

Bureau of Fire and Police Disability and Retirement



FY 2020-21 Budget Work Session
March 10, 2020

Director Sam Hutchison
Commissioner Jo Ann Hardesty

Goals

- Long-term mission and core goals remain the same:
 - ✓ Provide pension and disability benefits in timely and compassionate manner
 - ✓ Be exemplary stewards of the public's tax dollars
- Strategic goal: Become a 21st century organization
 - ✓ Use the modern digital environment to maximize efficiency and security
 - ✓ Meet growing expectations for speed, convenience and customer service

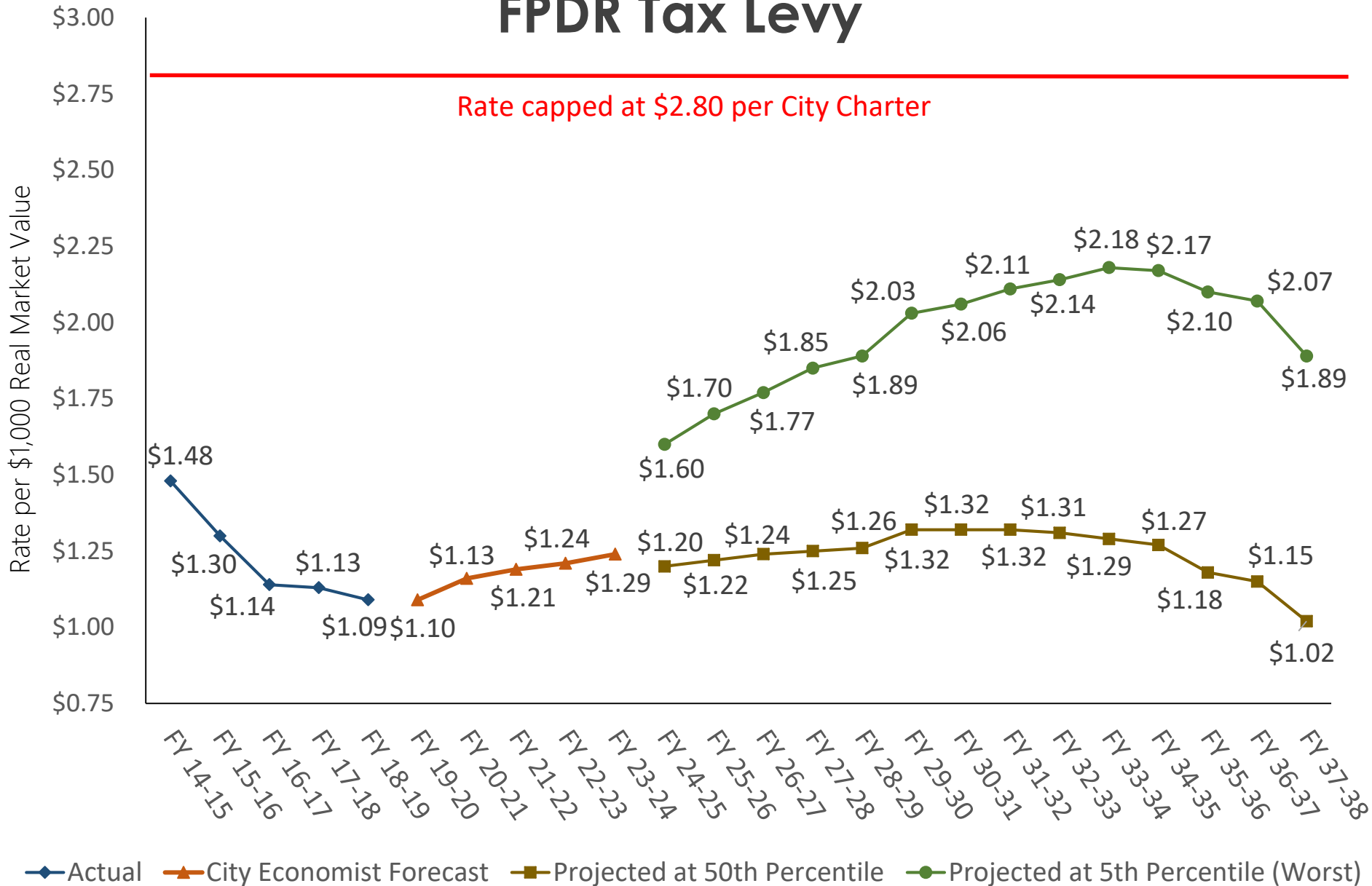
Challenges and Risks

- Ensuring financial health of FPDR and tax levy as City funds pensions for two generations of sworn employees simultaneously
- Administering FPDR benefits when sworn labor contracts lapse
- Absorbing growth in sworn wages and PERS contribution rates

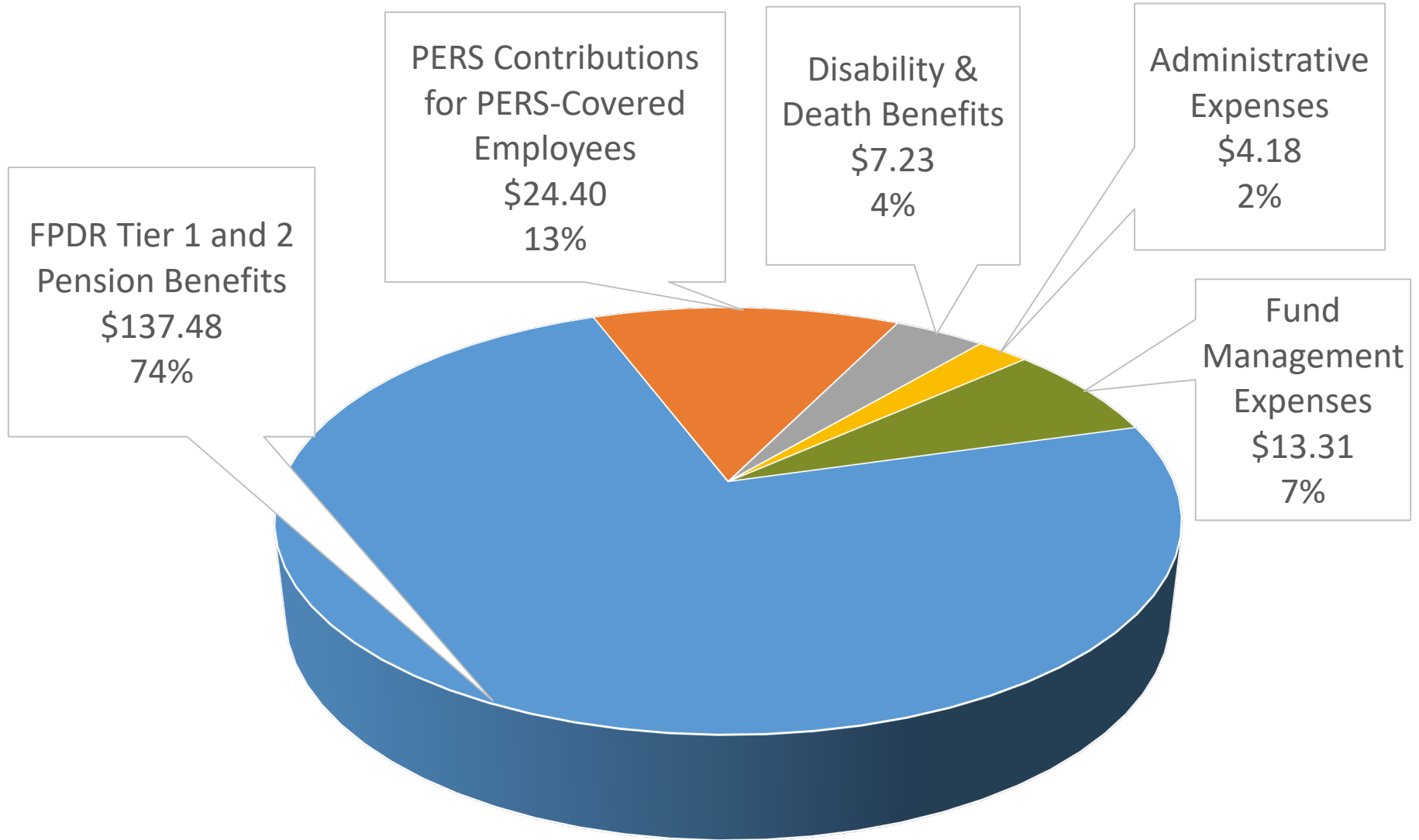
Decision Points for Council

- None

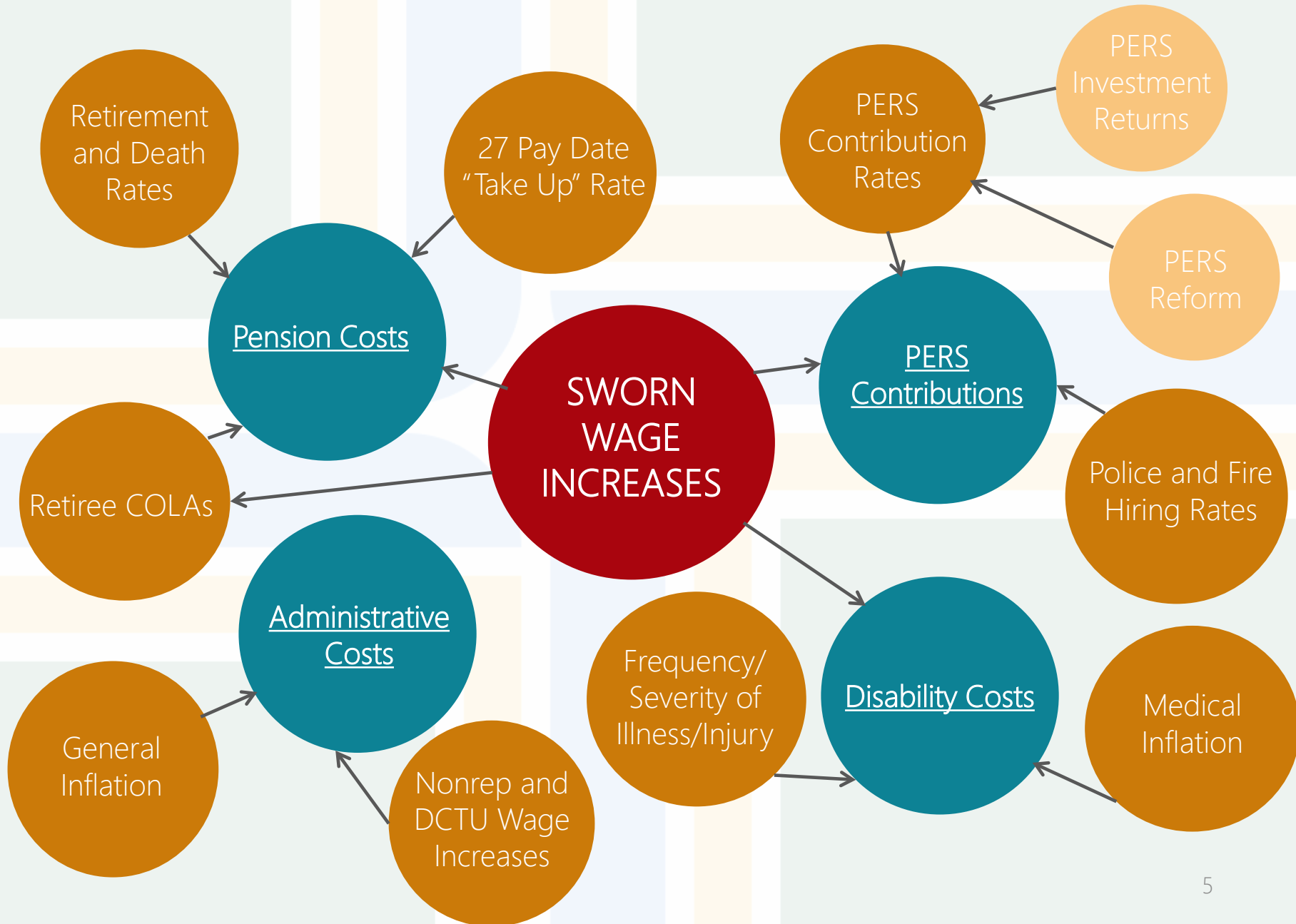
Adequacy of FPDR Tax Levy



FY 2020-21 Budgeted Expenses (\$ Millions)



Key Cost Drivers



Key Take-Aways for FY 2020-21 Budget and Forecast



PENSION COSTS CONTINUE TO GROW

- FPDR Tier 2 pension costs growing 7.7% for FY 2020-21, as number of FPDR 2 retirees and final pay grows
- PERS contribution costs growing 16.9% for FY 2020-21, as number of PERS-covered employees and sworn pay increase



MOST OTHER COSTS ARE STABLE OR DECLINING

- Disability costs growing only with inflation (or less)
- Administrative costs growing only with inflation
- FPDR Tier 1 pension costs declining 3.5% for FY 2020-21, as FPDR 1 retirees and their spouses pass away



MORE UNCERTAINTY THAN USUAL

- Indeterminate wage growth in FY 2020-21 (and beyond) because of open labor contracts
- Can Police Bureau hire as fast as projected in FY 2020-21?
- Legal issues make PERS rates past FY 2020-21 hard to predict