

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 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

	2020 Actuals	2021 Adopted	2022 Proposed
Department Support			
Other Funding - Operating	20,386,873	26,651,531	26,680,278
Total Operations	20,386,873	26,651,531	26,680,278
Total Appropriations	20,386,873	26,651,531	26,680,278
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 2022 Proposed Budget's retiree medical and long-term care costs are \$15.38 million, unchanged from the 2021 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 2022 Proposed Budget includes appropriation increases of \$28,747 for centrally adjusted administrative and labor costs. The Proposed Budget reduces the General Fund transfer by \$3.36 million and an intentional use of \$3.66 million of existing fund balance to provide resources against expected expenditures.

Incremental Budget Changes

Police Relief and Pension

	Dollars	FTE
2021 Adopted Budget	26,651,531	3.00
Baseline		
Citywide Adjustments for Standard Cost Changes	28,747	-
Proposed Technical		
Reduction of GF revenue contribution	-	-
Total Incremental Changes	\$28,747	-
Total 2022 Proposed Budget	\$26,680,278	3.00

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$28,747

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.

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Proposed Technical

Reduction of GF revenue contribution

Revenues \$28,747

This change reduces the GF contribution for 2022 to the Police Relief and Pension Fund (61060) with the intent of reducing available fund balance. The General Fund transfer is reduced by \$3.36 million requiring an expected, intentional use of \$3.66 million of existing fund balance to provide resources against expected expenditures. A total increase of \$28,747 is needed to cover incremental labor costs in 2022.

Expenditure Overview

	2020 Actuals	2021 Adopted	2022 Proposed
Appropriations			
PPEN - BO-PP-RP604 - Police Relief and Pension			
61060 - Police Relief & Pension Fund	20,386,873	26,651,531	26,680,278
Total for BSL: BO-PP-RP604	20,386,873	26,651,531	26,680,278
Department Total	20,386,873	26,651,531	26,680,278
Department Full-Time Equivalents Total*	3.00	3.00	3.00

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Budget Summary by Fund Police Relief and Pension

	2020 Actuals	2021 Adopted	2022 Proposed
61060 - Police Relief & Pension Fund	20,386,873	26,651,531	26,680,278
Budget Totals for PPEN	20,386,873	26,651,531	26,680,278

Revenue Overview

2022 Estimated Revenues

Account Code	Account Name	2020 Actuals	2021 Adopted	2022 Proposed
360400	Unclaimed Money/Property Sales	98,624	117,000	117,000
360430	Employr Pnsn Contributions	25,876,986	25,858,986	22,500,000
397010	Operating Transfers In	-	400,000	400,000
Total Revenues for: 61060 - Police Relief & Pension Fund		25,975,610	26,375,986	23,017,000
400000	Use of/Contribution to Fund Balance	-	275,545	3,663,278
Total Resources for:61060 - Police Relief & Pension Fund		25,975,610	26,651,531	26,680,278
Total PPEN Resources		25,975,610	26,651,531	26,680,278

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	2020 Actuals	2021 Adopted	2022 Proposed
Death Benefits	19,000	18,000	18,000
Leadership and Administration	785,212	874,782	903,529
Long-Term Care	4,570,085	-	-
Medical Benefits	7,359,537	15,380,000	15,380,000
Pensions	7,653,038	10,378,749	10,378,749
Total	20,386,873	26,651,531	26,680,278
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	2020 Actuals	2021 Adopted	2022 Proposed
Death Benefits	19,000	18,000	18,000

Leadership and Administration

Expenditures/FTE	2020 Actuals	2021 Adopted	2022 Proposed
Leadership and Administration	785,212	874,782	903,529
Full Time Equivalents Total	3.00	3.00	3.00

Long-Term Care

Expenditures/FTE	2020 Actuals	2021 Adopted	2022 Proposed
Long-Term Care	4,570,085	-	-

Police Relief and Pension

Medical Benefits

	2020	2021	2022
Expenditures/FTE	Actuals	Adopted	Proposed
Medical Benefits	7,359,537	15,380,000	15,380,000

Pensions

	2020	2021	2022
Expenditures/FTE	Actuals	Adopted	Proposed
Pensions	7,653,038	10,378,749	10,378,749

