

City of San Antonio, Texas

Public Safety Compensation Analysis

Presentation to the Mayor and City Council

March 19, 2014



The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

700 Lavaca
Suite 1500
Austin, TX
78701

Two Logan Square
18th and Arch Street
Philadelphia, PA
19103-2770

Overview



- Introduction
- Texas City Survey
 - Regional Context
 - Key Findings
 - Methodology
- National Context



Texas City Survey

Survey Approach

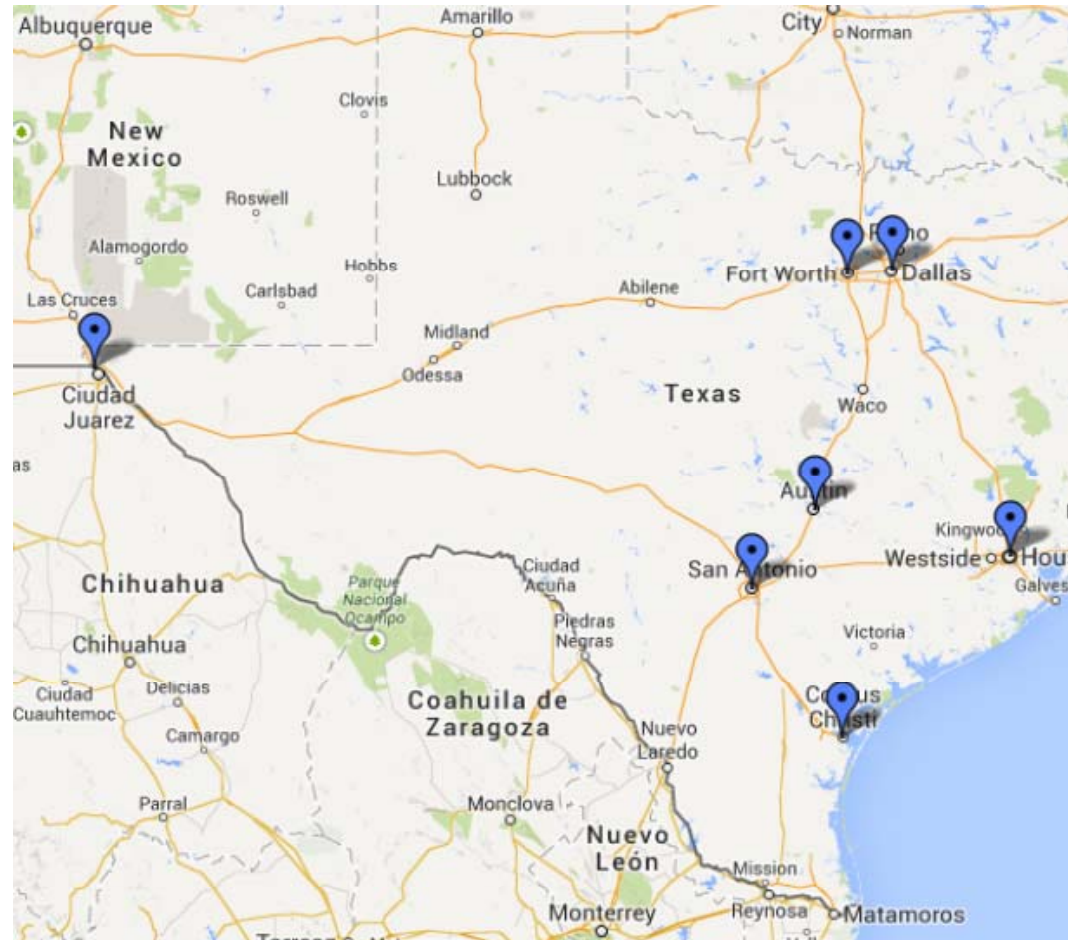


- The City of San Antonio Healthcare and Retirement Benefits Task Force has sought to evaluate public safety benefits within the context of total compensation
- To help inform this evaluation, PFM was engaged to compare total cash compensation relative to other large Texas cities
- In addition to base pay, San Antonio's police officers and firefighters receive longevity and numerous other cash premiums
 - On average, longevity and premium pays add over **\$20,000** per year to police officer base salary, accounting for more than one quarter of the resulting total pay
 - On average, longevity and premium pays add over **\$23,000** per year to firefighter base salary, accounting for nearly 29% of the resulting total cash compensation
- PFM evaluated which premium pays received by San Antonio public safety workers were most prevalent, and included these in a total cash compensation analysis of large Texas cities

Survey Group



- PFM surveyed six major Texas cities identified by the Task Force:
 - Austin
 - Corpus Christi
 - Dallas
 - El Paso
 - Fort Worth
 - Houston



Survey Context



- Reflecting regional economic differences across Texas, San Antonio's housing costs are among the most affordable within this survey group

	Median Home Value	Median Monthly Owner Cost
San Antonio	\$112,300	\$1,272
Corpus Christi	\$113,900	\$1,390
Fort Worth	\$115,400	\$1,439
El Paso	\$117,600	\$1,151
Houston	\$124,600	\$1,485
Dallas	\$133,200	\$1,497
Austin	\$222,100	\$1,725
<i>San Antonio Rank</i>	<i>7 of 7</i>	<i>6 of 7</i>
<i>Texas Multi-City Median (excluding San Antonio)</i>	<i>\$121,100</i>	<i>\$1,462</i>

Sources: U.S. Census Bureau, 2012 American Community Survey, 1-year Estimates; 5-year Estimate for Monthly Owner Cost (with mortgage)

Survey Context

Regional Market Labor Differences – Occupational Pay Relatives



- Because regional economic differences also impact pay, the U.S. Bureau of Labor Statistics (BLS) analyzes area wage differences by calculating “occupational pay relatives.” This analysis controls for the different types of jobs prevalent in each region to isolate the geographic effect on wage determination by metropolitan area

	Metropolitan Area	Occupational Pay Relative	Index
San Antonio	San Antonio-New Braunfels, TX	92	100.0
El Paso	-	-	-
Corpus Christi	Corpus Christi, TX	90	97.8
Austin	Austin-Round Rock-San Marcos, TX	94	102.2
Fort Worth	Dallas-Fort Worth, TX	98	106.5
Dallas	Dallas-Fort Worth, TX	98	106.5
Houston	Houston-Baytown-Huntsville, TX	99	107.6
San Antonio Rank		5 of 6	5 of 6
Texas Multi-City Median (excluding San Antonio)		98	106.5

Source: Pay Relatives for Major Occupational Groups in Metropolitan Areas, National Compensation Survey, July 2010 (BLS.gov), All Occupations

Police Compensation Overview



- San Antonio police officers are eligible to receive longevity pay and 17 additional premiums depending on assignment, certification, and education. Relative to other Texas cities evaluated for comparison by the Task Force, San Antonio:
 - Provides the richest longevity pay structure, which tops out at 18% of base pay at 30 years of service (YOS)
 - Is the only city to offer a pay premium for “basic” certification; 32% of rank-and-file San Antonio police officers receive this premium of \$600 per year (and over 98% receive some level of certification pay – up to \$2,880 annually for Masters certification)
 - Is one of just three cities to offer both certification **and** education pay premiums. Two of the other six cities offer a pay premium for either certification **or** education, and two offer **no** pay premiums at all for certification or education
- Additionally, San Antonio offers among the most generous premiums for clothing allowance, shift differential, and education pay
- Overall, San Antonio rank-and-file police officers rank near the top of the comparison cities for cash compensation, and are even more competitive when adjusting for regional labor market differences
- Over and above this cash compensation, San Antonio also contributes more than the other large Texas cities toward healthcare and pension benefits

Police – All Ranks

Average Cash Compensation (FY 2013)



- The table below details the components average police officer pay, as well as average pay for all ranks within the bargaining unit above probationary police officer, for FY 2013

	Police Officer	All Ranks
Base Pay	\$59,404	\$64,368
Longevity	\$3,394	\$4,964
Overtime	\$3,184	\$3,716
Shift Differential	\$2,945	\$2,560
Leave Buy-back	\$2,138	\$2,931
Police Certification Pay	\$1,853	\$2,179
Education Incentive Pay	\$1,583	\$1,897
Clothing Allowance	\$1,190	\$1,191
Premium Pay	\$1,117	\$1,185
Court Time/Overtime	\$860	\$832
Other Compensation	\$1,841	\$1,838
Average Cash Compensation per Employee	\$79,509	\$87,662

Analysis includes all bargaining unit members above rank of "Police Officer – Probationary." Table summarizes actual pay received between October 1, 2012 and September 30, 2013. Data provided by City of San Antonio; analyzed by PFM.

Premium Pays

Police Officers



Premium	\$ Amount	% of Employees Receiving Premium	
		<u>Police Officer</u>	<u>All Ranks</u>
Clothing Allowance	\$1,440 per year as of 10/1/2013 \$1,200 prior	99.6%	99.7%
Certification Pay	Certified by Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE)	98.5%	98.7%
Basic Certificate	\$600 per year	32.3%	21.6%
Intermediate Certificate	\$1,920 per year	10.1%	6.4%
Advanced Certificate	\$2,400 per year	17.2%	13.1%
Masters Certificate	\$2,880 per year	38.8%	57.7%
Shift Differential	\$4,200 per year; officers permanently assigned to shifts starting after 12:00 PM	74.9%	65.7%
Education Pay	\$720 - \$4,200 depending on hours of credit and degree attained. BA (\$3,780) most common	58.5%	65.3%

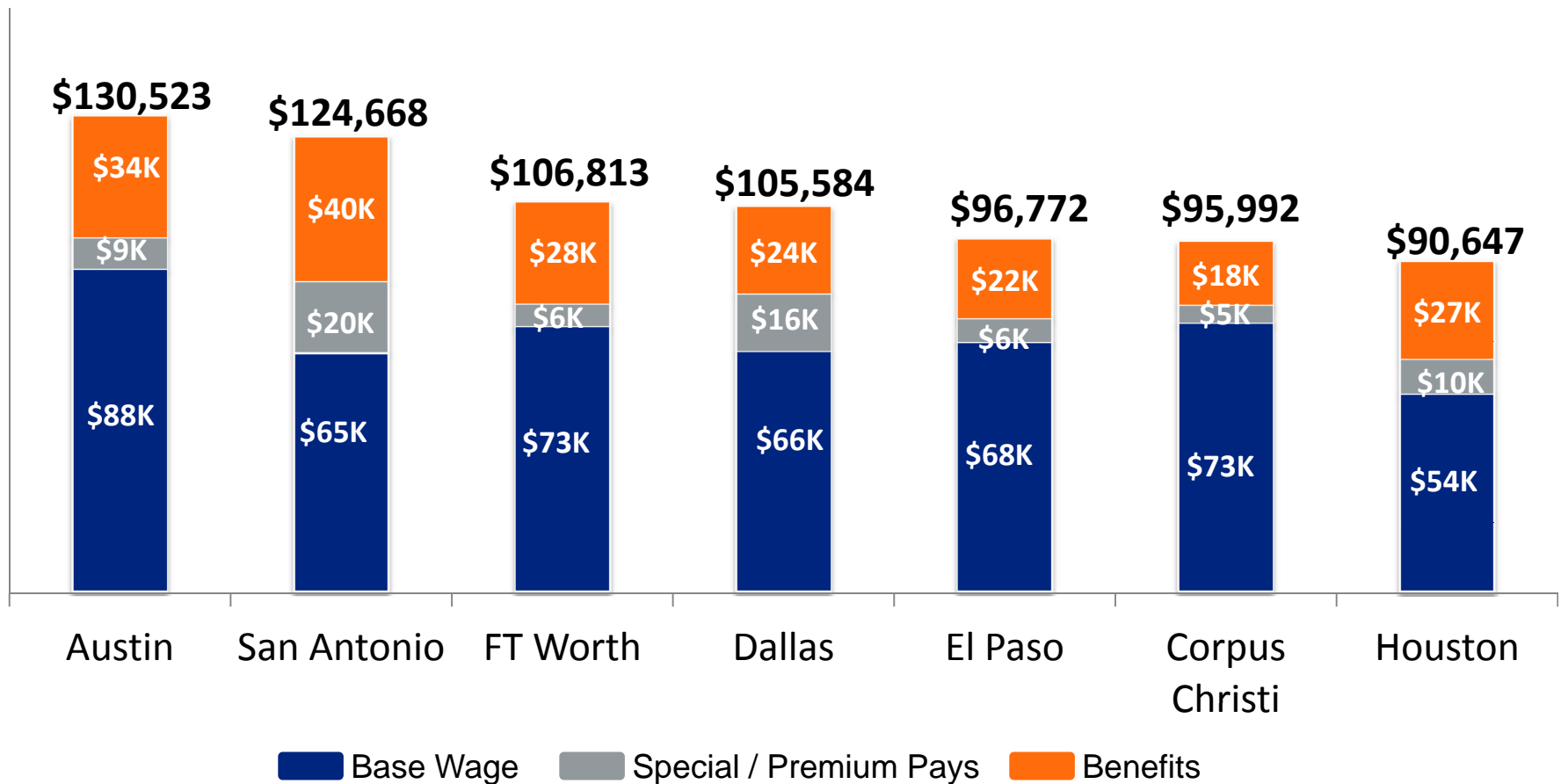
- Certain highly variable premiums (e.g., overtime) were not included, although received by a majority of police officers at some level
- Less prevalent special pays (e.g. K-9 duty, helicopter detail, and crisis/hostage negotiations pay) were also not included

Rank & File Police Officer Compensation

Twenty Years of Service (as of September 30, 2013)



**Base Wage (Regionally Adjusted) + Special / Premium Pays
(Regionally Adjusted) + Major Benefit Costs**



Premium Pays

Education & Certification Pay (Police Officers)



	Educational Premium Pay	Certification Premium Pay	Pay for Both?
San Antonio	65 to 230+ Credit Hours: \$720- \$2,880 Associates Degree: \$2,580 Bachelors Degree: \$3,780 Masters Degree: \$4,020	Basic: \$600 Intermediate: \$1,920 Advanced \$2,400 Master: \$2,880	Yes
Houston	Bachelors Degree: \$3,640 Masters Degree: \$6,240 Doctorate: \$8,840	None	N/A
Dallas	Max w/out Bachelors: \$2,880 Bachelors Degree: \$3,600	Basic: \$0 Intermediate: \$2,400 Advanced: \$2,400 Master: \$6,000	Yes
Austin	60 College Credit hours: \$1,200 Associates Degree: \$1,200 Bachelors Degree: \$2,640 Masters Degree: \$3,600	Basic: \$0 Intermediate: \$600 Advanced: \$1,200 Master: \$1,800	No
El Paso	Associates Degree: \$240 Bachelors Degree: \$1,500 Masters Degree: \$1,800	Basic: \$0 Intermediate: \$660 Advanced: \$1,260 Master: \$1,260	Yes
Fort Worth	Associates Degree: \$720 Bachelors Degree: \$1,440	Basic: \$0 Intermediate: \$360 Advanced: \$720 Master: \$1,440	No
Corpus Christi	Max w/out Associate's: \$852 Associates Degree: \$1,488 Bachelors Degree: \$1,620 Masters Degree: \$2,052	None	N/A

Rank & File Police Officer Compensation



- San Antonio police officers rank **2 of 7** among the Texas cities for total cash compensation at the beginning of a career, and at 20 years of service (when an officer is eligible for normal retirement) when adjusted for regional labor market differences
- In addition, San Antonio contributes more toward both pension and healthcare benefits than any of the comparison cities

Police Officer Total Cash Compensation – 20 YOS As of September 30, 2013	Houston	Corpus Christi	El Paso	Dallas	Fort Worth	San Antonio	Austin
Base	\$58,026	\$71,847	\$68,277	\$69,921	\$77,293	\$65,052	\$90,208
Longevity	\$1,040	\$1,200	\$960	\$960	\$960	\$7,806	\$2,000
Clothing	\$2,000	\$720	\$0	\$0	\$325	\$1,200	\$500
Patrol Duty	\$1,800	\$504	\$0	\$1,800	\$0	\$0	\$0
Master's Certificate	\$0	\$0	\$1,260	\$6,000	\$0	\$2,880	\$0
Shift Differential	\$1,800	\$900	\$2,731	\$4,545	\$3,865	\$4,200	\$3,600
Bachelor's Degree	\$3,640	\$1,500	\$1,500	\$3,600	\$1,440	\$3,780	\$2,640
Total Cash Compensation	\$68,306	\$76,671	\$74,728	\$86,826	\$83,882	\$84,918	\$98,948

Police Officer – 20 YOS	Houston	Corpus Christi	El Paso	Dallas	Fort Worth	San Antonio	Austin
Total Cash Compensation	\$68,306	\$76,671	\$74,728	\$86,826	\$83,882	\$84,918	\$98,948
Regional Labor Market Adjustment	1.076	0.978	1.000	1.065	1.065	1.000	1.022
Total Cash Compensation, Regionally Adjusted	\$63,481	\$78,396	\$74,728	\$81,527	\$78,763	\$84,918	\$96,818
Rank, Cash Comp (Regionally Adjusted)	7	5	6	3	4	2	1
City Pension Contribution	\$14,822	\$8,058	\$13,825	\$20,482	\$17,096	\$20,628	\$19,917
City Healthcare Contribution	\$12,343	\$9,538	\$8,219	\$3,575	\$10,954	\$19,122	\$13,788
Cash Comp (Regionally Adjusted) + Major Benefit Costs	\$90,647	\$95,992	\$96,772	\$105,584	\$106,813	\$124,668	\$130,523
Overall Rank	7	6	5	4	3	2	1

See appendix for technical notes

Police Compensation Comparisons

Twenty Years of Service



	El Paso	Corpus Christi	Houston	Fort Worth	Dallas	San Antonio	Austin
Police Officer (Post-Probationary)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$62,543	\$70,983	\$68,758	\$78,691	\$71,040	\$93,386	\$94,861
Overall Rank	7	5	6	3	4	2	1
Police Officer (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$96,772	\$95,992	\$90,647	\$106,813	\$105,584	\$124,668	\$130,523
Overall Rank	7	5	6	3	4	2	1
Detective (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$96,772	\$95,992	\$113,675	\$118,100	\$116,253	\$134,803	\$141,982
Overall Rank	6	7	5	3	4	2	1
Sergeant (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$105,154	no match	\$111,612	\$128,540	\$122,386	\$144,167	\$152,548
Overall Rank	6	no match	5	3	4	2	1
Lieutenant (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$122,131	\$107,118	\$122,572	\$140,103	\$132,645	\$157,418	\$171,752
Overall Rank	6	7	5	3	4	2	1
Captain (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$139,260	\$116,256	\$173,134	\$152,841	\$144,133	\$175,627	\$194,766
Overall Rank	6	7	3	4	5	2	1

*Figures for San Antonio assume maximum base pay
Police Sergeant job match for Corpus Christi not identified*

Firefighter Compensation Overview



- San Antonio firefighters are eligible to receive longevity pay and 15 additional premiums depending on assignment, certification, and education. Relative to other Texas cities evaluated for comparison by the Task Force, San Antonio:
 - Provides the richest longevity pay structure, which tops out at 18% of base pay at 30 YOS
 - Is again the only city to offer a pay premium for “basic” certification; 80.1% of rank-and-file firefighter receive this premium of \$780 per year (and 99.8% receive some certification pay up to a maximum of \$2,100 for the Masters level)
 - Is one of just two cities to offer EMT certification pay to firefighters who are not assigned to work in EMS (\$900 - \$2,100 annually, depending on YOS)
- Additionally, San Antonio offers among the most generous premiums for paramedic pay, and is one of only two cities to offer a uniform allowance to firefighters (\$720 in FY 2014 + \$500 in commissary)
- Overall, San Antonio rank-and-file firefighters rank near the top among the comparison cities for cash compensation, and are even more competitive when adjusting for regional labor market differences
- Over and above this cash compensation, San Antonio again further contributes more than the other large Texas cities toward healthcare benefits and among the highest levels for pensions

Fire – All Ranks

Average Cash Compensation (FY 2013)



- The table below summarizes average firefighter pay, as well as average pay for all ranks within the bargaining unit above probationary firefighter, for FY 2013
- Overtime figures include “scheduled overtime” to conform with the Federal Labor Standards Act

	Firefighter	All Ranks
Base Pay	\$57,284	\$64,286
Overtime	\$10,561	\$14,843
Longevity	\$2,411	\$4,908
EMT/Paramedic Certification	\$1,503	\$2,383
Bonus Leave Buy-back*	\$1,354	\$1,391
Vacation Buy-back	\$1,467	\$1,640
Education Incentive Pay	\$1,167	\$1,387
High Class Pay	\$1,145	\$943
Fire Certification Pay	\$926	\$1,190
Premium Pay	\$627	\$581
Other Compensation	\$1,846	\$2,487
Average Cash Compensation per Employee	\$80,292	\$96,040

Analysis includes all bargaining unit members above rank of “Firefighter–Probationary.” Table summarizes actual pay received between October 1, 2012 and September 30, 2013. Data provided by City of San Antonio; analyzed by PFM.

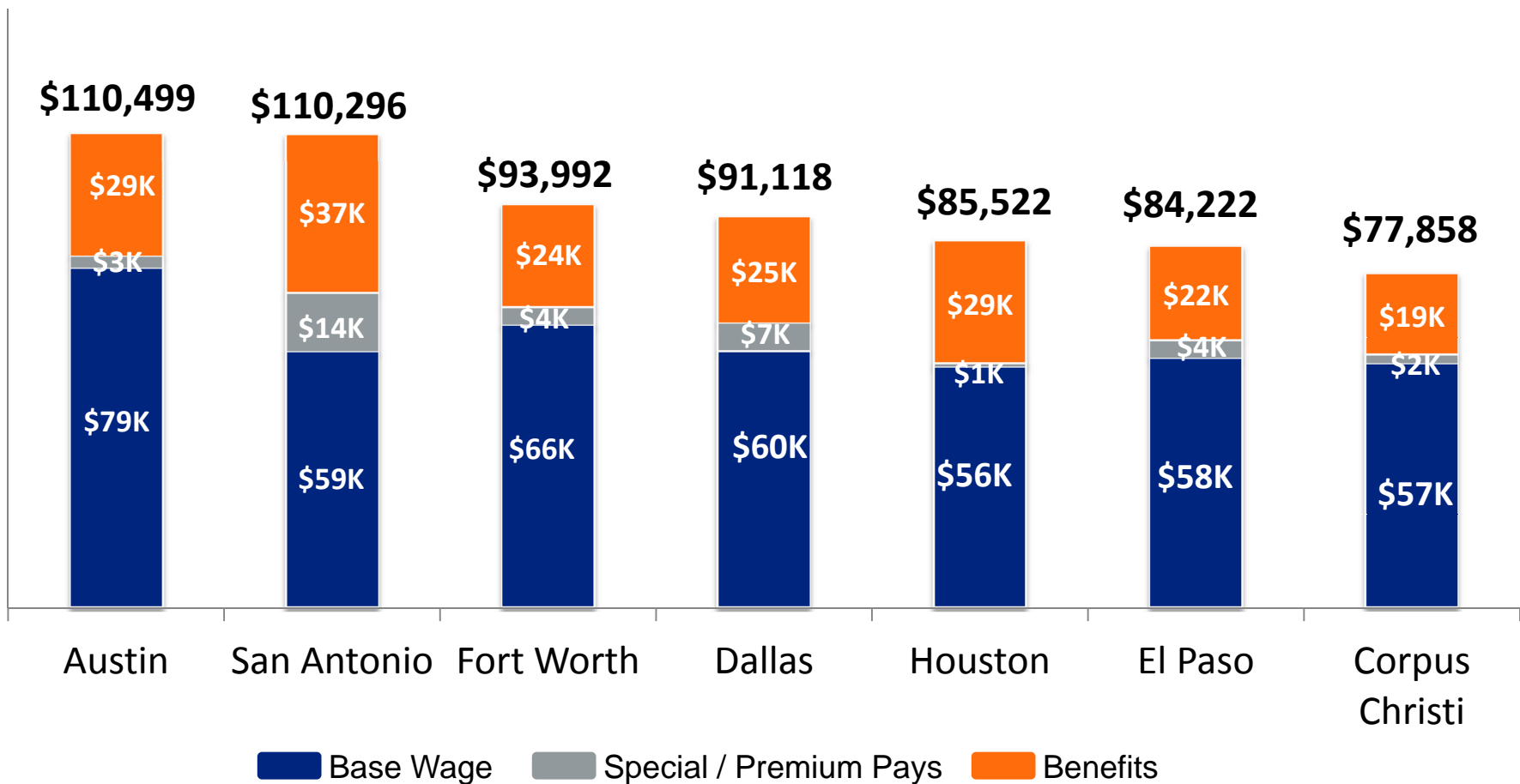
** - SAFD reports that FY 2013 represented abnormally high use of bonus leave buy-back because of changes in the collective bargaining agreement that encouraged a spike in payouts. About 90% of rank-and-file firefighters received bonus leave payouts in FY 2013.*

Rank & File Firefighter Compensation

Twenty Years of Service (as of September 30, 2013)



**Base Wage (Regionally Adjusted) + Special / Premium Pays
(Regionally Adjusted) + Major Benefit Costs**





Rank & File Firefighter Compensation

- San Antonio firefighters rank **1 of 7** among the Texas cities for total cash compensation at the beginning of a career, and **2 of 7** at 20 YOS (when an officer is eligible for normal retirement), when adjusted for regional labor market differences
- In addition, San Antonio contributes among the highest amounts toward both pension and healthcare benefits

Fire Fighter Total Cash Compensation – 20 YOS As of September 30, 2013	Houston	Corpus Christi	El Paso	Dallas	Fort Worth	San Antonio	Austin
Base	\$56,607	\$56,524	\$60,026	\$63,398	\$69,921	\$59,376	\$80,797
Longevity	\$1,200	\$1,320	\$1,040	\$5,706	\$960	\$7,125	\$1,600
Clothing Allowance	\$0	\$810	\$0	\$0	\$0	\$360	\$0
Basic Certification	\$0	\$0	\$0	\$0	\$0	\$780	\$0
EMT Certification Pay	\$0	\$420	\$0	\$0	\$0	\$2,100	\$0
Education Pay	\$960	\$1,620	\$0	\$1,440	\$3,600	\$3,480	\$1,200
Total Cash Compensation	\$58,767	\$60,694	\$61,066	\$70,544	\$74,481	\$73,221	\$83,597

20 YOS – Firefighter	El Paso	Corpus Christi	Houston	Fort Worth	Dallas	San Antonio	Austin
Total Cash Compensation	\$58,767	\$60,694	\$61,066	\$70,544	\$74,481	\$73,221	\$83,597
Regional Labor Market Adjustment	1.000	0.978	1.076	1.065	1.065	1.000	1.022
Total Cash Compensation, Regionally Adjusted	\$58,767	\$62,060	\$56,752	\$66,238	\$69,935	\$73,221	\$81,797
Rank, Cash Comp (Regionally Adjusted)	6	5	7	4	3	2	1
City Pension Contribution	\$10,872	\$12,624	\$16,427	\$13,925	\$20,482	\$17,953	\$14,914
City Healthcare Contribution	\$8,219	\$9,538	\$12,343	\$10,954	\$3,575	\$19,122	\$13,788
Cash Comp (Regionally Adjusted) + Major Benefit Costs	\$77,858	\$84,222	\$85,522	\$91,118	\$93,992	\$110,296	\$110,499
Overall Rank	7	6	5	4	3	2	1

Firefighter Compensation Comparisons



	El Paso	Corpus Christi	Houston	Fort Worth	Dallas	San Antonio	Austin
Post-Probationary Officer							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$52,594	\$75,682	\$63,483	\$71,870	\$62,655	\$88,792	\$76,943
Overall Rank	7	3	5	4	6	1	2
Firefighter (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$77,858	\$84,222	\$85,522	\$91,118	\$93,992	\$110,296	\$110,499
Overall Rank	7	6	5	4	3	2	1
Fire Engineer (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	no match	\$93,244	\$87,801	\$98,538	\$98,238	\$118,270	\$117,994
Overall Rank	no match	5	6	3	4	1	2
Lieutenant (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$92,314	\$93,244	\$96,043	\$106,912	\$111,599	\$127,332	\$126,088
Overall Rank	7	6	5	4	3	1	2
Captain (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$100,671	\$104,886	\$105,646	\$117,758	\$121,367	\$141,622	\$134,830
Overall Rank	7	6	5	4	3	1	2
District Chief (20 Years of Service)							
Cash Compensation (Regionally Adjusted) + Major Benefits Costs	\$114,844	\$117,733	\$118,846	\$132,752	\$132,305	\$158,139	\$145,450
Overall Rank	7	6	5	3	4	1	2



Summary - Texas Survey

- San Antonio public safety workers receive compensation that is highly competitive with the other Texas cities identified for comparison
- Much of San Antonio's strong relative position is due to the City's longevity structure and premium pays, for which San Antonio generally pays more than these other large Texas cities
- Adjusted for regional labor market differences, San Antonio's already competitive total cash compensation compares even more favorably
- Beyond cash compensation, San Antonio's health and retirement benefits package is also generous in comparison to the other Texas cities evaluated
 - Among the surveyed cities, only San Antonio requires no uniformed employee contributions toward healthcare premiums for Dependent coverage, such that the City's contribution is the highest within this comparison grouping
 - San Antonio also has one of the highest employer contributions towards police and firefighter pensions
 - San Antonio is the only jurisdiction that contributes to the pre-funding of retiree healthcare



National Context

National Challenge



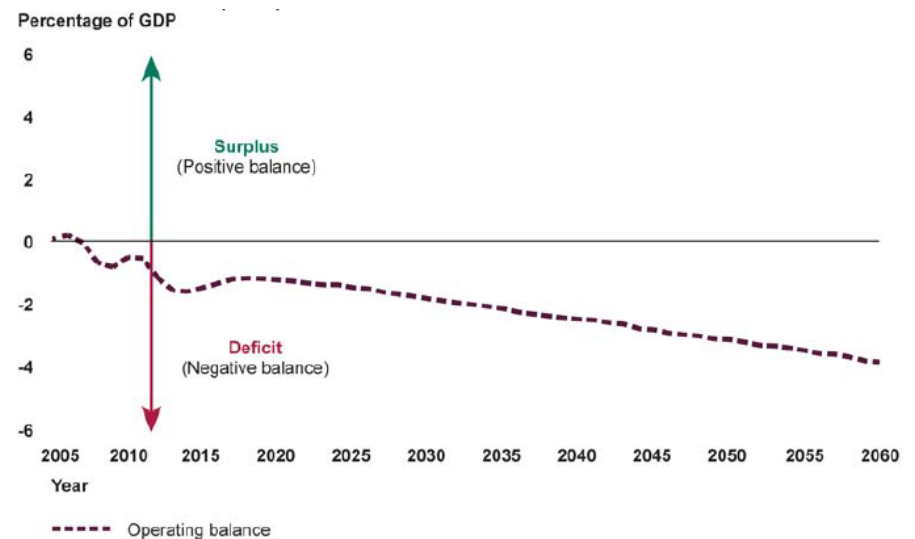
- According to the most recent (2013) National League of Cities survey of fiscal conditions covering 350 U.S. local governments:
 - The factors cited by more than 2/3 of respondents as having an increasing impact on municipalities' overall fiscal picture were:
 - **Health benefit costs (84%)**
 - Increases in prices/costs of services (81%)
 - **Pension costs (80%)**
 - Infrastructure needs (79%)
 - Wages (77%)
 - Public safety costs (69%)



Structural Fiscal Challenges

- Ongoing public sector fiscal challenges are not just cyclical, and few public employers will simply grow their way out of such pressures
- The U.S. Government Accountability Office (GAO) has developed a simulation model for the state and local sector as an entirety, projecting significant fiscal gaps absent corrective action, due largely to:
 - Flat revenues as % of GDP
 - Healthcare and retiree costs rising faster than the overall economy
- GAO calculated that closing the structural fiscal gap would require action equivalent to a **14.2% reduction** in state and local government recurring expenditures

State and Local Operating Balance Measure, as a Percentage of Gross Domestic Product (GDP)



Source: GAO simulations, updated April 2013.

Source: United States Government Accountability Office, "State and Local Governments' Fiscal Outlook: April 2013 Update"