

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. While the City pays into benefit funds for all Seattle police officers, PPEN covers only police officers who were hired before October 1, 1977 and therefore is a closed plan. 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) Act Plan I. Seattle police officers hired between March 1970 and October 1977 enrolled in LEOFF I, but also received additional benefit coverage through PPEN. As a result, this group of police officers receives retiree benefits primarily from state's LEOFF I plan, but also any earned increment from the City's PPEN that exceeds LEOFF I coverage. Both PPEN and LEOFF I closed to new enrollees in October 1977. Police officers hired after that date enroll in the state's LEOFF II 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 his/her 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 percent of the total annual PPEN budget, are based on the forecasts of an independent actuary. The City's General Subfund 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.

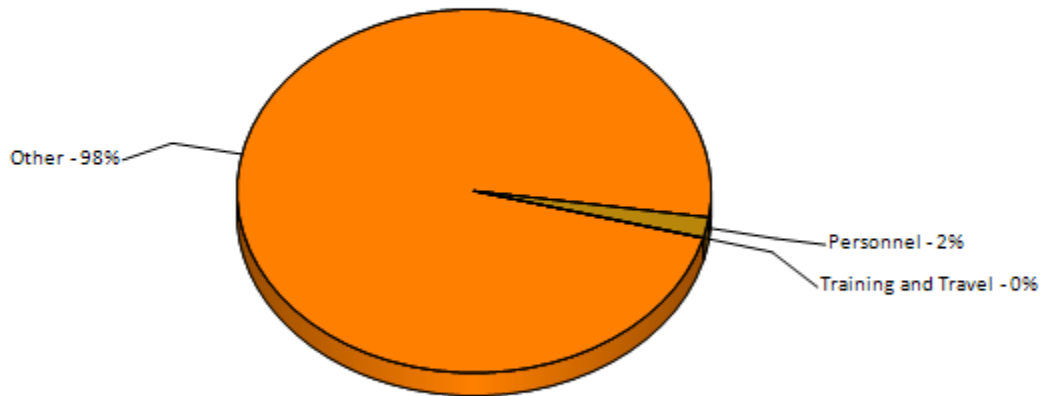
Police Relief and Pension

Budget Snapshot

Department Support	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
Other Funding - Operating	\$605,758	\$117,111	\$117,000	\$117,000
General Fund Support	\$20,411,008	\$20,716,054	\$20,396,500	\$20,287,210
Total Operations	\$21,016,766	\$20,833,165	\$20,513,500	\$20,404,210
Total Appropriations	\$21,016,766	\$20,833,165	\$20,513,500	\$20,404,210
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 Human Resources Director actions outside of the budget process may not be detailed here.

2015 Proposed Budget - Expenditure by Category



Police Relief and Pension

Budget Overview

The Police Relief and Pension Fund (PPEN) receives almost all of its revenue from the City's General Fund. PPEN's expenditures, in turn, are devoted to paying legally mandated pension and medical benefits to eligible active and retired police officers and in the case of pension benefits only, to their qualified beneficiaries. Pension costs are driven by locally negotiated labor contracts and offset in part by state LEOFF I entitlement payments.

The 2015-2016 Proposed Budget does not include an increase in pension benefit costs for retirees affected by the Seattle Police Officer's Guild (SPOG), whose contract expires on December 31, 2014, and the Seattle Police Management Association (SPMA), whose contract expired on December 31, 2011. Once negotiations are finalized, those impacts will be incorporated into the PPEN budget to cover any retroactive pension benefit costs due from 2012 and 2013.

In 2013, PPEN spent less than anticipated resulting in \$1.7 million additional ending funding balance. The 2015-2016 Proposed Budgets assumes the Rate Stabilization Reserve reaches \$2.4 at the end of 2014, and the out-year financial plan calls for this reserve to be available to support future benefit cost increases.

Incremental Budget Changes

Police Relief and Pension

	2015		2016	
	Budget	FTE	Budget	FTE
Total 2014 Adopted Budget	\$ 20,833,165	3.00	\$ 20,833,165	3.00
Baseline Changes				
Citywide Adjustments for Standard Cost Changes	\$ 5,787	0.00	\$ 5,787	0.00
Proposed Changes				
Proposed Benefit Obligation Adjustments	-\$ 330,276	0.00	-\$ 441,960	0.00
Proposed Technical Changes				
Final Citywide Adjustments for Standard Cost Changes	\$ 4,824	0.00	\$ 7,218	0.00
Total Incremental Changes	-\$ 319,665	0.00	-\$ 428,955	0.00
2015 - 2016 Proposed Budget	\$ 20,513,500	3.00	\$ 20,404,210	3.00

Police Relief and Pension

Descriptions of Incremental Budget Changes

Baseline Changes

Citywide Adjustments for Standard Cost Changes - \$5,787

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

Proposed Changes

Proposed Benefit Obligation Adjustments - (\$330,276)

This item decreases the pension benefit obligation paid by the City for SPOG and SPMA members since they are offset by LEOFF payments from the state. The State LEOFF payments typically grow with inflation. This item also increases the death benefit obligations for 2015-2016 to match expected spending levels.

Proposed Technical Changes

Final Citywide Adjustments for Standard Cost Changes - \$4,824

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

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.

	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Proposed	Proposed
Administration	517,628	568,165	535,500	546,210
Death Benefits	18,012	15,000	18,000	18,000
Medical Benefits	11,971,513	12,750,000	12,750,000	12,850,000
Pension Benefits	8,509,613	7,500,000	7,210,000	6,990,000
Total	21,016,766	20,833,165	20,513,500	20,404,210
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 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 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.

	2013	2014	2015	2016
Expenditures/FTE	Actual	Adopted	Proposed	Proposed
Administration	517,628	568,165	535,500	546,210
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.

	2013	2014	2015	2016
Expenditures	Actual	Adopted	Proposed	Proposed
Death Benefits	18,012	15,000	18,000	18,000

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.

	2013	2014	2015	2016
Expenditures	Actual	Adopted	Proposed	Proposed
Medical Benefits	11,971,513	12,750,000	12,750,000	12,850,000

Police Relief and Pension

Pension Benefits Program

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

Expenditures	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
Pension Benefits	8,509,613	7,500,000	7,210,000	6,990,000

Police Pension Fund Table

Police Relief and Pension Fund (60400)

	2013 Actuals	2014 Adopted	2014 Revised	2015 Proposed	2016 Proposed
Beginning Fund Balance	4,298,266	1,714,200	2,874,329	2,912,494	2,912,494
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	19,592,829	20,833,165	20,833,165	20,513,500	20,404,210
Less: Actual and Budgeted Expenditures	21,016,766	20,833,165	20,795,000	20,513,500	20,404,210
Ending Fund Balance	2,874,329	1,714,200	2,912,494	2,912,494	2,912,494
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
Rate Stabilization Reserve	684,066	1,214,200	2,412,494	2,412,494	2,412,494
Total Reserves	1,184,066	1,714,200	2,912,494	2,912,494	2,912,494
Ending Unreserved Fund Balance	1,690,263	0	0	0	0