

Dayton Daily News

Pension changes could save schools \$229 million a year

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DAYTON — School districts across Ohio could save a combined \$229 million annually under Gov. John Kasich's proposed changes to how the retirement systems would be funded, the state Office of Budget and Management announced Thursday.

According to OBM figures, the local school district with the largest potential savings from proposed pension changes would be Dayton Public, with \$2.3 million annually.

Under current law, most Ohio government employees who are members of a state pension fund must have 24 percent of their gross salaries contributed to the fund every year with employers paying 14 percent and employees paying 10 percent, although many union contracts specify employers pay a higher percentage.

Kasich's budget plan proposes government employees contribute an additional 2 percent of their salaries toward funding their own retirement benefits and that the employer contribute 2 percent less, with each paying 12 percent.

The total savings under the plan was calculated by OBM based on member contribution data from the 2009-10 school year provided by the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

"Based on this payroll data, the estimated savings for school districts, joint vocational school districts, and educational service centers total more than \$229 million annually," OBM said in a news release. It noted that time frames in which individual school districts realize the savings could depend on any contract agreements schools have in place.

But Dale Butland, the spokesman for Innovation Ohio, a liberal think tank, said the latest data paints a distorted picture. The savings doesn't come close to making up the revenue school districts will be losing when disappearing stimulus money and changes to tax reimbursements are factored in, he said.

School districts across the state will be hit by the loss of \$454.3 million in federal stimulus money they received this year and cuts to the Tangible Personal Property and Kilowatt Hour tax reimbursements, which total more than \$600 million a year.

Although Dayton Public could save \$2.3 million in pension savings, it faces a \$7 million cut in assistance for the 2012 fiscal year, said Butland.

“What they are giving the schools with one hand, they are more than taking away with the other,” he said.

Dayton Public Treasurer Stan Lucas expects the debate over the proposed pension changes will be contentious. “The reality of it is, will it pass?” he said. “I’m very cautious about that particular piece of the budget because I know the retirement boards are very much against it.”

Kasich’s plan would not increase the net revenues to STRS, which earlier this year proposed phasing in an increase in contributions to 13 percent from the current 10 percent and leaving the school district contribution unchanged.

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