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BUCKEYE INSTITUTE STUDY FINDS TAXPAYER CONTRIBUTIONS TO PUBLIC PENSIONS HIGHER THAN NATIONAL AVERAGES

September 2, 2011- Columbus, OH – The Buckeye Institute for Public Policy Solutions has released a report that finds that taxpayer funded employer contributions to most of the state pension plans exceeds the national both the national average and median for comparable systems in other states.

The report, titled *Taxpayers on the Hook*, further finds that despite these generous contribution rates, none of the funds are fully funded. In fact, the best-funded plan still only has 75 cents in assets for every dollar in liabilities. This means that, ultimately, taxpayers would be on the hook to pony up additional dollars if pension investment returns decline greatly.

By contrast, if the state were to simply pay a matching rate in line with the national median for the Ohio Public Employee Retirement System (OPERS), State Teacher Retirement System (STRS) and the Ohio Police and Fire Pension Fund (OP&F) it is estimated that **\$748 million** in taxpayer dollars could be saved annually.

Breaking down the ranking, Ohio ranks 14 out of 50 states with a 14 percent of salary matching rate for its main state employee pension, OPERS. The national median is 11.94 percent and the average 12.17 percent.

For state's with separate teacher pension funds, Ohio ranks 9th in the nation with a 14 percent taxpayer contribution rate compared to a national median of 9.8 percent and an average of 11.85 percent.

For states with a specific state pension for police officers, Ohio ranks 10th in the nation with a 19.5 percent taxpayer contribution rate compared to the national median of 11.36 percent and average of 14.7 percent.

Ohio ranks 6th nationally when it comes to taxpayer funded pension contributions for firefighters, with a rate of 24 percent. The national median is 12 percent and average 15.61 percent.

The report also reaffirms that previous research done by the Buckeye Institute, *the Impact of Shifting State Workers to Defined Contribution Plans*, on the benefits of shifting from a defined benefit pension plan, as Ohio currently has for all state employees, to a defined contribution plan. Such a shift would eventually remove taxpayers from the hook of contributions above and beyond already high rates.

An appendix that includes all state contribution rates is also available.

To view the report, its appendix and other studies, please visit www.buckeyeinstitute.org/reports

The report was drafted by the Buckeye Institute's *William and Helen Diehl Fellow*, Adam Schwiebert. Prior to joining the Buckeye Institute, Schwiebert served as an administrative aide in the office of a State Senator and completed internships at The Heritage Foundation as well as the office of Congressman Bob Latta.

Created in 2011, the William and Helen Diehl Fellowship Program provides a recent college graduate the opportunity to conduct fiscal policy research as a full-time analyst at the Buckeye Institute.

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The Buckeye Institute for Public Policy Solutions is Ohio's premier free market think tank. Based in Columbus, Ohio, the Buckeye Institute has provided the research and solutions to Ohio's toughest public policy challenges in economic freedom and competitiveness, job creation and entrepreneurship, and government transparency and accountability for over 21 years.