



# Police Bureau

Analysis by Katie Shifley

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
<b>Expenses</b>	<b>\$230,278,205</b>	<b>\$144,326,010</b>	<b>\$85,952,195</b>	<b>37%</b>
<b>Operating Expenses</b>	<b>\$226,243,205</b>	<b>\$144,111,671</b>	<b>\$82,131,534</b>	<b>36%</b>
Personnel	\$169,011,051	\$118,723,912	\$50,287,139	30%
External Materials and Services	\$21,146,376	\$3,859,155	\$17,287,221	82%
Internal Materials and Services	\$36,614,783	\$21,347,408	\$15,267,375	42%
Capital Outlay	(\$529,005)	\$181,196	(\$710,201)	134%
<b>Capital Expenses</b>	<b>\$3,035,000</b>	<b>\$214,339</b>	<b>\$2,820,661</b>	<b>93%</b>
Capital Outlay	\$3,035,000	\$0	\$3,035,000	100%
<b>Fund Level Expenses</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>100%</b>
Fund Transfers - Expense	\$1,000,000	\$0	\$1,000,000	100%
<b>Revenue</b>	<b>\$230,278,205</b>	<b>\$11,013,609</b>	<b>\$219,264,596</b>	<b>95%</b>
<b>External Revenue</b>	<b>\$11,728,755</b>	<b>\$7,406,187</b>	<b>\$4,322,568</b>	<b>37%</b>
Charges for Services	\$2,489,609	\$1,035,775	\$1,453,834	58%
Intergovernmental	\$7,224,299	\$5,191,678	\$2,032,621	28%
Licenses & Permits	\$1,400,000	\$626,127	\$773,873	55%
Miscellaneous	\$614,847	\$552,606	\$62,241	10%
<b>Internal Revenue</b>	<b>\$24,741,921</b>	<b>\$3,607,422</b>	<b>\$21,134,499</b>	<b>85%</b>
Beginning Fund Balance	\$5,846,725	\$0	\$5,846,725	100%
Fund Transfers - Revenue	\$4,171,121	\$0	\$4,171,121	100%
Interagency Revenue	\$14,724,075	\$3,607,422	\$11,116,653	75%
<b>General Fund Allocation</b>	<b>\$193,807,529</b>	<b>\$0</b>	<b>\$193,807,529</b>	<b>100%</b>
General Fund Discretionary	\$193,807,529	\$0	\$193,807,529	100%

Figure 1. This table shows the Police Bureau's budget across the General Fund, Grants Fund, Police Special Revenue Fund, the General Reserve sub-fund for Technology Replacement.

## INTRODUCTION

Two-thirds through the fiscal year, the Police Bureau has expended 65% of its budgeted expenses in the General Fund and has collected about 33% of its budgeted non-General Fund discretionary revenues. CBO and Police Bureau year-end projections indicate that the Police Bureau is likely to over-expend its personnel budget, though by less than projected in the Fall BMP due to the bureau's efforts to curtail overtime spending via internal restructuring. Barring material changes in the bureau's current overtime trends, it is anticipated that this over-expenditure will be offset by underspending in materials & services and the bureau will end the year within budget. External revenues for records requests and radar/red light enforcement are projected to come in under budget, as are interagency revenues from Fire & Police Disability & Retirement (FPDR). **CBO anticipates that the bureau will end the year within budget by constraining its external materials and services budget, but does not expect that the bureau will substantially underspend its General Fund discretionary allocation.**

## KEY DECISIONS FOR COUNCIL

### Compensation Set-aside

- The Police Bureau requests \$849,608 in new General Fund resources from Compensation Set-Aside.
- The Police Bureau's personnel expenses are currently on track to exceed budget by about \$4.5 million. This variance is driven by higher-than-budgeted payouts, overtime, and benefit costs. See Current Year Budget Monitoring section for additional information.
- While the resources in Compensation Set-Aside are specifically for healthcare benefit cost increases, this is an available resource to support anticipated overspending on personnel. The bureau is making adjustments as part of the Spring BMP to realign available resources to cover higher-than-anticipated personnel costs, but this allocation of Compensation Set-Aside resources is likely warranted to ensure the bureau ends the year within budget. Not allocating these resources would put greater pressure on the bureau's already-constrained external materials & services expenditures and create greater uncertainty about the bureau's ability to end the year within budget should overtime costs increase more than anticipated during the remainder of the year.
- **CBO recommends this request to allocate \$849,608 in resources from Compensation Set-Aside to ensure the Police Bureau does not over-expend its General Fund allocation.**

### New Non-GF Requests

#### Spring BMP Grant Appropriations

- The Police Bureau is requesting to appropriate resources in the Grants Fund totaling \$1,208,504 to align with anticipated spending in the current year with existing grant awards.
- These appropriations are spread across several multi-year grants, with the largest dollar values associated with grants for Sexual Assault Kit Initiative, community-based crime reduction efforts in Parkrose, crime victim support, and COVID-19 related expenses.
- **CBO recommends these appropriations be made in order to align current year grant-supported spending with allocations of awarded grant revenues.**

#### New Revenue Recognition

- The Police Bureau is requesting to recognize new non-General Fund discretionary revenues totaling \$307,716.
- This request is comprised of two components. The first is to increase intergovernmental revenue in the Police Special Revenue Fund by \$297,716 to match budgeted revenues with actual revenues from RegJIN partner jurisdictions. The second is to recognize \$10,000 in interagency revenue from FPDR to support a wellness program in the Police Bureau.
- **CBO recommends the request to recognize new revenue, as these actions are technical in nature and will align budgeted revenue with actual revenues received.**

### Technical Adjustments

- The Police Bureau submitted net zero technical adjustments to realign expenditures across major object categories.

- These actions reduce interagency expenses with CityFleet and FPDR by \$2,025,000, in alignment with expected actual costs. This reduction is offset by an increased in personnel expenses for payouts, a line item where the bureau has already exceeded budget.
- **CBO recommends these technical adjustments in order to better align budget with actual expenses.**

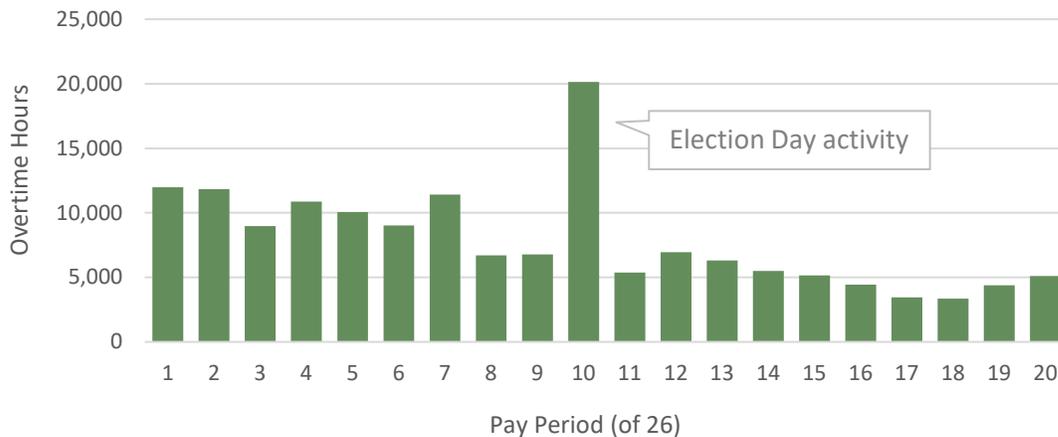
## CURRENT YEAR BUDGET MONITORING

	Police Bureau General Fund Projections			
	FY 2020-21 Revised Budget	Year-to-Date Actuals	CBO Projection (as of February 2021)	Projection as a % of Budget
<b>Expenses</b>				
Personnel	\$166,991,933	\$118,248,936	\$171,601,010	102.8%
Internal Materials and Services	\$36,349,783	\$21,330,735	\$32,730,735	90.0%
External Materials and Services	\$13,902,326	\$3,757,597	\$9,657,597	69.5%
Capital Outlay	\$2,405,995	\$132,258	\$132,258	5.5%
Total:	\$219,650,037	\$143,469,526	\$214,121,601	97.5%
<b>Revenues</b>				
General Fund Discretionary	\$193,807,529	\$0	\$194,171,911	100.2%
Charges for Services	\$2,489,609	\$1,035,775	\$1,335,775	53.7%
Fund Transfers	\$4,171,121	\$0	\$1,765,121	42.3%
Interagency Revenue	\$14,724,075	\$3,607,422	\$12,724,075	86.4%
Intergovernmental	\$2,485,613	\$2,669,353	\$2,669,353	107.4%
Licenses & Permits	\$1,400,000	\$626,127	\$703,752	50.3%
Miscellaneous	\$572,090	\$496,256	\$751,614	131.4%
Total:	\$219,650,037	\$8,434,934	\$214,121,601	97.5%

The City Budget Office and the Police Bureau's finance team have been closely monitoring the bureau's budget throughout the course of the year. During the Fall BMP, overtime spending trends related to demonstration and protest coverage were generating significant concern that the bureau may not end the year within budget. In recent months, with fewer demonstrations and the implementation of staff reorganizations to assign more officers to patrol, overtime spending has trended downward in recent months:

## Police Bureau FY 2020-21 Overtime Trends

*(overtime hours worked in General Fund, by pay period)*



The Police Bureau’s current year budget picture is informed by decisions made during FY 2020-21 budget development. In January of last year the Police Bureau submitted a FY 2020-21 Requested Budget that assumed an average vacancy load of about 70 sworn members, and redirected about \$7 million in projected vacancy savings (payroll and benefit costs) to support run-rate expenses for premium pay, overtime, and payouts. CBO noted this in the FY 2020-21 review of the Police Bureau’s budget, along with concerns about relying on vacancy savings to augment typical operational expenses. Late-stage changes during the FY 2020-21 budget process reduced the Police Bureau’s budget by about \$15 million and eliminated 84.0 positions. Operationally, the bureau eliminated all of its vacant positions in the early months of FY 2020-21. The loss of this ‘vacancy cushion’ to support known personnel expenses, in addition to atypically high overtime expenses in the first half of the year, have complicated the bureau’s current year financial picture.

The Police Bureau has experienced significant additional attrition year-to-date. Over 100 sworn members have retired or otherwise separated since the beginning of the year, with most occurring in August and January around 27 pay period lookbacks<sup>1</sup>. The vacant positions are generating savings, but these savings have been largely offset by higher-than-budgeted payouts (for retirees and for comp time) incurred in this fiscal year, as well as to solve for anticipated-then-eliminated \$7 million in vacancy savings that was expected to support run-rate personnel costs.

The Police Bureau has also incurred unbudgeted staff time costs related to the City’s polices around bereavement and the Families First Coronavirus Response Act (FFCRA).

- In June 2021, Mayor Wheeler authorized up to 40 hours of bereavement leave under HRAR 6.03 to give employees space to grieve and reflect on the loss of George Floyd and other Black lives. This leave, when taken by staff operating in a 24/7 environment, generates backfill overtime. The Police Bureau’s use of bereavement leave generated 5,141 hours of overtime that was backfilled at a cost of approximately \$370,000.
- The Police Bureau estimates that FFCRA has generated as much as \$1 million in backfill overtime costs to cover COVID-19 related employee leave in a 24/7 environment, though

<sup>1</sup> A portion of these vacancies – about 20 – were ‘refilled’ in August by existing employees as part of the operationalization of the 84.0 position elimination included in the Adopted Budget

these figures are still being finalized. Leave types covered under FFCRA include COVID-19 related illness, quarantine, and dependent care.

Net of all the complex and interrelated dynamics noted above, CBO is projecting that the Police Bureau will over-expend its current personnel budget by about \$4.5 million. This projected over-expenditure is driven in large part by payouts for retirees and comp time, which are \$2.6 million over budget as of March 2021. Inclusive of the recommended \$849,608 in Compensation Set-Aside resources, projected personnel would be around \$3.6 million. CBO anticipates that underspending across materials & services will offset these higher-than-budgeted personnel expenses, and that this spending will be constrained to the degree necessary to end the year within budget.

The Police Bureau's current External Materials & Services (EMS) budget is set at \$13.9 million. The bureau has incurred only about \$4.3 million in EMS expenses year-to-date, and has achieved this by putting strong internal checks on bureau spending. The bureau does have outstanding encumbrances for about \$5.8 million, which, in addition to other year-end spending, has the potential to materialize between now and the end of the fiscal year. The Police Bureau submitted year-end projections indicating the bureau would reach \$11 million in total EMS spending by fiscal year-end, while CBO's initial projections put this figure closer to \$10 million. CBO and the Police Bureau's finance team agree that EMS is the bureau's primary point of flexibility with regards to identifying current year underspending to 1) end the year within budget and 2) identify current year resources to support any unanticipated expenditures (e.g. additional overtime costs to support priority projects like gun violence reduction).

The Police Bureau's non-General Fund discretionary revenues are projected to come in under budget. External revenues for alarms, public records request fees, and radar/red light revenues are all trending under budget. Budgeted interagency revenue and expenses related to FPDR are being trued-up as part of the Police Bureau's BMP request, and intergovernmental revenues from TriMet ended several months ago when the exited the Transit Police program.

## SPRING SUPPLEMENTAL BUDGET CHANGES

	2020-21 Spring Revised Base (A)	Spring Decision Package Total (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
<b>Expense</b>	<b>\$230,278,205</b>	<b>\$2,365,828</b>	<b>\$0</b>	<b>\$232,644,033</b>
Personnel	\$169,011,051	\$3,534,226	\$0	\$172,545,277
External Materials and Services	\$21,146,376	\$856,602	\$0	\$22,002,978
Internal Materials and Services	\$36,614,783	(\$2,025,000)	\$0	\$34,589,783
Capital Outlay	\$2,505,995	\$0	\$0	\$2,505,995
Fund Transfers - Expense	\$1,000,000	\$0	\$0	\$1,000,000
<b>Revenue</b>	<b>\$230,278,205</b>	<b>\$2,365,828</b>	<b>\$0</b>	<b>\$232,644,033</b>
Beginning Fund Balance	\$5,846,725	\$0	\$0	\$5,846,725
Charges for Services	\$2,489,609	\$0	\$0	\$2,489,609
Fund Transfers - Revenue	\$4,171,121	\$0	\$0	\$4,171,121
General Fund Discretionary	\$193,807,529	\$849,608	\$0	\$194,657,137
Interagency Revenue	\$14,724,075	\$10,000	\$0	\$14,734,075
Intergovernmental	\$7,224,299	\$1,506,220	\$0	\$8,730,519

Licenses & Permits	\$1,400,000	\$0	\$0	\$1,400,000
Miscellaneous	\$614,847	\$0	\$0	\$614,847