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## *Detailed Fiscal Analysis*

The bill proposes to make a distinction between a law enforcement officer and a public safety officer within the law enforcement group in the Public Employees Retirement System (PERS). The bill specifies that law enforcement members who will be eligible to retire at age 48 will continue to be in the law enforcement division while those who will not be eligible to retire until age 52 will be in the new public safety officer division.

Under the bill, law enforcement members will be determined to be in the law enforcement or public safety officer division at the time of service for purposes of retirement benefits and eligibility. Under current law, the determination is made at retirement.

The bill specifically permits a member to combine service as a public safety officer and service as a law enforcement officer to meet the 25 years of service requirement necessary to retire at age 52. Members may not combine public safety officer service with law enforcement service to meet the requirements necessary to retire at age 48. A law enforcement officer is eligible to retire at age 48, only if he or she has 25 years of service as a law enforcement officer whose primary duties were to preserve the peace, protect life and property, and enforce the laws of Ohio.

The bill permits the PERS Board to establish a program under which nonlaw enforcement service is treated as law enforcement or public safety officer service for purposes of determining retirement benefits and eligibility. For each year of service credit converted, the member is to pay an amount determined by the PERS Board that is not less than 100% of the additional liability resulting from the purchase of that credit. The amounts paid by the member for this type of service purchase credit are subject to federal law limitations and the maximum number of years a member may purchase under this program is five. The bill specifies that the member must agree to retire within 90 days after the conversion. If the member does not retire within the specified period, PERS is required to cancel the conversion and refund the payment.

The bill also establishes that the member contribution rate for PERS law enforcement officers is the rate established for PERS public safety officers plus an additional percentage, which is initially 1% of members' earnable salaries but may be increased by the Board to not more than 2%.

The provisions related to the PERS law enforcement division have no direct impact to the state or local governments. However, if the PERS Board establishes a new employer contribution rate for the new public safety officers division at a rate other than the current rate, it may have an indirect impact to the local governments. The impact to each local government would depend on its total number of public safety officers and the new employer contribution rate for the new public safety officer division that will be established by the PERS Board, as authorized by the bill. The bill specifies that the rates cannot exceed 18.1% of the officers' salaries, same as current law. Currently, law enforcement members contribute 10.1% of earned income while their employers contribute 17.4%.

In addition, most of the provisions in the bill have no direct fiscal effect to PERS. However, the provision that requires PERS to establish a program that allows nonlaw

enforcement service to be converted to law enforcement or public safety officer service for the purpose of determining retirement benefits and eligibility may increase administrative costs. Any cost increase would be minimal.

Moreover, the bill requires the PERS Board to adopt rules to establish penalties in amounts not to exceed the statutory limits and to set interest rates on those unpaid penalties if not paid within 30 days. The bill also allows an employer to make an electronic payment for the contributions. Currently, only warrants or checks are allowed as methods of contribution payments. The new plan of penalties may minimally increase state and local governments' expenditures.

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