



Senate Bill 194 Sponsor Testimony November 13, 2024

State Senator Michele Reynolds 3rd Senate District

Chair Hackett, Vice Chair Lang, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for the opportunity to provide sponsor testimony in support of Senate Bill 194. This bill offers a balanced, responsible approach to strengthening the Ohio Police and Fire Pension Fund (OP&F) by incrementally adjusting employer contributions for police officers. By doing so, we help ensure a secure, sustainable retirement system for those who dedicate their careers to protecting Ohio's communities.

Our police officers serve with unwavering commitment, safeguarding the well-being of Ohioans. In recognition of this service, we have an obligation to maintain a robust pension fund that supports them in retirement. OP&F has upheld this promise, yet recent economic shifts have required adjustments. Among these, the fund's assumed rate of return was lowered from 8% to 7.5% due to more conservative market forecasts, increasing the fiscal pressure on the fund. At the same time, police and firefighters have borne substantial changes, including a 2.25% increase in employee contributions and \$3.2 billion in cumulative benefit reductions over the past eight years.

The Financial Imperative for Incremental Increases

Senate Bill 194 proposes a phased increase in employer contributions for police officers, rising from 19.5% to 24% by June 2027. This gradual adjustment is expected to generate an additional \$21.2 million in 2024, increasing to approximately \$70.1 million annually by 2027. This adjustment will allow OP&F to remain within the state's 30-year funding requirement, preserving the fund's long-term stability. Currently, OP&F's funding period is projected at 26.71 years, but without action, this could extend to 31.44 years by 2025, surpassing the allowable limit.

Addressing Imbalances and Recognizing Past Adjustments

It is important to note that, over the past decade, OP&F members have made significant sacrifices to keep the fund stable. These include raising the retirement age, delaying

cost-of-living adjustments until age 55, capping COLAs at 3%, and transitioning to a stipend-based healthcare model. These changes have contributed to OP&F's health fund solvency and reduced unfunded liabilities, but they have also meant substantial adjustments for police and firefighters. Currently, the employer contribution for police is 19.5%, compared to 24% for fire—a 4.5% differential that creates an imbalance. Senate Bill 194 addresses this by aligning police and fire contributions, creating a fairer funding structure across the board.

A Thoughtful, Responsible Solution

The incremental increases in Senate Bill 194 are a necessary, responsible measure to ensure that OP&F remains financially sound. This legislation reflects a commitment to aligning employer contributions with the real costs of sustaining retirement benefits, supporting OP&F's ability to meet future obligations without risking additional benefit cuts for members. A well-supported pension system is vital not only for honoring our commitments to current members but also for attracting and retaining the next generation of public safety officers.

Conclusion

Senate Bill 194 provides a pragmatic and fair solution to sustaining OP&F, ensuring that Ohio stands by its commitments to those who protect our communities. This legislation is about thoughtful stewardship and honoring the essential work of our first responders. I respectfully urge your support for Senate Bill 194. Thank you for your consideration, and I am happy to answer any questions.