



OHIO HOUSE INSURANCE COMMITTEE

November 16, 2022

Opponent Testimony House Bill 512

Chair Brinkman, Vice Chair Lampton, Ranking Member Miranda, and members of the Ohio House Insurance Committee:

My name is Mark Schwieterman and I have the pleasure of representing the Ohio Municipal League and the more than 730 cities and villages that OML represents from across the state. In addition to serving on OML's Board of Trustees and as its past president, I am currently the city manager for the City of Kettering, in Montgomery County.

As you know, House Bill 512 increases the contribution amounts that employers of full-time firefighters and full-time municipal police officers must make to the Ohio Police and Fire Pension Fund in the coming years. Although OML received a copy of the alternate language yesterday, we are still reviewing it. But our overall opposition is the same.

This contribution increase represents a significant amount of money that would be diverted from many of the important services and capital projects provided by Ohio's municipal governments. In fact, many cities would be paying hundreds of thousands of dollars more – if not millions more – to cover the increased employer contributions. For this reason, the Ohio Municipal League strongly opposes House Bill 512.

The cities and villages that comprise OML's membership see the value of our police, fire, and other first responders day in and day out; these services are critical to protecting the residents and businesses within our corporation limits. But carrying out these services effectively and efficiently also requires wise financial stewardship – finding the proper balance in how taxpayer dollars should be spent to maintain services and meet additional financial needs.

In today's environment, municipalities are already facing a variety of disruptions and challenges to their revenue streams. These include overruns due to inflationary pressures that have led to significant increases in project costs and contract costs. We continue to experience challenges related to unstable revenue collection resulting from the shift to more Ohioans working from home because of the COVID-19 pandemic. Meanwhile, the overall economy continues to struggle to recover.

If House Bill 512 were enacted, it would significantly hinder any progress that has already been made, and municipalities will likely come back to the state to ask for even more money to fill the hole already experienced from past cuts to local government at the state level.

Furthermore, the Ohio Police & Fire Pension Fund board recently provided its revised three-year actuarial evaluation of the financial stability of the fund to the Ohio Retirement Study Council. The new evaluation indicates that the system is on track to pay down its liabilities in slightly under 30 years. With the brightened outlook in their latest actuarial valuation, the fund complies with the state's 30-year funding threshold, and they have the ability to meet their statutory obligation. This means House Bill 512 has less urgency, and the Legislature now has the opportunity to evaluate the current state of the pension and examine what increased employer contribution rates would mean to Ohio's municipalities.

Thank you for the opportunity to share our concerns on House Bill 512. I am happy to answer any questions, and please feel free to reach out to the Ohio Municipal League on this matter in the future.