

# Bill takes aim at 'double dipping'

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Willoughby Police Lt. Tom Trem will soon reach his 25th year with the police department. The veteran detective has a choice — to retire or continue to work.

However, his options may become limited as new legislation looks to address so-called "double dipping."

State Rep. Richard Hollington, R-Hunting Valley, introduced House Bill 202 to reduce retire/rehire public employee compensation packages and eliminate the Deferred Retirement Option Program.

"The pension system can't afford to have people retire at such early ages," Hollington said. "(The bill) tries to lessen the perception and reality of the fact that folks in the private sector who pay taxes do not have the same kind of benefits as the public sector."

DROP, a program that began in 2003, is part of the Ohio Police & Fire Pension Fund. It gives qualified police and firefighters a chance to delay retirement.

Public safety employees who wish to enter the program must be 48 years old and have 25 years experience within their department.

Police officers or firefighters can only be in the program for a maximum of eight years.

"We have about 3,300 police and firefighters around the state — out of 30,000 retirees — who have retired out of the DROP program," said William J. Estabrook, executive director at Ohio Police & Fire Pension Fund.

Willoughby Police Chief Conrad A. Straube, who participates in the DROP program, said he felt he still had something to offer the city and financially it was a win-win situation.

Estabrook said the program is cost neutral and funded through employee-funded investments.

"It's an enhanced benefit," he said. "The city doesn't contribute any more money."

Public employees pay into one of the five Ohio Public Retirement Systems in the state. They do not pay into or receive Social Security benefits like private sector workers.

Upon retirement age, public employees can take their full retirement payments.

Some seek to be rehired in the same position or may find other jobs within the public system.

Many collect their earned retirement benefits, but they also continue to pay into the system out of their salaries.

However, in the DROP program, the employee isn't considered retired.

"DROP is a deferred retirement option," according to the OP&F program member's guide.

The employee's pension is calculated as if that was the date they retired, but they continue to work, draw normal salary and receive retirement benefits. The pension program uses employee contributions that are not credited toward a DROP account from years one through three to assist in funding OP&F benefits.

"This was done as part of the plan design with the goal of making DROP cost neutral," according to the OP&F.

However, employees could see decreases in their lifetime pension benefits if they participate in DROP.

If the established program is deemed not cost neutral, the state law states it can be eliminated.

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Hollington said a huge imbalance exists within the negotiation process. "No one is picking on public employees because they are taking advantage of what's available to them," he said. "If you compare the public sector to the private sector, it's now lopsided. It shows the imbalance in negotiations between public employees and their employers."

Estabrook said cities have an opportunity to retain workers with a lot of skills.

"If the program is eliminated, you are going to lose those particular public safety officers that provide the institutional knowledge and training for young officers," he said. "It's a lot different being on the street than being in the academy. If these (veteran officers) leave, you are going to be short on the experience side."

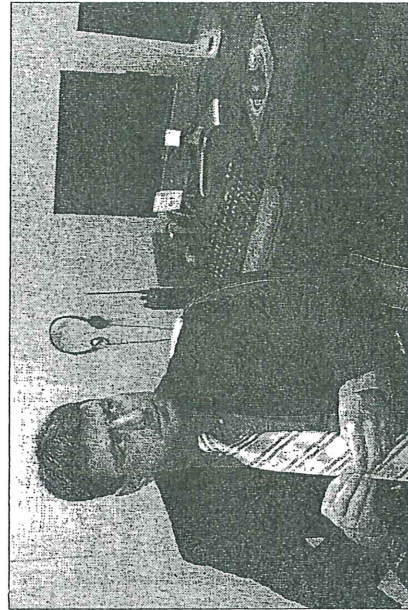
Mentor City Manager Kenneth Filipiak said that most municipalities have very capable and fit officers with years of training who continue to be effective in the community.

"On the other hand," he said. "The limit of 25 years of service allows advancement opportunities for younger officers in both the police and fire division."

The question, he said, in making those decisions to rehire is, "Can the public be served better by retaining that individual?"

There is no cost to the public when employees enter the program, he said. In fact, it's not uncommon for retired employees to come back at a lower salary level.

However, Filipiak said he doesn't



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Willoughby Police Detective Lt. Tom Trem will soon reach his 25th year with the police department and will decide whether to retire or continue working.

Lt. Tom Trem talks about tough choices at [www.News-Herald.com](http://www.News-Herald.com)

tem. "They took my money and invested it, and now it was returned to me when I retired," he said.

Miller compared the retirement system to someone in the military collecting benefits but then finds a job in the private sector.

Mentor Schools Chief Financial Officer Daniel Wilson asked how one draws the line when considering who's hired.

"If you are looking for the best people, you want to look for someone who has experience with a proven track record," he said. "If you want the best, most experienced workers in government, you would shrink your talent pool when you disqualify people like this."

Wilson said as a retiree, he was considered along with others when he applied for the position at Mentor Schools.

"I was blessed with good health and love what I am doing," he said. "I am not going to sit on the front porch when I have a lot of experience in fiscal management. We, over 60, are still productive and able to contribute."

Hollington said that many pension systems are looking to extend and review ages.

"The bill was designed as an approach to deal with double dipping and would be incorporated in the state's pension reform," he said. "It hopes to bring more balance to pension plans and they can be paid when the employees reach the appropriate ages."

agreed with taking that decision out of the hands of the local government. "Many cities control this issue very well," he said.

For officers like Trem, there's an uncertainty and they are waiting to see how things unfold.

"It's nice to have options towards retirement," he said. "I understand it's tough economic conditions for the state and the cities. Some of the recent proposals, however, aren't as well thought out as they could be. There's room for improvement."

Police and firefighters aren't the only ones affected as schools often hire back retired employees.

Hollington proposes to reduce the retirement package for those employees who go back to work.

"Recognizing that it is often desirable to retain and rehire employees after their normal retirement age, the

bill would moderate the compensation package by reducing the employees' retirement by one dollar for each two dollars earned from their continuing job," Hollington said.

Many of the retired employees already at reduced salaries, such as Willoughby-Eastlake Superintendent Keith Miller.

Miller will officially be retired from the district in August, but had been working as a retiree/rehire employee.

"My pay was reduced," Miller said. "I wasn't really ready to give up. I get retirement benefits and also a salary."

In the long run, I was making more money, but the district benefits by maintaining a high level of service. When new people come in, they can cost more."

He said he continues to pay 10 percent of his pay to the retirement sys-