

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

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Department Support				
Other Funding - Operating	29,738,764	25,937,416	26,589,761	26,633,274
Total Operations	29,738,764	25,937,416	26,589,761	26,633,274
Total Appropriations	29,738,764	25,937,416	26,589,761	26,633,274
Full-Time Equivalents Total*	3.00	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 2020 Adopted Budget's retiree medical and long-term care costs are \$15.38 million, unchanged from the 2019 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 2020 Adopted Budget includes appropriation increases of \$43,513 for centrally adjusted administrative and labor costs.

City Council Changes to the Proposed Budget

The Council made no changes to the 2020 Proposed Budget.

Police Relief and Pension

Incremental Budget Changes

Police Relief and Pension

	2020 Budget	FTE
Total 2020 Endorsed Budget	26,589,761	3.00
Baseline		
2020 Coalition and Non-Rep Annual Wage Increase Base Budget	39,781	-
2020 State Paid Family Medical Leave Increase Base Budget	607	-
Citywide Adjustments for Standard Cost Changes	3,125	-
Total Incremental Changes	\$43,513	-
Total 2020 Adopted Budget	\$26,633,274	3.00

Description of Incremental Budget Changes

Baseline

2020 Coalition and Non-Rep Annual Wage Increase Base Budget

Expenditures \$39,781

This centrally administered change adjusts appropriations to reflect the 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, retirement, overtime and temporary labor.

2020 State Paid Family Medical Leave Increase Base Budget

Expenditures \$607

Starting in January 2020, Washington State will offer paid family and medical leave benefits to all workers in the State of Washington, including City of Seattle employees. In 2020, the agreements with the Coalition of Unions moves a portion of the cost responsibility to the employee in 2020, with the City paying the remainder. This item increases appropriations to account for the City's obligation for all employees.

Citywide Adjustments for Standard Cost Changes

Expenditures \$3,125

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including the Department of Finance & Administrative Services rates, Information Technology rates and Human Resources rates, health care, retirement and industrial insurance charges for the department. This adjustment also includes a transfer of resources from the department to the Human Resources Investigations Unit (HRIU) as part of the City's efforts to improve investigative processes and practices across the City departments. While the internal service rates are final for 2020, some of the other adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Police Relief and Pension

Expenditure Overview

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Appropriations				
PPEN - BO-PP-RP604 - Police Relief and Pension				
61060 - Police Relief & Pension Fund	29,738,764	25,937,416	26,589,761	26,633,274
Total for BSL: BO-PP-RP604	29,738,764	25,937,416	26,589,761	26,633,274
 Department Total	 29,738,764	 25,937,416	 26,589,761	 26,633,274
 Department Full-Time Equivalents Total*	 3.00	 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

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
61060 - Police Relief & Pension Fund	29,738,764	25,937,416	26,589,761	26,633,274
Budget Totals for PPEN	29,738,764	25,937,416	26,589,761	26,633,274

Revenue Overview

2020 Estimated Revenues

Account Code	Account Name	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
360400	Unclaimed Money/Property Sales	447,115	117,000	117,000	117,000
360430	Employr Pnsn Contributions	25,632,140	25,163,128	25,815,473	25,858,986
397010	Operating Transfers In	726,999	400,000	400,000	400,000
Total Revenues for: 61060 - Police Relief & Pension Fund		26,806,254	25,680,128	26,332,473	26,375,986
400000	Use of/Contribution to Fund Balance	2,932,510	257,288	257,288	257,288
Total Resources for: 61060 - Police Relief & Pension Fund		29,738,764	25,937,416	26,589,761	26,633,274
Total PPEN Resources		29,738,764	25,937,416	26,589,761	26,633,274

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	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Death Benefits	19,650	18,000	18,000	18,000
Leadership and Administration	586,751	813,506	813,012	856,525
Long-Term Care	4,174,509	-	-	-
Medical Benefits	9,678,435	15,380,000	15,380,000	15,380,000
Pensions	15,279,419	9,725,910	10,378,749	10,378,749
Total	29,738,764	25,937,416	26,589,761	26,633,274
Full-time Equivalents Total*	3.00	3.00	3.00	3.00

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

Death Benefits

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Death Benefits	19,650	18,000	18,000	18,000

Leadership and Administration

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Leadership and Administration	586,751	813,506	813,012	856,525
Full Time Equivalents Total	3.00	3.00	3.00	3.00

Long-Term Care

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Long-Term Care	4,174,509	-	-	-

Medical Benefits

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Medical Benefits	9,678,435	15,380,000	15,380,000	15,380,000

Pensions

Expenditures/FTE	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Adopted
Pensions	15,279,419	9,725,910	10,378,749	10,378,749