



City of Cleveland
Justin M. Bibb, Mayor

Department of Finance
601 Lakeside Avenue, Room 104
Cleveland, Ohio 44114-1081
216/664-2536
www.cleveland-oh.gov

Ohio House Pensions Committee

OPPONENT TESTIMONY ON HOUSE BILL 296

Ahmed Abonamah, Chief Financial Officer

Department of Finance

City of Cleveland

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Chair Mathews, Vice Chair King, Ranking Member Lightbody, and members of the Ohio House Pensions Committee: on behalf of the City of Cleveland and its Department of Finance – thank you for the opportunity to testify in opposition to House Bill 296 as its currently written.

Public safety is and will remain Cleveland Mayor Justin M. Bibb’s top priority for the City and its residents. For example, this year, the Bibb administration launched the RISE initiative, which stands for *Raising Investment in Safety for Everyone* and is a portfolio of multiple strategic investments, partnerships, enforcement efforts and technology to reduce crime and enhance our law enforcement. As part of this plan and since Mayor Bibb took office, the administration has increased pay up to 25 percent for police officers and increased cadet pay by 50 percent – all in an effort to bolster the ranks of the Cleveland Division of Police.

Public safety is the foundation of a thriving city, and our budget reflects that commitment to our residents. That said, we must balance this support with prudent financial management. Like many cities across Ohio and the United States, the majority of Cleveland’s general fund budget – about 53.6 percent – goes to public safety. Focusing specifically on the Cleveland Division of Police, the City of Cleveland allocated 30.1 percent of its General Fund budget to fund operations of the Division. As is the case with nearly all operating divisions of the City, personnel costs represent a significant proportion of the Division of Police’s budget – approximately 93 percent or \$201.8 million – in the City’s 2023 General Fund budget.

Because police personnel costs form such a large proportion of our limited general fund resources, it is imperative that we thoroughly assess any increases and determine our ability to pay before implementing any increases. Unanticipated and unfunded increases to personnel costs make it more difficult to maintain desired staffing levels not only in public safety, but across the general fund as well.

By increasing municipalities’ pension contributions for police from 19.5 percent to 24 percent, this bill, as written and based on current wages, would raise Cleveland’s payment from \$23.9 million to \$29.4 million annually. It is important to note this calculation is based on present-day wages and does not reflect planned or potential wage increases, or efforts to keep up with inflation. In a budget that was structurally balanced by approximately \$200,000 in 2023, this is a debilitating increase.

The City of Cleveland’s bottom-line budget is still grappling with the negative impacts of the COVID-19 pandemic and the resulting prevalence of “working from home” on the City’s income and various consumption-based taxes. Throughout these challenging times, the City has made the difficult choices necessary to maintain a strong fiscal position, which, in fact, resulted in a bond rating upgrade from Moody’s and Fitch during the past 18 months. Though the worst of the pandemic has passed, the continued and future success of the City’s efforts remains under threat from record high inflation, market volatility, and a potential economic downturn. As always, the City stands ready to navigate through these challenges and provide the services residents expect as efficiently and effectively as possible. Nevertheless, adding an unfunded pension obligation to the list of macro-economic threats the City faces would have long-term negative implications for the City’s employees, residents, and businesses. Accordingly, I urge this Committee to reject House Bill 296.

Thank you for your consideration.