



**FOR IMMEDIATE RELEASE**  
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## **Business Leaders for Michigan Hosts Leadership Summit, Releases Report Identifying Best Practices for Fiscal Stability**

*Unfunded Liability Reform, Strengthening Budget Management, Minimum Qualifications for Government Finance Officers Identified as Ways to Help Avert Fiscal Crisis*

**LANSING, Mich.**—Business Leaders for Michigan (BLM), the state’s business roundtable, this afternoon will host a **Leadership Summit on Fiscal Stability**, bringing together business, municipal, state, and nonprofit leaders for an extended examination of state and local financial stability in Michigan and the steps needed to best position the state for long term prosperity.

Today’s Summit includes the following presentations:

- an overview on the *Financial Health of the States* from **Robert Zahradnik**, Director of the **Pew Charitable Trusts**
- the *Impact of Unfunded Liabilities on a Community’s Ability to Fulfill its Promises* by **David Walker**, Senior Strategic Advisor for the Global Public Sector Practice at **PricewaterhouseCoopers**
- a *Fiscal Review of Michigan’s Municipalities* from **Jeff Guilfoyle**, Vice President of **Public Sector Consultants**
- presentations by **Michigan state Treasurer Nick Khouri** and former state **Budget Director John Nixon**
- and panel discussions on *Fiscal Best Practices* and *Securing a Stable Future for Michigan*.

**The Summit is open to the press and is taking place at the Lansing Radisson, at 111 N. Grand Ave. Presentations begin at 12:00 p.m. today and will conclude by 5:00 p.m.**

In conjunction with the Summit, BLM is releasing a new report, “*Business Leaders’ Insights: Ensuring Long-Term Fiscal Stability for Michigan.*” The report offers an analysis of state and local governments’ current economic status, and highlights the steps needed to make Michigan governments “recession-proof.”

“Business leaders looking for places to locate or expand operations often consider the stability of government financial operations as a key factor,” said Doug Rothwell, BLM President and CEO. “Michigan has made considerable progress recovering from the recession of the early 2000s, but many challenges remain.”

(MORE)

According to the report, 11 Michigan cities, one county, and 41 school districts continue to experience severe fiscal distress. Much of the current distress is a direct result of the so-called “lost decade” in the early 2000s, and is related to unfunded liabilities. Michigan taxpayers currently owe \$25 billion in unfunded school pension liabilities and another \$3.6 billion in unfunded municipal pension liabilities.

The report highlights Best Fiscal Practices that could be put in place to prevent additional financial crisis in state and local government, including:

- **Promoting economic growth** – Prioritize policies that improve the long-term economic growth prospects of the state
- **Addressing legacy costs and unfunded liabilities**
  - Move all new public employees into defined contribution pension plans
  - Conduct a full strategic review of pension plan assumptions
  - Do not provide other post-employment retirement benefits to new employees
  - Require all eligible retirees to participate in Medicare
  - Pay retirees a fixed stipend, rather than paying premiums
- **Preventing local government fiscal emergencies**
  - Create a local government finance commission
  - Set minimum fund balance guidelines
- **Enhancing finance certification and professional development**
  - Require city, county, and school district CFOs to have, at a minimum, a bachelor’s degree in business or other appropriate education
  - Empower retired CFOs to serve in an interim capacity and provide mentoring services
  - Provide scholarships to help support the training of finance officials from fiscally struggling governments
- **Strengthening state fiscal and budget management**
  - Adopt performance based budgeting
  - Develop and publish a multi-year state fiscal plan
  - Publish a citizen-friendly balance sheet

“If Michigan local governments and school districts are struggling during an economic expansion, there is reason for concern that many others would quickly find themselves in significant financial trouble during a future recession,” said Rothwell. “Business Leaders for Michigan and its partners look forward to discussing and helping to implement next-generation policy and practical changes to prevent that from happening.”

After the conference, materials from today’s event can be found at:

<https://businessleadersformichigan.com/event/fiscal-stability-summit/>

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#### **About Business Leaders for Michigan:**

Business Leaders for Michigan, the state’s business roundtable, is dedicated to making Michigan a "Top Ten" state for jobs, personal income and a healthy economy. The organization is composed exclusively of the chairpersons, chief executive officers, or most senior executives of Michigan's largest companies and universities. Our members drive 32% of

the state's economy, provide nearly 375,000 direct jobs in Michigan, generate over \$1 trillion in annual revenue and serve nearly one half of all Michigan public university students. Find out more at: [www.businessleadersformichigan.com](http://www.businessleadersformichigan.com).