



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

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DIRECTOR

October 14, 2013

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Act 51, MCL 247.668j, Annual Certification of Employee-related Conditions

Beginning next year on September 30, 2014 and annually each September 30 thereafter, certification must be made to the Michigan Department of Transportation (MDOT) for compliance to MCL 247.668j, also known as Section 18j, of Public Act 51 of 1951, as amended.

We are sending this notification to you now so you have a year to prepare. In addition to the annual certification to MDOT, your agency will need to prepare for the public reporting and disclosures that are required in Section 18j(3). The entire Section 18j is attached for your review.

Each local road agency must certify they offer one of the following conditions with respect to transportation employees or acknowledge they are in noncompliance with this section. Please understand failure to comply with either Section 18j(1)(a) or (b) may result in the withholding of all or part of the distributions made to your local road agency from the Michigan Transportation Fund. Listed below are the compliance statements from Section 18j(1):

- (a) The local road agency has developed and publicized a transportation employee compensation plan that the local road agency intends to implement with any new, modified, or extended contract or employment agreements for transportation employees not covered under contract or employment agreement. The transportation employee compensation plan that each local road agency plans to achieve shall be posted on a publicly accessible internet site and shall be submitted to the department.
- (b) The local road agency complies with one of the following:
 - i. A local road agency that offers medical benefits to its transportation employees or elected public officials shall certify to the department that it is in compliance with the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.561 to 15.569.

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- ii. A local road agency that does not offer medical benefits to its transportation employees or elected public officials shall certify to the department that it does not offer medical benefits to its transportation employees or elected public employees.

Form 2068 is for use by cities and villages to meet the annual certification requirement. The form can be found on our website at www.michigan.gov/act51. Select Forms under the Act 51 heading in the center of the page and you will be able to select these fillable forms. Forms are NOT DUE UNTIL NEXT YEAR, September 30, 2014.

If you have any questions, please contact either Lori Cole, at (517) 335-2556, or colel@michigan.gov.

Sincerely,



Brenda Chapman, Supervisor
Act 51 Financial Outreach Program Support Unit
Financial Operations Division

Enclosure

STATE TRUNK LINE HIGHWAY SYSTEM (EXCERPT)

Act 51 of 1951

247.668j Annual certification that certain employee-related conditions met; failure to make certification; withholding distributions to local road agency; website; "transportation employee" defined.

Sec. 18j. (1) Beginning September 30, 2014, each local road agency shall annually certify to the department that it satisfies 1 of the following conditions with respect to transportation employees:

(a) The local road agency has developed and publicized a transportation employee compensation plan that the local road agency intends to implement with any new, modified, or extended contract or employment agreements for transportation employees not covered under contract or employment agreement. The transportation employee compensation plan that each local road agency plans to achieve shall be posted on a publicly accessible internet site and shall be submitted to the department. At a minimum, the transportation employee compensation plan shall include all of the following:

(i) New transportation employee hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for transportation employees who are eligible for social security benefits. For transportation employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary.

(ii) For defined benefit pension plans, a maximum multiplier of 1.5% for all transportation employees who are eligible for social security benefits, except, if postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all transportation employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, if postemployment health care is not provided, the maximum multiplier shall be 3.0%. This subparagraph does not apply to years of service accrued prior to September 30, 2013, or to contracts entered into prior to September 30, 2013.

(iii) For defined benefit pension plans, final average compensation for all transportation employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for a transportation employee. This subparagraph does not apply to years of service accrued prior to September 30, 2013, or to contracts entered into prior to September 30, 2013.

(iv) Health care premium costs for new transportation employee hires shall include a minimum transportation employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per-transportation-employee basis.

(b) The local road agency complies with 1 of the following:

(i) A local road agency that offers medical benefits to its transportation employees or elected public officials shall certify to the department by September 30, 2014 that it is in compliance with the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.561 to 15.569. For purposes of this subparagraph, dental and vision coverages are not considered medical benefits. The department shall develop a certification process and method for local road agencies to follow.

(ii) A local road agency that does not offer medical benefits to its transportation employees or elected public officials shall certify to the department by September 30, 2014 that it does not offer medical benefits to its transportation employees or elected public officials. For purposes of this subparagraph, dental and vision coverages are not considered medical benefits. The department shall develop a certification process and method for local road agencies to follow.

(2) If a local road agency does not make the certification required under subsection (1), the department may withhold all or part of the distributions to the local road agency from the Michigan transportation fund under this act. A withholding under this subsection shall continue for the period of noncompliance with subsection (1) by the local road agency.

(3) A local road agency shall maintain a searchable website accessible by the public at no cost that includes, but is not limited to, all of the following:

(a) Current fiscal year budget.

(b) The number of active transportation employees of the local road agency by job classification and wage rate.

(c) A financial performance dashboard that contains information on revenues, expenditures, and unfunded liabilities. The county road agency may link to financial information provided by the Michigan transportation asset management council.

(d) The names and contact information for the governing body of the local road agency.

(e) A copy of the certification required by subsection (1).

(4) The department shall maintain a searchable website accessible by the public at no cost. A website maintained by the department under this subsection shall include, but is not limited to, the following:

(a) Current fiscal year budget.

(b) The number of active transportation employees of the department by job classification and wage rate.

(c) A financial performance dashboard that contains information on revenues, expenditures, and unfunded liabilities. The department may link to financial information provided by the Michigan transportation asset management council.

(d) The names and contact information for the governing body of the department.

(5) A local road agency may develop and operate its own website to provide the information required under subsection (3), or the local road agency may reference this state's central transparency website as the source for the information required under subsection (3). If a local road agency does not have a website, the local road agency may post the information required under subsection (3) on the website for the county, city, or village within which the local road agency is located or on the website of a statewide road association of which the local road agency is a member.

(6) As used in this section, "transportation employee" means an employee paid in whole or in part through revenues distributed under sections 12 to 13 or an employee who is engaged primarily in work funded through revenues distributed under sections 12 to 13.

History: Add. 2012, Act 506, Imd. Eff. Dec. 28, 2012.

Compiler's note: Former MCL 247.668j, which pertained to pledge for annual debt service requirements and to successive borrowings, was repealed by Act 234 of 1987, Imd. Eff. Dec. 28, 1987.

Popular name: McNitt Act

Popular name: Michigan Transportation Fund Act