

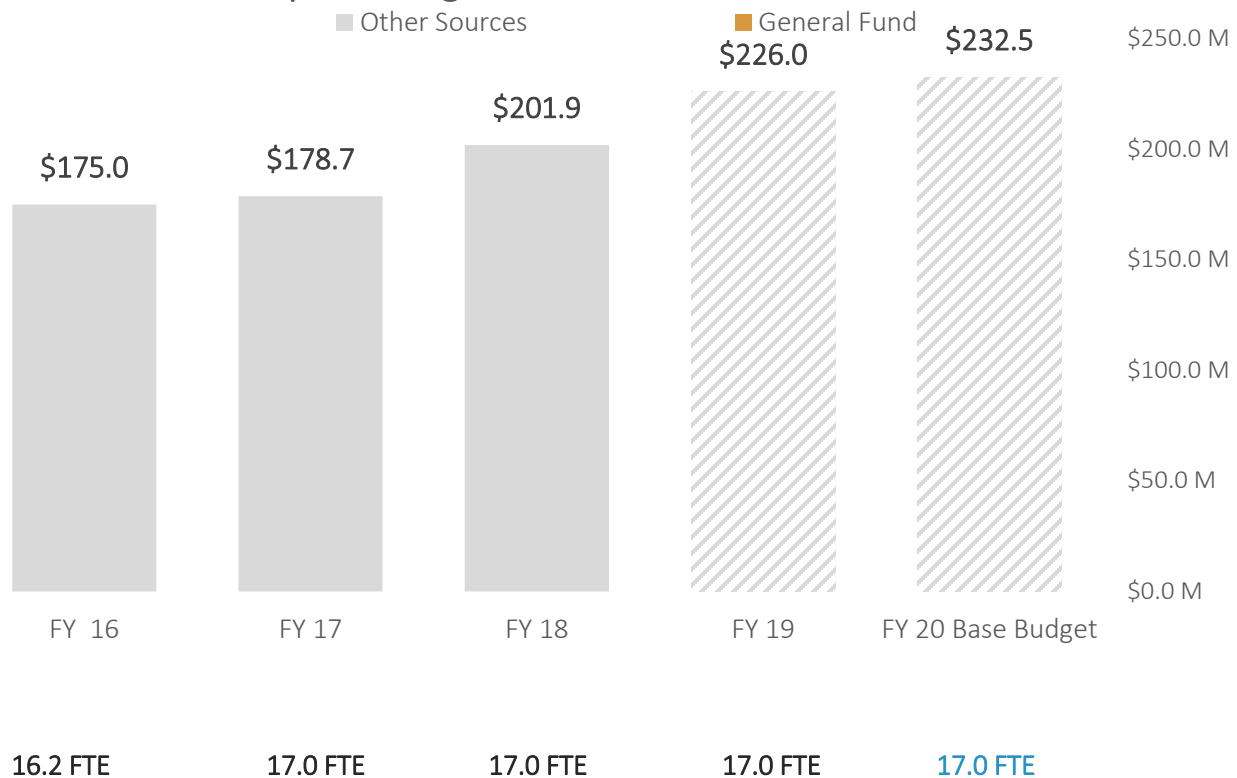


**City
Budget
Office**

Fire & Police Disability & Retirement

Analysis by Josh Harwood

Adopted Budget Revenues - 5-Year Lookback



INTRODUCTION

Fire & Police Disability & Retirement (FPDR) is a pay-as-you-go retirement system for the City’s sworn public safety employees in the Police Bureau and Portland Fire & Rescue; and, from a public financing perspective, is unique in the nation. Per City charter, it is required to levy property taxes sufficient to fund the retirement costs related to Portland police officers and fire fighters.

BASE BUDGET KEY ISSUES

The FPDR system is funded with property taxes that are levied annually to cover the current year

costs. The amount that may be levied is subject to a cap that is equal to \$2.80 per \$1,000 in real market value. The actual levy rate has fluctuated at less than half of the cap in recent years. Because there is a cap in the amount of revenue that can be collected through property taxes, FPDR contracts out a study every two years to anticipate the likelihood that the cap could be reached. The latest study was presented in January 2019¹ and, largely due to rapidly increasing market values, it found that there is roughly a 1% chance that the cap could be reached within the next 20 years. Because the real market value of property in Portland has increased dramatically – by nearly 50% in just the last three years – it is becoming increasingly unlikely that this will be an issue.

In fact, as Portland continues to grow, at least in terms of its property tax base, the impact of the levy is lessened. Similarly, over the next decade most of Portland’s urban renewal areas will return a significant amount on assessed value back onto the tax rolls. To the extent the growth exceeds increasing costs, individual taxpayers could see a decrease in the actual amount paid to FPDR, even as the system continues to require more property tax revenue overall.

SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of FPDR’s total budget.

	Revised FY 2018-19	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	\$ 12,929,404	\$ 18,241,801	\$ -	\$ -	\$ 18,241,801
Taxes	151,442,839	156,343,417	-	-	156,343,417
Interagency Revenue	1,290,000	1,594,954	-	-	1,594,954
Fund Transfers - Revenue	1,500,000	1,500,000	-	-	1,500,000
Bond and Note	57,700,000	52,900,000	-	-	52,900,000
Miscellaneous	1,143,400	1,958,200	-	-	1,958,200
Total Resources	\$226,005,643	\$232,538,372	\$0		\$232,538,372
Requirements					
Personnel Services	\$ 2,250,600	\$ 2,494,800	\$ -	\$ -	\$ 2,494,800
External Materials and Services	134,472,872	138,804,707	-	-	138,804,707
Internal Materials and Services	17,452,965	23,077,391	-	-	23,077,391
Capital Outlay	42,850	50,000	-	-	50,000
Bond Expenses	58,593,081	54,206,581	-	-	54,206,581
Fund Transfers - Expense	1,669,150	1,644,893	-	-	1,644,893
Contingency	10,774,125	11,510,000	-	-	11,510,000
Unappropriated Fund Balance	750,000	750,000	-	-	750,000
Total Requirements	\$226,005,643	\$232,538,372	\$0		\$232,538,372

¹ <https://www.portlandoregon.gov/fpdr/article/712886>