

Deferred Retirement Option Program (DROP)



07/23/2024

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Worst Budget Year in Decades; Cuts to Vital Services

We just passed a budget amid a projected \$800M deficit, which required massive and painful cuts and/or entirely defunding of programs, including:

- Violence prevention programs
- Services for children, youth and families
- Wellness Hubs
- Workforce Development, food security, reparations, newcomer services, and more...
- Allocated \$0 for affordable housing
- Almost cut OCEIA Community Ambassador program entirely, an extremely successful violence prevention and community safety strategy that should be expanded not eliminated

SFPD Recruitment Is Improving

- Recruitment plunged in 2020, recovery has been slow, but upcoming academy classes are back to 2018 levels
 - Yesterday, SFPD Spokesperson Evan Sernoffsky [said to the Standard](#): “last month we started our largest recruit class in the last six years.”
- SFPD has taken steps to focus on recruitment and it’s working
 - Modern branding, new recruitment firm, targeted and focused outreach
- We need to prioritize supporting recruitment strategies
 - Including efforts to shift the public image of being a police officer so that more people want to join the workforce

Major Investments in SFPD

Dates, Details	Investment
June 2022, MOU with POA for restorations, wage increases, and retention bonuses	\$17,000,000
June 2022, departmental budget increase	\$56,000,000
March 2023, budget supplemental for overtime pay	\$25,000,000
April 2023, MOU with POA for wage increases and retention bonuses over 3 years	\$166,000,000
June 2023, departmental budget increase	\$60,000,000
June 2024, departmental budget increase*	\$46,000,000
<u>TOTAL</u>	<u>\$270,000,000**</u>

* SFPD Budget currently at \$821M

** Estimated \$100M removed from total so as to not double count \$ from the 2023 MOU

Highest Paid City Employees

Job title	Salary	Overtime pay	Retirement	Total comp. ▼
Police Officer 3	\$626,974	\$45,178	\$115,642	\$832,401
Sergeant 3	\$206,837	\$446,130	\$34,644	\$765,298
Sergeant 3	\$179,501	\$456,201	\$29,065	\$723,903
Sergeant 3	\$191,279	\$347,202	\$32,093	\$644,118
Police Officer 3	\$151,803	\$380,053	\$24,610	\$597,945
Sergeant 3	\$185,234	\$316,277	\$31,023	\$594,859
Police Officer 3	\$160,518	\$352,293	\$26,973	\$594,521
Police Officer 3	\$152,530	\$365,854	\$25,633	\$591,681
Sergeant 3	\$178,624	\$314,122	\$28,917	\$582,323
Police Officer 3	\$182,408	\$290,633	\$30,621	\$576,313
Sergeant 3	\$177,252	\$279,762	\$28,684	\$567,986
Sergeant 3	\$177,420	\$307,230	\$28,710	\$565,857
Sergeant 3	\$177,492	\$297,681	\$28,722	\$563,033
Sergeant 3	\$178,012	\$281,290	\$28,828	\$553,368

Job title	Salary	Overtime pay	Retirement	Total comp. ▼
Police Officer 3	\$151,803	\$322,244	\$25,513	\$546,297
Sergeant 3	\$184,383	\$269,511	\$29,798	\$541,396
Sergeant 3	\$177,876	\$275,697	\$29,819	\$541,255
Police Officer 3	\$152,523	\$322,363	\$24,122	\$540,965
Sergeant 3	\$178,795	\$249,662	\$28,950	\$531,777
Sergeant 3	\$179,173	\$268,705	\$29,873	\$529,306
Police Officer 3	\$152,530	\$302,501	\$25,179	\$526,338
Sergeant 3	\$177,133	\$249,940	\$28,807	\$524,565
Sergeant 3	\$177,153	\$256,180	\$27,594	\$522,868
Sergeant 3	\$184,260	\$230,009	\$29,777	\$520,625
Police Officer 3	\$152,894	\$263,029	\$24,764	\$520,373

Retention Benefits - \$166,000,000 over 3 years

April 2023, BOS approved an [MOU with the POA](#) that included wage increases and retention bonuses totaling \$166,000,000 over three years

Officers with 25 years of experience receive retention benefits on this schedule:

Jan 2024	Base pay + 14% retention premium
July 2024	Base pay + 3% retention premium (17% total)
Jan 2026	Base pay + 3% retention premium (20% total)

- *Example:* Effective Jan 2026, if the average base pay of an officer is \$156,000, they will receive an additional \$31,200 in retention premiums, making their take-home *before overtime or other benefits* \$187,200

Overtime pay also receives the retention premium, although it is not pensionable

- *Example:* Effective Jan 2026, if the average officer makes \$77,000 in overtime, they will receive an additional \$15,400 in retention pay. Neither the overtime nor retention premium on the overtime is pensionable

Average Salary & Retention Pay (Excluding Benefits)

Type	<u>Officer</u>	<u>Inspector</u>	<u>Sergeant</u>
Base Pay	\$155,836	\$179,660	\$179,660
Retention	\$31,740	\$37,313	\$37,442
Other			
Premiums	\$3,750	\$20,821	\$11,079
Overtime	\$76,831	\$74,110	\$87,592
Total	\$268,157	\$311,903	\$315,773

DROP (1st
Year)

+\$169,132

+ \$210,208

+\$201,711

Source: DHR

Comparison of Retirement Benefits for City Workforces with 25+ years of service

Job Title	Avg. Annual Base Salary	Avg. Annual Retirement	% of salary
SFPD Sergeant	\$184,064	\$156,454	85%*
SFPD Officer	\$159,434	\$135,519	85%*
Social Workers	\$124,538	\$82,195	66%
Transit Operators	\$115,464	\$73,897	64%
911 Call Operators	\$137,870	\$74,450	54%
SFUSD Teachers	\$125,099	\$79,080	63%

Notes:

* SFPD average % excludes retirees with older plan benefits who retired 20+ years ago

* 911 Call Operators and SFUSD also have extreme workforce shortages, currently SFUSD has 150+ classroom teacher vacancies

Officers can pull income from:

1. Base Salary
2. Retention Premium
3. Overtime Pay
4. Retention Premium on Overtime Pay

If we add DROP, in the first year alone, officers will receive average annual compensation of \$437,289*, inspectors an average of \$522,111*, and sergeants an average of \$517,485*

* This amount does not include health insurance, life insurance, or other benefits

SF Dropped the DROP in 2011

- Failed goal of retaining sworn officers beyond planned retirement
- Expensive, not cost-neutral as advertised
- Between 2008-2011, average DROP payout was ~\$234,000

Sources: SF Controller, [Analysis of the Deferred Retirement Option Program's Cost Neutrality and Achievement of the Program's Goals](#) (April 15, 2011); SFERS

No Data to Support Proposed DROP

- Sworn officers not surveyed to gauge whether they'd extend their service with DROP or simply enter DROP 5 years before their planned retirement date
- No data to support argument that officers are retiring and going to work in other jurisdictions
- No list of Bay Area jurisdictions that have DROP programs to corroborate that we need DROP to compete against other local jurisdictions
- According to DHR, the average years of service of officers leaving the force is 6.3 years

Summary - DROP is extreme, excessive, and won't fix retention

- Insulting salary differential between police officers and other City public safety workers
- We're already addressing retention with retention premium pay, no other City worker receives such high bonuses
- DROP would once again be a fiscally irresponsible and unnecessary handout that fails to retain officers
- Let's build on our recruitment gains