



November 30, 2016

Dear Chairman Hildenbrand and distinguished Members of the Committee:

On behalf of more than 100,000 members of Americans for Prosperity-Michigan, I am writing in support of SB 102, SB 1177 and SB 1178, which would transition newly hired teachers and other public school employees into a defined contribution 401(k) style retirement benefits system.

A poll we released last week clearly demonstrates that this makes for good policy and good politics. Of the 600 likely voters surveyed as part of the Marketing Resource Group poll, **62% supported “transitioning the current pension program to a defined contribution plan like a 401(k)” for newly hired teachers** and 63% supported a new system for local government employees.

The poll question was part of a Marketing Resource Group phone survey of 600 likely Michigan voters, with a margin of error +/- 4.0 percent, conducted Oct. 16-19, 2016. [The full results, including the crosstabs, are available online at MichiganAFP.com.](http://MichiganAFP.com)

Highlights include the following:

- Those who supported the change exceeded those who opposed it across all demographics, party lines and even union affiliation with two exceptions—the City of Detroit and Democratic men.
- Millennials backed the transition by 84% for teachers and 74% for local government employees.
- Republican support came in at 78% and 77% for teachers and local government employees.
- Among households with union affiliation, support exceeded 50% by at least 2 percentage points.
- Self-identified Democrats backed the move for public school and local government pension funds by 46% and 50%, respectively.

Public confidence in centrally managed pension programs continues to erode as awareness of mismanagement and underfunding increases. Younger generations, in particular, view pensions as outdated retirement vehicles that ought to be replaced with investment accounts that have more flexibility and offer more control.

With the Michigan Public School Employee Retirement System only 60% funded and the average city funded at around 67%, public policy must bring government retiree benefits in line with reality. Our poll demonstrates that voters understand the need for this change. And public opinion will only continue to move in this direction.

In conclusion, I urge you to support this legislation, which will transition newly hired public school employees into a defined contribution retirement benefit system. Votes on this vitally important issue will be included on our 2015-16 Legislative Scorecard.

Sincerely,

Pete Lund
State Director
Americans for Prosperity-Michigan