

A Final Word on the DROP Program and Our Report
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Shortly after the release of the Buckeye Institute for Public Policy Solution's report, **"Dipped in Gold: Upper-Management Police and Fire Retirees Become Public-Service Millionaires,"** the Ohio Police and Fire Pension Fund (OPFPF), the Fraternal Order of Police, and the International Association of Fire Fighters went on an aggressive campaign aimed at undermining the report and the work of the Buckeye Institute. From the official written OPFPF response provided to the Ohio Legislature and emailed statewide to union heads appearing on radio, the assault on the Buckeye Institute was extensive, including cowardly anonymous email sent to intimidate us.

To settle the issue, we asked OPFPF to provide us with the highest three-year average salary for all police officers and fire fighters participating in the Deferred Retirement Option Plan (DROP) program so we could run the actual numbers through the formulas (which OPFPF admits are correct) to ascertain whether our report's main thrust regarding upper-management is accurate. To its credit, OPFPF provided us the data.

Upon receiving the data, we analyzed it and then sat down to discuss our findings with William Estabrook, Executive Director, and Kay Penn, Member Services Director, at OPFPF, as well as OPFPF political and governmental consultant, Darryl Dever. The meeting provided a fruitful opportunity to get beyond the rhetoric and exchange of letters and to articulate our respective positions, concerns, and ideas in person. We want to expressly thank Mr. Estabrook, Ms. Penn, and Mr. Devers for their time and thoughts.

Based on our analysis of the data provided by OPFPF, the average highest three-year salary (AHS) for all 3,802 DROP program participants is \$70,863.92, and their average yearly pension (AYP) in their actual first year of retirement is \$54,976.93. If all participants were to participate in the program for eight years, the average DROP lump sum payout (LSP) would be \$546,187.23. When the LSP is combined with the AYP, the result is an average actual retirement sum (ART) of \$601,155.16 in the officer's first year out of the DROP program.

As the results below show, our position – that the DROP program allows upper-management police and fire retirees who remain in the program eight years to retire as near millionaires – is unequivocally supported by the actual data.

If participants remain in the DROP program for eight years,

- Seventy-six upper-management participants will retire with an ART of \$995,097.52, or nearly \$1,000,000. Their AHS is \$112,405.74, their AYP is \$91,398.02, and their LSP is \$903,699.50.

- Twenty-nine participants will retire with an ART of \$1,094,992.80. Their AHS is \$121,002.07, their AYP is \$100,797.77, and their LSP is \$994,195.02.
- Twelve participants will retire with an ART of \$1,181,480.26. Their AHS is \$124,450.44, their AYP is \$109,269.66, and their LSP is \$1,072,210.61.

Whether it is one, twelve, twenty-nine, or seventy-six, Ohio's private sector taxpayers never agreed to a "grand bargain" that allowed government workers to retire as millionaires. With massive deficits accruing at the state and local levels and within the public pensions, reforms must be instituted.

Because of the fierce opposition expressed by the police and fire communities, we do feel it is critical to reiterate our support of and appreciation for the risks they take to keep us safe and secure our communities. Criticism of the DROP program obviously does not equate to criticism of our police officers and firefighters nor is it dismissive of the sacrifices made by them. In our republic, the ability to criticize our government is a fundamental right that we cherish – a right that members of our military fight for and die to protect.

While others may disagree, we fundamentally believe that the public sector compensation system set up in Ohio over the last three decades is overly generous and fails to reflect the realities experienced by private sector Ohioans, especially within the last three years. The DROP program is a part of this larger system that has become too costly. Whether it is the high salaries, arbitrary step increases, unjustified longevity bonuses, overtime pay, reduced health care premium payments, decades of accrued leave payouts, end-of-career salary spiking, employee pension pick-ups, double-dipping schemes, DROP programs, or gold-plated pensions, being a public servant in Ohio today is highly remunerative.

We know most of the Ohioans in this flawed system are not bad, corrupt, or greedy, but merely do what any rational person would do – leverage all of the elements of the system to derive the maximum gain for themselves and their families. It is the system that needs to be reformed. Our government workers should be treated fairly, but not afforded perquisites largely unavailable to the vast majority of Ohioans who don't work for government. With all of the various discrimination, wage, hour, environmental, and health protections in place at the federal and state level, government workers should live and work under the same rules as the rest of us. And, they shouldn't get compensation packages unobtainable to the vast majority of Ohioans whose taxes fund their positions.

As President Ronald Reagan said in his address to the British Parliament on June 8, 1982, "What we see here is a political structure that no longer corresponds to its economic base, a society where productive forces are hampered by political ones." We must reform our government so it supports the private sector, not the other way around.

| Three Year Average Annual Salary | Base Pension | 3% COLA | Pension Payment Year 9 | Total Employee 10% DROP Kept* | DROP Account | Retirement Package |
|----------------------------------|--------------|------------|------------------------|-------------------------------|--------------|--------------------|
| \$110,002.05 | \$66,116.73 | \$1,983.50 | \$81,984.75 | \$74,251.38 | \$818,193.12 | \$900,177.86 |
| \$110,006.10 | \$66,119.17 | \$1,983.57 | \$81,987.77 | \$74,254.12 | \$818,223.24 | \$900,211.01 |
| \$110,250.88 | \$66,282.83 | \$1,988.48 | \$82,190.71 | \$74,419.34 | \$820,225.86 | \$902,416.57 |
| \$103,237.97 | \$66,898.20 | \$2,006.95 | \$82,953.77 | \$69,685.63 | \$821,211.40 | \$904,165.18 |
| \$105,164.47 | \$66,837.28 | \$2,005.12 | \$82,878.23 | \$70,986.02 | \$822,130.29 | \$905,008.51 |
| \$94,352.00 | \$67,678.69 | \$2,030.36 | \$83,921.58 | \$63,687.60 | \$822,468.42 | \$906,390.00 |
| \$102,655.88 | \$67,106.15 | \$2,013.18 | \$83,211.62 | \$69,292.72 | \$823,019.13 | \$906,230.75 |
| \$101,843.47 | \$67,170.86 | \$2,015.13 | \$83,291.87 | \$68,744.34 | \$823,060.94 | \$906,352.81 |
| \$97,910.00 | \$67,528.53 | \$2,025.86 | \$83,735.37 | \$66,089.25 | \$823,751.34 | \$907,486.72 |
| \$69,222.00 | \$69,703.09 | \$2,091.09 | \$86,431.84 | \$46,724.85 | \$824,011.53 | \$910,443.36 |
| \$110,902.70 | \$66,658.07 | \$1,999.74 | \$82,656.00 | \$74,859.32 | \$824,892.13 | \$907,548.14 |
| \$99,465.07 | \$67,869.99 | \$2,036.10 | \$84,158.79 | \$67,138.92 | \$828,791.12 | \$912,949.90 |
| \$108,255.00 | \$67,323.78 | \$2,019.71 | \$83,481.49 | \$73,072.13 | \$830,032.53 | \$913,514.02 |
| \$111,765.94 | \$67,143.39 | \$2,014.30 | \$83,257.80 | \$75,442.01 | \$830,943.98 | \$914,201.79 |
| \$110,892.72 | \$67,300.79 | \$2,019.02 | \$83,452.98 | \$74,852.59 | \$831,955.47 | \$915,408.45 |
| \$103,314.30 | \$67,923.99 | \$2,037.72 | \$84,225.74 | \$69,737.15 | \$832,560.54 | \$916,786.28 |
| \$111,423.71 | \$67,405.77 | \$2,022.17 | \$83,583.16 | \$75,211.00 | \$833,548.56 | \$917,131.72 |
| \$106,170.20 | \$67,922.39 | \$2,037.67 | \$84,223.76 | \$71,664.89 | \$834,898.83 | \$919,122.59 |
| \$102,885.13 | \$68,274.57 | \$2,048.24 | \$84,660.47 | \$69,447.46 | \$836,063.82 | \$920,724.29 |
| \$107,026.28 | \$68,004.50 | \$2,040.13 | \$84,325.58 | \$72,242.74 | \$836,508.48 | \$920,834.06 |
| \$101,406.00 | \$68,662.00 | \$2,059.86 | \$85,140.88 | \$68,449.05 | \$839,106.35 | \$924,247.24 |
| \$109,703.64 | \$68,257.60 | \$2,047.73 | \$84,639.43 | \$74,049.96 | \$841,501.91 | \$926,141.34 |
| \$109,725.00 | \$68,270.90 | \$2,048.13 | \$84,655.91 | \$74,064.38 | \$841,665.75 | \$926,321.66 |
| \$108,769.85 | \$68,998.15 | \$2,069.94 | \$85,557.71 | \$73,419.65 | \$848,879.50 | \$934,437.21 |
| \$97,898.00 | \$69,884.49 | \$2,096.53 | \$86,656.76 | \$66,081.15 | \$849,662.90 | \$936,319.67 |
| \$114,453.52 | \$68,672.11 | \$2,060.16 | \$85,153.42 | \$77,256.13 | \$849,980.82 | \$935,134.24 |
| \$112,590.30 | \$69,057.26 | \$2,071.72 | \$85,631.00 | \$75,998.45 | \$852,681.40 | \$938,312.41 |
| \$114,655.55 | \$68,913.72 | \$2,067.41 | \$85,453.01 | \$77,392.50 | \$852,805.76 | \$938,258.77 |
| \$103,526.19 | \$69,818.06 | \$2,094.54 | \$86,574.40 | \$69,880.18 | \$853,574.91 | \$940,149.31 |
| \$107,075.00 | \$69,770.07 | \$2,093.10 | \$86,514.89 | \$72,275.63 | \$855,974.38 | \$942,489.26 |
| \$114,996.00 | \$69,187.34 | \$2,075.62 | \$85,792.31 | \$77,622.30 | \$856,097.17 | \$941,889.47 |
| \$115,366.78 | \$69,323.90 | \$2,079.72 | \$85,961.63 | \$77,872.58 | \$857,905.48 | \$943,867.11 |
| \$105,429.00 | \$70,152.46 | \$2,104.57 | \$86,989.05 | \$71,164.58 | \$858,823.76 | \$945,812.80 |
| \$115,561.38 | \$69,440.83 | \$2,083.22 | \$86,106.63 | \$78,003.93 | \$859,352.59 | \$945,459.22 |
| \$115,875.47 | \$69,629.57 | \$2,088.89 | \$86,340.67 | \$78,215.94 | \$861,688.26 | \$948,028.93 |
| \$92,799.91 | \$71,381.69 | \$2,141.45 | \$88,513.30 | \$62,639.94 | \$861,930.34 | \$950,443.64 |
| \$106,054.00 | \$70,488.79 | \$2,114.66 | \$87,406.10 | \$71,586.45 | \$863,039.86 | \$950,445.96 |
| \$116,546.85 | \$69,945.59 | \$2,098.37 | \$86,732.53 | \$78,669.12 | \$865,719.14 | \$952,451.67 |
| \$96,328.00 | \$71,480.19 | \$2,144.41 | \$88,635.44 | \$65,021.40 | \$865,924.52 | \$954,559.96 |

| | | | | | | |
|--------------|--------------|------------|--------------|--------------|----------------|----------------|
| \$112,549.73 | \$70,264.80 | \$2,107.94 | \$87,128.35 | \$75,971.07 | \$865,933.85 | \$953,062.20 |
| \$114,675.56 | \$70,456.66 | \$2,113.70 | \$87,366.26 | \$77,406.00 | \$869,798.53 | \$957,164.79 |
| \$113,440.07 | \$70,718.54 | \$2,121.56 | \$87,690.99 | \$76,572.05 | \$871,660.63 | \$959,351.62 |
| \$105,356.50 | \$71,652.96 | \$2,149.59 | \$88,849.67 | \$71,115.64 | \$875,273.20 | \$964,122.86 |
| \$119,614.32 | \$72,163.32 | \$2,164.90 | \$89,482.52 | \$80,739.67 | \$892,650.12 | \$982,132.64 |
| \$109,623.00 | \$73,551.55 | \$2,206.55 | \$91,203.92 | \$73,995.53 | \$899,682.05 | \$990,885.98 |
| \$104,012.00 | \$74,030.54 | \$2,220.92 | \$91,797.87 | \$70,208.10 | \$900,323.47 | \$992,121.34 |
| \$118,968.59 | \$73,005.08 | \$2,190.15 | \$90,526.29 | \$80,303.80 | \$901,378.87 | \$991,905.16 |
| \$110,708.49 | \$74,263.26 | \$2,227.90 | \$92,086.44 | \$74,728.23 | \$908,408.02 | \$1,000,494.46 |
| \$112,684.00 | \$74,151.71 | \$2,224.55 | \$91,948.12 | \$76,061.70 | \$908,810.35 | \$1,000,758.47 |
| \$117,557.71 | \$73,814.49 | \$2,214.43 | \$91,529.96 | \$79,351.45 | \$909,120.54 | \$1,000,650.50 |
| \$117,197.86 | \$73,957.71 | \$2,218.73 | \$91,707.56 | \$79,108.56 | \$910,399.51 | \$1,002,107.07 |
| \$103,733.48 | \$75,326.07 | \$2,259.78 | \$93,404.32 | \$70,020.10 | \$914,347.74 | \$1,007,752.06 |
| \$124,421.98 | \$74,653.19 | \$2,239.60 | \$92,569.95 | \$83,984.84 | \$924,010.88 | \$1,016,580.83 |
| \$119,726.96 | \$75,068.80 | \$2,252.06 | \$93,085.32 | \$80,815.70 | \$924,710.65 | \$1,017,795.96 |
| \$115,606.61 | \$75,381.29 | \$2,261.44 | \$93,472.80 | \$78,034.46 | \$924,749.79 | \$1,018,222.59 |
| \$107,180.56 | \$77,266.47 | \$2,317.99 | \$95,810.42 | \$72,346.88 | \$938,540.57 | \$1,034,350.99 |
| \$111,611.00 | \$77,882.16 | \$2,336.46 | \$96,573.87 | \$75,337.43 | \$948,969.49 | \$1,045,543.36 |
| \$116,977.06 | \$77,748.80 | \$2,332.46 | \$96,408.52 | \$78,959.52 | \$951,928.88 | \$1,048,337.39 |
| \$125,464.89 | \$77,424.38 | \$2,322.73 | \$96,006.24 | \$84,688.80 | \$955,361.29 | \$1,051,367.52 |
| \$128,565.58 | \$77,274.34 | \$2,318.23 | \$95,820.18 | \$86,781.77 | \$956,268.29 | \$1,052,088.48 |
| \$126,000.56 | \$77,622.64 | \$2,328.68 | \$96,252.08 | \$85,050.38 | \$957,984.55 | \$1,054,236.63 |
| \$124,350.58 | \$78,956.40 | \$2,368.69 | \$97,905.94 | \$83,936.64 | \$971,298.09 | \$1,069,204.02 |
| \$125,015.29 | \$79,303.45 | \$2,379.10 | \$98,336.28 | \$84,385.32 | \$975,664.82 | \$1,074,001.10 |
| \$128,851.98 | \$79,823.80 | \$2,394.71 | \$98,981.51 | \$86,975.09 | \$984,554.99 | \$1,083,536.50 |
| \$116,055.00 | \$82,584.74 | \$2,477.54 | \$102,405.08 | \$78,337.13 | \$1,004,375.64 | \$1,106,780.71 |
| \$101,396.49 | \$84,382.16 | \$2,531.46 | \$104,633.88 | \$68,442.63 | \$1,012,059.58 | \$1,116,693.45 |
| \$108,419.00 | \$84,111.46 | \$2,523.34 | \$104,298.21 | \$73,182.83 | \$1,014,874.26 | \$1,119,172.48 |
| \$127,700.87 | \$82,826.78 | \$2,484.80 | \$102,705.21 | \$86,198.09 | \$1,016,645.73 | \$1,119,350.95 |
| \$127,865.90 | \$86,424.56 | \$2,592.74 | \$107,166.46 | \$86,309.48 | \$1,056,366.43 | \$1,163,532.89 |
| \$135,698.01 | \$86,161.45 | \$2,584.84 | \$106,840.20 | \$91,596.16 | \$1,059,932.47 | \$1,166,772.67 |
| \$125,785.93 | \$87,396.06 | \$2,621.88 | \$108,371.12 | \$84,905.50 | \$1,065,339.57 | \$1,173,710.69 |
| \$136,638.12 | \$86,717.38 | \$2,601.52 | \$107,529.55 | \$92,230.73 | \$1,066,824.63 | \$1,174,354.18 |
| \$101,328.00 | \$89,629.68 | \$2,688.89 | \$111,140.81 | \$68,396.40 | \$1,069,738.97 | \$1,180,879.77 |
| \$125,821.00 | \$87,930.01 | \$2,637.90 | \$109,033.21 | \$84,929.18 | \$1,071,243.19 | \$1,180,276.40 |
| \$137,479.00 | \$98,696.17 | \$2,960.89 | \$122,383.26 | \$92,798.33 | \$1,199,314.98 | \$1,321,698.23 |
| \$149,217.98 | \$100,587.84 | \$3,017.64 | \$124,728.92 | \$100,722.14 | \$1,229,811.83 | \$1,354,540.76 |
| \$70,863.92 | Average All | | \$54,967.93 | | \$546,187.23 | \$601,155.16 |
| \$69,353.84 | Median All | | \$53,576.39 | | \$532,829.44 | \$586,470.28 |
| \$124,450.44 | Average 12 | | \$109,269.66 | | \$1,072,210.61 | \$1,181,480.26 |
| \$126,760.94 | Median 12 | | \$107,348.01 | | \$1,062,636.02 | \$1,170,241.68 |
| \$121,002.07 | Average 29 | | \$100,797.77 | | \$994,195.02 | \$1,094,992.80 |
| \$124,350.58 | Median 29 | | \$97,905.94 | | \$971,298.09 | \$1,069,204.02 |
| \$112,405.34 | Average 76 | | \$91,398.02 | | \$903,699.50 | \$995,097.52 |
| \$111,163.21 | Median 76 | | \$87,386.18 | | \$865,821.83 | \$952,756.94 |

* This column represents the portion of the employee contribution to OPFPF that is credited to each public safety officer's DROP account. The employee contribution to DROP is equal to 10 percent of the employee's salary. In years one and two of DROP, 50 percent of the employee contribution is credited to the individual's DROP account. In year three, 75 percent of the employee contribution is credited to DROP, and in years four through eight, 100 percent of the employee's contribution to the pension fund is credited to his DROP account.