

Police Relief and Pension

Dan Oliver, Executive Secretary

Department Information Line: (206) 386-1286

City of Seattle General Information: (206) 684-2489 TTY: (206) 615-0476

On the Web at: <http://www.seattle.gov/policepension/>



Department Overview

On March 1, 1970, the State of Washington took over the provision of certain police pensions through Revised Code of Washington (RCW) Section 41.26, the Law Enforcement Officers and Fire Fighters (LEOFF) Act Plan I. The City of Seattle Police Relief and Pension Fund is responsible for all pre-LEOFF pension benefits and that portion of the previous municipal police pension benefits that exceed LEOFF Plan I entitlements, including the pension benefits of their lawful beneficiaries, as well as for all medical benefits provided to qualifying active and retired Seattle police officers.

Both the Seattle Police Relief and Pension and LEOFF Plan I are closed systems and have not accepted new enrollments since October 1, 1977. Seattle police officers hired after this date are automatically enrolled in the State's LEOFF Plan II, for which the Seattle Police Pension Fund has no pension or medical benefit obligation.

The Seattle Police Pension Board, a seven-member quasi-judicial body chaired by the Mayor of Seattle or his/her designee, formulates policy, rules upon disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the Board handle all of its operational functions. Staff positions associated with Police Relief and Pension are not reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise 98% of the total annual budget, are done by an independent actuary. Although the Police Pension Fund has statutory funding sources, the City's General Subfund provides funding for nearly all of the Pension Fund's annual budget. Proceeds from the Police Auction contribute a small amount toward the annual budget.

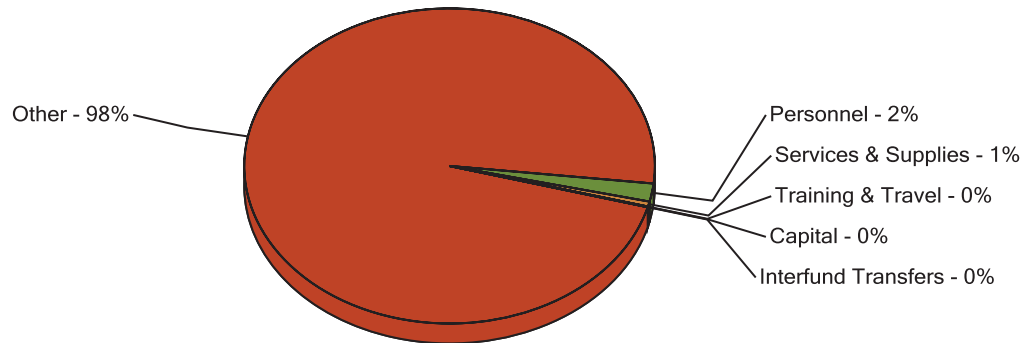
Police Relief and Pension

Budget Snapshot

Department Support	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
General Fund Support	\$20,696,542	\$21,312,128	\$18,987,071	\$18,557,893
Other Funding - Operating	\$0	\$873,216	\$800,230	\$801,176
Total Operations	\$20,696,542	\$22,185,344	\$19,787,301	\$19,359,069
Total Appropriations	\$20,696,542	\$22,185,344	\$19,787,301	\$19,359,069
Full-time Equivalent Total*	3.00	3.00	3.00	3.00

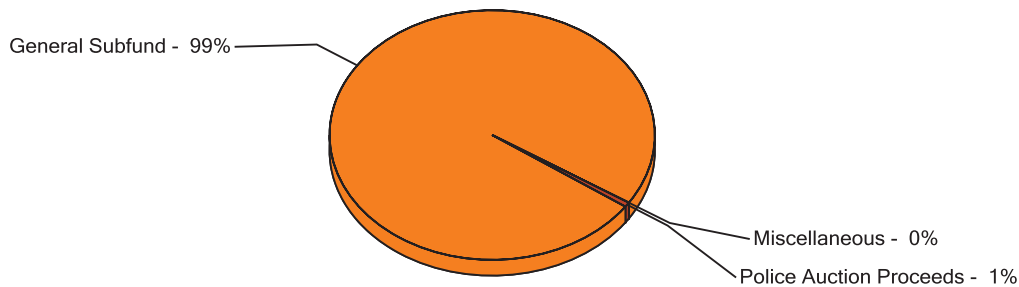
* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

2013 Proposed Budget - Expenditure by Category



Police Relief and Pension

2013 Proposed Budget - Revenue by Category



Budget Overview

The Police Relief and Pension Fund receives almost all of its revenue from the City's General Fund. The Police Pension Fund's expenditures, in turn, are devoted to paying legally mandated pension and medical benefits to eligible active and retired police officers and (with respect to pension benefits only) to their qualified beneficiaries.

The amount of General Fund support required for the Police Pension Fund in 2013 is about \$2.3 million less than in the 2012 Adopted Budget. There are three main reasons for the reduction.

First, the Police Pension Fund's actual 2011 ending fund balance was higher than anticipated. This was largely driven by higher than anticipated revenues into the fund, in addition to lower than anticipated expenditures for medical and pension payments in 2011. These one-time funds are available to partially offset the need for General Fund support in 2013 and 2014.

Second, updated projections of expenditures for medical benefits in 2013 and 2014 are lower than for 2012.

Third, total pension benefit amounts for 2013 and 2014 are dependent upon the outcome of negotiations with police labor unions. Meanwhile, the contribution from the State to support pension benefits increases with inflation. Until the outcome of local labor union negotiations are known, no increase in the total pension benefit costs is assumed. Given these static assumed costs and the increase in state funding, there is a resulting decrease in required City funding. This dynamic is temporary, however. Once local union negotiations have been finalized, the amount of General Fund support to the Police Relief and Pension Fund will increase accordingly.

In order to improve fiscal sustainability over the long term, the 2013-2014 Proposed Budget assumes the drawdown of one-time fund balances over several years instead of all at once. This reduces reliance of on-going programs on one-time fund sources, and also preserves resources to sustain critical services in future years.

Police Relief and Pension

Incremental Budget Changes

Police Relief and Pension

	2013		2014	
	Budget	FTE	Budget	FTE
Total 2012 Adopted Budget	\$ 22,185,343	3.00	\$ 22,185,343	3.00
Baseline Changes				
Citywide Adjustments for Standard Cost Changes	\$ 19,366	0.00	\$ 35,902	0.00
Initial Estimate of Pension Obligations	\$ 750,000	0.00	\$ 750,000	0.00
Proposed Technical Changes				
Final Citywide Adjustments for Standard Cost Changes	\$ 1,592	0.00	\$ 1,825	0.00
Revised Estimate of Benefit Costs	-\$ 2,669,000	0.00	-\$ 3,364,001	0.00
Total Incremental Changes	-\$ 1,898,042	0.00	-\$ 2,576,274	0.00
2013 - 2014 Proposed Budget	\$ 20,287,301	3.00	\$ 19,609,069	3.00

Description of Incremental Budget Changes

Baseline Changes

Citywide Adjustments for Standard Cost Changes - \$19,366

Citywide technical adjustments made in the "Baseline Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and employment costs. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Initial Estimate of Pension Obligations - \$750,000

Adjustment to Pension Obligation budget based on preliminary estimates made during the "Baseline Phase."

Proposed Technical Changes

Final Citywide Adjustments for Standard Cost Changes - \$1,592

Citywide technical adjustments made in the "Proposed Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and unemployment costs. These adjustments typically reflect updates to preliminary cost assumptions established in the "Baseline Phase."

Revised Estimate of Benefit Costs - (\$2,669,000)

Expenditures for pension benefits are dependent upon the outcome of ongoing negotiations with the Seattle Police Officers' Guild (SPOG). Additionally, expenditures for pension benefits paid directly by the City are offset by payments made by the state. The amount of coverage provided by the state typically grows at a rate tied to inflation. This adjustment reflects the net impact of these dynamics on the City's obligation to pay pension benefits for 2013 and 2014. Once the final outcome of negotiations with SPOG is known, the budget for pension payments will be adjusted accordingly. Medical benefit expenditures are adjusted based on actuarial forecasts.

Police Relief and Pension

Expenditure Overview

Appropriations	Summit Code	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Police Relief and Pension Budget Control					
Administration		473,261	536,344	557,301	574,070
Death Benefits		16,000	15,000	15,000	15,000
Medical Benefits		11,659,190	13,000,000	12,500,000	12,750,000
Pension Benefits		8,548,091	8,634,000	6,715,000	6,019,999
Total	RP604	20,696,542	22,185,344	19,787,301	19,359,069
Department Total		20,696,542	22,185,344	19,787,301	19,359,069
Department Full-time Equivalents Total*		3.00	3.00	3.00	3.00

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

Revenue Overview

2013 Estimated Revenues

Summit Code	Source	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
	General Subfund	22,251,490	21,312,128	18,987,071	18,557,893
	Total General Subfund	22,251,490	21,312,128	18,987,071	18,557,893
469990	Miscellaneous	963,263	0	0	0
	Total Miscellaneous	963,263	0	0	0
	Police Auction Proceeds	123,032	120,000	116,164	117,111
	Total Police Auction Proceeds	123,032	120,000	116,164	117,111
Total Revenues		23,337,785	21,432,128	19,103,235	18,675,004
379100	Use of (Contribution to) Fund Balance	-2,641,243	753,216	684,066	684,065
	Total Use of (Contribution to) Fund Balance	-2,641,243	753,216	684,066	684,065
Total Resources		20,696,542	22,185,344	19,787,301	19,359,069

Police Relief and Pension

Appropriations By Budget Control Level (BCL) and Program

Police Relief and Pension Budget Control Level

The purpose of the Police Relief and Pension Budget Control Level is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

Program Expenditures	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Administration	473,261	536,344	557,301	574,070
Death Benefits	16,000	15,000	15,000	15,000
Medical Benefits	11,659,190	13,000,000	12,500,000	12,750,000
Pension Benefits	8,548,091	8,634,000	6,715,000	6,019,999
Total	20,696,542	22,185,344	19,787,301	19,359,069
Full-time Equivalents Total*	3.00	3.00	3.00	3.00

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

Police Relief and Pension

The following information summarizes the programs in Police Relief and Pension Budget Control Level:

Administration Program

The purpose of the Administration Program is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

Expenditures/FTE	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Administration	473,261	536,344	557,301	574,070
Full-time Equivalents Total	3.00	3.00	3.00	3.00

Death Benefits Program

The purpose of the Death Benefits Program is to provide statutory death benefit payments to lawful beneficiaries of eligible former members of the Seattle Police Department.

Expenditures	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Death Benefits	16,000	15,000	15,000	15,000

Medical Benefits Program

The purpose of the Medical Benefits Program is to provide medical benefits for eligible active-duty and retired members of the Seattle Police Department.

Expenditures	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Medical Benefits	11,659,190	13,000,000	12,500,000	12,750,000

Pension Benefits Program

The purpose of the Pension Benefits Program is to provide pension benefits for eligible retired members of the Seattle Police Department.

Expenditures	2011 Actual	2012 Adopted	2013 Proposed	2014 Proposed
Pension Benefits	8,548,091	8,634,000	6,715,000	6,019,999

Police Relief and Pension

Police Pension Fund Table

Police Relief and Pension Fund (60400)

	2011 Actuals	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed
Beginning Fund Balance	1,104,996	2,621,347	3,746,239	1,868,131	1,184,066
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	23,337,785	21,432,128	20,307,236	19,103,235	18,675,004
Less: Actual and Budgeted Expenditures	20,696,542	22,185,344	22,185,344	19,787,301	19,359,069
Ending Fund Balance	3,746,239	1,868,131	1,868,131	1,184,066	500,001
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
Rate Stabilization Reserve		1,368,131	1,368,131	684,066	0
Total Reserves	500,000	1,868,131	1,868,131	1,184,066	500,000
Ending Unreserved Fund Balance	3,246,239	0	0	0	1

Utilities & Transportation

