and Payment Distribution Process

31. When can I submit a claim for an award for the MI Local Retirement Grant Program?

Qualified units can submit a claim using the MI Local Retirement Grant Claim Form using the Michigan eSignature Solution beginning June 20 , but no later than July 20, 2024. A

link to complete the claim form will be emailed directly to all communities that are identified as eligible to submit a claim.

32. How do I submit a claim for a grant award?

Qualified units must complete the MI Local Retirement Grant Claim Form no later than July 20, 2024. Treasury will email a link to complete the claim form and will accept the completed form through the Michigan eSignature Solution. Details on the Michigan eSignature Solution can be found at

<https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program>.

33. What documentation do I need to include with my MI Local Retirement Grant Claim Form?

Qualified units submitting a claim to receive grant awards are required to complete the claim form through the Michigan eSignature Solution. Claims must be signed by the Chief Administrative Officer of the qualified unit or their designee. The grant awardee may also be required to complete and attach a grant award agreement with the claim form in eSignature. Details on the Michigan eSignature Solution can be found at

<https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program>.

34. Can I email my grant claim form, and supporting documents to Treasury?

No, qualified units must submit the grant claim using the provided link through the Michigan eSignature Solution found at

<https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program>.

35. When will my grant money be distributed?

The grant award payment for the qualified unit will be disbursed to the qualified pension and retirement health benefit system(s) by Treasury by August 31, 2024.

36. My retirement pension system is administered by the Municipal Employees Retirement System (MERS). How will my grant money be distributed?

Treasury will distribute grant award payments directly to qualified pension and retirement health benefit systems.

37. My retirement pension system is single-employer or self-managed, how will my grant money be distributed?

Treasury will distribute grant award payments for deposit directly to qualified pension and/or retirement health benefit systems.

38. Are there options for how the grant funds are applied to my qualified pension and retirement health benefit system's unfunded liability?

Yes, if you are a member of Municipal Employees Retirement System (MERS), we advise you to contact MERS directly to discuss the options that may be available to you in this regard. If you administer your own retirement system, we advise you to consult with your actuaries regarding options that may be available.

39. My qualified retirement pension system has multiple divisions, each with a different funded level. How may the funds be distributed across these divisions? Can my qualified local unit direct how the funds are applied?

Yes, if you are a member of Municipal Employees Retirement System (MERS), we advise you to contact MERS directly to discuss the options that may be available to you in this regard. If you administer your own retirement system, we advise you to consult with your actuaries regarding options that may be available.

Grant Program Post Payment Requirements

40. Will qualified units be monitored for compliance for MI Local Retirement Grant Program? If so, how long will the qualified unit be monitored?

No, qualified units are not subject to monitoring under this grant program, however, qualified units should be prepared to produce program documents in the event of program audit.

41. How will this grant impact my Actuarially Determined Contribution (ADC) amount?

For the purposes of the MI Local Retirement Grant Program, the impact on your qualified local unit's ADC will likely be dependent upon individualized decisions on how your qualified local unit would like these funds allocated within your qualified pension and retirement health benefit system(s). We advise you to consult with your actuaries regarding options that may be available to best utilize the grant award.

If your qualified local unit's retirement system is administered by the Municipal Employees Retirement System (MERS), once funds are received from MERS, a receipt of funds will be sent via email to the local unit's designated primary contact. This receipt will provide you the summarized information of the plan. Qualified units administered by MERS can also access the [GovInvest Actuarial Tool](#), available to all MERS defined benefit and hybrid plans.

If your qualified pension and retirement health benefit system is self-managed or a single-employer system, we advise you to consult with your actuaries regarding options that may be available.

Grant Program Contact Information

42. Where can I find additional information on the MI Local Retirement Grant Program? Who should I contact for additional questions?

Additional information on the MI Local Retirement Grant Program can be found at <https://www.michigan.gov/treasury/local/grants/mi-local-retirement-grant-program> or by emailing the Treasury at Treasury-MIPensionGrant@michigan.gov.