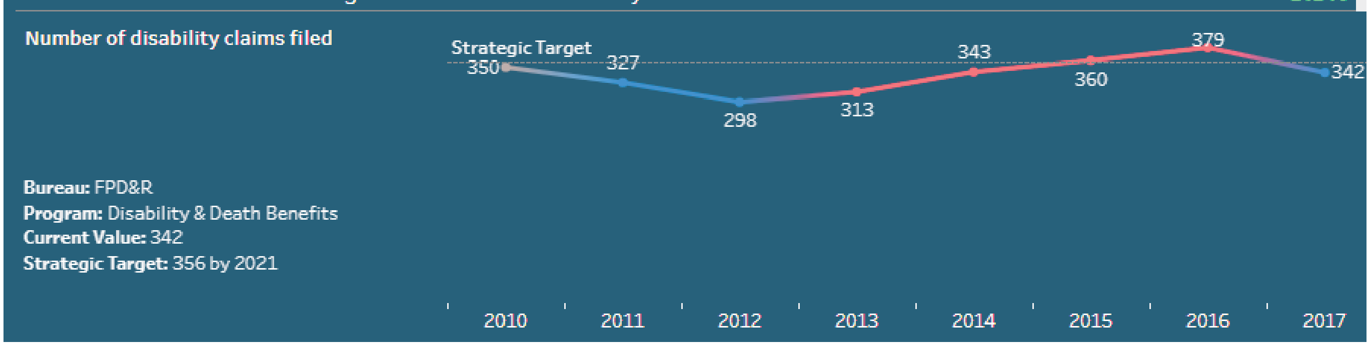
# Bureau of Fire and Police Disability & Retirement

Analysis by Ryan Kinsella

The Bureau of Fire & Police Disability & Retirement (FPDR) ended FY 2016-17 within appropriations as there were adequate tax receipts to meet obligations for benefits payments and bureau operating expenses. There were no significant projects or expenses to note in FY 2016-17.

## Bureau Performance

| FPD&R | | |
|---|---|---|
| | Administrative cost as a percentage of bureau budget | 1.41% |
| | FPDR tax levy rate (per $1,000 of Real Market Value) | $1.14 |
| | Number of disability claims filed | 342 |
| | Number of FPDR 2 retirements from active service | 57 |
| | Percent of workforce who are FPDR 3 | 35% |
| | Percentage of workforce on disability at June 30 | 3.3% |




https://www.portlandoregon.gov/cbo/article/655039

The bureau’s six Key Performance Measures (KPMs) together provide a complete picture of the effectiveness and sustainability of the operation for FPDR. The bureau’s KPMs include measures where FPDR has influence but not direct control of the outcomes, workload measures, and measures where the bureau has greater control over the outcomes. Overall, the bureau’s KPMs are trending positively towards future goals and strategic targets.

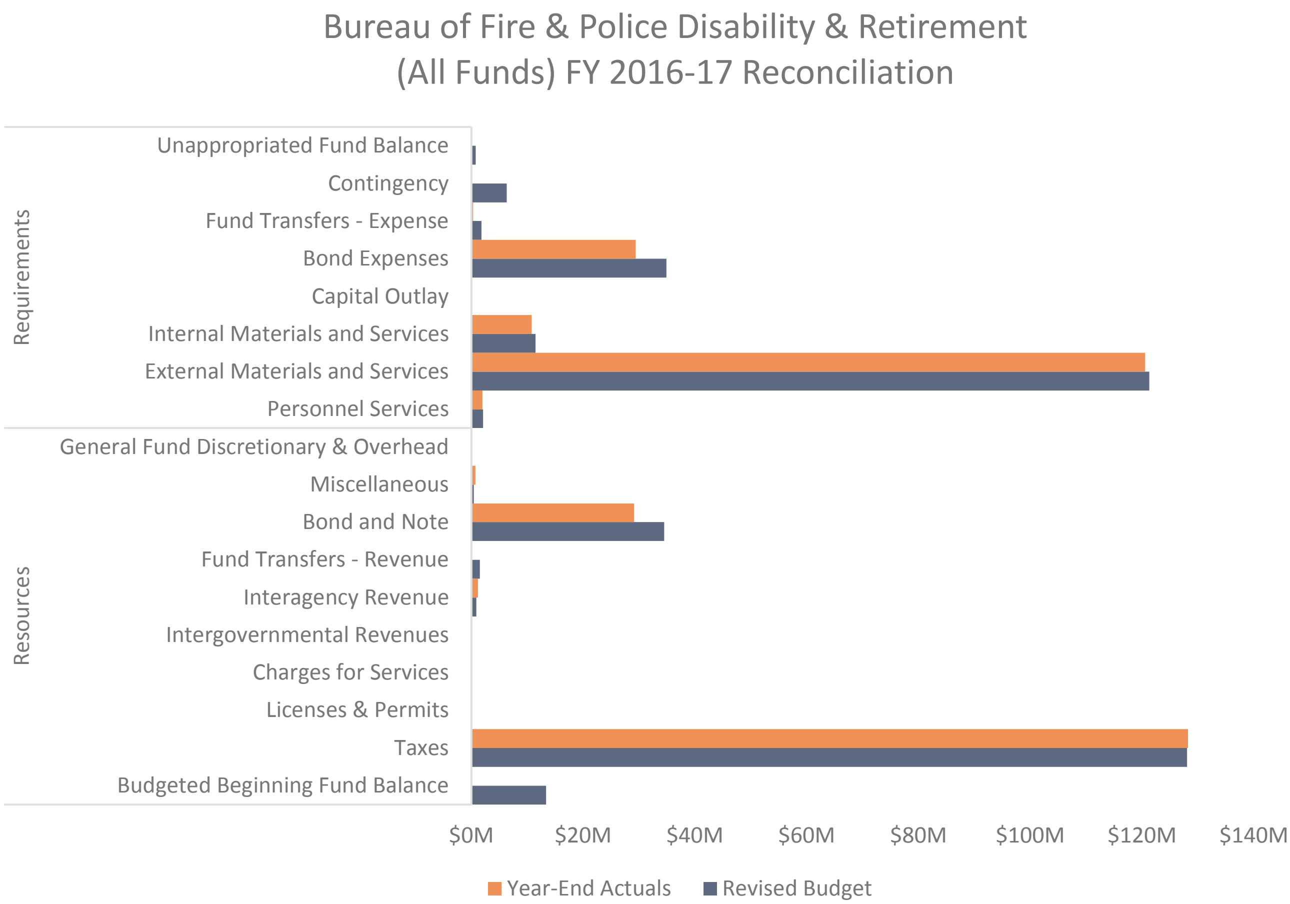
Highlights include:

- The number of disability claims filed decreased by 9.7% to 342 in FY 2016-17, when compared to the close of FY 2015-16. The bureau’s strategic target is 356 claims per year.

- While the number of disability claims has decreased, the percent of the workforce on disability as of June 30 has marginally decreased from 3.4% in FY 2015-16 to 3.3% in FY 2016-17, which is below the bureau's current year target of 4.0%.
- As the Portland Police Bureau and Portland Fire & Rescue are hiring new personnel to fill vacancies created through attrition, the percent of the workforce on FPDR 3 is anticipated to continue to increase accordingly. The target for FY 2017-18 is 43% which appears reasonable given the hiring goals of both public safety bureaus.
- FPDR projects the City will experience an increased number of retirements from FPDR 2 members due to the number of members reaching retirement eligibility. In FY 2016-17, there were 57 retirement separations. This is consistent with the projected retirement separations provided by Portland Police Bureau and Portland Fire & Rescue for a continued trend into FY 2016-17 of separations for retirement.
- The bureau reports to the public that administrative costs for managing FPDR are kept within, and often below, the target amount.

In January 2017, FPDR completed its biennial update to the actuarial valuation and levy adequacy analysis. As a result of this analysis, the forecasted pension liability increased due to a change in the discount rate, a change in COLA assumptions for FPDR Two retirees, and longer mortality assumptions. However, growth in Real Market Value (RMV) has lessened the probability of fund expenses exceeding the levy limits and reduced the degree to which the FPDR levy will compress other general government levies. Over the long-term, there remains a period between 2020 and the early 2030s during which FPDR will incur the full pension costs of One and Two retirees and disability costs for current employees while also prefunding the pension costs (via PERS) of Tier Three employees. As noted in previous analyses, there is a very low possibility (2.6%, down from 4.0% in 2014 analysis) that FPDR fund costs may exceed tax capacity during this period. Most likely this would be funded with issuance of pension obligation bonds until costs of One and Two pensions decrease, allowing for a smoothing of this tax rate.

# Bureau Finances: Budget-to-Actuals and Key Issues




All expenses ended the fiscal year within budget. Claims and pension payments are the largest expense category for FPDR. Personnel services ended the year with less than 5% of budget remaining, mostly due to the bureau operating throughout the year with a low number of vacant positions.

The primary revenue source for FPDR is the receipt of dedicated property taxes and the funds received from the Tax Anticipation Notes (TANs) which are issued in July of each year and repaid the following June. Property tax collections met projection, with revenues exceeding budget by $125,734. The TANs are issued in the summer prior to the collection of property taxes to ensure the bureau has adequate cash flow throughout the year. The amount of the TAN is an estimate and therefore may not match the exact amount issued. FPDR did not require the transfer from FPDR Reserve Fund (budgeted at $750,000) but did utilize TAN proceeds to maintain a positive cash balance in FY 2016-17. Interagency revenues for FPDR are primarily due to pension and disability overhead charges collected by the Portland Police Bureau and Portland Fire & Rescue when sworn employees' salaries are paid by third parties (such as TriMet); those receipts are then passed to FPDR.