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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 296
(1_135_3044)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 296's Bill Analysis](#)

Version: In House Pensions

Primary Sponsors: Reps. Abrams and Hall

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill would increase contribution rates for the employers of police officers who are members of the Ohio Police and Fire Pension Fund (OP&F), increasing the costs of applicable public employers. The estimated additional contribution costs for such employers statewide would be about \$11.6 million in pay periods between July 1, 2025 and June 30, 2026 (i.e., FY 2026), and \$24.0 million in pay periods between July 1, 2026 and June 30, 2027 (i.e., FY 2027). When the rate increases are fully implemented in the pay periods beginning July 1, 2030, the estimated additional contribution costs would be about \$81.9 million in FY 2031. Cost increases in subsequent years would grow proportionally with statewide payroll for police officers.
- Whereas this analysis assumes 3.25% growth in aggregate wages, the actual amount of additional contributions that must be made by applicable public employers to OP&F would depend on the actual number of police officers that are employed by such employers and the officers' earned salaries in each pay period.
- The bill has no direct fiscal effect on state agencies.

Detailed Analysis

The bill increases contribution rates for employers of police officers (i.e., the employer's share of the contribution) that must be paid to the Ohio Police and Fire Pension Fund (OP&F) from 19.5% of payroll in calendar year (CY) 2024 to the rates shown in Table 1 below. The bill does not make any changes to contribution rates for employers of firefighters.

| Table 1. OP&F Employer Contribution Rate for Police Officers under H.B. 296 | |
|--|---|
| Salaries Earned in Pay Period | Proposed OP&F Contribution Rate for Police Officer Employers |
| Between July 1, 2025 and June 30, 2026 | 20.25% |
| Between July 1, 2026 and June 30, 2027 | 21.00% |
| Between July 1, 2027 and June 30, 2028 | 21.75% |
| Between July 1, 2028 and June 30, 2029 | 22.50% |
| Between July 1, 2029 and June 30, 2030 | 23.25% |
| July 1, 2030 and thereafter | 24.00% |

Fiscal effect

Increasing employer contribution rates would increase the costs that must be contributed by police officer employers to OP&F. Requiring an increase in the employer contribution rate for police officers would increase required contributions by public employers statewide by an estimated \$11.6 million in pay periods between July 1, 2025 and June 30, 2026 (i.e., FY 2026), and by an estimated \$81.9 million in pay periods between July 1, 2030 and June 30, 2031 (i.e., FY 2031), when the required rate increase is fully implemented. Table 2 shows estimated required contributions by public employers statewide in the pay periods from FY 2026 through FY 2031. This analysis assumes aggregate wages will grow 3.25% per year, but the actual increase in contributions that must be made by each public employer to OP&F would depend on the actual number of police officers that are employed by such employer and the officers' earned salaries in each pay period.

| Table 2. Additional Employer Contributions to OP&F under H.B. 296 | |
|--|---|
| Year | Additional Contributions from Police Officer Employers |
| Between July 1, 2025 and June 30, 2026 | \$11.6 million |
| Between July 1, 2026 and June 30, 2027 | \$24.0 million |
| Between July 1, 2027 and June 30, 2028 | \$37.2 million |
| Between July 1, 2028 and June 30, 2029 | \$51.2 million |
| Between July 1, 2029 and June 30, 2030 | \$66.1 million |
| Between July 1, 2030 and June 30, 2031 | \$81.9 million |

The estimated additional required contributions for statewide police officer employers were calculated using police officers' annual salaries as of January 1, 2023, derived from an [OP&F 2023 Annual Comprehensive Financial Report](#),¹ and the bill's proposed contribution rates. As of that date, total annual salaries for police officers statewide were about \$1.39 billion. The estimates assumed that such officers receive a 3.25% salary increase during CY 2023 and each year thereafter. Estimated breakdowns of additional required contributions by individual local governments are undetermined due to lack of information on the number of police officers employed by each local government and the amount of salaries earned by such officers in each pay period.

The bill has no direct fiscal effect on state agencies.

Synopsis of Fiscal Effect Changes

L_135_3044 modifies the timing and percentage of the incremental increases in contribution rates for employers of police officers (i.e., the employer's share of the contribution) that must be paid to the Ohio Police and Fire Pension Fund, as compared to the proposed rate increase in the As Introduced bill. Under the substitute bill, the rate would increase by 0.75% in each pay period as specified in Table 1 above until it reaches 24% beginning in pay period on July 1, 2030, rather than four specific calendar years enumerated in the As Introduced version. The substitute bill changes would increase the costs associated with the proposed police officer employers contribution rate increase at smaller increments compared to the As Introduced bill.

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¹ Source: Police officers' annual salaries, derived from page 122, as of January 1, 2023; there were 15,612 active police officers with an average annual salary of \$88,830.