

# Police Relief and Pension

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<http://www.seattle.gov/policepension/>

## Department Overview

The Police Relief and Pension Fund (PPEN) provides pension and medical benefit services to eligible police officers, active and retired, and their beneficiaries. PPEN is a closed plan which only covers police officers who were hired before October 1, 1977. Retiree benefits for police officers hired more recently are primarily covered through a separate state-managed plan.

The management of police benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into PPEN to provide for police officer retiree benefits. In March 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) Plan 1. Seattle police officers hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through PPEN. As a result, this group of police officers receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's PPEN that exceeds LEOFF 1 coverage. Both PPEN and LEOFF 1 closed to new enrollees in October 1977. Police officers hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from PPEN.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on 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 reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual PPEN budget, are based on the forecasts of an independent actuary. The City's General Fund provides funding for nearly all of PPEN's annual budget that supports the Police Relief and Pension Fund obligations. The Police Pension Fund also has a statutory funding source from police auction proceeds, which contribute a small amount towards the annual budget.

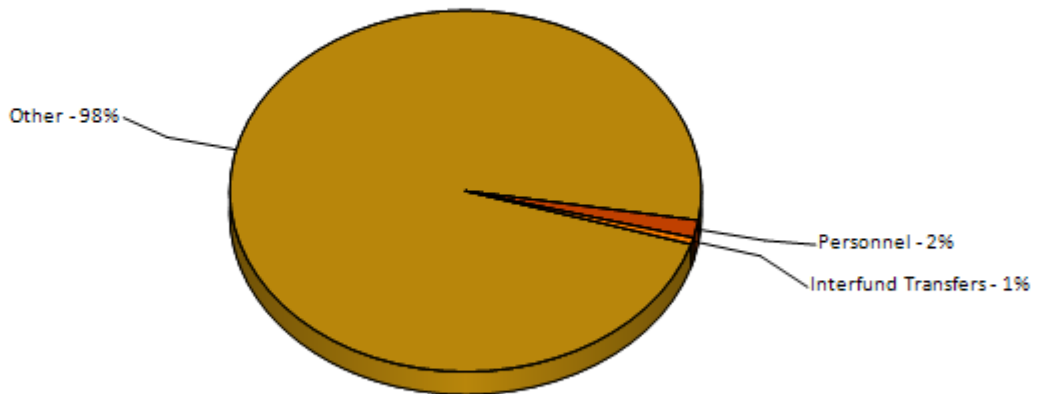
## Police Relief and Pension

### Budget Snapshot

Department Support	2018 Adopted	2019 Adopted	2020 Endorsed
General Fund Support	\$21,771,140	\$25,163,128	\$25,815,473
Other Funding - Operating	\$774,288	\$774,288	\$774,288
<b>Total Operations</b>	<b>\$22,545,428</b>	<b>\$25,937,416</b>	<b>\$26,589,761</b>
<b>Total Appropriations</b>	<b>\$22,545,428</b>	<b>\$25,937,416</b>	<b>\$26,589,761</b>
Full-time Equivalent Total*	3.00	3.00	3.00

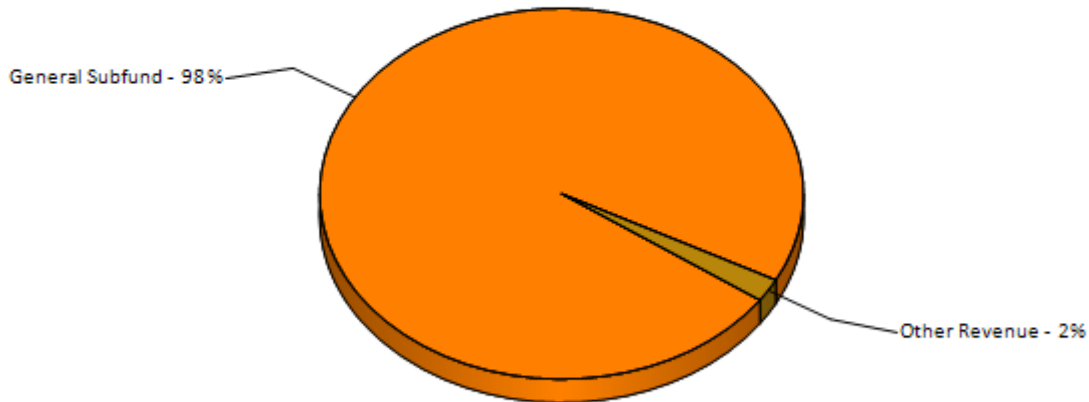
*\* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

### 2019 Adopted Budget - Expenditure by Category



# Police Relief and Pension

## 2019 Adopted Budget - Revenue by Category



## Budget Overview

The Police Relief and Pension Fund's (PPEN) expenditures pay legally mandated pension and medical benefits, including long-term care, to eligible retired police officers and qualified beneficiaries. The total pension benefits for PPEN members are increased annually through locally negotiated cost of living adjustments (COLA) and local inflation. These increases are then offset by the benefits paid by the state's LEOFF 1 pension plan which has its own annual growth rate.

Most of PPEN's retirees are represented by either the Seattle Police Management Association (SPMA) or the Seattle Police Officer's Guild (SPOG).

The 2019 Adopted and 2020 Endorsed Budget does not assume a COLA on SPMA's pension payments in 2020 because SPMA's current contract expires on December 31, 2019. When SPMA's 2020 COLA is determined in their next contract, a corresponding appropriation increase will be requested to fund the new level of benefit payments to retirees, plus, any missed payments retroactive to the start of the contract.

In November 2018, the City Council passed [Ordinance 125693](#), which authorized the collective bargaining agreement between the City of Seattle and SPOG. PPEN retirees represented by SPOG receive COLAs on their pension benefits retroactive to January 1, 2015 and effective through December 31, 2020.

- The SPOG agreement ordinance and the 2018 Fourth Quarter Supplemental Budget [Ordinance 125739](#) provided PPEN with the budget appropriation increase for retroactive benefit payments from January 1, 2015 through December 31, 2018.
- The 2019 Adopted and 2020 Endorsed Budget includes the COLA increase for January 1, 2019 through December 31, 2020.

## Police Relief and Pension

The 2019 Adopted and 2020 Endorsed Budget's retiree medical and long-term care costs are \$15.38 million each year, unchanged from the 2018 Adopted Budget. The actuarial report anticipates medical and long-term care costs will increase over the next 15 to 20 years due to PPEN's aging membership and annual trend rates for medical and long-term care costs.

Previously, the General Fund was charged directly from the City's Information Technology Department (ITD) and Department of Finance and Administrative Services (FAS) for their services supporting certain small departments such as PPEN. Starting in 2019, ITD and FAS will be charged directly to each small department, funded by revenue distributions from the General Fund. The adopted budget includes appropriation increases of \$166,000 in 2019 and \$166,000 in 2020 for these new administrative costs.

### City Council Changes to the Proposed Budget

As noted above, the collective bargaining agreement between the City of Seattle and SPOG was approved by the City Council in November 2018. To support the increased pension benefits in 2019 and 2020 related to COLA, Council increased PPEN's appropriation authority in the 2019 Adopted and 2020 Endorsed Budget by \$3,225,910 in 2019 and \$3,878,749 in 2020, funded by Finance General transfers into the Police Pension and Relief Fund.

## Incremental Budget Changes

### Police Relief and Pension

	2019		2020	
	Budget	FTE	Budget	FTE
<b>2018 Adopted Budget</b>	<b>\$ 22,545,428</b>	<b>3.00</b>	<b>\$ 22,545,428</b>	<b>3.00</b>
<b>Baseline Changes</b>				
Citywide Adjustments for Standard Cost Changes	\$ 153,129	0.00	\$ 139,428	0.00
<b>Proposed Changes</b>				
Administrative Costs Changes	\$ 12,949	0.00	\$ 26,156	0.00
<b>Council Changes</b>				
Seattle Police Officer's Guild - Pension Benefits	\$ 3,225,910	0.00	\$ 3,878,749	0.00
<b>Total Incremental Changes</b>	<b>\$ 3,391,988</b>	<b>0.00</b>	<b>\$ 4,044,333</b>	<b>0.00</b>
<b>2019 Adopted/2020 Endorsed Budget</b>	<b>\$ 25,937,416</b>	<b>3.00</b>	<b>\$ 26,589,761</b>	<b>3.00</b>

# Police Relief and Pension

## Descriptions of Incremental Budget Changes

### Baseline Changes

#### **Citywide Adjustments for Standard Cost Changes - \$153,129**

Citywide technical adjustments made in the baseline phase reflect changes to health care and retirement charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Additionally, this adjustment increases PPEN's appropriation for cost allocations by the City's Seattle Information Technology Department (ITD) and Department of Finance and Administrative Services (FAS). Their services were previously charged directly to the General Fund for small departments, including PPEN. Starting in 2019, ITD and FAS will be charged directly to each small department, funded by revenue distributions from the General Fund.

### Proposed Changes

#### **Administrative Costs Changes - \$12,949**

This adjustment increases PPEN's administrative costs to reflect their expected operating costs in 2019 and 2020.

### Council Changes

#### **Seattle Police Officer's Guild - Pension Benefits - \$3,225,910**

This adjustment increases the pension benefits for retired PPEN members of the Seattle Police Officer's Guild (SPOG). The pension benefits are subject to cost of living adjustments in 2019 and 2020 in the collective bargaining agreement between the City of Seattle and SPOG.

## City Council Provisos

There are no Council provisos.

## Police Relief and Pension

### Expenditure Overview

Appropriations	2018 Adopted	2019 Adopted	2020 Endorsed
<b>Police Relief and Pension Budget Summary Level</b>			
Police Relief & Pension Fund	22,545,428	25,937,416	26,589,761
<b>Total for BSL: BO-PP-RP604</b>	<b>22,545,428</b>	<b>25,937,416</b>	<b>26,589,761</b>

<b>Department Total</b>	<b>22,545,428</b>	<b>25,937,416</b>	<b>26,589,761</b>
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<b>Department Full-time Equivalents Total*</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
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\* 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.

### Budget Summary by Fund for Police Pension

	2018 Adopted	2019 Adopted	2020 Endorsed
61060 - Police Relief & Pension Fund	22,545,428	25,937,416	26,589,761
<b>Budget Totals for PPEN</b>	<b>22,545,428</b>	<b>25,937,416</b>	<b>26,589,761</b>

### Revenue Overview

#### 2019 Estimated Revenues

Summit Code	Source	2018 Adopted	2019 Adopted	2020 Endorsed
360430	General Subfund	21,771,140	25,163,128	25,815,473
	<b>Total General Subfund</b>	<b>21,771,140</b>	<b>25,163,128</b>	<b>25,815,473</b>
360400	Police Auction Proceeds	117,000	117,000	117,000
397010	Medicare Rx Subsidy	400,000	400,000	400,000
	<b>Total Other Revenue</b>	<b>517,000</b>	<b>517,000</b>	<b>517,000</b>
	<b>Total Revenues</b>	<b>22,288,140</b>	<b>25,680,128</b>	<b>26,332,473</b>

379100	Use of (Contribution to) Fund Balance	257,288	257,288	257,288
	<b>Total Use of (Contribution to) Fund Balance</b>	<b>257,288</b>	<b>257,288</b>	<b>257,288</b>

<b>Total Resources</b>		<b>22,545,428</b>	<b>25,937,416</b>	<b>26,589,761</b>
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# Police Relief and Pension

## Appropriations By Budget Summary Level (BSL) and Program

### Police Relief and Pension Budget Summary Level

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

<b>Program Expenditures</b>	<b>2018 Adopted</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>
Death Benefits	18,000	18,000	18,000
Leadership and Administration	647,428	813,506	813,012
Medical Benefits	15,380,000	15,380,000	15,380,000
Pensions	6,500,000	9,725,910	10,378,749
<b>Total</b>	<b>22,545,428</b>	<b>25,937,416</b>	<b>26,589,761</b>
Full-time Equivalents Total*	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.

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

#### Death Benefits Program

<b>Expenditures</b>	<b>2018 Adopted</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>
Death Benefits	18,000	18,000	18,000
Full-time Equivalents Total	0.00	0.00	0.00

#### Leadership and Administration Program

<b>Expenditures/FTE</b>	<b>2018 Adopted</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>
Leadership and Administration	647,428	813,506	813,012
Full-time Equivalents Total	3.00	3.00	3.00

#### Medical Benefits Program

<b>Expenditures</b>	<b>2018 Adopted</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>
Medical Benefits	15,380,000	15,380,000	15,380,000
Full-time Equivalents Total	0.00	0.00	0.00

# Police Relief and Pension

## Pensions Program

<b>Expenditures</b>	<b>2018 Adopted</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>
Pensions	6,500,000	9,725,910	10,378,749
Full-time Equivalents Total	0.00	0.00	0.00