

Granholt puts pique ahead of good policy

Governor vetoes Patterson's plan to fund retiree benefits out of spite

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Someone should tell Gov. Jennifer Granholt that vindictiveness and good government are incompatible. Granholt let her desire to get even with Oakland County Executive L. Brooks Patterson derail an idea that promised to lift from local communities the burden of future unfunded health care liabilities.

Aside from ticking off Patterson, Granholt's veto will result in higher costs for taxpayers and fewer benefits for public employees.

The legislation pushed by Patterson would have allowed local governments to sell bonds to create a fund to cover up to 75 percent of the current unfunded future liabilities for the pensions and health care coverage promised to government workers by employee contracts.

New accounting rules will require governments to account for the unfunded liabilities this year on their books. That's going to make the finances of most communities and the state look pretty dismal, affecting their bond ratings and their ability to borrow money.

Patterson's idea was the equivalent of governments refinancing a mortgage to reduce interest costs. Detroit did something similar with its pension program in 2005. He would have covered the unfunded liability by floating bonds and kept the books clean, while guaranteeing retiree benefits.

This approach makes so much sense that Granholt's Task Force on Local Government Services and Fiscal Stability even recommended the move last year. And several other communities across the state were looking at doing the same thing to head off a future crisis in benefit obligations. But the governor vetoed the enabling legislation, claiming it would cost state government millions of dollars in reimbursement for Medicaid costs.

Oakland County figures the legislation wouldn't have cost the state anything in reduced federal reimbursements until the 2009 budget year. And the \$3 million Oakland calculates it might cost per year is a drop in the bucket of a \$41 billion state budget. The trade-off of protecting retiree benefits was well worth the small cost.

Granholt hasn't offered a single creative idea to deal with the structural deficit of the state or its municipalities. But she was perfectly willing to veto Patterson's solution on the flimsiest of excuses.

Her motive is transparent. She wanted to punish Patterson for leading the petition drive that resulted in the elimination of the Single Business Tax.

In the process, she also punished taxpayers and the state's future retirees.