

Troy City Council Meeting - March 1st, 2010

- The Governor presented a Fiscal Year 2011 budget based on revenue estimates that show a \$1.5 billion deficit.
- The Governor plans to resolve this deficit with the following changes:
 1. \$728 Million in new taxes
 2. \$514 Million in Federal money/Stimulus money
 3. \$566 Million in budget cuts
 4. \$170 Million in MBT surcharge reduction/phase out relief
- This budget, as presented, would mean no additional cuts to revenue sharing and school districts. However it is predicated on \$728 million in new taxes that may or may not get through the legislative process.
- The taxes that are being proposed are:
 1. Expansion of the Sales Tax to include certain services at 5.5%, reducing the Sales Tax on non services from 6% to 5.5%
 2. Increase the gas and diesel taxes over a period of time by 19 cents an gallon.
 3. An Entertainment Tax on ticketed events, etc.
 4. A surcharge on most medical services that would go towards the Department of Human Services budget.
- An alternative reform proposal has been introduced by Senate leadership that, if approved by voters as part of a constitutional amendment, would:
 1. Require public employees to pay 20 percent of their health care premiums unless they establish a Health Savings Account and/or participate in wellness programs, which would reduce their health care premium to 15 percent. Public employees include all levels of government, schools, universities and elected officials.
 2. Amend the Urban Cooperation Act and the Intergovernmental Transfer of Functions Act to specify that nothing in either act requires job providers to pay employees the highest wages and benefits previously paid to any employees or their pre-existing bargaining units who are either 1) transferred from one political subdivision to another or 2) employed under an inter-local agreement.
 3. Amend Public Act 312 to strengthen the training and quality of arbitrators, reduce timelines, and change the last best offer process to promote good faith negotiating. These changes will significantly improve the process leading to more efficient and timely decisions.
 4. Reduce five percent pay reduction for all public servants (including all government, schools, universities and elected officials), and freeze it at that level for three years. Employee costs make-up 75 – 80 percent of government costs. Credit will be given for those who've implemented a wage reduction.