Ohio Legislative Service Commission

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Office of Research and Drafting

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H.B. 280
136th General Assembly

# Bill Analysis

**Version**: As Introduced

**Primary Sponsors**: Reps. Abrams and T. Hall

Chris Edwards, Attorney

## SUMMARY


- Increases, incrementally over a five-year period, the contribution amounts that employers of full-time municipal police officers must make to the Ohio Police and Fire Pension Fund (OP&F) from an amount equal to 19.5% of each officer's salary to 24%.
- Eliminates the requirement that the OP&F Board adopt a plan specifying how it proposes to meet its continuing law duty to amortize OP&F's unfunded actuarial accrued pension liabilities over a 30-year period and the requirement that the Board, if the period exceeds 30 years, prepare a plan to reduce the period to below 30 years.
- Requires the Board to adjust, subject to several limitations, the contribution rates for employers of police officers and firefighters to a rate determined by the Board's actuary if the amortization period exceeds 30 years as determined by an actuarial valuation completed after the police officer contribution rate is increased to 24%.
- Eliminates the requirement that the Ohio Retirement Study Council annually review the adequacy of the OP&F employer and employee contribution rates and the contribution rates recommended in a report by OP&F's actuary for the upcoming year.


## DETAILED ANALYSIS

### Ohio Police and Fire Pension Fund employer contributions

#### Police officer employer contributions

The bill increases the contribution amounts that employers of full-time municipal police officers must make to the Ohio Police and Fire Pension Fund (OP&F). The required employer contribution is an amount equal to a percentage of each employee's salary. Current law sets the contribution rate at 19.5%. The bill phases in the increases over a five-year period based on employee salaries earned in pay periods beginning on the first July 1 that occurs after the bill's effective date. Over the phase-in period, the current contribution rate of 19.5% increases beginning July 1 of each year for four years by 1.0% until it reaches 23.5%. Beginning on the fifth July 1 that occurs after the bill's effective date, the rate is increased to 24%.[1]

The bill does not change the amount that employees must contribute to OP&F.

### Employer contributions

Under continuing law, the OP&F Board must establish a period of not more than 30 years to amortize OP&F's unfunded actuarial accrued pension liabilities (UAAL).[2] If an actuarial valuation completed after the police officer employer contribution rate is increased to 24% determines OP&F's amortization period exceeds 30 years, the Board must adjust the employer contribution rates of employers of police officers and firefighters. The contribution rate for employers of firefighters is currently 24%.

The rate adjustments are subject to several limitations. The Board must adjust both rates to rates determined by the Board's actuary. The Board may adjust them over a period not exceeding three years after the date on which the actuarial valuation is completed. In adjusting the rates, the Board cannot do any of the following:

- Adjust them unless they are adjusted to the same rate;
- Adjust them by more than 1.5% over the three-year period occurring immediately after the date on which the actuarial valuation is completed;
- During the three-year period described above, implement the adjustment by more than 0.5% over any one-year period.

If the Board adjusts the rates based on an actuarial valuation, the initial adjustment is effective for the members' salaries earned in pay periods beginning not earlier than the first July 1 that occurs after the date on which the actuarial valuation is completed. Any subsequent adjustment the Board implements during the three-year period is effective for the members' salaries earned in pay periods beginning not earlier than each July 1 that occurs after the initial adjustment's effective date.[3]

## 30-year funding plan

As noted above, the OP&F Board must establish a period of not more than 30 years to amortize OP&F's UAAL. The bill eliminates the requirement that the Board adopt a plan that specifies how the Board proposes to meet the 30-year amortization period. It also eliminates the requirement that the Board, if the period exceeds 30 years, prepare a report for the Ohio Retirement Study Council (ORSC) and General Assembly that includes:

- The time needed to amortize the UAAL;

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[1] R.C. 742.33.

[2] R.C. 742.16.

[3] R.C. 742.33 and 742.34, with conforming changes in R.C. 5705.06 and 5705.31.

- A plan for reducing the period to not more than 30 years; and
- Whether the Board has made any progress in meeting the 30-year amortization period.[4]

## Adequacy of contribution rates

The bill eliminates the requirement that ORSC annually review the adequacy of the OP&F employer and employee contribution rates and the contribution rates recommended in a report by OP&F's actuary for the upcoming year. It also eliminates the requirement that ORSC make recommendations to the General Assembly regarding the adequacy of the rates.[5]

# HISTORY

| Action | Date |
|---|---|
| Introduced | 05-20-25 |

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[4] R.C. 742.16.

[5] R.C. 742.311, repealed.