

# 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

	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
<b>Department Support</b>				
Other Funding - Operating	29,738,764	25,937,416	26,589,761	26,633,274
<b>Total Operations</b>	<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>
<b>Total Appropriations</b>	<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>
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 Proposed 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 Proposed Budget includes appropriation increases of \$43,513 for centrally adjusted administrative and labor costs.

## Incremental Budget Changes

### Police Relief and Pension

	2020 Budget	FTE
<b>Total 2020 Endorsed Budget</b>	<b>26,589,761</b>	<b>3.00</b>
<b>Baseline</b>		
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	-
<b>Total Incremental Changes</b>	<b>\$43,513</b>	<b>-</b>
<b>Total 2020 Proposed Budget</b>	<b>\$26,633,274</b>	<b>3.00</b>

## 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 tentative agreement 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.

## Police Relief and Pension

### 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 tentative agreement 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.

## Expenditure Overview

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

*\* 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 Proposed
61060 - Police Relief & Pension Fund	29,738,764	25,937,416	26,589,761	26,633,274
<b>Budget Totals for PPEN</b>	<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>

## Police Relief and Pension

### Revenue Overview

#### 2020 Estimated Revenues

Account Code	Account Name	2018 Actuals	2019 Adopted	2020 Endorsed	2020 Proposed
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
<b>Total Revenues for: 61060 - Police Relief &amp; Pension Fund</b>		<b>26,806,254</b>	<b>25,680,128</b>	<b>26,332,473</b>	<b>26,375,986</b>
400000	Use of/Contribution to Fund Balance	2,932,510	257,288	257,288	257,288
<b>Total Resources for:61060 - Police Relief &amp; Pension Fund</b>		<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>
<b>Total PPEN Resources</b>		<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>

## 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.

<b>Program Expenditures</b>	<b>2018 Actuals</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>	<b>2020 Proposed</b>
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
<b>Total</b>	<b>29,738,764</b>	<b>25,937,416</b>	<b>26,589,761</b>	<b>26,633,274</b>
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**

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

#### **Leadership and Administration**

<b>Expenditures/FTE</b>	<b>2018 Actuals</b>	<b>2019 Adopted</b>	<b>2020 Endorsed</b>	<b>2020 Proposed</b>
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**

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

#### **Medical Benefits**

# Police Relief and Pension

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

## Pensions

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