




**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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To: Councilmember Coleman A. Young II, Detroit City Council Member At Large
From: Jay Rising, Chief Financial Officer 
Date: March 30, 2023
Re: Responses to Budget Questions

Please find below responses to your questions sent on March 30, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for the Office of the Chief Financial Officer.

- 1. Has the City of Detroit received the approximately \$24 million dollar grant from the Local Unit Municipal Pension Principal Payment Grants of the Governor's FY2022-23 General Omnibus Budget Summary: Conference Report (Page 80)? This grant was first brought to my attention in the Mayor's Office State Legislative Update of June 27, 2022, which stated that the "General Retirement System legacy plan should be eligible for \$24 million." See further below.**

4. Local Unit Municipal Pension Principal Payment Grants

	Gross	\$0	\$750,000,000
<u>House</u> includes \$900.0 million GF/GP for a grant program to award funding to qualified units of government to deposit into their qualified retirement systems with certain stipulations. <u>Executive</u> and <u>Senate</u> do not include. <u>Conference</u> includes \$750.0 million GF/GP.	GF/GP	\$0	\$750,000,000

FY23 budget

- \$750m for local pension funding to get to 60% funded ratio (per the language, Detroit General Retirement System legacy plan should be eligible for \$24m)

The Michigan Department of Treasury is administering this program, branded as the "Protecting MI Pension Grant Program." They will issue program guidelines on or about April 15, 2023. Grants applications will be due back by June 15, 2023. Detroit's General Retirement System is eligible, and the maximum award would be approx. \$24 million, which is the amount to bring GRS to 60% funded compared to the Dec 2021 measurement date. The OCFO will carefully review the program requirements once they are released.

<https://www.michigan.gov/treasury/local/grants/protecting-mi-pension-grant-program>

- 2. How many City of Detroit general retirees are living now and how many were living at the time of the bankruptcy?**

As of June 30, 2022 there were currently 11,516 general civilian retirees/beneficiaries and 8,066 police and fire retirees/beneficiaries.

As of June 30, 2014, there were 12,089 general civilian members in retirement status and 8,476 police and fire members in retirement status.

- 3. How many City of Detroit general retirees are living below the poverty level now?**

The OCFO and Retirement Systems do not have the data to answer that question, since retirees may have multiple sources of income in addition to their pension benefit. It is important to note

that as a result of the bankruptcy, an Income Stabilization Fund was created to bring retirees back up to the poverty level, if the bankruptcy cuts took them below that level. There are 647 general civilian and 239 police and fire participating in this benefit.

4. How much wealth have Detroiters lost since the bankruptcy, when the City of Detroit lost control over the General Pension Retirement System Investment Committee?

The OCFO recognizes that Investment Committees were established as a result of the bankruptcy, for both the General Retirement System and Police and Fire Retirement System. While these Investment Committees do not include any City appointed or elected officials, they do have some Committee members that are City union employees. These Committees have established Investment Policy Statements and Asset Allocation Policies working with their outside pension consultants. It would be very subjective to say whether the investment results would have been better or worse if City appointed and elected officials had a voice in investment decisions for the two systems.

5. How many minority disadvantaged Detroit-based businesses does the City contract with in relation to the General Pension Retirement System Investments (e.g. investments, advisors, consultants, etc.)?

The City does not directly contract with anyone relating to the General Retirement System Investments – all contracts are managed by the Investment Committee and the Board.

6. What is the revenue to debt ratio for the City of Detroit?

As of June 30, 2022, the City's Debt to Revenue ratio is 113.04%, which is within the target of 120% set by the City's [Debt Management Policy](#). Note that this ratio is defined as "Overall Debt as a Percent of Governmental Funds Revenue".

7. What is the City of Detroit's total debt?

The City's outstanding debt is \$1,614,523,693 as of April 1, 2023. This consists of \$458.0 million of Unlimited Tax General Obligation (UTGO) debt; \$1,034.2 million of Limited Tax General Obligation (LTGO) debt; \$96.4 million of Michigan Transportation Fund bonds; and \$26.0 million of HUD Section 108 Loans.

8. What is the City of Detroit's bond rating?

In 2022, Moody's Investors Service provided the City with a credit rating of Ba2. S&P Global Ratings provided the City with a credit rating of BB.