

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 active and retired police officers 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 the Mayor's 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

	2019 Actuals	2020 Adopted	2021 Adopted
Department Support			
Other Funding - Operating	22,339,415	26,633,274	26,651,531
Total Operations	22,339,415	26,633,274	26,651,531
Total Appropriations	22,339,415	26,633,274	26,651,531
Full-Time Equivalents Total*	3.00	3.00	3.00

* 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

Police Relief and Pension

Budget Overview

The Police Relief and Pension Fund (PPEN) pays 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 2021 Adopted Budget's retiree medical and long-term care costs are \$15.38 million, unchanged from the 2020 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.

The 2021 Adopted Budget includes appropriation increases of \$18,257 for centrally adjusted administrative and labor costs and uses \$275,545 of existing fund balance to provide resources against expected expenditures.

City council Changes to the Proposed Budget

The Council made no changes to the 2021 Proposed Budget

Incremental Budget Changes

Police Relief and Pension

	Dollars	FTE
2020 Adopted Budget	26,633,274	3.00
Adjustment for One-Time Budget Changes	-	-
Citywide Adjustments for Standard Cost Changes	(488)	-
Baseline Adjustments for Personnel Costs	18,745	-
Proposed Technical		
PPEN-Balancing	-	-
Total Incremental Changes	\$18,257	-
Total 2021 Adopted Budget	\$26,651,531	3.00

Description of Incremental Budget Changes

Adjustment for One-Time Budget Changes

Revenues \$(257,288)

This item includes budget adjustments for one-time changes in the 2021 Adopted Budget.

Police Relief and Pension

Citywide Adjustments for Standard Cost Changes

Expenditures \$(488)

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.

Baseline Adjustments for Personnel Costs

Expenditures \$18,745

This centrally administered change adjusts appropriations to reflect an annual wage increase, as outlined in the agreements between the City and the Coalition of Unions, for personnel costs included in this department's baseline budget. This includes increases to salary, FICA, Medicare, family medical leave, retirement, overtime and temporary labor. There is no increase assumed from 2021 to 2022. This does not include a 2021 salary increase for non-represented Executives, Managers and Strategic Advisors.

Proposed Technical

PPEN-Balancing

Revenues \$275,545

This is a technical item to balance revenues and expenditures for the Funds managed by this department

Expenditure Overview

	2019 Actuals	2020 Adopted	2021 Adopted
Appropriations			
PPEN - BO-PP-RP604 - Police Relief and Pension			
61060 - Police Relief & Pension Fund	22,339,415	26,633,274	26,651,531
Total for BSL: BO-PP-RP604	22,339,415	26,633,274	26,651,531
Department Total	22,339,415	26,633,274	26,651,531
Department Full-Time Equivalents Total*	3.00	3.00	3.00

* 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

Budget Summary by Fund Police Relief and Pension

	2019 Actuals	2020 Adopted	2021 Adopted
61060 - Police Relief & Pension Fund	22,339,415	26,633,274	26,651,531
Budget Totals for PPEN	22,339,415	26,633,274	26,651,531

Police Relief and Pension

Revenue Overview

2021 Estimated Revenues

Account Code	Account Name	2019 Actuals	2020 Adopted	2021 Adopted
360400	Unclaimed Money/Property Sales	154,236	117,000	117,000
360430	Employr Pnsn Contributions	25,165,128	25,858,986	25,858,986
360440	Employr Dth Ben Contribution	6,846	-	-
397010	Operating Transfers In	-	400,000	400,000
Total Revenues for: 61060 - Police Relief & Pension Fund		25,326,209	26,375,986	26,375,986
400000	Use of/Contribution to Fund Balance	-	257,288	275,545
Total Resources for:61060 - Police Relief & Pension Fund		25,326,209	26,633,274	26,651,531
Total PPEN Resources		25,326,209	26,633,274	26,651,531

Police Relief and Pension

Appropriations by Budget Summary Level and Program

PPEN - BO-PP-RP604 - Police Relief and Pension

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.

Program Expenditures	2019 Actuals	2020 Adopted	2021 Adopted
Death Benefits	14,000	18,000	18,000
Leadership and Administration	740,372	856,525	874,782
Long-Term Care	5,363,172	-	-
Medical Benefits	8,336,486	15,380,000	15,380,000
Pensions	7,885,386	10,378,749	10,378,749
Total	22,339,415	26,633,274	26,651,531
Full-time Equivalents Total*	3.00	3.00	3.00

**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*

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

Death Benefits

Expenditures/FTE	2019 Actuals	2020 Adopted	2021 Adopted
Death Benefits	14,000	18,000	18,000

Leadership and Administration

Expenditures/FTE	2019 Actuals	2020 Adopted	2021 Adopted
Leadership and Administration	740,372	856,525	874,782
Full Time Equivalents Total	3.00	3.00	3.00

Long-Term Care

Expenditures/FTE	2019 Actuals	2020 Adopted	2021 Adopted
Long-Term Care	5,363,172	-	-

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Medical Benefits

	2019	2020	2021
Expenditures/FTE	Actuals	Adopted	Adopted
Medical Benefits	8,336,486	15,380,000	15,380,000

Pensions

	2019	2020	2021
Expenditures/FTE	Actuals	Adopted	Adopted
Pensions	7,885,386	10,378,749	10,378,749