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'Real' reforms hard to come by

LANSING (AP) — Both Republicans and Democrats say they want "real" changes and savings in state government before asking Michigan citizens to pay higher taxes.

But that's much easier said than done— as shown by recent attempts in the Legislature to alter health benefits for school employees and retirees.

A proposal requiring new teachers to work 30 years to get 90 percent of their monthly medical insurance premium paid for during retirement got no backing from Senate Democrats. Some retirees now qualify for the same coverage with just five or 10 years of work.

Another core GOP bill, which would open up the claims data of an insurer affiliated with the state's largest teachers' union,

didn't even win support from all Senate Republicans.

Eventually, Gov. Jennifer Granholm, the Democratic-controlled House and Republican-led Senate may agree to the bills and other cost savings along with tax hikes to help balance a projected \$1.6 billion shortfall in the state budget that starts Oct. 1. Some lawmakers won't vote for changes unless they're part of a comprehensive budget deal.

But that doesn't comfort observers who are unimpressed by a lack of action on reforms to date.

Jack McHugh, legislative analyst at the Midland-based Mackinac Center for Public Policy, cites a bill passed by the Senate last month. Retired teachers and other school employees would get 3 percent of

their monthly health costs paid by school districts for every year they have worked, as long as they have worked at least 10 years.

"That is the most weak, tepid, 'quote' reform," McHugh said. "That's not even a reform. That's just correcting something that's corrupt."

McHugh says legislators also

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should get behind proposals such as ending monthly retirement pensions for newly hired teachers and switching to a 401(k)-type defined contribution system. New state employees went to a 401(k) system in 1997.

The free market-oriented think tank also supports ending retirement health benefits for new employees. Outside the auto industry, McHugh says, few private employers provide medical insurance to retirees any more.

"We are paying school and state and local government employees compensation rates and benefits as if we were the richest state in the union," he said.

Public-sector workers and their labor unions disagree.

"Teachers and public school employees have come to expect high-quality benefits as a tradeoff for generally lower salaries than similarly trained professionals," said Doug Pratt, spokesman for the Michigan Education Association, or MEA, which represents 157,000 teachers and other education workers.

Pratt disputes the GOP's

belief that letting school districts pool employees' health costs would save money. Aside from fixing health care at the national level, he concedes, the only way to lower costs immediately is reducing existing benefits — "which I don't think anybody wants to do."

Many legislative proposals would affect school employees hired next year and beyond but not veteran teachers, saving money years down the road. Some changes such as shifting to 401(k)-style benefits actually could require a \$157 million upfront contribution from the state.

"We can't afford to spend more right now on something like this," Pratt said, adding that Michigan can't cut its way out of a deficit.

The quandary with educators' labor costs isn't unique. Consensus also is lacking over other restructuring proposals — new sentencing guidelines that would keep more criminals out of state prisons, privatizing prisons, becoming a part-time Legislature, cutting welfare and Medicaid, and getting concessions in current labor

Proposed reforms

Some bills aimed at costs savings in state government have passed one legislative chamber and are pending in the other. They would:

- Create a system similar to one for state employees where retired teachers would get a percentage of their monthly health premium paid by school districts based on the number of years they have worked. The current system doesn't distinguish between 15 years or 30 years of work experience.

- Require new school workers to contribute more of their pay to the state's pension plan.

- Limit compensation for school superintendents to that of the governor, whose salary is \$177,000 a year.

- Prevent so-called "double dipping" on retirement benefits, suspending pension payments for retired state employees who return to work for the state as contractors.

- Stop future lawmakers from qualifying for lifetime health care benefits for just six years of service.

contracts from prison guards and other state employees.

Part of the problem is disagreement over projected government savings and the reluctance to make tough votes without political cover. Another part of the backdrop is politicians will not always vote along traditional party lines.

Just as there are Democrats opposed to higher taxes or who disagree on which taxes to raise, there are Republicans who want some reforms and not others. The powerful MEA, for instance, endorsed four of the 21 Republicans in the Senate.

Some Republicans will have to change their minds or Democrats will have to put up difficult votes against their union base if changes are to happen.

"We all have said that reforms are needed in this great state, but when do we start?" said Sen. Nancy Cassis, a Republican from Novi who's sponsoring controversial legislation that would make Michigan a right-to-work state, meaning employees at union shops wouldn't have to join unions. "We are very similar to a diet. It's easy to put off until tomorrow starting that diet."