

Police Relief and Pension

Dan Oliver, Executive Secretary

(206) 386-1286

<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.

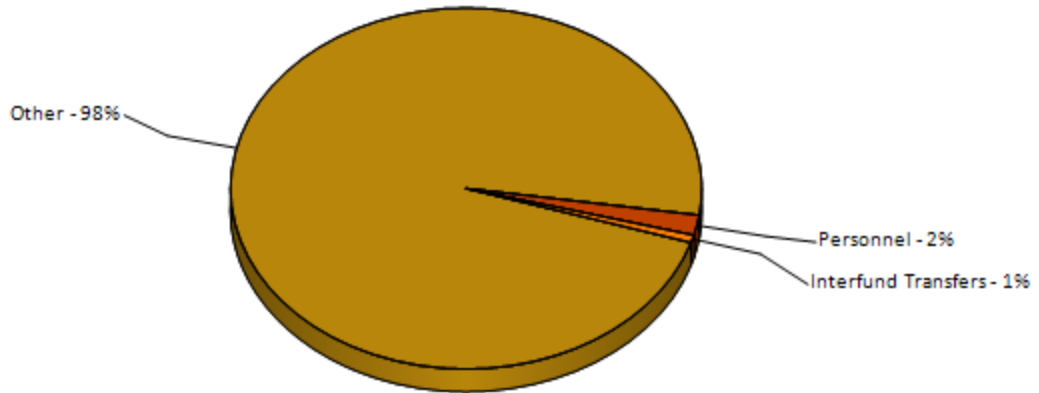
Budget Snapshot

Department Support	2018 Adopted	2019 Proposed	2020 Proposed
General Fund Support	\$21,771,140	\$21,937,218	\$21,936,724
Other Funding - Operating	\$774,288	\$774,288	\$774,288
Total Operations	\$22,545,428	\$22,711,506	\$22,711,012
Total Appropriations	\$22,545,428	\$22,711,506	\$22,711,012
Full-time Equivalent Total*	3.00	3.00	3.00

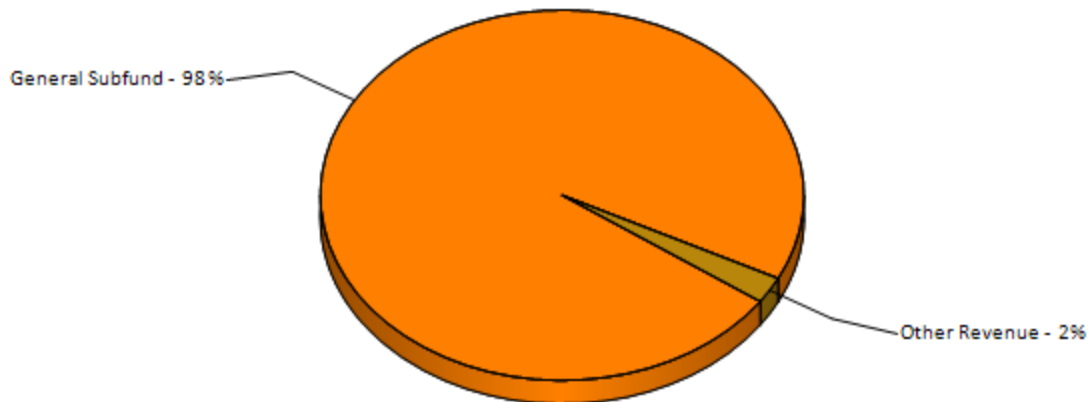
* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Police Relief and Pension

2019 Proposed Budget - Expenditure by Category



2019 Proposed Budget - Revenue by Category



Police Relief and Pension

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 2019-2020 Proposed Budget does not assume a COLA on SPMA's pension payments in 2020 because SPMA's current contract expires on December 31, 2019. The proposed budget also does not increase SPOG's pension payments by COLA because the contract expired on December 31, 2014. When SPMA's 2020 and SPOG's 2015-2020 COLAs are determined in their next contracts, 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.

The proposed 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 2019-2020 Proposed Budget includes appropriation increases of \$166,000 in 2019 and \$166,000 in 2020 for these new administrative costs.

Police Relief and Pension

Incremental Budget Changes

Police Relief and Pension

	2019		2020	
	Budget	FTE	Budget	FTE
2018 Adopted Budget	\$ 22,545,428	3.00	\$ 22,545,428	3.00
Baseline Changes				
Citywide Adjustments for Standard Cost Changes	\$ 153,129	0.00	\$ 139,428	0.00
Proposed Changes				
Administrative Costs Changes	\$ 12,949	0.00	\$ 26,156	0.00
Total Incremental Changes	\$ 166,078	0.00	\$ 165,584	0.00
2019 - 2020 Proposed Budget	\$ 22,711,506	3.00	\$ 22,711,012	3.00

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.

Police Relief and Pension

Expenditure Overview

Appropriations	2018 Adopted	2019 Proposed	2020 Proposed
Police Relief and Pension Budget Summary Level			
Police Relief & Pension Fund	22,545,428	22,711,506	22,711,012
Total for BSL: BO-PP-RP604	22,545,428	22,711,506	22,711,012

Department Total	22,545,428	22,711,506	22,711,012
-------------------------	-------------------	-------------------	-------------------

Department 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.

Budget Summary by Fund for Police Pension

	2018 Adopted	2019 Proposed	2020 Proposed
61060 - Police Relief & Pension Fund	22,545,428	22,711,506	22,711,012
Budget Totals for PPEN	22,545,428	22,711,506	22,711,012

Revenue Overview

2019 Estimated Revenues

Summit Code	Source	2018 Adopted	2019 Proposed	2020 Proposed
360430	General Subfund	21,771,140	21,937,218	21,936,724
	Total General Subfund	21,771,140	21,937,218	21,936,724
360400	Police Auction Proceeds	117,000	117,000	117,000
397010	Medicare Rx Subsidy	400,000	400,000	400,000
	Total Other Revenue	517,000	517,000	517,000

Total Revenues		22,288,140	22,454,218	22,453,724
-----------------------	--	-------------------	-------------------	-------------------

379100	Use of (Contribution to) Fund Balance	257,288	257,288	257,288
	Total Use of (Contribution to) Fund Balance	257,288	257,288	257,288

Total Resources		22,545,428	22,711,506	22,711,012
------------------------	--	-------------------	-------------------	-------------------

Police Relief and Pension

Appropriations By Budget Summary Level (BSL) and Program

<u>Police Relief and Pension Budget Summary Level</u>			
Program Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
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	6,500,000	6,500,000
Total	22,545,428	22,711,506	22,711,012
Full-time Equivalents Total*	3.00	3.00	3.00
<i>* 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.</i>			

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

Death Benefits Program

Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Death Benefits	18,000	18,000	18,000
Full-time Equivalents Total	0.00	0.00	0.00

Leadership and Administration Program

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

Medical Benefits Program

Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
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

Expenditures	2018 Adopted	2019 Proposed	2020 Proposed
Pensions	6,500,000	6,500,000	6,500,000
Full-time Equivalents Total	0.00	0.00	0.00

