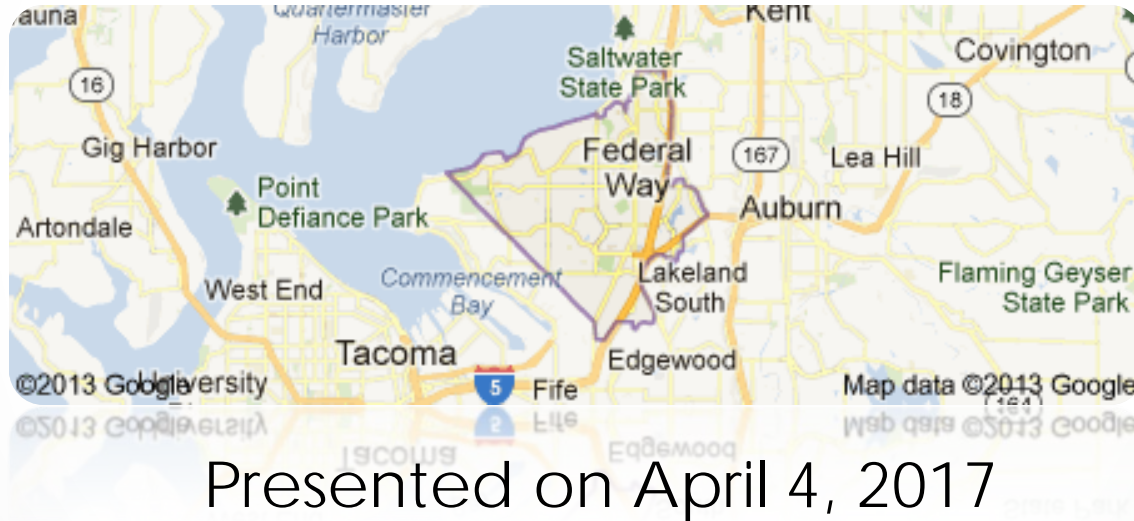


# IMPACT OF STATE PROPOSED BUDGET ON THE CITY OF FEDERAL WAY



Presented on April 4, 2017  
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# The Way the Pension Plan Works

- ✓ State sets the rate
- ✓ State administers the plan
- ✓ The rates often change annually
- ✓ Currently, the pension is funded by
  1. Employee,
  2. City, and
  3. State

**PENSION  
PLAN**

# Cost of LEOFF 2 Pension Obligation

## ✓ 2016

- ✓ Total Qualified Payroll      \$13.26m
- ✓ # of Covered Employees ~ 130 FTE
- ✓ Employee Paid                      \$1.11m
- ✓ City Paid                              \$0.66m
- ✓ City Paid Admin.                    \$0.02m
- ✓ State Paid                             \$0.45m
- ✓ Total Pension Rate                16.82%



# Current Cost Distribution

✓ Employee

50%

8.41%

✓ City

30%

5.05%

✓ State

20%

3.36%

✓ City Admin.

0.18%

16.82%



# Rate (2016)

	<u>Current</u>		<u>Proposal</u>	
	%	Amount	%	Amount
✓ Employee	50%	\$1.11m	50%	\$1.11m
✓ City	30%	\$0.66m	50%	\$1.11m
✓ State	20%	\$0.45m	0	0
	100%	\$2.22m	100%	\$2.22m



# Current 2017 Rate

✓ Employee	8.75%	
✓ City	5.25%	}
✓ State	3.50%	
Total	17.50%	8.75%

Total rate increased from 16.82% → 17.50%

# Meeting with Legislators on Monday

- ✓ AWC delegate met with the Governor's staff
- ✓ Several Mayors/City Managers/Councilmembers met with their legislators
- ✓ I met with Senator Miloscia
- ✓ I met with Representative Reeves
- ✓ I stopped by Representative Pellicciotti's office – he was unavailable
- ✓ Senate's budget includes the cost shift and House of Representatives' budget does not

# 2017 Estimated Cost

✓ Total Qualified Payroll		\$13.66m
✓ Employee	8.75%	\$1.20m
✓ City	8.75%	\$1.20m

*Total cost increase from \$0.66m → \$1.20m = \$0.54m*

The State increases the rate annually.

The LEOFF group receives a 2-3% salary increase annually.



# Conclusion

- ✓ The Senate Proposal will cost the City \$0.54 million in 2017/18
- ✓ The House of Representatives' and Governor's budget do not include the cost shift
- ✓ Meeting with Senator Miloscia was good
- ✓ Meeting with Representative Reeves was good
- ✓ AWC meeting with the Governor's office was good
- ✓ We need to remind them during the budget reconciliation to keep the cost shift out



# Questions

