

# Seattle Department of Human Resources

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## Department Overview

The **Seattle Department of Human Resources (SDHR)** provides a full scope of HR services to 20 supported departments and establishes Citywide personnel rules and labor policy. In addition, SDHR handles recruitment compliance, employee benefits and some Citywide programs. We also offer select services and consultation within our subject-matter expertise to City departments and the HR community, in partnership with our labor unions and executive departments, for the benefit of our Citywide workforce.

SDHR administers five Personnel Compensation Trust Funds related to employee benefits, the Health Care Fund, Fire Fighters Healthcare Fund, Industrial Insurance Fund, Unemployment Insurance Fund, and Group Term Life Insurance Fund. These funds are managed through Citywide contractual obligations on behalf of employees and City departments. The administering department collects funds from other City departments, which are then paid out to various insurance companies, service providers, and individuals.

## Budget Snapshot

	2022 Actuals	2023 Adopted	2024 Endorsed	2024 Adopted
<b>Department Support</b>				
General Fund Support	23,419,217	24,861,454	25,045,616	26,151,592
Other Funding - Operating	329,096,685	375,036,734	401,234,796	383,395,096
<b>Total Operations</b>	<b>352,515,902</b>	<b>399,898,188</b>	<b>426,280,412</b>	<b>409,546,688</b>
<b>Total Appropriations</b>	<b>352,515,902</b>	<b>399,898,188</b>	<b>426,280,412</b>	<b>409,546,688</b>
Full-Time Equivalents Total*	123.00	115.00	118.00	118.00

\* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here

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### Incremental Budget Changes

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	2024 Budget	FTE
<b>Total 2024 Endorsed Budget</b>	<b>426,280,412</b>	<b>118.00</b>
<b>Baseline</b>		
Health Care Fund Revenue Alignment	-	-
Citywide Adjustments for Standard Cost Changes	100,725	-
Program Adjustment Correction	-	-
Align Position and Employee FTE	-	-
Intradepartmental Position Transfers	-	-
<b>Proposed Operating</b>		
Citywide Classification and Compensation Program Review	1,128,000	-
Add Police Innovation Recruiting Team Nonlabor Budget Authority	30,000	-
Staging Environment for Origami Risk Workers' Compensation Claim Management System	44,667	-
Claims Mailing Equipment Lease	4,700	-
<b>Proposed Technical</b>		
Fund Balancing Adjustment(s) - Proposed	-	-
2024 Health Care Fund Expenditure and Revenue Adjustments	(17,040,543)	-
Industrial Insurance Fund Expenditure and Revenue Adjustments	(848,524)	-
Intradepartmental budget-neutral balancing	-	-
<b>Council</b>		
SCERS Contribution Rate Change	(152,748)	-
<b>Total Incremental Changes</b>	<b>\$(16,733,724)</b>	<b>-</b>
<b>Total 2024 Adopted Budget</b>	<b>\$409,546,688</b>	<b>118.00</b>

### Description of Incremental Budget Changes

#### Baseline

##### Health Care Fund Revenue Alignment

Revenues -

This item is a technical adjustment that moves the baseline revenue budget for health care premiums to the correct account for tracking and reporting.

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## Citywide Adjustments for Standard Cost Changes

Expenditures \$100,725

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

## Program Adjustment Correction

Expenditures -

This item redistributes the Council Budget Action (CBA) SDHR-901-A-001 budget changes to the impacted BSLs and projects. The CBA rejected proposed budget changes in budget programs PO-HR-N5100, PO-HR-N5500 and PO-HR-N6700 but the decrease was posted as a lump sum in PO-HR-N6400.

## Align Position and Employee FTE

Position Allocation -

This item combines three sets of two 0.5 FTE positions, each added incrementally over time, to create three full-time pockets. Each pocket set is the same classification and the same detail project. Currently each set of half-time pockets has an employee assigned to one 0.5 FTE pocket but working full time, with the additional labor and benefits expense covered by keeping the corresponding 0.5 FTE pocket vacant. SDHR will abrogate the vacant pockets and increase the filled pockets to 1.0 FTE to align the position and FTE counts, simplify time sheet coding, clarify vacancy reporting and properly reflect the full-time status of the employees.

## Intradepartmental Position Transfers

Expenditures -

Position Allocation -

This item aligns positions and budget to complete the Work Force Equity reorganization approved in the 2023 Adopted Budget. Not all moves were finalized in time to include in the 2023 Adopted and 2024 Endorsed budgets.

## Proposed Operating

### Citywide Classification and Compensation Program Review

Expenditures \$1,128,000

This item adds \$1,128,000 in one-time funding to perform a comprehensive review of the City-wide Classification and Compensation Program (“Program”). This program has not been reviewed since the 1990s and is outdated for current City personnel needs such as technology changes that are not reflected in job descriptions or the difficulty of employees trying to move between departments with specific titles that are tied to just one department, making it hard to understand potential career opportunities around the City This is a two-year initial phase for consultant services and two temporary employees to conduct the review. The review of the Program will help SDHR strategically align with City priorities, effectively support retention and attraction of employees, promote pay equity and compliance with pay equity laws, and follow industry best practices.

### Add Police Innovation Recruiting Team Nonlabor Budget

#### Authority

Expenditures \$30,000

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This item adds \$30,000 to the Police Innovation Recruiting Team budget for recruitment related expenses such as career fair materials, job board postings, and law enforcement related recruitment conferences within SDHR, supported by SPD resources. Ordinance 126654 created and funded three positions in SDHR but did not include ongoing funding for recruiting non-labor expenses. The program costs are covered by SPD under the terms of an ongoing interdepartmental agreement between SPD and SDHR.

## Staging Environment for Origami Risk Workers' Compensation Claim Management System

Expenditures \$44,667

This ongoing item funds a staging/testing environment within the workers' compensation claim management system, Origami. This software solution is utilized by the City's workers' compensation program to manage workers' compensation claim data. This improvement will allow system changes to be tested carefully before they go live. This is a companion change request to ITD-308.

## Claims Mailing Equipment Lease

Expenditures \$4,700

This ongoing item increases the Industrial Insurance Fund administrative budget to pay for a mail folder/inserter equipment lease. RCWs and WAC require that City of Seattle Worker's Compensation Unit mail payment and claim correspondence in a timely and accurate manner. Failure to do so can negatively affect claim management efficiency and communication of important requests or decisions that impact claim stakeholders and risks statutory penalties. The equipment will increase overall speed and efficiency of the approximately 10,000 annual statutory mailings and reduce manual preparation of the unit's correspondence.

## Proposed Technical

### Fund Balancing Adjustment(s) - Proposed

Revenues \$102,000

This is a technical item to record a fund balancing entry for the Unemployment Insurance Fund, which is managed by SDHR and CBO.

### 2024 Health Care Fund Expenditure and Revenue Adjustments

Expenditures \$(17,040,543)

Revenues \$(12,301,155)

This item adjusts the budget for expenditures and expected revenues in the City's health care fund (10112). Total costs including medical, dental and vision claims, plus administrative costs, are estimated to be \$329.8 million in 2024, a decline of \$17.0 million (4.9%) from 2024 Endorsed Budget levels. Meanwhile revenues to the fund, based on prior claims expectations, are expected to be \$343.0 million, representing a \$854,000 increase (0.2%) in department contributions from the 2024 Endorsed Budget but an overall excess of revenue over expenditures of \$13.2million. This excess results in a technical balancing entry, expressed as a negative \$13.2 million revenue change, which when combined with this small positive increase to revenues creates total revenue entries of negative \$12.3 million.

### Industrial Insurance Fund Expenditure and Revenue Adjustments

Expenditures \$(848,524)

Revenues \$(7,018,802)

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This item adjusts the budget for expenditures and expected revenues in the City's industrial insurance (workers compensation) fund (10110). Total costs including medical and time-loss claims, plus administrative costs, are estimated to be \$42.4 million in 2024, a decline of \$799,000 (1.9%) from 2024 Endorsed Budget levels. Meanwhile revenues to the fund, based on prior claims expectations, are expected to be \$44.0 million, representing a \$5.4 million decrease (11.0%) in department contributions from the 2024 Endorsed Budget but an overall excess of revenue over expenditures of \$7.0 million. This excess results in a technical balancing entry, expressed as a negative \$1.6 million revenue change, which when combined with the \$5.4 million decrease to revenues creates total revenue entries of negative \$7.0 million.

## **Intradepartmental budget-neutral balancing**

Expenditures -

This item aligns intradepartmental expenses and balances indirect cost distribution.

## **Council**

### **SCERS Contribution Rate Change**

Expenditures \$(152,748)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS), of which most non-uniformed City employees are members, is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and investment earnings.

The employer portion of the SCERS contribution is funded through the annual budget process as a percentage of salaries based on several factors including reports from the contracted actuary and the City's long-range financial forecasts. The Mayor's 2024 Proposed Mid-Biennial Budget included an employer contribution rate of 16.22%, which was determined prior to the actuary's recommendation but provided for long-term "smoothing" given the City's long-term financial challenges.

This item reduces the employer contribution rate from the proposed rate of 16.22% to the SCERS minimum actuarial required rate of 15.17%, which was determined to provide sufficient funding to the retirement system to achieve 100% funded status by 2042.

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## 2023-24 Mid-Biennium Adopted Budget Updates - Expenses

Budget Summary Level	Fund	Budget Process Phase Endorsed	Adopted Changes	Grand Total
GTL/LTD/AD&D Insurance Service	10113 - Group Term Life Fund	6,663,381	0	6,663,381
<b>GTL/LTD/AD&amp;D Insurance Service Total</b>		<b>6,663,381</b>	<b>0</b>	<b>6,663,381</b>
Health Care Services	10112 - Health Care Fund	346,865,852	-17,040,543	329,825,309
	63100 - Fire Fighters Healthcare Fund	2,000,000	0	2,000,000
<b>Health Care Services Total</b>		<b>348,865,852</b>	<b>-17,040,543</b>	<b>331,825,309</b>
HR Services	00100 - General Fund	25,045,616	1,151,952	26,197,568
<b>HR Services Total</b>		<b>25,045,616</b>	<b>1,151,952</b>	<b>26,197,568</b>
Industrial Insurance Services	10110 - Industrial Insurance Fund	43,194,563	-799,157	42,395,406
<b>Industrial Insurance Services Total</b>		<b>43,194,563</b>	<b>-799,157</b>	<b>42,395,406</b>
Leadership and Administration	00100 - General Fund	0	-45,976	-45,976
	14000 - Coronavirus Local Fiscal Recovery Fund	0	0	0
<b>Leadership and Administration Total</b>		<b>0</b>	<b>-45,976</b>	<b>-45,976</b>
Unemployment Services	10111 - Unemployment Insurance Fund	2,511,000	0	2,511,000
<b>Unemployment Services Total</b>		<b>2,511,000</b>	<b>0</b>	<b>2,511,000</b>
<b>Grand Total</b>		<b>426,280,412</b>	<b>-16,733,724</b>	<b>409,546,688</b>