

# OHIO HOUSE PENSIONS COMMITTEE

December 12, 2023

## House Bill 296 Opponent Testimony

Chair Mathews, Vice Chair King, Ranking Member Lightbody, and members of the Ohio House Pensions Committee: My name is Mike Barhorst, Mayor of the City of Sidney, past president of the Mayors Association of Ohio and past president of the Ohio Municipal League. In recent years, I have traveled the state on behalf of the Ohio Municipal League. I may be one of the few individuals who has visited municipal officials in every county, and likely the only one who has visited every county seat mayor in their respective offices.

I am here today to share my concerns about House Bill 296, which as you know, would increase the employer contribution amounts paid for full-time municipal police officers to the Ohio Police and Fire Pension Fund from 19.5% to 24% over a five-year period.

I'm going to address the proposed impact on the City of Sidney, and then provide a generalized overview of what I've observed in the rest of the State. The City of Sidney expends approximately 65% of our budget on public safety. Of that amount, the Police Department's budget is \$7.5M and the Fire Department's budget is \$6.5M.

The City of Sidney has 37 sworn officers. That total includes the command staff. As I mentioned, the current budget for the police department is approximately \$7.5M. Of that amount \$6.7M is budgeted for wages and benefits.

The City of Sidney currently pays the Police & Fire Pension Fund \$1,573,276.00. The current proposal would increase the average amount we would be required to pay for pensions by \$4,227.77 per sworn officer. After being phased in, this would result in an increase of \$179,378.00 per year, or the equivalent of the cost of two officers. To make up this unfunded mandate, I ask you two questions: 1) "Do we go to the voters and ask them to increase the amount of local taxes they pay?"; or, 2) "Do we eliminate two positions?" In reality, those are the questions we have to answer.

If I were to add the proposed 2024 increase to the total we are currently paying, the amount we would increase \$52,142.62, increasing the total to \$1,625,419.

Because the increase is projected to be phased over a period of years, the increase per officer for 2025 would be an additional \$2,473.05 per sworn officer, or a total of \$91,502.85. In fact, that amount we would then be paying the Pension Fund would increase to \$1,664,779.

By 2026, Sidney's per officer increase would be \$3,591.15, or \$132,872.55 for the entire department. In fact, by 2026, Sidney's total number increases to \$1,706,148.

The following year, the average per officer contribution would increase to \$4,848.36, and as I mentioned previously, increasing Sidney's total contribution to the pension fund by \$179,389.32, or a total of \$1,752,665.30.

While I certainly don't want the pension fund to become insolvent and know of no one who does, I likewise have no desire to ask Sidney's voters to raise their taxes or even worse, tell them that we are being forced to reduce the size of our police force.

Sidney is a manufacturing powerhouse. We have more manufacturing jobs per capita than any other municipality in the state. We certainly value our first responders.

There have been multiple occasions when our police officers have arrived at a burning residence or business – even with lights and sirens, police vehicles can arrive on scene far quicker than lumbering fire trucks – and have saved the lives of those trapped inside. We count on them to keep us safe. As an example, we recently had an industrial fire. Our police officers arrived first, and were able to ensure that all the employees were safely

evacuated from the building. When the firefighters arrived, they could concentrate on saving the building and equipment. Fortunately, the loss was limited to one piece of equipment with a value of more than half a million dollars, but it could have been much worse.

I could provide dozens of other examples, but the fact is, the services our first responders provide are critical to protecting the residents and businesses within our corporation limits and beyond.

The proposed contribution increase in House Bill 296 comes at a time when Sidney is facing a variety of challenges. Those range from increased costs associated with inflationary pressures for goods and services, staff attraction and retention, and the instability of revenue streams. The unfunded mandate resulting from this legislation could have the effect of raising the tax burden on local taxpayers who are already struggling with increased costs for housing, transportation, and day-to-day needs.

Before we go down this road, I would suggest that this committee and the General Assembly collect independent data, hiring their own actuaries if necessary, to thoroughly evaluate the current state of the Police and Fire Pension Fund and examine all available options before any action is taken. Continuing to rely solely on the employer rate increases without looking at data including how the funds are invested will undoubtedly result in fewer police and firefighters protecting our communities.

Let me talk briefly about my travels across the state. There is no question that many of our communities are struggling financially. Slashing the Local Government Fund to help solve the General Assembly's financial dilemma in 2012 has had a cumulative effect from which many communities may never recover.

It should not be a badge of honor to have Cleveland recognized nationwide as the poorest big city in the country. It should not be a badge of honor to know that there are a number of Ohio communities currently in fiscal caution, fiscal watch, and fiscal emergency.

Volunteer fire departments across the state are disappearing. Many smaller communities have had to disband their police departments simply because they can no longer afford to pay their officers or simply cannot recruit officers to staff their departments. In many cases, those communities end up contracting with the local county sheriff's department who in turn, provides a cruiser and a deputy to patrol their community for an hour or two each day. I was just in a county where there are twenty villages, and the county sheriff just cancelled all village contracts because he is unable to hire enough deputies to patrol the unincorporated areas of the county.

It is important that we get the Police and Fire Pension Fund issue addressed, but we need to do it with measured thoughtfulness so that we are not back here in five years dealing with the same issue again or placing undue burdens on struggling municipalities now.

Thank you for the opportunity to share my concerns with House Bill 296. I am happy to try to answer any questions you may have.