



## **OHIO HOUSE PENSIONS COMMITTEE**

**November 28, 2023**

### **Opponent Testimony House Bill 296**

Chair Mathews, Vice Chair King, Ranking Member Lightbody, and members of the Ohio House Pensions Committee:

My name is Kent Scarrett, and I am the executive director of the Ohio Municipal League, which represents the interests of more than 730 cities and villages from across the state. Today I am here to share our concerns about House Bill 296, which increases 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.

The cities and villages that comprise OML's membership see the value our police, fire, and other first responders provide day in and day out, contributing to stronger and safer communities. These services are critical to protecting the residents and businesses within our corporation limits. OML and our members also want the pension fund to be solvent now and into the future. But carrying out these services effectively and efficiently requires wise financial stewardship – finding the proper balance in how taxpayer dollars should be spent to maintain services and meet additional financial needs.

The Ohio Municipal League surveyed its membership to determine the percentage of city and village budgets dedicated to public safety and found that members spend an average of 75% of their budgets dedicated to public safety services. When municipal budgets are constrained, either by economic issues or through unfunded mandates like the one proposed in House Bill 296, cities and villages are faced with very few options to make up a revenue shortfall or to generate new revenue without reducing services to residents across the board – including for public safety – or raising taxes locally, something that our members are generally not supportive of doing.

The proposed contribution increase in this bill represents a significant amount of money that would be diverted from many important municipal services. For this reason, the Ohio Municipal League is opposed to House Bill 296.

Based on a broad sampling of OML members, many municipalities would be paying hundreds of thousands of dollars more per year. And in some cases, with our larger member cities, that number grows into the millions to cover the increased employer

contributions, depending on the size of the community and its police force. I would like to note also the estimate provided is based on current percentage of salaries today and would continue to rise as wages and salaries increase beyond the five-year phase-in period.

The proposed contribution increase in House Bill 296 comes at a time when our members are facing a variety of disruptions and challenges, which range from increased cost associated with inflationary pressures for goods and services, staff retention and attraction (particularly in the public safety fields), and unstable revenue collection resulting from the shift to more Ohioans working remotely, as well as the ever-present threat of a broad economic downturn.

An unfunded mandate through 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. The impact of House Bill 296 on our smaller communities, who in some cases fund public safety through voter approved tax levies, could result in villages and small cities having to dissolve their police force and default to the county sheriff's office, instead of maintaining their own departments. Residents desire having their municipal police departments so close to home.

Through the survey of OML-member communities, respondents cited possible impacts of House Bill 296 including the elimination of positions, an inability to hire more personnel, lower wages and salaries, deferred training, and reduced capital and infrastructure maintenance projects.

Although House Bill 296 deals only with an increase contribution rate for the Ohio Police and Fire Pension Fund, OML and our members are also aware of the recent decision by the Ohio Public Employees Retirement System (OPERS) board of trustees, who approved a request to increase the employer contribution rate by 4%, as well.

As with past legislative efforts surrounding the health and solvency of Ohio's pension funds by previous general assemblies, the Ohio Municipal League encourages this committee and general assembly to gather independent data and to thoroughly evaluate the current state of the pension systems and examine all the options that are available before any action is taken to rely solely on the employer rate increases that could result in fewer police and firefighters protecting our communities.

Thank you for the opportunity to share our concerns on House Bill 296. 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.