

# Police Relief and Pension

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## Department Overview

On March 1, 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) Act Plan I. The City of Seattle Police Relief and Pension Fund is responsible for all pre-LEOFF pension benefits and that portion of the previous municipal police pension benefits that exceed LEOFF Plan I entitlements, including the pension benefits of their lawful beneficiaries, as well as for all medical benefits provided to qualifying active and retired Seattle police officers.

Both the Seattle Police Relief and Pension and LEOFF Plan I are closed systems and have not accepted new enrollments since October 1, 1977. Seattle police officers hired after this date are automatically enrolled in the State's LEOFF Plan II, for which the Seattle Police Pension Fund has no pension or medical benefit obligation.

The Seattle Police Pension Board, a seven-member quasi-judicial body chaired by the Mayor of Seattle or his/her designee, formulates policy, rules upon 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 not reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise 98% of the total annual budget, are done by an independent actuary. Although the Police Pension Fund has statutory funding sources, the City's General Subfund provides funding for nearly all of the Pension Fund's annual budget. Proceeds from the Police Auction contribute a small amount toward the annual budget.

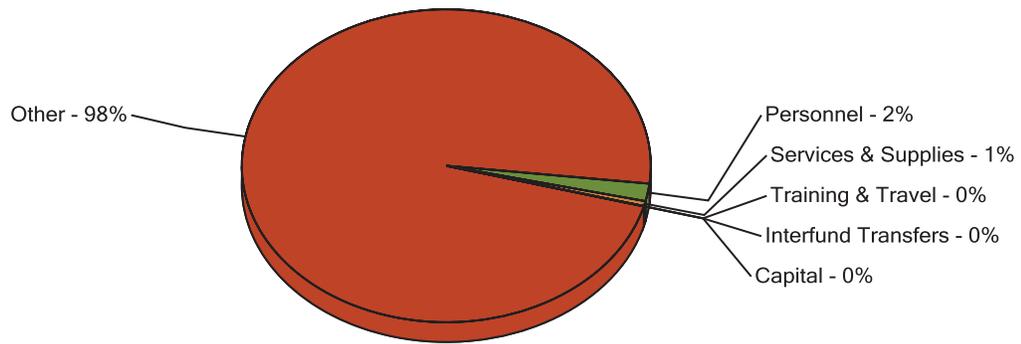
## Budget Snapshot

Department Support	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
General Fund Support	\$20,696,542	\$21,312,128	\$18,987,071	\$18,557,893
Other Funding - Operating	\$0	\$873,216	\$800,230	\$801,176
<b>Total Operations</b>	<b>\$20,696,542</b>	<b>\$22,185,344</b>	<b>\$19,787,301</b>	<b>\$19,359,069</b>
<b>Total Appropriations</b>	<b>\$20,696,542</b>	<b>\$22,185,344</b>	<b>\$19,787,301</b>	<b>\$19,359,069</b>
Full-time Equivalent Total*	3.00	3.00	3.00	3.00

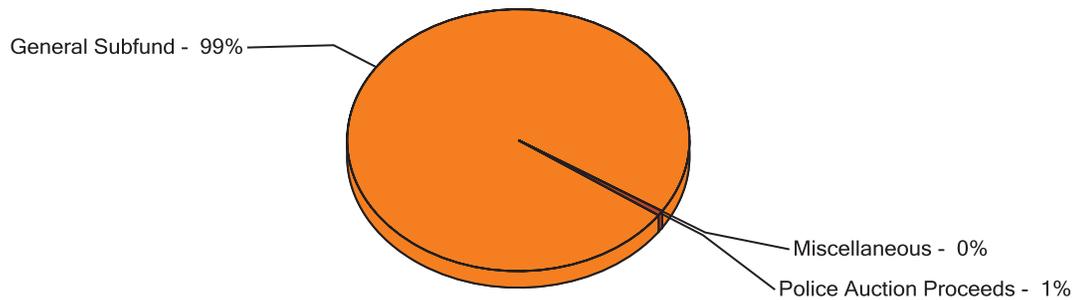
\* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

## Police Relief and Pension

### 2013 Adopted Budget - Expenditure by Category



### 2013 Adopted Budget - Revenue by Category



# Police Relief and Pension

## Budget Overview

The Police Relief and Pension Fund receives almost all of its revenue from the City's General Fund. The Police Pension Fund's expenditures, in turn, are devoted to paying legally mandated pension and medical benefits to eligible active and retired police officers and (with respect to pension benefits only) to their qualified beneficiaries.

The amount of General Fund support required for the Police Pension Fund in 2013 is about \$2.3 million less than in the 2012 Adopted Budget. There are three main reasons for the reduction.

First, the Police Pension Fund's actual 2011 ending fund balance was higher than anticipated. This was largely driven by higher than anticipated revenues into the fund, in addition to lower than anticipated expenditures for medical and pension payments in 2011. These one-time funds are available to partially offset the need for General Fund support in 2013 and 2014.

Second, updated projections of expenditures for medical benefits in 2013 and 2014 are lower than for 2012.

Third, total pension benefit amounts for 2013 and 2014 are dependent upon the outcome of negotiations with police labor unions. Meanwhile, the contribution from the State to support pension benefits increases with inflation. Until the outcome of local labor union negotiations are known, no increase in the total pension benefit costs is assumed. Given these static assumed costs and the increase in state funding, there is a resulting decrease in required City funding. This dynamic is temporary, however. Once local union negotiations have been finalized, the amount of General Fund support to the Police Relief and Pension Fund will increase accordingly.

In order to improve fiscal sustainability over the long term, the 2013 Adopted and 2014 Endorsed budgets assume the drawdown of one-time fund balances over several years instead of all at once. This reduces reliance of on-going programs on one-time fund sources, and also preserves resources to sustain critical services in future years.

### City Council Changes to Proposed Budget

There were no changes made to the 2013-2014 Proposed Budget.

## Incremental Budget Changes

### Police Relief and Pension

	2013		2014	
	Budget	FTE	Budget	FTE
<b>Total 2012 Adopted Budget</b>	<b>\$ 22,185,343</b>	<b>3.00</b>	<b>\$ 22,185,343</b>	<b>3.00</b>
<b>Baseline Changes</b>				
Citywide Adjustments for Standard Cost Changes	\$ 19,366	0.00	\$ 35,902	0.00
Initial Estimate of Pension Obligations	\$ 750,000	0.00	\$ 750,000	0.00
<b>Proposed Technical Changes</b>				
Final Citywide Adjustments for Standard Cost Changes	\$ 1,592	0.00	\$ 1,825	0.00
Revised Estimate of Benefit Costs	-\$ 3,169,000	0.00	-\$ 3,614,001	0.00

## Police Relief and Pension

Total Incremental Changes	-\$ 2,398,042	0.00	-\$ 2,826,274	0.00
2013 Adopted/2014 Endorsed Budget	\$ 19,787,301	3.00	\$ 19,359,069	3.00

### Descriptions of Incremental Budget Changes

#### Baseline Changes

##### **Citywide Adjustments for Standard Cost Changes - \$19,366**

Citywide technical adjustments made in the "Baseline Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and employment costs. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

##### **Initial Estimate of Pension Obligations - \$750,000**

Adjustment to Pension Obligation budget based on preliminary estimates made during the "Baseline Phase."

#### Proposed Technical Changes

##### **Final Citywide Adjustments for Standard Cost Changes - \$1,592**

Citywide technical adjustments made in the "Proposed Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and unemployment costs. These adjustments typically reflect updates to preliminary cost assumptions established in the "Baseline Phase."

##### **Revised Estimate of Benefit Costs - (\$3,169,000)**

Expenditures for pension benefits are dependent upon the outcome of ongoing negotiations with the Seattle Police Officers' Guild (SPOG). Additionally, expenditures for pension benefits paid directly by the City are offset by payments made by the state. The amount of coverage provided by the state typically grows at a rate tied to inflation. This adjustment reflects the net impact of these dynamics on the City's obligation to pay pension benefits for 2013 and 2014. Once the final outcome of negotiations with SPOG is known, the budget for pension payments will be adjusted accordingly.

Medical benefit expenditures are adjusted based on actuarial forecasts.

### City Council Provisos

There are no Council Provisos.

## Police Relief and Pension

### Expenditure Overview

Appropriations	Summit Code	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
<b>Police Relief and Pension Budget Control</b>					
Administration		473,261	536,344	557,301	574,070
Death Benefits		16,000	15,000	15,000	15,000
Medical Benefits		11,659,190	13,000,000	12,500,000	12,750,000
Pension Benefits		8,548,091	8,634,000	6,715,000	6,019,999
<b>Total</b>	<b>RP604</b>	<b>20,696,542</b>	<b>22,185,344</b>	<b>19,787,301</b>	<b>19,359,069</b>
<b>Department Total</b>		<b>20,696,542</b>	<b>22,185,344</b>	<b>19,787,301</b>	<b>19,359,069</b>
<b>Department Full-time Equivalents Total*</b>		<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

\* 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.

### Revenue Overview

#### 2013 Estimated Revenues

Summit Code	Source	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
	General Subfund	22,251,490	21,312,128	18,987,071	18,557,893
	<b>Total General Subfund</b>	<b>22,251,490</b>	<b>21,312,128</b>	<b>18,987,071</b>	<b>18,557,893</b>
469990	Miscellaneous	963,263	0	0	0
	<b>Total Miscellaneous</b>	<b>963,263</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Police Auction Proceeds	123,032	120,000	116,164	117,111
	<b>Total Police Auction Proceeds</b>	<b>123,032</b>	<b>120,000</b>	<b>116,164</b>	<b>117,111</b>
<b>Total Revenues</b>		<b>23,337,785</b>	<b>21,432,128</b>	<b>19,103,235</b>	<b>18,675,004</b>
379100	Use of (Contribution to) Fund Balance	-2,641,243	753,216	684,066	684,065
	<b>Total Use of (Contribution to) Fund Balance</b>	<b>-2,641,243</b>	<b>753,216</b>	<b>684,066</b>	<b>684,065</b>
<b>Total Resources</b>		<b>20,696,542</b>	<b>22,185,344</b>	<b>19,787,301</b>	<b>19,359,069</b>

# Police Relief and Pension

## Appropriations By Budget Control Level (BCL) and Program

### Police Relief and Pension Budget Control Level

The purpose of the Police Relief and Pension Budget Control Level is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

<b>Program Expenditures</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Administration	473,261	536,344	557,301	574,070
Death Benefits	16,000	15,000	15,000	15,000
Medical Benefits	11,659,190	13,000,000	12,500,000	12,750,000
Pension Benefits	8,548,091	8,634,000	6,715,000	6,019,999
<b>Total</b>	<b>20,696,542</b>	<b>22,185,344</b>	<b>19,787,301</b>	<b>19,359,069</b>
Full-time Equivalents Total*	3.00	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.

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

#### **Administration Program**

The purpose of the Administration Program is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

<b>Expenditures/FTE</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Administration	473,261	536,344	557,301	574,070
Full-time Equivalents Total	3.00	3.00	3.00	3.00

#### **Death Benefits Program**

The purpose of the Death Benefits Program is to provide statutory death benefit payments to lawful beneficiaries of eligible former members of the Seattle Police Department.

<b>Expenditures</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Death Benefits	16,000	15,000	15,000	15,000

#### **Medical Benefits Program**

The purpose of the Medical Benefits Program is to provide medical benefits for eligible active-duty and retired members of the Seattle Police Department.

<b>Expenditures</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Medical Benefits	11,659,190	13,000,000	12,500,000	12,750,000

#### **Pension Benefits Program**

The purpose of the Pension Benefits Program is to provide pension benefits for eligible retired members of the Seattle Police Department.

<b>Expenditures</b>	<b>2011 Actual</b>	<b>2012 Adopted</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>
Pension Benefits	8,548,091	8,634,000	6,715,000	6,019,999

## Police Relief and Pension

### Police Pension Fund Table

#### Police Relief and Pension Fund (60400)

	2011 Actuals	2012 Adopted	2012 Revised	2013 Adopted	2014 Endorsed
<b>Beginning Fund Balance</b>	<b>1,104,996</b>	<b>2,621,347</b>	<b>3,746,239</b>	<b>1,868,131</b>	<b>1,184,066</b>
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	23,337,785	21,432,128	20,307,236	19,103,235	18,675,004
Less: Actual and Budgeted Expenditures	20,696,542	22,185,344	22,185,344	19,787,301	19,359,069
<b>Ending Fund Balance</b>	<b>3,746,239</b>	<b>1,868,131</b>	<b>1,868,131</b>	<b>1,184,066</b>	<b>500,001</b>
Rate Stabilization Reserve		1,368,131	1,368,131	684,066	0
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
<b>Total Reserves</b>	<b>500,000</b>	<b>1,868,131</b>	<b>1,868,131</b>	<b>1,184,066</b>	<b>500,000</b>
<b>Ending Unreserved Fund Balance</b>	<b>3,246,239</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>