

PROTECTING LOCAL GOVERNMENT RETIREMENT AND BENEFITS ACT (EXCERPT)
Act 202 of 2017

38.2810 Corrective action plan; review and approval by board; inclusion of corrective options and additional solutions; disapproval; notification and report; implementation of plan; monitor and certification of compliance; contents of plan.

Sec. 10. (1) The board shall review and vote on the approval of a corrective action plan submitted by a local unit of government. A local unit of government that is in underfunded status shall submit a corrective action plan to the board within 180 days after the determination of underfunded status. The board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension. The governing body of the local unit of government shall approve the corrective action plan before submission to the board. The board shall approve or reject a corrective action plan within 45 days after it is submitted.

(2) A corrective action plan may include the corrective options for correcting underfunded status as set forth in subsection (7) and any additional solutions to address underfunded status. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status.

(3) The board may review the inclusion of the corrective options and additional solutions as described in subsection (7) as part of its approval criteria to determine whether a corrective action plan is designed to remove the local unit of government from underfunded status.

(4) If the board votes to disapprove a corrective action plan that has been submitted, the board shall within 15 days provide a notification and report to the local unit of government detailing the reasons for the disapproval of the corrective action plan. The local unit of government has 60 days from the date of the notification to address the reasons for disapproval and resubmit a corrective action plan for approval.

(5) The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status.

(6) The board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with this act. If the board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

(7) A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in this section may include, but are not limited to, any of the following:

(a) For retirement pension benefits, any of the following:

(i) Closing the current defined benefit plan.

(ii) Implementing a multiplier limit.

(iii) Reducing or eliminating new accrued benefits.

(iv) Implementing final average compensation standards.

(b) For retirement health benefits, any of the following:

(i) Requiring cost sharing of premiums and sufficient copays.

(ii) Capping employer costs.

(8) Except as otherwise provided in this act, while any corrective action plan is in effect for an underfunded local unit of government, the local unit of government is not required to submit any additional corrective action plan for approval.

History: 2017, Act 202, Imd. Eff. Dec. 20, 2017.