

LIVE VIRTUAL COMMITTEE MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you are requesting to speak, please include your contact information, agenda item, and meeting date in your request.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A SPECIAL MEETING OF THE JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., THURSDAY, APRIL 22, 2021

This meeting will be conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

Any person may view the meeting online at
https://members.lacera.com/lmpublic/live_stream.xhtml.

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Joint Organizational Governance Committee of February 24, 2021
- III. PUBLIC COMMENT
(*You may submit written public comments by email to PublicComment@lacera.com. Please include the agenda number and meeting date in your correspondence. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

You may also request to address the Committee. A request to speak must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting. Please include your contact information, agenda item, and meeting date so that we may contact you with information and instructions as to how to access the Board meeting as a speaker.)

April 22, 2021

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IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager and Bob Schlotfeld, Interim Chief Information Security Officer: That the Committee approve the Action Plan and recommend the Management of Audio and Visual Recordings Policy for approval by the Board of Retirement and Board of Investments.
(Memo dated April 13, 2021)

V. REPORTS

- A. FY 2021-2022 Preliminary Budgets
Kimberly D. Hines, Manager, Administrative Services Division
JJ Popowich, Assistant Executive Officer
(Memo dated April 15, 2021)

VI. ITEMS FOR STAFF REVIEW

VII. GOOD OF THE ORDER

VIII. ADJOURNMENT

****The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Committee that are distributed to members of the Committee less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Committee members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday.

*****Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF THE SPECIAL MEETING OF THE JOINT ORGANIZATIONAL
GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT
AND BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, FEBRUARY 24, 2021

This meeting was conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: Shawn R. Kehoe, Chair

Elizabeth Greenwood, Vice Chair (Joined at 9:26 a.m.)

Alan Bernstein

Vivian H. Gray

Joseph Kelly

Keith Knox

Les Robbins

Herman B. Santos (Joined at 9:04 a.m.)

MEMBERS AT LARGE:

David Green, BOI

Ronald Okum, BOR/BOI

Wayne Moore, BOR

William Pryor, BOR (Joined at 9:16 a.m.)

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

JJ Popowich, Assistant Chief Executive Officer

Steven P. Rice, Chief Counsel

Kathy Delino, Interim Systems Division Manager

Bob Schlotfelt, Interim Chief Information Security Officer

Kimberly Hines, Manager, Administrative Services Division

Kaelyn Ung, Administrative Services Analyst

I. CALL TO ORDER

The meeting was called to order virtually by Mr. Kehoe at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Joint Organizational Governance Committee of January 21, 2021

Ms. Gray made a motion, Mr. Bernstein seconded, to approve the meeting minutes of January 21, 2021. The motion passed (roll call) with Messrs. Robbins, Knox, Kelly, Bernstein, Kehoe and Ms. Gray voting yes.

III. PUBLIC COMMENT (Mr. Santos joined the meeting at 9:04 a.m.)

Robbye Davis, Brandi Brown, Michael Guynn, Brad Carson, Margaret Totty, Jaqueline Taylor, Damien Goodmon, Patrice Fisher, Assota Amoja addressed the Committee regarding the Baldwin Hills Crenshaw Plaza.

IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager: That the Committee discuss and provide input on Board and Committee meeting recordings and online archives. (Memo dated February 17, 2021)

Ms. Delino was present and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Santos seconded, to direct staff to bring back a draft policy and an action plan regarding recording, archiving, and livestream. The motion passed (roll call) with Messrs. Robbins, Knox, Kelly, Santos, Bernstein, Kehoe, Ms. Gray and Ms. Greenwood voting yes.

- B. Recommendation as submitted by Kimberly D. Hines, Manager, Administrative Services Division: That the Committee review and approve the FY 2021-2022 Budget Development Process Overview and Timeline. (Memo dated February 17, 2021)

Messrs. Kreimann, Popowich and Ms. Hines were present to answer questions from the Board.

Mr. Bernstein made a motion, Mr. Kehoe seconded, to approve the FY 2021-2022 Budget Development Process Overview and Timeline. The motion passed (roll call) with Messrs. Robbins, Knox, Kelly, Santos, Bernstein, Kehoe, Ms. Gray and Ms. Greenwood voting yes.

- C. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Committee review and consider the proposed 2021 calendar year meeting schedule and review and supplement proposed agenda items. (Memo dated February 19, 2021)

Mr. Kreimann was present and answered questions from the Board.

IV. NON-CONSENT ITEMS (Continued)

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve the proposed 2021 calendar year meeting schedule and three additional agenda topics: Use of Name Policy agendized by July; Officer Rotation agendized by the end of the year; and Healthcare, Employee, and Reimbursement Items agendized by July. The motion passed (roll call) with Messrs. Robbins, Knox, Kelly, Santos, Bernstein, Kehoe, Ms. Gray and Ms. Greenwood voting yes.

V. REPORTS

- A. FY 2019-2020 Final Budget Control Report
Kimberly D. Hines, Manager, Administrative Services Division
(Memo dated February 19, 2021)

This item was received and filed.

VI. ITEMS FOR STAFF REVIEW

The Committee requested that staff work with the Board of Retirement Chair to address that Board's authority and responsibilities.

VII. GOOD OF THE ORDER


The Committee thanked staff for their work.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:36 a.m. in memory of the 500,000+ Covid-19 victims.

April 13, 2021

TO: Each Trustee,
Joint Organizational Governance Committee

FROM: Kathy Delino 
Interim Systems Division Manager

Bob Schlotfeld 
Interim Chief Information Security Officer

FOR: April 22, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: Policy and Action Plan - Board & Committee Recordings, Online Archives,
and Public Interface

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) discuss and provide input regarding the policy and action plan for Board/Committee recordings, online archives, and the public interface.

DISCUSSION

At the February 24, 2021 JOGC, the Committee voted to have staff return with a policy and action plan for Board/Committee recordings, online archives, and the public interface. The Management of Audio and Visual Recordings Policy (the "Policy") (Attachment A) and the Board/Committee Meeting Recording Archival and Publication Action Plan ("Action Plan") (Attachment B) are attached for your review. Staff looks forward to the Committee's feedback on both attachments.

At the February meeting, the JOGC provided comments regarding preferences for meeting recordings, recording archives, and the public interface to access both. The suggestions included but were not limited to the impact of [Assembly Bill 339](#), recording/archival of audio and video content, and agenda item timestamping for recordings. These comments are incorporated into both the draft Policy and draft Action Plan.

The Action Plan includes tasks to be completed as well as a timeline for completion. The important milestones in the plan include providing access to Board and Committee meeting recordings on lacera.com, as well as implementing a modern, sustainable system to record, stream, and archive meetings. To that end, staff has issued a Request for Information (RFI) to gather information on possible solutions for a modern, sustainable

Re: Policy and Action Plan - Board & Committee Recordings, Online Archives, and
Public Interface
April 13, 2021
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system to support meeting operations. RFI responses will be received mid-May and staff will come back to the JOGC in July to provide a demonstration of the recording, streaming, archival, and agenda timestamping features suggested by the Committee.

CONCLUSION

Staff recommends that the JOGC approve the attached Action Plan and recommend the Management of Audio and Visual Recordings Policy for approval by the Board of Retirement and Board of Investments.

Attachments

c: Santos H. Kreimann
Johanna Fontenot



LACERA Board Policies

Management of Audio and Visual Recordings Policy

Policy #	BD-00	Effective Date	MM/DD/YYYY	Email	InfoSec@lacera.com
Version	1.0	Contact		Phone	(626) 564-6000

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1. PURPOSE

1.1 The purpose of this policy is to set forth expectations regarding the management of audio and visual recording of Board and Committee meetings (meetings). Recording of meetings, supports LACERA's efforts in transparency to the public. Recording of background, discussions, and actions on items of business to LACERA thoroughly captures the policymaking process.

1.2 This policy intends to strike a balance between the legitimate uses of audio and visual recordings, and concerns including compliance with the law, privacy, and protection of intellectual property. Board meetings will be recorded by the board secretary, or by designated persons.

2. SCOPE

2.1 This policy applies to the recording and archiving of LACERA Board of Trustees and LACERA employees that administer meetings. This policy applies to all Board and Committee meetings: Regular, Special (called, emergency, open or closed), or Committees.

3. Definitions

3.1 Recording Device: Any electronic or other device used to capture audio and/or visual information and photographs. This includes, but is not limited to, computers, cell phones, cameras, tape recorders, and video cameras.

4. POLICY

4.1 Open meetings, open to the public, will be recorded. Such recordings will be published on the LACERA website as directed by the Boards.

Board of Retirement closed session, which is typically scheduled on the Thursday following the second Wednesday and where disability retirement cases are heard, will be recorded for internal purposes but not published on the LACERA website.

Executive sessions will not be recorded nor published on the LACERA website.

Recordings will be retained according to LACERA's Document Retention Policy

4.2 Retention of Recordings:

4.2.1 California Government Code Section 54953.5 reads as follows:

54953.5. (a) Any person attending an open and public meetings of a legislative body of a local agency shall have the right to record the proceedings with an audio or video recorder or a still or motion picture camera in the absence of a reasonable finding by the legislative body of the local agency that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.

(b) Any audio or video recording of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), but, notwithstanding Section 34090, may be erased or destroyed 30 days after the recording. Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.

4.2.2 LACERA shall comply with these provisions through posting the recordings on LACERA's website (www.lacera.com) and making recordings available for public request only through the LACERA.com website. These recordings cannot be altered in any way to ensure the integrity and authenticity of the records. Recordings will be available within 3 to 5 business days from the date of the meeting. It will also be LACERA's policy to erase or destroy the recordings as directed by LACERA's Document Retention Policy.

4.3 Recording of Meeting Minutes:

4.3.1 LACERA staff shall utilize the meeting recordings to develop "action minutes". Action minutes shall provide a summary of the actions of the Board/Committee (motion, second and vote results) for each item as well as a summary of any future actions the Board/Committee requests for consideration. The meeting recordings shall be made available to provide a record of all discussions.

4.4 ADA Requirements

4.4.1 People who have vision, hearing, or speech disabilities (“communication disabilities”) use different ways to communicate. For example, people who are blind may give and receive information audibly rather than in writing, and people who are deaf may give and receive information through writing or sign language rather than through speech.

4.4.2 The ADA requires that Title II entities (State and local governments) and Title III entities (businesses and nonprofit organizations that serve the public) communicate effectively with people who have communication disabilities.

4.4.3 The ADA uses the term “auxiliary aids and services” (“aids and services”) to refer to the ways to communicate with people who have communication disabilities. LACERA will provide the following for those with communication disabilities within a one hour prior to beginning of meeting:

- **Real-time close captioning** (also known as computer-assisted real-time transcription, or CART) is a service like court reporting in which a transcriber types what is being said at a meeting or event into a computer that projects the words onto a screen.
- The free nationwide **telecommunications relay service** (TRS), reached by calling 7-1-1, uses communications assistants (also called CAs or relay operators) who serve as intermediaries between people who have hearing or speech disabilities who use a text telephone (TTY) or text messaging and people who use standard voice telephones.
- **Video relay service** (VRS) is a free, subscriber-based service for people who use sign language and have videophones, smartphones, or computers with video communication capabilities.
- **Video remote interpreting** (VRI) is a fee-based service that uses video conferencing technology to access an off-site interpreter to provide real-time sign language or oral interpreting services for conversations between hearing people and people who are deaf or have hearing loss.

4.5 Archives/Storage/security

4.5.1 LACERA shall provide reasonable safeguards including, but not limited to password protection, well-managed firewalls, and controlled physical access MDF/IDF rooms to protect the video/audio surveillance system from hackers, unauthorized users, and unauthorized use.

4.5.2 Restricted access internally within LACERA staff to all recordings and related data is limited to authorized IT Systems personnel/custodians.

4.5.3 Video/audio recordings will be stored in accordance with LACERA Data Retention Policy after the initial recording. If the Chief Information Security Officer and IT Systems Manager know no reason for continued storage, such recordings will be erased.

4.5.4 Video/Audio recordings held for review will be maintained in their original form pending resolution of the incident. Recording media will then be released for erasure, copied for authorized law enforcement agencies, or retained in accordance with applicable law and Board policy.

REFERENCES

- California Government Code Section 54950 et seq. "Ralph M. Brown Act"
- California Government Code Section 6250 et seq. "California Public Records Act"
- LACERA Data Retention Policy

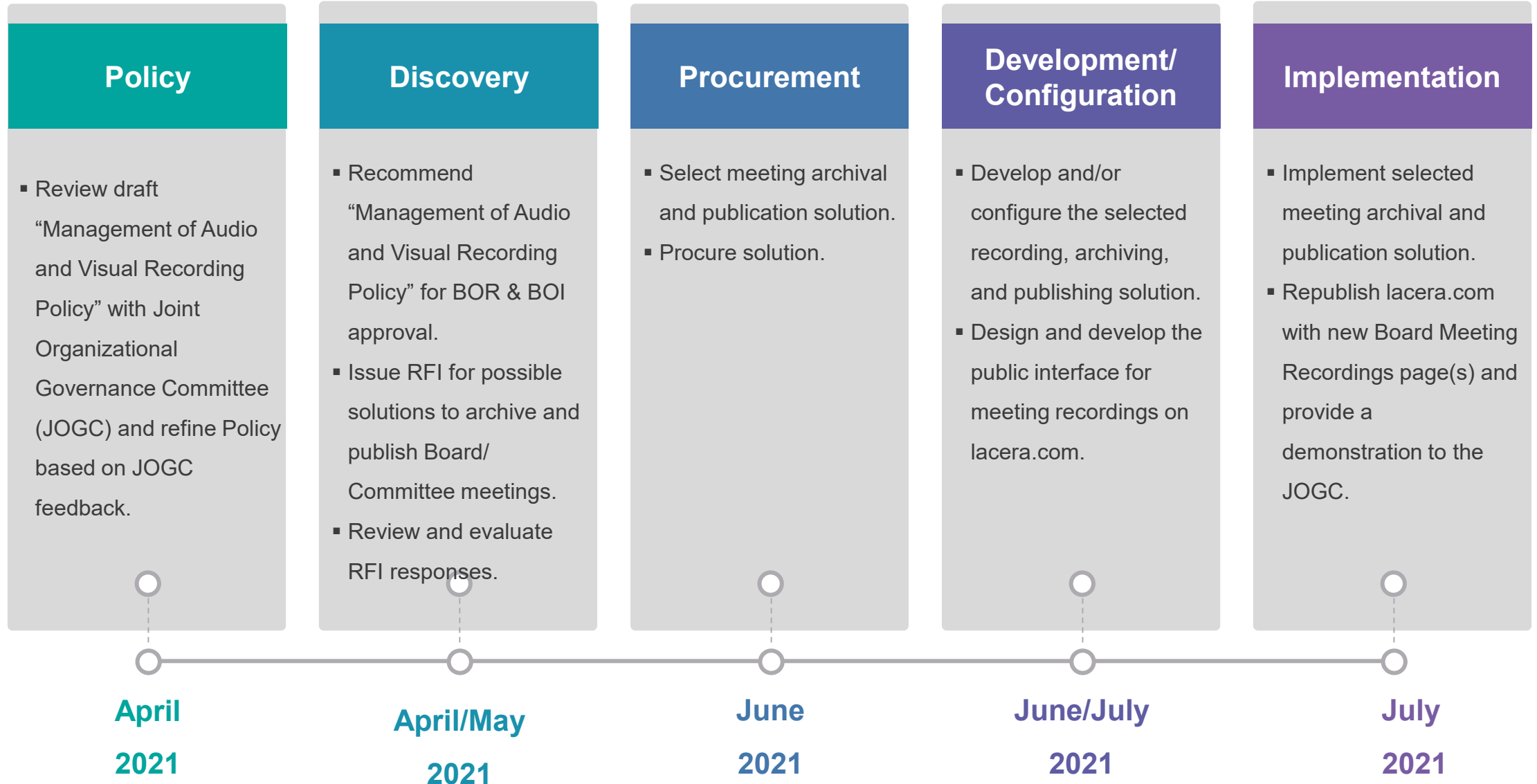
APPROVAL AND OWNERSHIP

Owner	Title	Date	Signature
Policy Author	Sr. Security Analyst & GRC Specialist	03/01/2021	
Approved By	Title	Date	Signature
Executive Approval	Board of Retirement, Chair	MM/DD/YYYY	
Executive Approval	Board of Investments, Chair	MM/DD/YYYY	

REVISION HISTORY

Version	Description	Revision Date	Review Date	Reviewer/Approver Name
1.0	Initial Version	MM/DD/YYYY	MM/DD/YYYY	

Board/Committee Meeting Recording Archival and Publication Action Plan





April 15, 2021

TO: Each Trustee
Joint Organizational Governance Committee

FROM: Kimberly D. Hines, CPA 
Manager, Administrative Services Division

JJ Popowich 
Assistant Executive Officer

FOR: April 22, 2021 Joint Organizational Governance Committee

SUBJECT: **FY 2021-2022 Preliminary Budgets**

In accordance with the Joint Organizational Governance Committee (JOGC) Charter, attached is a copy of the FY 2021-2022 Preliminary Budgets for the LACERA Administrative, Retiree Health Care Benefits Program, and Other-Post Employment Benefits (OPEB) Trust. The Preliminary Budgets are provided to you for your input and guidance.

LACERA ADMINISTRATIVE BUDGET

The total LACERA Administrative budget is estimated to be approximately \$115,378,499. This represents a variance amount of \$15,087,982 or 15.0% increase compared to the FY 2020-2021 approved budget \$100,290,517.

RETIREE HEALTH CARE BENEFITS PROGRAM (RHCBP) BUDGET

The total RHCBP budget request is anticipated to be approximately \$11,410,775. This represents a variance amount of \$2,257,108 or 24.7% increase compared to the FY 2020-2021 approved budget of \$9,153,667.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST BUDGET

The total OPEB Trust budget request is anticipated to be approximately \$682,689. This represents a variance amount of \$100,494 or 17.3%% increase compared to the FY 2020-2021 approved budget of \$582,196.

See attached Preliminary Budgets for details related to the budget request and financial summaries that include comparisons between the current and prior year.

FY 2021-2022 Preliminary Budgets

April 15, 2021

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The proposed preliminary budget requests were well considered and represent funding necessary to maintain operations at peak levels and support the achievement of our strategic goals and initiatives.

We look forward to discussing our proposed budget requests with the JOGC in more detail at our meeting scheduled for April 22, 2021.

If you have any questions, you may contact Kimberly Hines at (626) 564-6000, ext. 4495.

KH:JJ:SHK

Attachment



FY 2021-2022

PRELIMINARY BUDGETS:

ADMINISTRATIVE

RETIREE HEALTHCARE BENEFITS

OTHER POST-EMPLOYMENT BENEFITS

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Administrative Budget

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OPEB Budget

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SECTION I – EXECUTIVE SUMMARY

In accordance with the Joint Organizational Governance Committee (JOGC) Charter, we are presenting the Preliminary Administrative Budget for the Committee's input and guidance.

This budget reflects the estimated resources needed to meet the expectation to provide a high level of service to our members, develop safe, secure, and sustainable IT systems (including a robust disaster recovery and business continuity plans), support existing Strategic Plan initiatives rolled over from previous years, and carry out the action plans as presented in the Chief Executive Officer's 100 Day Report to the Boards of Retirement and Investments (100 Day Report). In preparing this budget the Executive Office met with each division manager to review their requests and the available supporting data to ensure that the requests were justified and limited to only necessary positions and increases in Supplies and Services. We will continue the practice of a phased budget development process and will return for any adjustments or requests for additional budgetary resources as we continually develop metrics and identify additional operational needs. This phased budget development approach adopted in 2020, enables the executive leadership to make timely adjustments as we continue developing the strategic direction and support necessary to achieve our goals.

An administrative budget should reflect the Mission, Vision, Values, and top priorities for an organization as outlined in its Strategic Plans and demonstrate how those plans will be implemented. The FY 2021-2022 Administrative Budget was created to support the mission and strategic goals of LACERA.

Mission Statement:

Our mission is to produce, protect and provide the promised benefits through prudent investment and conservation of plan assets by delivering expert administration of the pension system and providing exceptional customer service to our members and beneficiaries.

Vision Statement:

Our vision is our pledge to be the premier retirement association through excellence in the application of the retirement law; commitment to teamwork; trust to safeguard assets; and service to members that is courteous, professional, and 100 percent accurate.

Our Values:

- Professionalism
- Respect
- Open Communications
- Fairness
- Integrity
- Teamwork

The LACERA management team is committed to working together across divisional boundaries to deliver a high level of service to our members. This year's budget development process included a considerable amount of collaborative discussion and cross-divisional cooperation. This is done so that the budget reflects our mission, our values, and our organizational needs and goals.

Our approach to creating the FY 2021-2022 Budget was to prioritize operational improvements, careful planning, and building a sustainable future. Despite the challenges of the last year, LACERA is in a strong position to grow and seize every new opportunity. As such, we are requesting a number of positions to help us prepare for and extend the type and quality of future service to our members. We are confident that our reasoning for this growth is not just compelling but imperative as LACERA evolves as an integral part of the public service offered to our community. We believe that our budget development approach enables our leadership to create and fulfill both old and new objectives while streamlining our organization and promoting synergy.

The overall Administrative Operating Budget request for FY 2021-2022 is approximately \$115,378,499 representing a 15% increase from the previous year amount of \$100,290,517.

The majority of LACERA's annual budget is Salaries and Employee Benefit (S&EB) costs. The increase in S&EB is estimated at 13.6% or a year-over-year increase of \$10.8 million. The increased cost consists of \$5.5 million for Salaries, \$5.3 million for Variable Benefits and a net decrease of \$68,000 for other S&EB items as listed in the chart below:

INCREASE IN SALARIES & EMPLOYEE BENEFITS COSTS	
Permanent Salaries	\$ 5,512,124
Variable Benefits	5,346,697
Agency Temp	(704,500)
LACERA Intern	240,000
Other Benefits	65,000
OPEB Contribution	252,360
Overtime	75,100
Sickleave Buyback	2,300
Salaries & Employee Benefits Variance	\$ 10,789,081

The cost increase is attributed to the following:

- 21 New permanent positions at an estimated cost of \$2.2 million.
- Full funding of vacant positions and non-ordinance positions that were left unfunded in the FY 2020-2021 budget due to delays in hiring. This also includes the hiring of 15 County Temporary trainees in the member benefit divisions whose costs are set against vacant positions. The increased cost is approximately \$7.8 million.
- Performance and Merit increases totaling approximately \$464,000.
- Salary Step increases estimated to be \$326,000; and
- Other changes that relate to the LACERA's Intern Program, Other Benefits, OPEB, Overtime and Sick leave Buyback that contribute to an estimated decrease of a \$68,000.

See page 11 for a detailed explanation of the cost increases.

The Services and Supplies (S&S) costs are reflective of the daily operational needs of the organization and is primarily based on historical expenditures adjusted for inflation. Preliminary numbers indicate there will be a 20.3 percent increase (approximately \$4.3 million) in S&S costs, mostly as a result of administrative changes to properly account for actual costs for rent and operating expenses of our administrative headquarters in Pasadena.

For details related to the budget request and financial summaries that include comparisons between the current and prior year, see [Section IV – Financial Summaries](#).

Summary

The management team has worked diligently to draft a budget that supports LACERA's ongoing needs. While last year we focused on maintaining the status quo, this year we look forward to continuing implementation of the action plans outlined in the 100 Day Report issued in April 2020. This includes implementing and developing positions approved by the Board of Retirement as well as those identified as needed to improve LACERA operations and following the strategic plan laid out over the last two years that incorporates bold and innovative ways to fulfil our mission and provide effective ways to serve our members.

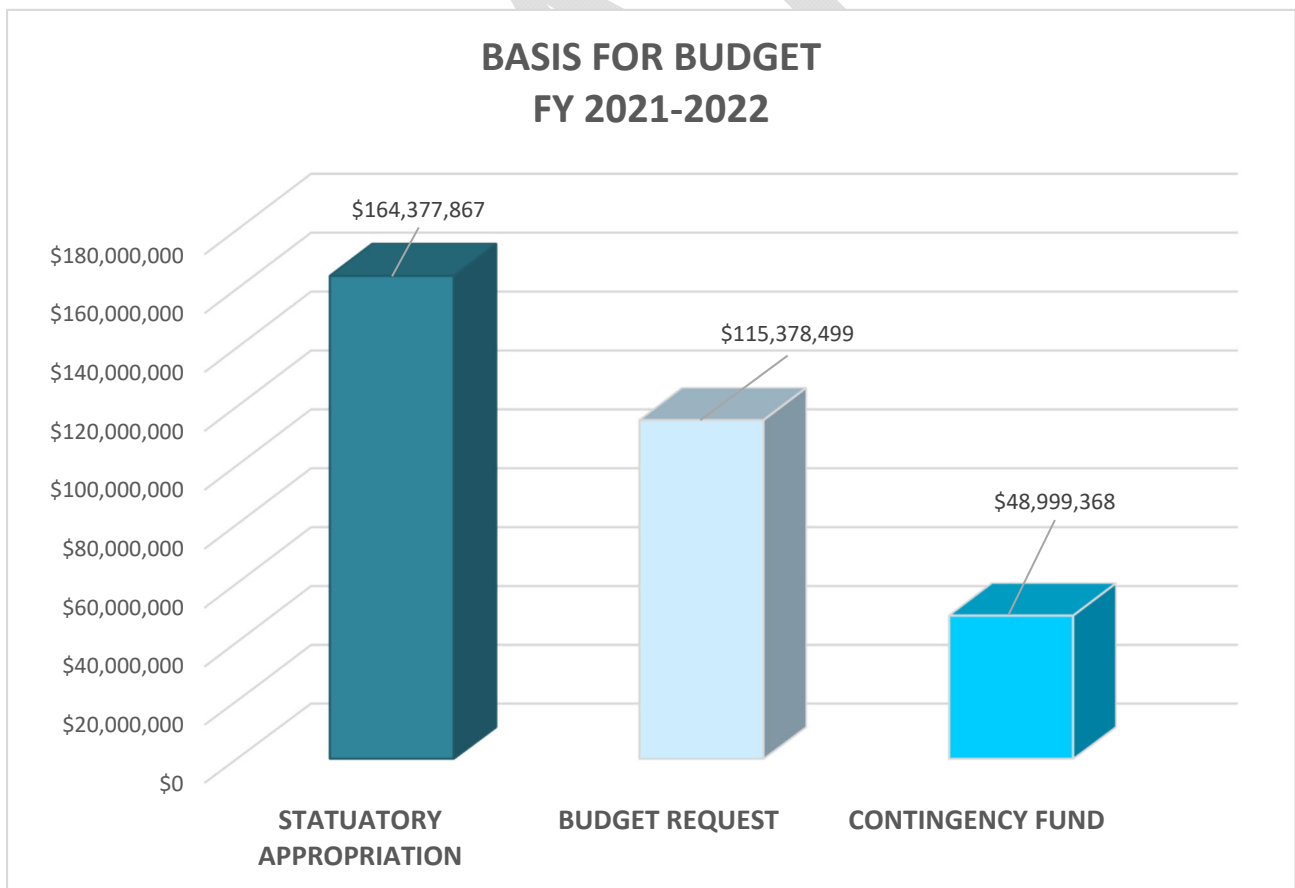
SECTION II – BUDGET POLICIES

LACERA's budgeting policies are based on legal statutes required under the 1937 Act, as well as policies set by LACERA's Board of Retirement and Board of Investments (the Boards).

Legal Requirement

Government Code 31580.2 requires the annual adoption of a budget covering the entire expense for administration of the retirement system. The code requires that the expenses be charged against the earnings of the retirement fund and that the expenses may not exceed twenty-one basis points (0.21%) of the accrued actuarial liability of the retirement system. Although expenses for computer software, hardware and computer technology consulting services are included in the Administrative Budget, such costs are not subject to the budget limit.

Per the 1937 Act, LACERA's Statutory Appropriation for FY 2021-2022 is \$164,377,867.



JOGC Oversight

In addition to the State Code, the budget is also guided by LACERA's Joint Organization Governance Committee (JOGC), which provides guidance during the annual budget development cycle. The process consists of staff preparing a preliminary budget plan that considers and supports the approved strategic plans and general operating needs. The preliminary budget is presented to the JOGC for review. Recommendations by the JOGC are presented to the Boards during the budget hearings. Both Boards will then independently take action on the JOGC's recommended proposed budget.

Retiree Health Care Benefits Program

Our Retiree Health Care Benefits Program provides health care benefits to our membership on behalf of our plan sponsor, the County of Los Angeles. The insurance premiums are born solely by the participants of the plan and Los Angeles County. LACERA trust funds are not used for premium payments. The direct costs and variable overhead costs associated with the administration of the Retiree Health Care Benefits Program are charged against the premium payments and, as such, are not included in the Administrative Budget.

SECTION III – BUDGET PROCESS

The budget process typically begins in October of each year and coincides with the Strategic Planning process. In October, the management team generally holds an offsite meeting to discuss current events, receive training and or engage in team building exercises, and begin discussion about organizational priorities.

Between October and November, the management team begins to formulate their budget requests. Throughout the month of December, the Budget Team meets with the managers to gather information about what they will be requesting. This discussion helps the Budget Team, and their partners begin to prepare costs and determine what will be needed to support the divisional and management requests.

Normally, the budget process parallels the Strategic Plan process. Ideally, the Strategic Plan process is also linked to the budget process to ensure the organization allocates the proper resources to see the plan through to fruition.

The past year presented unprecedented challenges that had significant impacts on LACERA operations. Faced with the COVID-19 Pandemic we focused our efforts on taking action to restore and sustain services to our members, while at the same time taking opportunities to continue the assessment of our operations and make strategic improvements where possible. As a result, we continued our modified budgetary approach which rolled over the existing Strategic Plan while incorporating the strategic observations and plans outlined in the 100 Day Report. We still plan on going through a formal strategic planning process as soon as conditions allow.

During the month of January, the management team meets with the Executive Office to present their proposed budgets. During this process, the Executive Office weighs the requests against the organizational goals and the Strategic Plan. These discussions help refine the requests and balance competing needs throughout the organization.

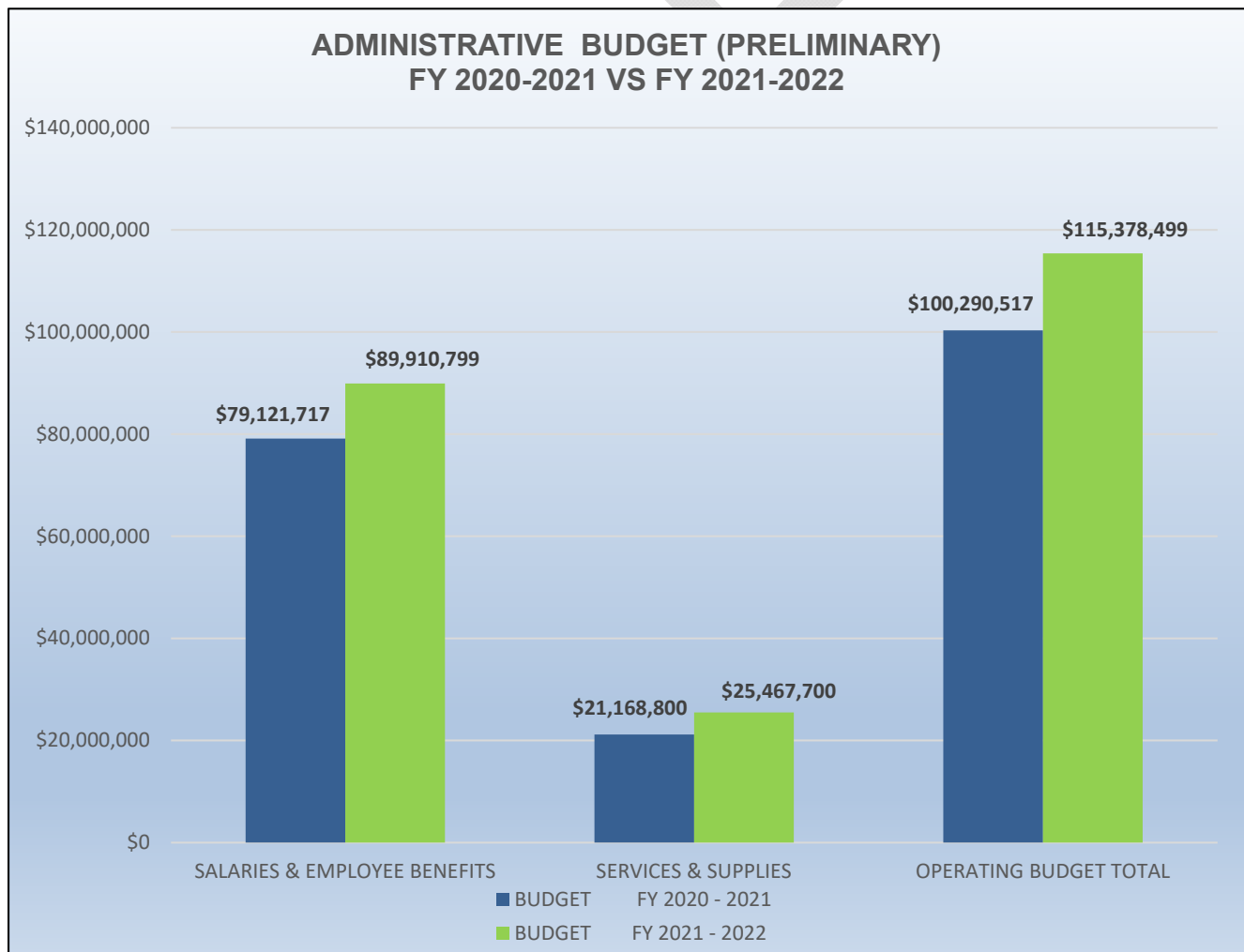
Also, during this stage the Executive Office meets with the Systems Division to review the various requests from the divisions and what those requests will need from a Systems aspect to support the requests. This too is a very labor-intensive process that requires the Systems Division to cost out specific support needs that are changing daily as the requests are refined. At the end of this process, the Executive Office and the management team agree upon their divisional requests and the Budget Unit begins to assemble the budget.

SECTION IV – FINANCIAL SUMMARIES

Overview

The Administrative budget consists of two components, Salaries & Employee Benefits and Services and Supplies. The draft Administrative budget request for FY 2021-2022 is approximately \$115,378,499. This represents a 15% increase from the prior year budget.

ADMINISTRATIVE BUDGET	BUDGET FY2020- 2021	BUDGET FY2021-2022	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$79,121,717	\$89,910,799	\$10,789,082	13.6%
SERVICES & SUPPLIES	\$21,168,800	\$25,467,700	\$4,298,900	20.3%
OPERATING BUDGET TOTAL	\$100,290,517	\$115,378,499	\$15,087,982	15.0%



Salaries & Employee Benefits (S&EB)

Salaries & Employee Benefit costs consist of the ongoing personnel costs for the organization. These costs include salaries, variable benefits (i.e., retirement costs, 457 and 401K plan costs, etc.), agency temporary staff, and overtime, OPEB Contribution, and other benefit costs.

S&EB CATEGORY	BUDGET REQUEST FY 2020 - 2021	BUDGET REQUEST FY 2021 - 2022	VARIANCE	% CHANGE
<u>SALARIES & OTHER PAYS</u>				
Permanent / County Temporary	\$46,345,730	\$51,857,854	\$5,512,125	11.9%
Agency Temporary	3,826,000	3,121,500	(704,500)	-18.4%
LACERA Intern Program	72,000	312,000	240,000	333.3%
Stipends	65,000	65,000	0	0.0%
Overtime	801,900	877,000	75,100	9.4%
Bilingual Bonus	21,600	21,600	0	0.0%
Transportation Allowance	7,200	7,200	0	0.0%
Rideshare Allowance	70,300	70,300	0	0.0%
Sickleave Buyback	66,500	68,800	2,300	3.5%
TOTAL SALARIES & OTHER PAYS	\$51,276,230	\$56,401,253	\$5,125,023	10.0%
<u>VARIABLE BENEFITS</u>				
Retirement	8,744,312	10,865,894	2,121,582	24.3%
FICA Contribution	760,948	894,280	133,332	17.5%
County Subsidy - Insurance	2,492,210	3,068,361	576,151	23.1%
Options Plan	4,188,775	4,602,557	413,782	9.9%
Life Insurance	18,369	18,286	(83)	-0.5%
Health Insurance Temps	277,043	252,444	(24,599)	-8.9%
Flexible Benefit Plan	37,419	26,074	(11,345)	-30.3%
Thrift Plan / Horizons	1,456,663	1,758,079	301,416	20.7%
Savings Plan	1,093,054	1,289,299	196,245	18.0%
Pension Savings Plan	36,850	40,119	3,269	8.9%
Megaflex	4,543,926	6,180,870	1,636,944	36.0%
TOTAL VARIABLE BENEFITS	\$23,649,568	\$28,996,264	\$5,346,696	22.6%
OPEB CONTRIBUTION	\$1,234,919	\$1,487,279	\$252,360	20.4%
OTHER BENEFITS	\$2,961,000	\$3,026,000	\$65,000	2.2%
TOTAL EMPLOYEE BENEFITS	\$27,845,487	\$33,509,544	\$5,664,057	20.3%
TOTAL SALARIES & EMPLOYEE BENEFITS	\$79,121,717	\$89,910,799	\$10,789,082	13.6%

Assumptions

The following assumptions were used in developing the S&EB portion of the budgets:

- Salaries are budgeted based on projected yearly costs by position.
- Vacant positions are budgeted at the first step and salary savings are calculated by reducing the salary cost by the number of months it takes to hire against the position. We estimate the vacancy at six months unless otherwise specified.
- Salary increases negotiated through a Memorandum of Understanding are not included in the budget request. Negotiations have not been conducted and if salary increases are eventually approved, they will most likely be effective January 1, 2022 in time for our Mid-Year budget adjustment.

Increased Costs

The \$10.8 million increase in S&EB includes funds for additional staffing as well as certain unavoidable costs. The details of these costs are listed below:

Hiring Plan Changes

During the budget development process, we calculate a salary savings for the number of months that a position will be vacant during the fiscal year. In FY 2020-2021, hiring plans were delayed and timelines were shifted due to the pandemic. At the Mid-Year FY 2020-2021 budget, we worked with the Management Team and Human Resources to reassess the vacancy estimates. Based on that examination, it was determined that positions would remain vacant for several months longer than what was originally planned and that we would retain temporary staff for a longer period. To account for this we reduced Permanent Salaries and Variable Benefits by \$2.6 million and increased Temporary staff salaries by \$2.2 million.

For FY 2021-2022 we have developed a robust hiring plan that includes getting non ordinance positions processed with the Board of Supervisors and filling vacant positions throughout the organization. Many of these positions were not previously funded in the prior year budgets which resulted in a salary savings. Also included in the hiring plan is the hiring of 15 County Temporary trainees in the member benefit divisions whose costs are set against vacant positions. For FY 2021-2022, approximately \$7.8 million of the increase in S&EB relates to this unavoidable cost component of the hiring plan.

Other cost increases are attributed to the following:

Performance/Merit Increases

This represents a performance/merit-based salary increase for Tier I and Tier II employees. The increase ranges from 2% to 4% depending on the staff performance rating. The total cost is estimated to be \$464,000.

Salary Step Increases

This represents step increases for staff that are not at the top of their designated salary range. These increases are budgeted at 5.5%. The total cost is estimated to be \$326,000.

Additional Staff

Staffing changes as outlined below include 21 new positions. The total S&EB cost for these positions is estimated at \$2.2 million after salary savings.

DIVISION		POSTION TITLE	FULL YEAR SALARY	SALARY AFTER SAVINGS	VARIABLE BENEFITS	BUDGET IMPACT
Administrative Services	1.00	Administrative Services Analyst III	\$70,978	\$53,233	\$29,278	\$82,512
	1.00	Administrative Services Analyst II	\$63,684	\$47,763	\$26,270	\$74,033
	(1.00)	Administrative Services Analyst I	\$49,399	(\$49,399)	(\$27,169)	(\$76,568)
Benefits Division	4.00	Retirement Benefits Specialist III	\$271,536	\$135,768	\$74,672	\$210,440
	3.00	Retirement Benefits Specialist II	\$170,556	\$170,555	\$93,805	\$264,360
Executive Office	1.00	Special Assistant	\$126,681	\$126,681	\$69,675	\$196,356
Human Resources	2.00	Human Resources Analyst	\$146,572	\$73,286	\$40,307	\$113,594
	1.00	Senior Human Resources Assistant	\$60,912	\$30,456	\$16,751	\$47,207
Investment Office	1.00	Finance Analyst III	\$169,179	\$169,179	\$93,048	\$262,227
Legal Services	1.00	Senior Staff Counsel	\$169,179	\$84,589	\$46,524	\$131,113
	1.00	Staff Counsel	\$126,681	\$63,341	\$34,837	\$98,178
Systems Division	1.00	Chief Info Technology Officer	\$181,867	\$90,933	\$50,013	\$140,947
	2.00	Information Technology Manager II	\$253,362	\$190,022	\$104,512	\$294,533
	2.00	Information Technology Specialist I	\$124,523	\$124,523	\$68,488	\$193,011
	(2.00)	Programming Systems Specialist	\$0	\$0	\$0	\$0
	3.00	Data Systems Analyst I	\$245,640	\$122,820	\$67,551	\$190,372
Total	21.00		\$2,230,749	\$1,433,751	\$788,563	\$2,222,314

Intern Program

The LACERA Intern Program is a component of LACERA's Administrative Equity Initiative and is advertised at colleges, including community colleges throughout the nation. Over the years, our Intern Program has proven to be successful as two of the previous interns that graduated from Columbia University and the University of California Los Angeles were later hired as permanent LACERA staff. The FY 2021-2022 budget includes funding for 13 interns to support Benefits, Communications, Human Resources, Internal Audit, Investments, Legal Services, Quality Assurance and Systems. The total cost for interns is estimated at \$312,000 and represents an increase from the prior year budget amount of \$72,000.

Additional Staff Detail

Administrative Services Division

No. of Positions	Title of Requested Position	Section/Unit
1	Administrative Services Analyst III	Document Processing Center

The Administrative Services Division is requesting to add one Administrative Services Analyst III in the Document Processing Center (DPC) for quality control and assurance measures. The DPC imaging process continues to be the starting point for all member-centric services. For fiscal year 2019-2020, the DPC indexed 260,094 member documents. Members submitted most of the documents by US mail and fax. Benefits, Disability Retirement, Member Services, and Retiree Health Care depend on the DPC to scan and index documents to the correct Workspace queue. Accuracy is important because indexing errors can result in service delays, privacy breaches, and over/under payments to members. Having a full-time ASAIII perform the quality assurance audits will help increase the accuracy and efficiency of the imaging process. Additional duties will include reviewing imaging procedures to eliminate workflow redundancies and obsolete business rules. The ASAIII will also collaborate with business partners on streamlining cross-divisional workflows. Finally, the ASAIII will develop new performance management tools to help supervisors better evaluate employee performance.

Benefits Division

No. of Positions	Title of Requested Position	Section/Unit
1	Retirement Benefit Specialist III	Benefits Protection Unit
1	Retirement Benefit Specialist III	Account Settlement Unit
1	Retirement Benefit Specialist III	Legal/Death Unit
1	Retirement Benefit Specialist III	Advance Payroll Unit
3	Retirement Benefit Specialist II	Account Settlement Unit

The Benefits Division has noted two trends that have impacted our ability to meet our service commitments to members. Historically, the number of transactions steadily increases each year due to population increases in Los Angeles County, which, in turn, results in an increase in employee workforce to meet the service needs of the County. Moreover, transaction processing time has increased over the last decade as we continue to improve our accuracy, thoroughness, and legal.

compliance. To mitigate these effects, we continuously review our processing methods, business rules, and system resources to stay ahead of this trend without sacrificing quality or compliance.

However, we have seen a significant increase in backlogs developing in three critical areas: Account Settlement Unit (ASU), Death & Legal Benefits Unit (DLU), and the Benefits Protection Unit (BPU). In order to address the backlogs in these units and allow us to provide the level of service our members deserve we are requesting to add seven positions for FY 2021-2022.

Account Settlement Unit

The unit takes appropriate action to resolve account imbalances and outstanding payables or receivables. A review of payroll data provided from the County to LACERA revealed a significant number of retroactive salary increases did not include deductions for contributions. The number of transactions transmitted to LACERA that require contribution adjustments currently outpaces the resources available in ASU.

We have a significant backlog of over 4,900 cases and we expect approximately 4,200 cases to be added over the next fiscal year if we cannot make significant changes to the underlying causes for these cases. A majority of these cases are the result of retroactive payroll adjustments made by the County for active employees. While the County's EHR payroll program was re-programmed in 2014 to collect contributions on these retroactive changes, we have noted that an increasing number of the changes are processed in a manner that does not collect these contributions. When this happens, it requires LACERA to manually review the adjustment, assign it to the correct accrual period, and initiate a collection process. This is a very time-consuming process. We have initiated discussions with the County to identify how we may mitigate this in the future. However, in the meantime, we must be able to process these adjustments in a timely manner. Therefore, we are requesting to add 3 Retirement Benefit Specialist II positions and one Retirement Benefit Specialist III position.

Advanced Payroll Unit

The Advanced Payroll Unit (APU) processes complex retiree processes including disability agenda processing, complex agenda processing, payroll corrections, and complex retiree payroll issues. The volume and complexity of transactions has steadily increased due to transactions related to Final Average Compensation (FAC), which require a more thorough analysis than before to process complex agenda cases.

Data analytics have revealed that the time it takes to process a PEPRA retirement takes more than twice as long as a legacy retirement due to the need to sufficiently validate and adjust the FAC.

Average Time to Process Retirement Applications		
	Sample Size	Time (Minutes)
PEPRA	29	228
Legacy	2257	112

Furthermore, members regularly request retirement planning estimates, which can also serve as their retirement application. For PEPRA members, each planning estimate requires a thorough analysis of the FAC due to embedded pay codes that must be checked to ensure non-pensionable earnings are not included. Additionally, members often ask for multiple retirement estimates, for planning purposes, before they decide on a retirement date, further adding to workloads. While the total number of PEPRA members retiring this FY is low, now that more and more PEPRA members are reaching retirement eligibility age we anticipate a growing number of members planning retirement. While much of the planning for Legacy members can be done without manual intervention, all PEPRA retirement planning where an estimate is involved, requires manual processing to provide accurate figures.

We are working with the Auditor-Controller to find solution for the embedded pay codes, but it is expected this will take some time. In the meantime, these additional resources are critical to address the workload. Therefore, we are requesting one Retirement Benefit Specialist II and one Retirement Benefit Specialist III for this unit.

Death and Legal Unit (DLU)

This DLU processes death-related transactions, as well as subpoena responses of member records, legal splits, tax levies, and spousal and child support orders. The volume of transactions has steadily risen over the years and legal splits have become more complex and time-consuming to process.

The number of retiree and survivor deaths has steadily increased over time. From 2011 to 2019 the number of deaths reported has increased from 1,967 to 2,563, a 30 percent increase over 9 years. Note: We did not include the 2020 data in our analysis because it appears to be an anomaly.

Over the past 10 years, the unit has increased from five staff to six staff, which does not meet the increase the volume of work to process deaths. One Retirement Benefit Specialist III is being requested for DLU.

Benefit Protection Unit (BPU)

The unit protects our members and the fund from losses due to member identity and status discrepancies. This work enhances the quality of LACERA's service to members whose benefits are most at risk due to potential fraud, lost contact, or a disputed status, and protects LACERA from significant loss.

The BPU's workload has steadily increased since inception in 2015 and staffing reductions have reduced the work this unit is able to perform, even though the volume of service requests continues to rise. We continue to find additional areas where BPU can be of service, such as locating difficult to find beneficiaries for death benefits or locating members that have reached the age for required minimum distribution but for who we have lost contact due to the length of time they have been out of service. An audit finding recommended that the frequency of reports received through the Social Security Number Verification Service be increased from annually to quarterly to identify member deaths earlier to prevent the overpayment of benefits. In addition, one staff member was moved from BPU to ASU due to the severity of staff shortages in ASU.

This is one of the units for which we have yet to collect significant metric data to forecast the true staffing resources for the unit. However, based on the difficulty the unit is having in meeting the demands of the vital work and the Internal Audit recommendations to increase the frequency with which reports are worked, a Retirement Benefit Specialist III is being requested for BPU. We may return with a mid-year request for additional staff once we have improved the metric data.

To promote the student worker program, the BPU will hire a student worker to provide experience investigating accounts using the Pension Benefit Information (PBI) active file review, PBI active obits file, semi-annual payee upload to Social Security Administration, foreign payee and over 90 testing, and other ad hoc report processing. The student worker will gain experience investigating accounts to identify unreported deceased members, alive and wellness checks, and data cleanup.

Executive Office

No. of Positions	Title of Requested Position	Section/Unit
1	Special Assistant	

The Special Assistant will be responsible for assisting the Deputy Chief Executive Officer and the two Assistant Executive Officers with special projects throughout the year. Projects may range from acting as a project manager on annual strategic planning efforts, major initiatives like developing a new budget process, to researching assignments and analytics of data generated by division management to help identify areas of operational efficiencies. This position may also be assigned to assist divisions as needed. The position will report to the Deputy Chief Executive Officer with dotted line reporting to the two Assistant Executive Officers.

Human Resources

No. of Positions	Title of Requested Position	Section/Unit
1	Human Resources Analyst	Employee/Organizational Development
1	Human Resources Analyst	Return to Work/Payroll
1	Senior Human Resources Assistant	Return to Work/Payroll

Human Resources is requesting to add one permanent staff member to support the Employee and Organizational (EOD) unit. EOD is expected to expand to include new programs related to leadership development, succession planning, inclusion, and employee engagement.

Human Resources is requesting to add two permanent staff members to support the Return to Work and Payroll Units. This is in anticipation of assuming full responsibility for payroll and personnel assignment transactions effective July 1, 2021. Currently the County of Los Angeles Board of Supervisors performs these duties on LACERA's behalf.

Investments Office

No. of Positions	Title of Requested Position	Section/Unit
1	Finance Analyst III	Portfolio Analytics

The Investment Office is requesting one additional Finance Analyst III to assist with portfolio stewardship and corporate governance. The Investment Office's organizational chart has been updated to further align the team with LACERA's functional asset allocation framework and elevate stewardship and corporate governance.

In recent years, LACERA has focused on developing foundational pillars and parameters for growing its corporate governance and ESG efforts. With core foundational aspects of the program in place and program orientations on strategic priorities clarified, LACERA could benefit from additional staff resources to responsibly implement and further act on adopted policies and identified priorities.

Legal Services

No. of Positions	Title of Requested Position	Section/Unit
1	Senior Staff Counsel	Investments Section
1	Staff Counsel	Benefits Section

The Office proposes that the budget add one additional Senior Staff Counsel for the Investments Section to support investment and commercial transactions work. Currently, this section of the Office has eight staff members, including one Senior Staff Counsel and two Staff Counsel (and one vacant Staff Counsel to be filled), supporting billions of dollars of investment transactions and millions of dollars in commercial contracts annually. The investment component of the Office's work has and will continue to experience increasing volume as the management of the portfolio has increased in complexity, particularly with direct investments, and as the size of the Investment Office has grown. The Office requires another Senior Staff Counsel to supervise and perform investment and commercial work. The Legal Office has recruited two high quality Staff Counsel in the past few years to support investment legal work. One of these attorneys has left to join the Investment Office. We also have an experienced Staff Counsel supporting commercial transactions. To retain excellent attorneys and recruit additional well-credentialed and experienced attorneys in the future, the Legal Office must be able to offer a promotional path to Senior Staff Counsel. The last promotion to Senior Staff Counsel in the Office was nine years ago, in 2012. Both to support growing legal work and the development of our existing attorneys, a Senior Staff Counsel position in the Investment Section of the Legal Office is justified for the FY 2021-2022 budget.

The Legal Office requests the addition of one Staff Counsel in the Benefits Section. The Benefits Section of the Office currently has five staff members, including one Senior Staff Counsel and one Staff Counsel, supporting benefits issues raised from throughout the organization, including the Executive Office and the Member Services, Benefits, and Quality Assurance Divisions, and other divisions as needed, and responding to direct inquiries from members and from the plan sponsor. LACERA is fortunate to have one of the preeminent CERL attorneys currently serving as its Senior Staff Counsel, with over 25 years of experience and service. While her retirement is not scheduled, it is on the horizon in the next several years and LACERA must prepare. Well-qualified CERL lawyers cannot be recruited because there is not a sufficient supply of such attorneys in the market; they must be trained in house at LACERA. It takes many years to become proficient in the CERL. Therefore, the Legal Office must begin to prepare those lawyers now. While we have one Staff Counsel currently, another is needed to be trained by our Senior Staff Counsel while she is still with the organization. In addition to succession planning, a second Staff Counsel is needed to support the growing Benefits works in the Legal Division. The increase in workload has added a week or more to response times for certain time-sensitive staff and member requests, which is not in the interest of LACERA or its members. Another Staff Counsel will mitigate this issue and help maintain the Benefit Section's historical prompt service levels. For these reasons, the FY 2021-2022 budget proposes the addition of one additional Staff Counsel in the Benefits Section.

Systems Division

No. of Positions	Title of Requested Position	Section/Unit
1	Chief Technology Officer	Systems Executive
1	Information Technology Manager II	Applications and Business Solutions
1	Information Technology Manager II	Project Management and Administrative
2	Information Technology Specialist I	Operational Applications
1	Data Systems Analyst I	Operation Applications
2	Data Systems Analyst I	Service Desk
(2)	Programming Systems Specialist	Operational Applications

The Systems Division is continuing to evaluate and make appropriate staffing adjustments necessary to ensure we have the proper resources to meet our commitments, carry out the recommendations in the 100 Day Report, and advance LACERA forward to create the most efficient, safe, and secure system.

We are requesting one non-ordinance position not previously requested and adding seven positions to the budget for a total of 8 additional positions. We will be removing two Programming Systems Specialists which are no longer needed. This will result in a net change of 6 positions added to the budget.

Three of the new positions that we are requesting (IT Manager II and CITO) will supersede three existing positions that will be eliminated in the following fiscal year:

Positions Requested for FY 2021/2022:	8
Positions Removed FY 2021/2022:	(2)
Net Change:	6

The Chief Information Technology Officer (CITO) is a non-ordinance position that we are requesting to add to the budget to plan and execute LACERA's digital transformation. The CITO position will be an elevated position in the Executive Office and report directly to the CEO. This position is a combination of a Chief Information Officer (CIO) and Chief Technology Officer (CTO): this individual will have broader responsibilities for creating and implementing LACERA's IT strategy, policies, and business solutions. In addition, the position will oversee all the technologies that run LACERA's IT infrastructure/architecture, information systems business

operations. Once the CITO position is included in the ordinance and filled, the current Chief Technology Officer (CTO) will be removed from our budget when we process the mid-term adjustment or in the 2022-2023 fiscal year. This position is consistent with the IT reorganization identified in the 100 Day Report.

The Information Technology Manager II (ITM II) are non-ordinance positions that we are requesting to support the proposed Systems Division organizational structure. These two positions, in addition to one ITM II position submitted last year would manage the Application Programming and Business Solutions team (28 staff members), Instructure team (18 staff members), and the Project Management Office (PMO). The PMO will serve a leading role as LACERA embarks on our IT Modernization and Information Management initiatives. The ITM II positions would replace the current Assistant Information Systems Manager (AISM) positions. We are asking for the higher-level position to attract and support managers that have built and lead effective IT teams as well as those with demonstrated experience in delivering leading technology-based IT initiatives. There are no current permanent employees sitting against the AISM positions, and once the ITM II positions are included in the ordinance and filled, the 3 Assistant Information Systems Manager positions will be removed from our budget and ordinance when we process the mid-term adjustment or in the 2022-2023 fiscal year.

Lastly, we are also requesting to add three Data Systems Analyst I (DSA I) positions; two for the Helpdesk and one for the Application Development and Business Solutions teams. The current Helpdesk consists of 4 permanent staff that service both the onsite and remote technological needs of the organization. On average, the Helpdesk receives approximately 30 requests per day (10 phone calls and 23 emails) or over 8000 requests annually to troubleshoot IT related issues. The current average response time for incoming requests is approximately 24 hours due to the varying complexity of issues that can take anywhere from 2 minutes to resolve or several days to research and identify the root cause. While we have been able to supplement the Helpdesk with temporary staffing, the additional permanent resources will ensure adequate coverage for the hybrid workforce and support management's initiative to reduce the backlog of unresolved tickets and decrease our average response time by 25%. In addition, the Systems Division needs a leadership pipeline. The Helpdesk is also a good introduction to all services provided by our division and is an effective training group for IT leadership for motivated employees.

The Application Development and Business Solutions team supports our Pension Administration System that provides our members and their survivors the promised benefits. We are asking for an additional DSA I to join this group to support the retired member processes, learn the business rules and technology used to support our retired members, and provide a leadership pipeline for this critical business function.

Position Upgrade Request

Also included in the budget is a request to upgrade a position. Details of this request is listed below:

Administrative Service Division

No. of Positions	Current Position	Upgraded Position
1	Administrative Services Analyst I	Administrative Services Analyst II

The budget request includes the deletion of one currently vacant Administrative Services Analyst I position and the addition of one Administrative Services Analyst II to better align staffing levels with the amount of complex work related to risk management, insurance, business continuity and contract management.

Total Budgeted Positions

Based on the proposal to add 21 new positions, LACERA's total budgeted positions count will be 480.

DIVISION	BUDGETED POSITIONS FY2019-2020	CHANGE	BUDGETED POSITIONS FY2020-2021
ADMINISTRATIVE	36	1	37
BENEFITS	71	7	78
COMMUNICATIONS	14		14
DISABILITY LITIGATION	7		7
DISABILITY RETIREMENT	41		41
EXECUTIVE OFFICE	8	1	9
FASD	30		30
HUMAN RESOURCES	13	3	16
INTERNAL AUDIT	11		11
INVESTMENT	44	1	45
LEGAL SERVICES	26	2	28
MEMBER SERVICES	79		79
QUALITY ASSURANCE	19		19
SYSTEMS	60	6	66
TOTAL	459	21	480

Vacancy Information

Each year as part of the budgeting process the management team reviews the current workload in order to forecast the number of staff needed to fulfill LACERA's mission to produce, protect, and provide the promised benefits. One of the results of the process is

a staffing plan that is presented to the executive team as part of each division's budget proposal.

Once the executive and managements teams have agreed on a plan, the staffing requests are included in the budget proposal presented to the Boards. The vacant position chart below shows that there are 79 vacant positions as of April 8, 2021. The proposed budget will add 21 positions. This will increase the expected number of vacant positions to 100 by July 1, 2021 (this number could change – increase or decrease – based on new hires or separations that occur after April 8, 2021).

The management team's goal is to fill as many budgeted positions as possible each fiscal year. The FY 2020-2021 hiring was greatly impacted due to COVID-19. There is a recruitment and hiring plan in place that will decrease the number of current vacancies and recruit participants into the next RBS I training class.

VACANT POSITIONS SUMMARY

Division	Budgeted Positions FY 2020-2021	Vacancy as of 04/08/21	%	Budgeted Positions FY 2021-2022*	Vacancy	%
Administrative Services	36	10	28%	37	11	30%
Benefits	71	4	6%	78	11	14%
Communications	14	4	29%	14	4	29%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	41	2	5%	41	2	5%
Executive	8	2	25%	9	3	33%
Financial Accounting Services	30	10	33%	30	10	33%
Human Resources	13	0	0%	16	3	19%
Internal Audit	11	1	9%	11	1	9%
Investments Ø	44	4	9%	45	5	11%
Legal Services Ø	26	5	19%	28	7	25%
Member Services	79	9	11%	79	9	11%
Quality Assurance	19	4	21%	19	4	21%
Systems Ø	60	24	40%	66	30	45%
LACERA Total	459	79	17%	480	100	21%

* Includes new requested positions.

Ø Includes five (5) budgeted positions not yet approved by Board of Supervisors.

SERVICES & SUPPLIES (S&S)

The ongoing S&S costs are estimated at \$25.4 million. This represents a 20.3% increase over the prior year amount of \$21.1 million. As mentioned above, the Services and Supplies (S&S) costs are reflective of the daily operational needs of the organization and is primarily based on historical expenditures adjusted for inflation. The \$4.3 million increase in S&S costs is primarily attributed to building costs as follows:

- \$3.5 million increase for rent and operating costs for the headquarters building not captured in prior year budgets.
- \$1.3 million to renovate office spaces. This amount is \$834,000 more than the prior year amount of \$466,000. We propose to renovate the Systems Division and the Financial & Accounting Services Division (FASD) during this fiscal year. These divisions were last renovated over 15 years ago. We estimate the Systems Division renovation cost at \$750,000 and FASD at \$350,000. An additional \$200,000 is included for unexpected renovation projects related to post COVID return to work plans.

S&S CATEGORY	BUDGET REQUEST FY 2020-2021	BUDGET REQUEST FY 2021-2022	VARIANCE	% CHANGE
Auto Expenses	\$36,800	\$131,200	\$94,400	256.5%
Communications	740,000	925,000	185,000	25.0%
Transportation & Travel	455,500	604,500	149,000	32.7%
Postage	991,400	991,400	0	0.0%
Stationery & Forms	640,100	645,300	5,200	0.8%
Office Supplies & Equipment	959,000	696,500	(262,500)	-27.4%
Insurance	748,300	911,600	163,300	21.8%
Equipment Maintenance	638,000	612,800	(25,200)	-3.9%
Equipment Rents & Leases	310,000	277,000	(33,000)	-10.6%
Building Costs	3,034,000	7,472,400	4,438,400	146.3%
Parking Fees	377,000	377,000	0	0.0%
Professional & Specialized Services	3,872,600	2,992,200	(880,400)	-22.7%
Bank Services	195,000	200,500	5,500	2.8%
Legal Fees & Services	435,500	472,500	37,000	8.5%
Disability Fees & Services	2,086,000	2,065,500	(20,500)	-1.0%
Computer Services & Support	3,910,100	4,469,100	559,000	14.3%
Educational Expenses	1,137,200	1,225,400	88,200	7.8%
Miscellaneous	602,300	397,800	(204,500)	-34.0%
TOTAL	\$21,168,800	\$25,467,700	\$4,298,900	20.3%

APPENDIX A - Preliminary Retiree Healthcare Budget

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members/survivors and their eligible dependents. This budget request for Fiscal Year 2021-2022 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many complex changes in Federal and State Programs such as the Affordable Care Act (ACA), Medicare and Social Security guidelines as applicable to the RHCBP, in addition to the general health care landscape. This budget will provide the division with the support needed to deliver timely quality service to our retired members/survivors and their eligible dependents.

The RHC Budget request for FY 2021-2022 is approximately \$11,410,775 representing a 24.7% increase from the previous year.

RETIREE HEALTH CARE BUDGET	BUDGET FY2020-2021	BUDGET FY2021-2022	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$3,838,039	\$5,235,712	\$1,397,673	36.4%
SERVICES & SUPPLIES	\$5,315,628	\$6,175,064	\$859,436	16.2%
RHC BUDGET TOTAL	\$9,153,667	\$11,410,775	\$2,257,108	24.7%

S&EB

RHC currently has 31 budgeted positions, and 6 new positions are requested for this year. The increase in S&EB costs is estimated at \$1.4 million and is comprised of approximately \$576,000 in Salaries, \$600,000 for Variable Benefits and \$221,000 for temporary staff, OPEB contribution and overtime as displayed in the table below.

INCREASE IN SALARIES & EMPLOYEE BENEFITS COSTS	
Salaries	\$ 576,794
Variable Benefits	599,639
Agency Temp	203,700
OPEB Contribution	14,640
Overtime	2,900
Salaries & Employee Benefits Variance	\$ 1,397,673

The increase in S&EB is requested to fund the following:

- 6 New permanent positions.
- Full funding of 7 vacant position that were left unfunded in the FY 2020-2021 budget due to delays in hiring. This includes the hiring of 7 County Temporary Trainees whose cost will be offset against the vacant positions.
- Salary Step Increases.
- Performance/Merit Increases.

Details of the primary factors contributing to the cost increase include the following:

Hiring Plan Changes

During the budget development process, we calculate a salary savings for the number of months that a position will be vacant during the fiscal year. In FY 2020-2021, hiring plans were delayed and timelines were shifted due to the pandemic. At the Mid-Year FY 2020-2021 budget, RHC and Human Resources reassessed the vacancy estimates. Based on that examination, it was determined that positions would remain vacant for several months longer than what was originally planned and that we would retain temporary staff for a longer period. To account for this we reduced Permanent Salaries and Variable Benefits by \$337,000 and increased Temporary staff salaries by \$308,000.

Our FY 2021-2022 hiring plan includes filling 7 vacant positions. Many of these positions were not previously funded in the prior year budget which resulted in salary savings. For FY 2021-2022, approximately \$863,000 of the increase in S&EB relates to this unavoidable cost component of the hiring plan.

Additional Staff

Staffing changes as outlined below include 6 new positions. The total S&EB cost for these positions is estimated at \$281,000 after salary savings.

	POSTION TITLE	SECTION/UNIT	FULL YEAR SALARY	SALARY AFTER SAVINGS	VARIABLE BENEFITS	BUDGET IMPACT
2.00	Retirement Benefit Specialist III	Operations	\$135,768	\$67,884	\$37,336	\$105,220
2.00	Retirement Benefit Specialist II	Call Center	\$113,704	\$56,852	\$31,269	\$88,121
2.00	Retirement Benefit Specialist II	Audit	\$113,704	\$56,852	\$31,269	\$88,121
6.00			\$363,176	\$181,588	\$99,873	\$281,461

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members, survivors, and eligible dependents. RHC is responsible for understanding and implementing the many complex changes in Federal and State Programs such as the Affordable Care Act (ACA), Medicare, and Social Security guidelines as applicable to the RHCBP, in addition to the general

healthcare landscape. The FY 2021-2022 budget request reflects our ongoing commitment to timely deliver the highest level of customer service to our members and eligible dependents.

The RHC Division consists of the following units:

- **Operations Unit**
Assists in planning, assigning, organizing, and directing the work of staff engaged in the research, resolution, and processing of healthcare retirement benefits.
- **Audits Unit/Finance Section**
Assists in conducting extensive operational and procedural audits to ensure guidelines are followed by staff. Engages in carrier auditing of accounts to reflect that accurate eligibility and premiums are being paid. Monthly monitoring of phone calls between members and staff to confirm that retirees are being provided accurate information during each encounter and conduct quality checks of enrollment forms processed by Operations staff.
- **RHC Call Center**
Assists members and the organization at large with resolving complex questions regarding the Retiree Healthcare Benefits Program and provides information to management regarding its impact on division operations.

There are currently 31 budgeted positions in Retiree Healthcare. RHC management is requesting two (2) Retirement Benefits Specialist (RBS) III's and four (4) Retirement Benefits Specialist (RBS) II's. This will increase our budgeted positions from 31 to 37.

- The two (2) Retirement Benefits Specialist (RBS) III's will provide support to our Operations Unit due to increasing volume of enrollment processing, member correspondence, Medicare Part B processing, billing, prior period adjustments, member outreach, and Call Center support.
- The four (4) RBS II's will be equally divided between the Audits Unit and the Call Center.
 - The two RBS IIs will support the Call Center to address the increasing call volume as members call to confirm, for example, if the documents and/or enrollment forms were received and processed, what is their healthcare effective dates, the status of their Medicare Part B premium adjustments, and a multitude of carrier issues. This will allow Operations, and Audit staff to focus on processing and quality checking insurance enrollment forms amongst other duties.
 - The other two RBS IIs will support the Audit Unit with quality control checks of medical enrollment forms, Medicare Part B premium adjustment audits, monthly carrier discrepancy reports, call monitoring, turning age 65 reports, turning age 26 reports, death reports and other discrepancy audit reports.

We currently have six (6) full time staff for processing healthcare enrollment forms in the Operations Unit; six (6) in the Audits/Finance unit who are tasked to quality check the forms; and seven (7) staff in the Call Center attending to inquiries from our members.

As the call volume is increasing, management had to shift resources from Operations, Audits and even management to answer incoming calls from our members. This negatively impacted

the enrollment production volume in the Operations and Audits Sections. The additional staff will help alleviate this challenge so that our members can be served in a timely and accurate manner.

We continue to promote and encourage our members to use the member portal. The volume of portal messages and emails have also increased from 10 portal messages to 50 per day. Email messages have also increased from 10 email messages to 40 per day. Resources from the Audit Section has also been used to assist and manage the message volumes. Management also continues to assist in this endeavor as work volumes increase. Securing the additional staffing will allow Audit staff to focus on checking enrollments and timely complete the enrollment process for our members.

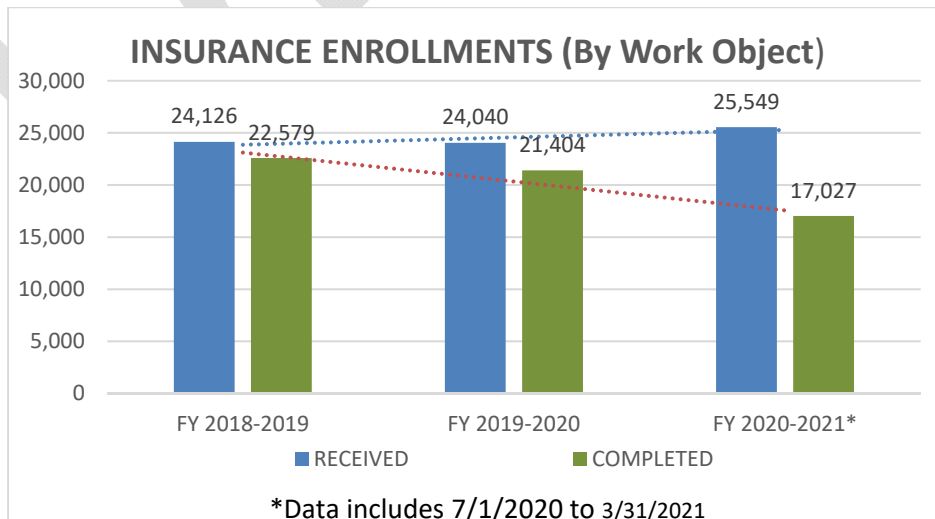
Audit staff are also called upon to provide support for the Call Center during busy times as the call volume is increasing. The limited staff has affected the timely processing/auditing of monthly carrier eligibility and premium discrepancy reports and cases.

Additional staff will greatly enhance the ability of the RHC Division to timely review and process the high volume of Medicare Part B premium verification documents on a timely basis as well as completing prior period adjustments, updating the subsidy amounts, and responding to member inquiries regarding their Part B amounts. In FY 2019-20, RHC received approximately 25,000 work objects related to the Part B verifications and we expect the same amount, if not more for FY 2021-22 Plan Year as more members and eligible dependents become Medicare eligible and enroll in a Medicare HMO Plan or Medicare Supplement Plan that would qualify them for the Part B Reimbursement (up to the standard amount).

Insurance Enrollments

Generally, a processor completes 4 to 5 enrollment forms (also depending on the complexity) per day in addition to completing their other daily duties such as member call backs, completing/processing service requests, premium adjustments, and member correspondence requests, and call center support.

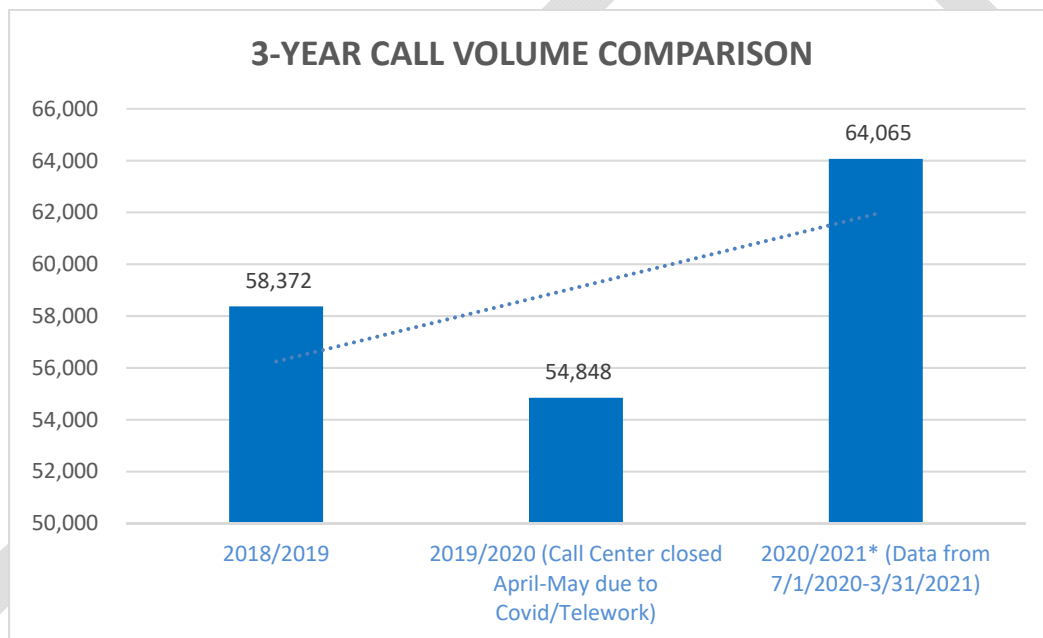
The chart below is by work object, not by member, and includes all categories of enrollments such as processing new retiree enrollments, March Madness, change/cancellation/survivor re-enrollments, future enrollments, waiting periods, and the Medicare Advantage Prescription Drug Plan enrollments.



Call Center

Our Call Center is staffed with seven (7) call center representatives. Our call volume has increased by 10,000, from 2020. This increase is due in large part to March Madness, Medicare Part B verification mass mailing, members calling to confirm that their documents sent by fax and email were received, eligibility questions, effective date of enrollment, and processing of Medicare Part B verifications.

To assist during our busiest times, we were required to reallocate resources from Operations, and Audits to support the call center with timely responding to member inquiries. It is all hands-on deck at these times, including the management staff. The additional staffing will enable the Operations and Audit staff to focus on the processing and checking of enrollment forms. This will also help decrease the call volume. Call Center staff is also assisting with managing and responding to member portal messages.



*April – Call Center closed due to Pandemic; Call Center was not available remotely. No data available.

We are projecting the call volume to increase from April to June as a result of members calling about the status of their Medicare Part B verification subsidy amounts. As the documents continue to be scanned, RHC staff will continue to process, adjust, and update the subsidy amounts. In addition, the RHC annual letter packet mailing scheduled for end of May will impact the volume of calls in June.

Agency Temporary Staff

The temporary staff funding request is estimated at \$204,000 to assist in Operations, Audits, and the Call Center with the high volume of member calls received during the March Rush and related to the processing of Medicare Part B verifications

Services & Supplies

The Services and Supplies (S&S) costs are reflective of the daily operational needs of the Division and overhead charges from other Divisions in support of the RHC mission. S&S costs are estimated to increase by 16.2% or \$859,436. This increase is primarily attributed to the following:

- Increase in rent expense of \$78,000.
- Increase in overhead charges of 1.3 million relates to LACERA's 15% budget increase for FY 2021-2022. A small increase was also noted for hours spent by LACERA's Executive Office, Internal Audit and Legal Office to provide support to RHC in the areas of risk assessment, audits, privacy issues, and general legal advice.
- Decrease in the Audit line item of \$315,000 because the Retiree Drug Subsidy and Dependent Eligibility Audits will not be performed due to other priorities.

APPENDIX B-Other Post-Employment Benefits (OPEB) Trust Budget

The County of Los Angeles (County), LACERA and the Superior Court maintain a Retiree Healthcare Program (RHP) for their members. In FY 2012-13, the County established a trust in order to fund this program. In FY 2016-17, the Superior Court established a trust to participate in the program. Beginning in FY 2017-18, the costs of administering the program were displayed separately, based on the size of the participating agencies. The Board of Investments of LACERA is the trustee and investment manager for the trusts.

To avoid OPEB Trust assets being commingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with administering the OPEB Trust.

Those Divisions that participate in the administration of the OPEB Trust are included in the calculation of costs. These divisions are: Administrative Services, Communications, Executive Office, FASD, Internal Audit, Investments, Legal Services, Systems, and Retiree Healthcare.

Each division use staff and resources to administer the OPEB Trust. In estimating the costs to administer the trust, consideration is given to the amount of time expended by employees as a share of the total cost of salaries and benefits. In estimating the additional costs used to administer the trust, LACERA also considers the share of the total costs of services and supplies.

The OPEB Budget request for FY 2021-2022 is approximately \$682,689 representing a 17.3 increase from the previous year as detailed below.

OPEB BUDGET	BUDGET FY2020-2021	BUDGET FY2021-2022	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$428,043	\$500,028	\$71,985	16.8%
SERVICES & SUPPLIES	\$154,153	\$182,661	\$28,508	18.5%
OPEB BUDGET TOTAL	\$582,196	\$682,689	\$100,494	17.3%

The increase is primarily attributed to the increase in LACERA's overall S&EB budget as well as staff reported a small increase in hours to manage the investment portfolio, audit oversight and legal review.

The chart below identifies the costs allocated to each LACERA Division.

**Comparison of OPEB Trust Costs by Division
FY 2020-2021 vs. FY 2021-2022**

DIVISIONS	FY BUDGET		VARIANCE
	2020-2021	2021-2022	
Administrative Services	\$49,590	\$50,292	\$702
Communications	\$2,321	\$2,612	\$290
Executive Office	\$1,013	\$1,195	\$181
Financial & Accounting Services	\$227,976	\$251,879	\$23,904
Internal Audit	\$43,858	\$49,530	\$5,672
Investments	\$155,714	\$214,589	\$58,875
Legal Services	\$44,277	\$46,143	\$1,865
Retiree Healthcare	\$4,467	\$5,031	\$564
Systems	\$52,979	\$61,419	\$8,440
GRAND TOTAL	\$582,196	\$682,689	\$100,494

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