

Protecting MI Pension: Michigan Local Pension Grant Program - Application Instructions [FORM 5886]

GRANT PROGRAM OVERVIEW

The Michigan Local Pension Grant Program was created to help Michigan's most underfunded municipal pension systems. Under the [Fiscal Year 2022-23 budget](#), the Michigan Department of Treasury (Treasury) was appropriated \$750 million to establish and operate a local unit municipal pension principal payment grant program for qualified retirement systems with a funded ratio below 60%, as defined in the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, Section 3, MCL 38.2803](#).

APPLICATION TIMELINE: To file a claim, qualified units must submit the Protecting MI Pension Program Application, Affidavit, and other supporting documentation, using the Michigan eSignature Solution to Treasury as soon as April 17, 2023, but no later than June 15, 2023. Details on the claim submission process can be found at www.michigan.gov/MIPensionGrant.

APPLICATION DEADLINE: Application, affidavit, and all required supporting documentation on are due to be submitted to no later than June 15, 2023

AWARDS NOTIFICATION AND DISTRIBUTION: Funds shall be disbursed to qualified retired systems by the Department of Treasury no later than August 30, 2023.

PROTECTING MI PENSION GRANT APPLICATION

PART 1: REQUESTING LOCAL GOVERNMENT INFORMATION

Qualified units must complete all fields of the Protecting MI Pension Application. Claims must be submitted using the Michigan eSignature Solution Process beginning April 15, 2023, but no later than June 15, 2023 to qualify for the grant award. Important notes for the claimants completing Part 1: Requesting Local Government Information:

- **Requesting Local Unit Municipal Code:** Enter your six-digit municipal code. **Note:** You can find your local municode by visiting the Treasury website at the following link: [Local Government Municodes](#). Please enter the municode as a continuous six-digit string without dashes or spaces.
- **Contact name:** Enter the contact name of your Chief Administrative Officer.
- **Contact title:** Enter the title of your contact.
- **Contact email:** Enter the contact email address of your Chief Administrative Officer. Please note that the email listed here will receive Treasury communication about this report.
- **Mailing Address** Enter the street address or PO Box for the local government completing the application. Include suite or apartment number if applicable.
- **Contact telephone number:** Enter the contact telephone number of your Chief Administrative Officer.

PART 2: PROTECTING MI PENSION: MICHIGAN LOCAL PENSION GRANT PROGRAM ELIGIBILITY

Eligibility for the Protecting MI Pension Program will be determined by using the funded ratio reported to Treasury as of December 31, 2021, pursuant to Public Act 202 of 2017, MCL 38.2805. A preliminary list of local units of government that reported a funded ratio below 60% to Treasury as of December 31, 2021, can be

found using the following [link](#).

The key to understanding eligibility to file a claim for a grant award for the Protecting MI Pension: Michigan Local Pension Grant Program is the definition of “qualified retirement system” and “qualified unit”.

(a) “Qualified retirement system” means a retirement pension benefit within a retirement system, as defined in section 3 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2803, of a qualified unit, with a funded ratio below 60 based on the last report filed as required by section 5 of the protecting local government retirement and benefits act, 2017 PA 202, MCL 38.2805, as of December 31, 2021.

(b) “Qualified unit” means a city, county, township, village, or road commission that operates a qualified retirement system.

In Part 2 of the Protecting MI Pension Application, local governments are asked to review eligibility requirements and select “Yes” or “No” to certify eligibility to file a claim for a grant award for the Michigan Local Pension Grant Program:

- **Yes:** The local government certifies that it is a city, township, county, or road commission with a qualified system with a funded ratio less than 60% based upon the Form 5572 filed to Treasury as of December 31, 2021, pursuant to Public Act 202 of 2017, MCL 38.2805.
- **No:** The local government certifies that it does not meet the eligibility criteria listed in *Protecting MI Pension: Michigan Local Pension Grant Program*.

PART 3: PENSION SYSTEM GRANT AWARD REQUESTED AMOUNT(S)

Local governments should utilize the table in part 4 to enter the funded ratios, requested grant award amount, and qualified retirement system name for **ALL** retirement pension benefit systems for which a qualified local unit is requesting a grant award. **Please note, grant funds will be made to qualified units with a retirement pension system with a funded ratio less than 60%. Qualified pension units may have more than one pension system eligible to file a claim for the Michigan Local Pension Grant Program.**

- **Qualified Pension System Name:** If there are multiple qualified retirement systems eligible to file a claim, enter each qualified retirement system name in a separate row within this section of the form. For example, Police and Fire, Public Safety, and General Employees would each be entered into separate rows if each system is qualified for a grant award. However, if your qualified retirement system is separated by divisions, you would only enter one system.
- **Pension System Account Number or Identifier:** If your qualified pension system has a unique identifier (MERS account number, system ID, etc.), enter this number or identifier in this column. If a unique identifier does not exist for your qualified retirement system, please enter N/A.
- **Is this a Single Employer/Self Managed System (Yes or No):** If your local government’s qualified retirement pension is not managed by a 3rd party entity (such as the Municipal Employees Retirement System (MERS)), then answer “Yes”. If it is managed by a 3rd party such as MERS, answer “No”.
- **Funded Ratio of Qualified Pension System.** Qualified units can verify the funded ratio submitted to Treasury as of December 31, 2021, by visiting www.michigan.gov/MIpensionGrant, or can verify their

pension system funded ratio by reviewing the fiscal year 2021 retirement system annual report (Form 5572) or the *Schedule of Changes in the Net Pension Liability and Related Ratios* in the financial statement audit report for fiscal year 2021 submitted as of December 31, 2021

- **Requested Grant Award Amount for Qualified Pension System (\$)** Qualified units can estimate grant payment amounts for the Michigan Local Pension Grant Program using the assets, liabilities, and funded ratio as reported on your financial statement audit as of December 31, 2021. This calculation will be done by multiplying the qualified retirement pension system's liabilities (total pension liability ending) by 60% (0.60) and subtracting the qualified pension system's assets (fiduciary net position ending). If this calculated amount is greater than \$170 million, then the maximum award payment amount will be capped at the lesser amount.

PART 4: AFFIDAVIT AND ATTESTATION OF REQUIRED PRACTICES

To qualify for a grant award under this section, a qualified unit must certify and attest via an affidavit that it shall implement all of the following practices upon the receipt of a grant award as stated in Section 979.a (2) (a-f). Local governments are asked to certify the qualified retirement system meets the qualifications necessary to receive a grant award pursuant to Section 979(a) (2) of Public Act 166 of 2022. This is required for the application to be considered for review. Further information on Part 4 can be found on the Protecting MI Pension Affidavit, Form 5887.

PART 5: REQUIRED SUPPORTING DOCUMENTATION

Qualified units with a qualified retirement system will be required to provide the additional supporting documentation as a part of the Protecting MI Pension Grant Application. Failure to provide any of the required supporting documents may result in denial of award request.

- **Required Documents**
 - Copy of approved local government governing body resolution authorizing the chief administrative officer to file a claim for a grant payment for the Protecting MI Pension Grant Program.
 - Copy of certified affidavit and attestation that the qualified unit shall implement all the practices as stated in Section 979.a (2) (a-f)
 - Copy of actuarial valuation(s) utilized in audited financial statements used to complete the most recent Form 5572 submitted as of 12/31/2021 for all qualified retirement systems that are requesting grant awards
 - Most recent actuarial valuation as of 12/31/2022 for all qualified retirement systems that are requesting grant awards
- **Optional Documents (Required if Applicable)**
 - Copy of court ordered judgement levying a millage to cover local government pension costs

PART 6: CERTIFICATION

Chief Administrative Officer (CAO) must sign and date the Protecting MI Pension Application, Form 5886. MCL 141.422B defines CAO to mean any of the following:

- The manager of a village or, if a village does not employ a manager, the president of the village.
- The city manager of a city or, if a city does not employ a city manager, the mayor of the city.
- The manager of a township or, if the township does not employ a manager, the supervisor of the township.

- The elected county executive or appointed county manager of a county; or if the county has not adopted an optional unified form of county government, the controller of the county appointed pursuant to section 13b of 1851 PA 156, MCL 46.13b; or if the county has not appointed a controller, an individual designated by the county board of commissioners of the county.
- The official granted general administrative control of an authority or organization of government established by law that may expend funds of the authority or organization.

Electronic signatures will be utilized using the Michigan eSignature Solution. Qualified units must submit the grant application, affidavit, and supporting documentation using the Michigan eSignature Solution.