

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

| | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Department Support | | | | |
| Other Funding - Operating | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| Total Operations | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| Total Appropriations | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| 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 2023 Adopted and 2024 Endorsed budgets' retiree medical and long-term care costs are \$15.38 million, unchanged from the 2022 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 2023 Adopted and 2024 Endorsed budgets include appropriation increases of \$60,728 for centrally adjusted administrative and labor costs. The 2023 Adopted budget includes an intentional one-time use of \$10.0 million of existing fund balance in place of General Fund contributions in order to manage the size of existing fund balances available for anticipated pension adjustments. General Fund contributions in 2024 return to previous levels.

City Council Changes to the Proposed Budget

The Council made no changes to the 2023-2024 Proposed Budget

Police Relief and Pension

Incremental Budget Changes

Police Relief and Pension

| | Dollars | FTE |
|--|---------------------|-------------|
| 2022 Adopted Budget | 26,680,278 | 3.00 |
| Baseline | | |
| Citywide Adjustments for Standard Cost Changes | 34,169 | - |
| Appropriations for 2022 Annual Wage Increase (AWI) | 26,559 | - |
| Proposed Operating | | |
| Adjustments to PPEN revenues and expenditures | - | - |
| Total Incremental Changes | \$60,728 | - |
| Total 2023 Adopted Budget | \$26,741,006 | 3.00 |

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$34,169

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.

Appropriations for 2022 Annual Wage Increase (AWI)

Expenditures \$26,559

This centrally administered change adjusts appropriations to reflect an annual wage increase in 2022, as outlined in the agreements between certain City unions, for personnel costs included in this department. These agreements were not finalized until after the 2022 budget had been adopted. This change includes ongoing cost increases to salary, FICA, Medicare, retirement, overtime and temporary labor. There is no increase assumed from 2022 to 2023.

Proposed Operating

Adjustments to PPEN revenues and expenditures

Revenues \$60,728

These adjustments reflect anticipated changes to the Police Pension and Relief Fund expenditure and revenue requirements

Police Relief and Pension

Expenditure Overview

| | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|---|-------------------|-------------------|-------------------|-------------------|
| Appropriations | | | | |
| PPEN - BO-PP-RP604 - Police Relief and Pension | | | | |
| 61060 - Police Relief & Pension Fund | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| Total for BSL: BO-PP-RP604 | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| Department Total | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| 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

| | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 61060 - Police Relief & Pension Fund | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| Budget Totals for PPEN | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |

Revenue Overview

2023 Estimated Revenues

| Account Code | Account Name | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 360400 | Unclaimed Money/Property Sales | 147,189 | 117,000 | 117,000 | 117,000 |
| 360430 | Employr Pnsn Contributions | 25,858,986 | 22,500,000 | 12,560,728 | 22,572,313 |
| 397010 | Operating Transfers In | 2,000 | 400,000 | - | - |
| Total Revenues for: 61060 - Police Relief & Pension Fund | | 26,008,175 | 23,017,000 | 12,677,728 | 22,689,313 |
| 400000 | Use of/Contribution to Fund Balance | - | 3,663,278 | 14,063,278 | 4,063,278 |
| Total Resources for:61060 - Police Relief & Pension Fund | | 26,008,175 | 26,680,278 | 26,741,006 | 26,752,591 |
| Total PPEN Resources | | 26,008,175 | 26,680,278 | 26,741,006 | 26,752,591 |

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 | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Death Benefits | 25,000 | 18,000 | 18,000 | 18,000 |
| Leadership and Administration | 779,919 | 903,529 | 964,257 | 975,842 |
| Long-Term Care | 4,574,204 | - | - | - |
| Medical Benefits | 6,832,132 | 15,380,000 | 15,380,000 | 15,380,000 |
| Pensions | 6,695,366 | 10,378,749 | 10,378,749 | 10,378,749 |
| Total | 18,906,620 | 26,680,278 | 26,741,006 | 26,752,591 |
| 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*

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

Death Benefits

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Death Benefits | 25,000 | 18,000 | 18,000 | 18,000 |

Leadership and Administration

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Leadership and Administration | 779,919 | 903,529 | 964,257 | 975,842 |
| Full Time Equivalents Total | 3.00 | 3.00 | 3.00 | 3.00 |

Long-Term Care

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Adopted | 2024 Endorsed |
|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Long-Term Care | 4,574,204 | - | - | - |

Police Relief and Pension

Medical Benefits

| | 2021 | 2022 | 2023 | 2024 |
|-------------------------|----------------|----------------|----------------|-----------------|
| Expenditures/FTE | Actuals | Adopted | Adopted | Endorsed |
| Medical Benefits | 6,832,132 | 15,380,000 | 15,380,000 | 15,380,000 |

Pensions

| | 2021 | 2022 | 2023 | 2024 |
|-------------------------|----------------|----------------|----------------|-----------------|
| Expenditures/FTE | Actuals | Adopted | Adopted | Endorsed |
| Pensions | 6,695,366 | 10,378,749 | 10,378,749 | 10,378,749 |