

# IN PERSON & VIRTUAL BOARD MEETING



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**Attention:** If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com). If you would like to make a public comment during the committee meeting, review the Public Comment instructions.

# AGENDA

## A REGULAR 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, CA 91101

9:00 A.M., WEDNESDAY, APRIL 24, 2024

This meeting will be conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

Any person may view the meeting in person at LACERA's offices and online at <https://LACERA.com/leadership/board-meetings>

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

### COMMITTEE TRUSTEES:

Vivian Gray (BOR), Chair  
Patrick Jones (BOI), Vice Chair  
JP Harris (BOR)  
Shawn Kehoe (BOR)  
Les Robbins (BOR)  
Trevor Fay (BOI)  
Debbie Martin (BOI)  
David Ryu (BOI)

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
  - A. Just Cause
  - B. Action on Emergency Circumstance Requests
  - C. Statement of Persons Present at AB 2449 Teleconference Locations

#### IV. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Regular Meeting of February 29, 2024

#### V. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com).)

#### VI. NON-CONSENT ITEMS

A. **Revised Trustee Education and Travel Policies**

Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee consider the attached revised Trustee Education and Travel Policies and provide further direction, including a recommendation to the Board of Retirement and Board of Investments for approval of the revised policies. (Memo dated April 15, 2024)

B. **Proposed Amendments to Conflict of Interest Code**

Recommendation as submitted by Jessica C. Rivas, Staff Counsel: That the Committee discuss and provide input on proposed amendments to the Conflict of Interest Code and recommend the amendments to the Board of Retirement and Board of Investments for approval, subject to final approval by the Los Angeles County Board of Supervisors. (Presentation) (Memo dated April 17, 2024)

VI. NON-CONSENT ITEMS (Continued)

C. **LACERA Budget Policy (Annual Review)**

Recommendation as submitted by Laura Guglielmo, Assistant Executive Officer: That the Committee review and recommend to the Board of Retirement and Board of Investments for approval the LACERA Budget Policy dated March 21, 2024, and direct staff to include recommended updates to this Policy annually, as a companion to its preliminary budget presentation. (Memo dated April 2, 2024)

D. **Fiscal Year 2024-25 Preliminary Administrative, Retiree Healthcare and Other Post-Employment Benefits (OPEB) Trust Budgets**

Recommendation as submitted by Laura Guglielmo, Assistant Executive Officer: That the Committee review the Fiscal Year 2024-25 Preliminary Budgets for LACERA Administrative, Retiree Healthcare Benefits Program, and Other-Post Employment Benefits (OPEB) Trust, provide guidance to staff for any desired changes or amendments, and recommend that the Board of Retirement and Board of Investments consider and adopt these budgets prior to June 30, 2024. (Presentation) (Memo dated April 12, 2024)

VII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Committee, which can only be made separately by motion on an agenda item at a future meeting.)

VIII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Committee's Charter.)

IX. GOOD OF THE ORDER

(For Information Purposes Only)

X. 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](mailto:PublicComment@lacera.com), but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF THE REGULAR MEETING OF THE JOINT ORGANIZATIONAL  
COMMITTEE AND BOARD OF RETIREMENT AND  
BOARD OF INVESTMENTS

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

9:00 A.M., THURSDAY, FEBRUARY 29, 2024

This meeting was conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

COMMITTEE TRUSTEES PRESENT:

Vivian Gray, Chair

Patrick Jones, Vice Chair

JP Harris, BOR Trustee

Shawn Kehoe, BOR Trustee

Debbie Martin, BOI Trustee

Herman Santos, BOI Trustee

COMMITTEE TRUSTEES ABSENT:

Keith Knox

Les Robbins

OTHER BOARD OF RETIREMENT/BOARD OF INVESTMENTS TRUSTEES

Nicole Mi, Board of Investments

## STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

Jon Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Richard Bendall, Chief Audit Executive

Allison Barrett, Senior Staff Counsel

Compliance Counsel and Advisor, Rebecca Walker, Kaplan & Walker LLP

### I. CALL TO ORDER

The meeting was called to order by Chair Santos at 9:05 a.m. in the Board Room of Gateway Plaza.

### II. PLEDGE OF ALLEGIANCE

Trustee Mi led the Trustees and staff in the Pledge of Allegiance.

### III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

There were no requests received for Just Cause or Emergency Circumstance.

IV. ELECTION OF OFFICERS  
(Election of Chair and Vice Chair)

Trustee Kehoe nominated Trustee Santos for Chair of the Joint Organizational Governance Committee; he declined the nomination. Trustee Santos nominated Trustee Gray for Chair of the Joint Organizational Governance Committee. Hearing no other nominations, the nominations were closed. Trustee Santos declared Trustee Gray Joint Organizational Governance Committee Chair for 2024.

Trustees Kehoe nominated Trustee Jones for Vice Chair of the Joint Organizational Governance Committee. Hearing no other nominations, the nominations were closed. Chair Gray declared Trustee Jones Joint Organizational Governance Committee Vice Chair for 2024.

V. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of November 16, 2023

Trustee Harris made a motion, Trustee Jones seconded, to approve the Minutes of the Regular Meeting of November 16, 2023. The motion passed by the following roll call vote:

Yes: Gray, Harris, Kehoe, Jones, Martin, Santos

Absent: Knox, Robbins

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. NON-CONSENT ITEMS

A. **Ethics and Compliance as Strategic Priorities:**

**LACERA Ethics and Compliance Program Framework**

Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee 1) Provide input on the proposed Ethics and Compliance Program Charter, which is a goal of the Board of Retirement Strategic Plan, and 2) Recommend to the Board of Retirement and Board of Investments that they forward the proposed



VII. NON-CONSENT ITEMS (Continued)

Charter to the Audit Committee for further development to be returned to the Boards for final approval. (Presentation)  
(Memo dated February 21, 2024)

Mr. Lugo, Mr. Rice, Ms. Barrett, Ms. Walker, and Mr. Bendall provided a presentation and answered questions from the Committee.

Trustee Santos made a motion, Trustee Harris seconded, to approve this item, subject to the Committee's discussions and modifications. The motion passed by the following roll call vote:

Yes: Gray, Harris, Kehoe, Jones, Martin, Santos

Absent: Knox, Robbins

B. **2024 Joint Organizational Governance Committee Proposed Meeting Calendar and Agenda Items**

Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Committee schedule the 2024 calendar year meetings and provide input on the proposed agenda items. (Memo dated February 12, 2024)

Trustee Kehoe made a motion, Trustee Martin seconded, to approve the 2024 meeting calendar and topics, with the April meeting to take place on April 24, 2024 and the November meeting to take place on November 7, 2024. The motion passed by the following roll call vote:

Yes: Gray, Harris, Kehoe, Jones, Martin, Santos

Absent: Knox, Robbins

VIII. ITEMS FOR STAFF REVIEW

There were no items for staff review.

IX. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

X. GOOD OF THE ORDER  
(For Information Purposes Only)

There was nothing to report.

XI. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 11:17 a.m.



April 15, 2024

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: April 24, 2024 Joint Organizational Governance Committee Meeting

SUBJECT: Revised Trustee Education and Travel Policies

## **RECOMMENDATION**

That the Joint Organizational Governance Committee (JOGC) consider the attached revised Trustee Education and Travel Policies and provide further direction, including a recommendation to the Board of Retirement and Board of Investments for approval of the revised policies.

## **LEGAL AUTHORITY**

Under Section 7.2 of its Charter, the JOGC has the responsibility to “assist in the development of and make recommendations with respect to all joint policies, such as ... education and travel.”

## **DISCUSSION**

The Trustee Education and Travel Policies were requested by Trustees to be agendized for the JOGC’s consideration. In reviewing the policies, staff also identified certain updates to clarify the policy language and education and travel practices within the structure previously approved by the Boards.

In addition to minor or non-substantive editorial and typographical corrections, the issues and proposed changes for the JOGC’s review are contained in the attached redlined versions and are summarized as follows:

### ***1. Trustee Education Policy.***

- Section I, Purpose (page 1). The term “Administrative Meetings” is included in both the Education Policy and the Travel Policy, but the current definitions are slightly different. The term should have the same definition in both polices. The definition is also proposed to clarify that internal and external business meetings and meals are included. The definition is now proposed to be clarified to state:

“Administrative Meetings” are meetings attended by Trustees in their

LACERA capacity to further LACERA's fiduciary duty to members and their beneficiaries, including but not limited to: LACERA Board and Committee meetings; pension related organization meetings; internal and external meetings and meals; Board-approved legislative advocacy; speaking engagements, including a domestic and international Educational Conference at which a Trustee gives a speech; meetings associated with leadership positions in the administration of pension related organizations; and similar events.

- Section III, New Trustee Orientation and Support (pages 2-4).
  - *Section III(B), Timing for Orientation (page 2).* Because staff realizes that it is not always possible to complete orientation before a Trustee's first meeting due to late appointment of an appointed member, delay in election certification, or other circumstances, the requirement is modified to apply "if reasonably possible." Staff continues to believe that orientation is helpful to new trustees and will work to make it possible for all trustees to complete orientation before their first meeting. The requirement that orientation be completed before travel to Educational Conferences or Administrative Meetings remains unchanged.
  - *Section III(D), Orientation Materials (page 3).* Changes are made to reflect that available Trustee materials have been expanded, at the request of the Boards, and are available electronically.
  - *Section III(E), External Education Before Effective Date of Term (page 3).* This provision was changed to clarify that it applies to both Educational Conferences and Administrative Meetings.
- Section IV, Ongoing Trustee Education (pages 4-6).
  - *Section IV(C)(2), In-Person External Educational Conferences (pages 4-5).* A Trustee requested that the JOGC consider changing the number of conferences that Trustees may attend, as stated in the first sentence of the second paragraph of this section (page 5). This language is bracketed for JOGC discussion. With regard to this issue, the existing Policy language allows for an increase in the number of conferences upon Board action, which is an alternative to increasing the number in the Policy.

Staff suggests that the requirement for Board approval of the Chief Executive Officer's (CEO) list of educational conferences be deleted because the list is only informational. In addition, a change is proposed to

delete the blanket requirement of 5 hours of educational content per day and replace it with a requirement that there be an “average” of 5 hours of educational content per day; this change will recognize the structure of many conferences, where, for example, the first or last day may have a light schedule.

- *Section IV(C)(5), Evaluation (page 6)*. The optional language that Trustees consider sharing knowledge gained at Educational Conferences is expanded to include Administrative Meetings; a suggestion is also made that such information may be shared in Good of the Order.
- *Section IV(E), Reporting and Monitoring (page 6)*. The periodic reporting of Trustee travel to the Boards and the CEO is revised to expressly include Administrative Meetings as well as Educational Conferences. This change conforms the Policy to current practice.
- Section V. Administrative Meetings (page 6). The requirement for Board approval of Administrative Meetings is proposed to be changed from all such events to only those “outside of California.” A sentence is added that LACERA Board and Committee meetings are approved as Administrative Meetings to align the Trustee Education Policy with existing language in the Trustee Travel Policy.
- Section VII, Gifts and Conflicts (page 7). Changes are proposed to add references to Administrative Meetings to this section because similar gift and conflict legally apply to both types of events.
- Section IX, CERL Compliance (page 7). This section was renamed and rewritten to clarify that the Policy is the educational policy required by California Government Code Section 31522.8 of the County Employees Retirement Law of 1937.
- Section X, Policy Provisions and Applicable Law (pages 7-8). References to the California Constitution, LACERA procedures, and the Boards’ duty to members are proposed to be added to this section.
- Appendix A, Trustee Competencies (pages 9-11). additional bullets are proposed to be added or revised relating to oversight of the CEO and Boards with respect to ethics, compliance, enterprise risk management, disability procedure and hearings, prudent engagement, treasury management and custodial services, and strategic asset allocation.

## 2. Trustee Travel Policy.

- Section I, Purpose (page 1). As noted above with respect to the Trustee Education Policy, the term “Administrative Meetings” is proposed to be revised to be the same in both policies.
- Section II Principles (pages 1-3). The language in this section requiring Trustees to submit an annual travel attestation is proposed to be deleted because there are other processes in the Policy to ensure compliance. The attestation form (attached as Appendix B, page 15) is likewise proposed to be deleted.
- Section III, Trustee Travel (pages 3-7.) The title of the section is proposed to be changed to “Trustee Travel to Educational Conferences and Administrative Meetings” to reflect the existing scope of the section; this change does not make a substantive change in the Policy. The change clarifies that the same expense and reimbursement standards apply to Educational Conferences and Administrative Meetings.
  - *Section III(A), Approval (pages 3-4)*. As with the title of Section III, the wording is changed to clarify that the process applies to both Educational Conferences and Administrative Meetings.
  - *Section III(D), Costs of Administration (page 4)*. This section is clarified that LACERA may accept payment of travel expenses as allowed to be reported on Fair Political Practices Commission Form 801.
  - *Section III(K), International Travel Insurance (page 6)*. A sentence is proposed to be added stating that LACERA’s travel insurance does not apply to family members or traveling companions.
- Section IV, Administrative Meetings (page 7). As with the Trustee Education Policy, this provision is proposed to be clarified to state that Board approval is only required for Administrative Meetings outside of California.
- Section VI, Gifts and Conflicts (pages 7-8). As with the Trustee Education Policy, changes are proposed to add Administrative Meetings to this section because similar gift and conflict requirements legally apply to both types of events.
- Section X, Policy Provisions and Applicable Law (page 8). References to the California Constitution, LACERA procedures, and the Boards’ duty to members

are proposed to be added to this section.

- Appendix A, Reimbursement Schedule (pages 10-14).
  - *Heading (pages 10-14).* The heading is proposed to be modified to reflect that the same standards apply to both Educational Conferences and Administrative Meetings.
  - *Section I(A)(6), Airline Travel (pages 10-11).* The reference to LACERA's use of points is proposed to be changed to "cash rebates" because LACERA does not earn points on charges it makes.
  - *Section III, Meals and Porterage (pages 12-13).* References to Educational Conferences and Administrative Meetings are proposed to be added to ensure clarity that, as provided in the current Policy, all meals are reimbursed in the same way, which is under the Per Diem method.

Staff also proposes that the Policy includes the General Services Administration's (GSA) rule under the Code of Federal Regulations allowing 75% of the meals and incidental expenses (M&IE) per diem for the first and last day of travel, when per diem is paid and regardless of when travel begins or ends. 41 CFR 301-11.101 (<https://www.ecfr.gov/current/title-41/subtitle-F/chapter-301/subchapter-B/part-301-11/subpart-B/section-301-11.101>). This recommendation is made for the administrative ease of LACERA staff in confirming the amount of the first and last day per diem based on how much of each day is spent traveling and the location of each meal. This proposal is consistent with the Policy's existing reference to use of federal M&IE rates.

## **CONCLUSION**

Staff recommends that the JOGC consider the attached revised Trustee Education and Travel Policies and provide further direction, including a recommendation to the Board of Retirement and Board of Investments for approval of the revised policies.

### Attachments

c:	Santos H. Kreimann	Laura Guglielmo	Ted Granger
	Jonathan Grabel	JJ Popowich	Christina Logan
	Luis A. Lugo	Richard Bendall	Ervin Wu

**ATTACHMENT - REDLINE  
PROPOSED TRUSTEE EDUCATION  
POLICY**





# TRUSTEE EDUCATION POLICY

LACERA Board of Retirement & Board of Investments

Adopted: ~~December 13, 2023~~ \_\_\_\_\_, 2024

## TRUSTEE EDUCATION POLICY

### I. PURPOSE

The purpose of this policy is to align the elements of LACERA's Trustee education program with the Mission, Vision, Values, and work culture of the organization. More specifically, the program is intended to assist all Trustees to obtain knowledge and receive relevant information that will enhance their understanding of the issues facing LACERA and equip the Trustees to discharge and further their fiduciary duties for the sole benefit of active members, retirees, and their beneficiaries under a framework compliant with applicable law and policy, including the 24-hour biennial education requirement of Government Code Section 31522.8 and the beliefs set forth in LACERA's Investment Policy Statement. The program will be administered in a manner that can be overseen by the Board of Retirement and Board of Investments and understood by LACERA's members and other stakeholders as reasonable and cost-effective in fulfilling LACERA's Mission to Produce, Protect, and Provide the Promised Benefits. This policy applies to LACERA Trustees only.

"Educational Conferences" are those conferences, seminars, and meetings that have an educational purpose. "Administrative Meetings" are meetings attended by Trustees in their LACERA capacity to and further LACERA's interests, fiduciary duty to members and their beneficiaries, including but not limited to: LACERA Board and Committee meetings; pension related organization meetings; internal and external meetings and meals; Board-approved legislative advocacy; speaking engagements, including a domestic and international Educational Conference at which a Trustee gives a speech; meetings associated with leadership positions in the administration of pension related organizations, and similar events.

### II. PRINCIPLES

The following principles shall govern what, why, when, where, and how Trustee education is obtained and the interpretation of this policy.

**A. Performance of Fiduciary Duty.** Education is necessary and should be encouraged and undertaken in order that Trustees may obtain knowledge relevant to the proper performance of their fiduciary duty under the California Constitution, the County Employees Retirement Law of 1937 (CERL), and other applicable laws by a reasonable method and at reasonable cost for the value received, and further LACERA's interests. Specifically:

1. Duty of Loyalty. Education must assist the Trustees to perform their fiduciary duty of loyalty to "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty." Cal. Const., art. XVI, § 17(b); see Cal. Gov't Code § 31595(a).

2. Duty of Prudence. Education must assist the Trustees to perform their fiduciary duty of prudence to “discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims.” Const., art. XVI, § 17(c); see Cal. Gov’t Code § 31595(b).

**B. Further a Common Foundation of Knowledge.** A foundation of common knowledge, or Trustee Competencies, relevant to LACERA and its Mission is necessary among all Trustees to fulfill their fiduciary duty.

**C. Opportunities for Enrichment.** The fiduciary value of education includes alternatives and choices for individual Trustees to pursue enrichment in areas of interest and specialization related to LACERA and its Mission, and to stay abreast of current developments.

**D. Sharing of Information.** Because education is a group effort as well as an individual endeavor, Trustees are encouraged to share information and perspectives concerning the education they separately pursue with fellow Trustees. For this reason, education should also include the flexibility and opportunities for Trustees to network with and obtain relevant knowledge from others in the public pension and investment communities.

**E. Leverage LACERA Resources.** A concerted effort should be made to present educational presentations in the boardroom to take advantage of the expertise of LACERA staff, LACERA consultants, and other outside experts to create a shared educational environment for all Trustees to interact, question, and receive common benefit.

**F. Annual Review of Education and Needs.** The fiduciary value of Trustee education is enhanced by each Trustee, on an individual basis, reviewing their past education each year and planning in advance when possible, for how to meet their educational goals in the coming year. An annual review process recognizes that Trustees and their individual educational needs evolve over time, and no single method of educating Trustees is optimal. Instead, the ability of Trustees to develop flexible education plans for themselves and to employ a variety of methods is necessary and appropriate and will assist staff to source and provide appropriate choices and opportunities that meet Trustee needs.

**G. Transparency and Monitoring.** Trustee education and its fiduciary value and cost should be transparent to LACERA’s members and other stakeholders. The Boards should be provided with information on a periodic and consistent basis to enable effective oversight of the Trustee education program.

### III. NEW TRUSTEE ORIENTATION AND SUPPORT

**A. Attendance.** Each new Trustee and alternate, including the Treasurer and Tax Collector’s Chief Deputy, shall attend orientation.

**B. Timing for Orientation.** Orientation should occur before a new Trustee attends their first Board meeting, if reasonably possible, and must be completed before travel to Educational Conferences or Administrative Meetings will be approved.

**C. Development and Content.** Orientation will be developed and overseen by the Chief Executive Officer. Orientation will, at a minimum, include an overview of LACERA's independence, Mission, organizational structure and key functions, Board and Trustee responsibilities and fiduciary duty, pension benefits and member services, retiree healthcare and the OPEB Trust, investments, legal issues, conflicts of interest and ethics, strategic planning, budget, accounting, actuarial matters and contribution-setting, internal audit, the Trustee education program, Trustee technology, resources, and support.

**D. Orientation Materials.** At or before orientation, the following materials shall be made available to new Trustees in electronic format or such other format as a Trustee request:

1. A confidential roster of names, addresses, and contact information for the Board Trustees.
2. A confidential roster of names, addresses, and contact information for the Executive Management team.
3. Board agendas, minutes, policies and procedures, the current strategic plan, applicable law, and other available resources, and guidance how to access the se resources and listed reference materials.
4. Other relevant material requested by the new Trustee or deemed appropriate by the Chief Executive Officer, including a binder of materials covering the orientation topics listed in Section III(C).

**E. External Education Before Effective Date of Term.** Each Board Chair, in consultation with the Chief Executive Officer, may approve external Educational Conferences and Administrative Meetings for new Trustees after their election has been certified or their appointment approved by the Board of Supervisors and before their term effective date only after the new Trustee has completed all staff orientation. Educational Conferences for new Trustees before their term effective date are limited to the courses identified for each Board in Section IV.C.2 and other courses in Appendix B and Administrative Meetings deemed appropriate as foundational to public pension fund governance and their role and responsibilities on the Board on which they will serve.

**F. Mentoring.** The Chief Executive Officer will establish a formal mentorship program to assist interested Trustees. Any new Trustee may request a mentor to assist them in becoming familiar with their responsibilities on the Board. If a request is made, the Board Chair(s) will designate one experienced Trustee to be a mentor to the new Trustee for a period of one year.

**G. Returning Trustees.** Trustees who have previously served non-consecutive terms on the Boards shall attend orientation to refamiliarize themselves with

the content described in Section III.C and changes to the system during their absence. The content of returning Trustee orientation will be developed by the Chief Executive Officer in collaboration with each returning Trustee.

#### IV. ONGOING TRUSTEE EDUCATION

**A. *Required Education.*** CERL requires that all Trustees receive a minimum of 24 hours of Trustee education within the first two years of assuming office and for every subsequent two-year period the Trustee continues to serve on the Board. This requirement sets a minimum standard. Trustees may obtain additional education consistent with the provisions of this policy.

**B. *Appropriate Subject Matter.*** All education must be relevant to the duties and responsibilities of Trustees. In accordance with CERL, the Boards identify knowledge in the matters and areas set forth in the Trustee Competencies stated in Appendix A as appropriate for required education. All Trustees must seek education in and should strive to have knowledge in these areas to assist in the performance of their fiduciary duty and delivering on LACERA's Mission. In addition to these areas, Trustees may obtain education in other areas relevant to their fiduciary responsibilities. Members of Board committees are encouraged to focus a portion of their education on the subject matter of their committee.

**C. *Methods of Education.*** Since no one method of education is optimal, a Trustee's annual education should include various methods. In considering the various methods, Trustees should weigh the costs and benefits of each method. Trustee education may be obtained through the following:

1. In-House Education. The Chief Executive Officer will obtain annual Board approval for a program of in-house education for Trustees during regularly scheduled Board meetings, offsites, and other settings as may be permissible under the Brown Act. Such education will be provided by staff, LACERA consultants, and outside experts, except that the Chief Investment Officer will be responsible to plan and oversee investment-related education. LACERA consultants will be required in their contracts to provide Trustee education.

In addition to such other in-house education as may be provided, the Trustees shall receive regular training from fiduciary counsel in (1) fiduciary duty, (2) ethics and conflicts of interest, (3) governance, and (4) the Brown Act and Public Records Act. The Chief Executive Officer will develop a fiduciary counsel training schedule.

2. In-Person External Educational Conferences. Trustees may pursue in-person external education as provided in this policy, including conferences, seminars, and meetings. The Chief Executive Officer will ~~obtain annual Board approval,~~ maintain, and update on a current basis, a list of external educational options, organized by subject matter, appropriate for Trustees. The conferences listed in Appendix B are pre-approved. Trustees may also

attend [other](#) external education that meets the criteria of this policy without additional approval, subject to the Boards' Trustee Travel Policy, provided that all international education must be approved by the applicable Board. For purposes of this policy, Mexico and Canada are not considered international locations.

[Every Trustee is authorized to attend up to 4 in-person external education opportunities per fiscal year (of which no more than 1 may be international), and up to 6 if the Trustee is serving simultaneously on both Boards at any time during the fiscal year (of which no more than 1 may be international), except that a Board may approve education in excess of these limits upon good cause.] External education must have [at least an average of](#) 5 hours of educational content per day. "International" education is all education that takes place outside the United States, except Mexico and Canada. Two conferences separated by no more than one day, with no additional travel, count as one conference.

Conferences located in California are not subject to the hour and number limits stated in the preceding paragraph.

The Chief Executive Officer will maintain Domestic and International Education Priority Lists for each Board for use when attendance at an event is limited. Trustees will be offered the opportunity to attend based on their place on the appropriate priority list. Trustees on each Board initially will be placed on applicable lists in order of the start date of their earliest term of continuous service on the Board (for appointed Trustees, a gap of 18 months or less will not break continuity of service). Trustees with the same priority date will be given priority in alphabetical order. A Trustee who attends an event based on their priority will be placed at the bottom of the list. New Trustees with no prior Board service or a gap of more than 18 months will be placed at the top of the list to facilitate their education.

Prior to attending an international benefits conference, a Trustee is required to attend an American Health Insurance Plans (AHIP) National Policy Forum or World Health Care Congress. Prior to attending an international investment conference, a Trustee is required to attend the State Association of County Retirement Systems (SACRS) Public Pension Investment Management Program or the University of Pennsylvania Wharton School of Business Portfolio Concepts and Management course. These courses are within the limits described above in this Section IV.C.2.

3. Virtual Education and Self-Study. Trustees are encouraged to attend webinars and other forms of virtual education, self-study, and other forms of education that do not require travel relating to LACERA and the performance of a Trustee's duties, including the conferences described in Section IV.C.2 above and Appendix B when offered virtually. If attendance is limited at such education, the same priority list as described in Section IV.C.2 will be used. Attendance at such education is exempt from the limits stated in Section IV.C.2 as to the number of in-person educational

opportunities that may be attended. Virtual education and self-study are not limited by cost.

4. **Periodicals.** Trustees are encouraged to read periodicals related to the performance of their fiduciary duties as a valuable method of keeping current on relevant news and pension and investment trends, including but not limited to those selected from a list of pension and investment-related periodicals maintained by the Chief Executive Officer. All subscriptions must be arranged through the Executive Office, and LACERA will bear the expense. The Chief Executive Officer will annually review and update the periodical list with input from Trustees.
5. **Evaluation.** Trustees may complete and submit to the Chief Executive Officer for distribution to all Trustees, an evaluation or syllabus of all in-person external conferences and virtual education attended. A suggested sample evaluation form is attached as Appendix C. Trustees are also encouraged to share knowledge from [Educational Conferences or Administrative Meetings](#) at Board meetings during a Report on Trustee Education agenda item or when relevant during specific agenda items [or Good of the Order](#).

**D. Assessment and Planning.** Trustees are encouraged to assess their educational status and needs against the Trustee Competencies in Appendix A at the beginning of each calendar year and to use such information as the basis for establishing the Trustee's own self-development goals and education plan for the year. A suggested sample education plan format is attached as Appendix D.

**E. Reporting and Monitoring.** All Trustee [Educational Conferences and Administrative Meetings](#) will be reported to the Chief Executive Officer. The Chief Executive Officer shall provide the Boards quarterly reports concerning the amount and type of Trustee [Educational Conferences and Administrative Meetings](#) and post them on lacera.com. –In compliance with CERL, the Chief Executive Officer will also –provide the Boards and post on lacera.com an annual report of each Trustee's compliance with the education requirements described in Section IV.A of this policy.

## V. ADMINISTRATIVE MEETINGS

The relevant Board will be informed [by the Executive Office](#) of a Trustee's need to attend Administrative Meetings [outside of California](#) and provide advance approval on such terms as deemed appropriate. [All LACERA Board and Committee meetings are approved as Administrative Meetings.](#)

## VI. BROWN ACT COMPLIANCE

Attendance at external [Educational Conferences](#) and Administrative Meetings by more than four members of a Board is not a violation of this provision, provided that the members may not discuss any item of LACERA business.

## VII. GIFTS AND CONFLICTS

The Boards desire to avoid even the appearance of impropriety in connection with [Educational Conferences and Administrative Meetings](#), and related expenses. The Boards acknowledge that acceptance of gifts of education and related expenses, such as registration, transportation, meals, and lodging by a public agency [and its representatives](#), though permitted under certain circumstances by applicable law, can create the appearance that LACERA encourages “pay to play” and may, unwittingly, create opportunities for undue influence on Trustees. This policy therefore does not permit LACERA as an entity to accept [any gifts of or in connection with education](#) [Educational Conferences or Administrative Meetings](#), and related expenses. This policy does not prohibit certain payments for educational [and administrative information and events](#) and/or related expenses as part of the negotiated consideration under agreements with vendors, consultants, and managers, although all such payments should be reviewed in advance with the Legal Division to ensure compliance with applicable law, regulations, [policies](#), and reporting [requirements](#).

Items provided during [Educational Conferences and Administrative Meetings](#) may constitute reportable gifts.

Trustees should be familiar with the provisions of LACERA’s Code of Ethical Conduct as it may apply to [Educational Conference](#) and [Administrative Meeting](#) interaction with and items received from the sponsors or other attendees.

## VIII. TRAVEL POLICY AND PROCEDURES

This policy is subject to and will be read and interpreted in conjunction with the Trustee Travel Policy. All travel expenses for Educational Conferences and Administrative Meetings must comply with the Trustee Travel Policy.

## IX. OTHER CHARTERS AND POLICIES

To reconcile this policy with the Board Charters and other Board policies:

- A. *Prevention of Sexual Harassment.*** Training will be obtained by Trustees as provided in the Boards’ Policy on Sexual Harassment Prevention Training for Board Members.
- B. *CERL Compliance.*** [This policy constitutes the education policy required by California Government Code Section 31522.8 of the County Employees Retirement Law of 1937.](#) ~~**Board Charters.** This policy constitutes the development policy and addresses Trustee education programs, as referenced in Section 6.1.4 of the Board of Retirement Charter, and Reserve Power 5 of the Board of Investments Powers Reserved and Delegated Authorities and Powers Reserved Defined.~~
- C. *Prior Board Educational Requirements Policies.*** This policy supersedes and replaces the LACERA Board of Retirement Board Member Educational Requirements Policy and LACERA Board of Investments Board Member Educational Requirements Policy, which are of no further force or effect.



## X. POLICY PROVISIONS AND APPLICABLE LAW

**A. Waiver of Policy Provisions.** For good cause presented in writing, and in the exercise of its sound discretion, the Board of Retirement or the Board of Investments may waive compliance with specific requirements of this policy when in the best interests of LACERA [and its members](#).

**B. Applicable Law.** This policy is to be implemented in compliance with the relevant provisions of the California [Constitution, California](#) Government Code, and [all](#) other applicable law, and in harmony with existing philosophy, objectives, policies, [procedures](#), and guidelines previously approved by the Board of Retirement and the Board of Investments.

## XI. REVIEW

This policy shall be reviewed by the Joint Organizational Governance Committee, the Board of Retirement, and the Board of Investments every three years or as needed and may be amended by both Boards at any time.

**Policy History:** Restated and Approved by the Board of Retirement and Board of Investments on December 16, 2020, and updated and approved by the Board of Retirement and Board of Investments on [December 6, 2023 and December 13, 2023](#), [2024 and](#), [2024](#), respectively. Prior versions are superseded and of no effect as of the stated approval date.

## APPENDIX A TRUSTEE COMPETENCIES

- **Governance**
  - Understanding Board function, processes, committee structure, exercise of discretion, delegation of responsibilities and oversight role.
  - Understanding the organizational structure and roles of staff and consultants, including the actuary, auditors, healthcare consultant, investment consultants, and fiduciary counsel,
  - Understanding the laws and rules governing the system.
  - Understanding the Boards' governing documents.
  - Understanding the system's independence under applicable laws.
  - Understanding best practices for public pension board governance.
  - Understanding the oversight duty with respect to LACERA's ethics and compliance functions and risk and enterprise risk management.
  - Understanding information technology and data security.
  - Understanding the meaning and role of diversity, equity, and inclusion.
  - Understanding Robert's Rules of Order.
  
- **Fiduciary Duties and Responsibilities**
  - Understanding the duty of loyalty.
  - Understanding the duty of prudence.
  - Understanding the paramount fiduciary duty to members and beneficiaries.
  - Understanding the fiduciary duty to minimize employer contributions.
  - Understanding the fiduciary duty to defray the reasonable costs of administering the system.
  - Understanding how to delegate authority while retaining appropriate oversight.
  
- **Benefits Administration**
  - Service Retirement
    - Understanding the different plans available to employees and retirees.
    - Understanding how the system communicates with members.
    - Understanding the difference between the responsibility for plan design (plan sponsor) and plan administration (LACERA).
    - Understanding the administrative appeal process.
  - Disability Retirement
    - Understanding the qualifications for a disability retirement and the benefits that are provided.
    - Understanding the process that is followed in disability retirement applications, from intake through determination of eligibility.
    - Understand the medical and legal issues that are discussed during consideration of disability matters.
    - Understanding the disability retirement application hearing and appeal process.
    - Understanding LACERA's Procedures for Disability Retirement Hearings.

- Understanding fair hearings and decision-making [legal standards and how upholding those standards comports with the Boards' fiduciary duty to the pension fund, the members and their beneficiaries.](#)
  - Retiree Healthcare
    - Understanding the healthcare program structure.
    - Understanding the history, agreements, and relationship with the County and other participating employers in connection with the funding and administration of the program.
- **Ethics, Conflicts of Interest, and Disclosures**
  - Understanding the Form 700 process, and Conflict of Interest Code.
  - Understanding applicable conflict of interest laws and the duty to avoid participating in a decision that affects a Trustee's economic interests.
  - Understanding the LACERA Code of Ethical Conduct.
  - Understanding the RFP quiet period and Trustee disclosure obligations.
- **Open Meeting and Public Records**
  - Understanding the importance of transparency to stakeholders.
  - Understanding the notice requirement for meetings, including teleconference meetings under the Brown Act.
  - Understanding the [need for prudent engagement in agendaized matters and the](#) limitations on discussing matters that have not been noticed on the agenda.
  - Understanding the circumstances under which communications outside of noticed meetings can be deemed to be a prohibited meeting under the law.
  - Understanding what may and may not be discussed during a closed session.
  - Understanding what constitutes a "public record" under the law and circumstances under which records must be disclosed or withheld.
- **Financial Controls and Audits**
  - Understanding the role of LACERA staff, Internal Audit, the outside financial auditor, and the Audit Committee.
  - Understanding the ~~Comprehensive~~ Annual [Comprehensive](#) Financial Report ([CAFRACFR](#)).
  - Understanding the concepts of "risk assessment" and developing internal controls to address those risks.
  - Understanding the responsibility for maintaining the security of confidential information kept by the system, including privacy rights.
  - [Understanding vendor selection policy and practices.](#)
  - [Understanding treasury management and custodial services.](#)
- **Pension Funding and Actuarial Process**
  - Understanding of how assets and liabilities of the system are calculated on an actuarial basis, and the role of actuarial consultants.
  - Understanding the difference and relationship between the actuarial value of assets and the market value of assets and the asset smoothing process.

- Understanding how changes in actuarial assumptions have an impact on system assets and liabilities.
- Understanding the nature of the plan sponsors' funding obligations and the responsibility of the Board of Investments to determine the annual required contribution and employer and employee contributions and provide oversight of the actuarial process.
- Understanding OPEB pay-as-you-go and trust funding mechanisms for retiree healthcare, and the Board of Retirement's oversight role.

- **Investments**

- Understanding the importance of strategic asset allocation.
- ~~Understanding the comprehensive nature of the investment process.~~
- Understanding portfolio construction.
- Understanding different asset categories and portfolio complexity.
- Understanding responsible stewardship of LACERA's investments in a manner that promotes and safeguards the economic interests of LACERA and its members, including robust investor rights, strong corporate governance practices and policies at the firms in which LACERA invests, and sound public policies governing financial markets help generate long-term economic performance.

## **APPENDIX B APPROVED EXTERNAL EDUCATIONAL CONFERENCES**

The following list of approved external Educational Conferences is provided under Section IV.C.2 of the Trustee Education Policy as a resource to Trustees in selecting pre-approved education that will support required education, Trustee Competencies, and educational assessment and planning. Education is organized by primary subject matter, although some events may provide education in multiple areas. All conferences on this list are intended only to refer to domestic U.S. events.

### ***Governance***

National Association of Corporate Directors (NACD) conferences, seminars, and meetings

### ***Pension Benefits and System Administration***

California Association of Public Employee Retirement Systems (CALAPRS) conference, seminars, and meetings, including Principles of Pension Management Course

Koried conferences, seminars, and programs

National Conference on Public Employees Retirement Systems (NCPERS) conferences, seminars, and meetings

National Institute on Retirement Security (NIRS) conferences, seminars, and meetings

Public Retirement Journal conferences, seminars, and meetings

State Association of County Retirement Systems (SACRS) conferences, seminars, and meetings

### ***Retiree Healthcare***

America's Health Insurance Plans (AHIP) conferences, seminars, and meetings, including Annual Institute, Annual Medicare Conference, and Annual National Policy Forum

California Retired County Employees Association (CRCEA) semi-annual conferences

Federal and state legislative hearings on pension and retirement health care issues

International Foundation of Employee Benefit Plans (IFEBC) conferences, seminars, and meetings, including Annual Employee Benefits Conference, Annual Benefits Conference for Public Employees, Annual Health Care Cost Management Conference, Annual Investments Institute, Annual Washington Legislative Update Conference, and New Trustee Institute

### ***Investments***

Association of Asian American Investment Managers conferences, seminars, and meetings

Association for Private Capital Investment in Latin America (LAVCA) conferences, seminars, and meetings

ColCapital educational conferences, seminars, and meetings

Council of Institutional Investors (CII) conferences, seminars, and meetings

Harvard Kennedy School, Trustee Leadership Forum for Retirement Security and Initiative for Responsible Investment

Harvard Law School Forum on Corporate Governance

Information Management Network (IMN) Beneficial Owners' International Securities Lending Summit Annual Conference

International Corporate Governance Network (ICGN) conferences, seminars, meetings

Institutional Limited Partners Association (ILPA) conferences, seminars, and meetings

National Association of Investment Companies conferences, seminars, and meetings

National Association of Securities Professionals (NASP) conferences, seminars, and meetings, including Annual Pension and Financial Services Conference

New America Alliance conferences, seminars, and meetings

Pacific Pension & Investment Institute (PPI) conferences, seminars, and meetings

Pension Bridge conferences, seminars, and meetings

Pension Real Estate Association (PREA) annual spring and fall conferences and institute

United Nations Principals of Responsible Investing (UNPRI) conferences, seminars, and meetings

University of Pennsylvania Wharton School's Pension Fund and Investment Management and the Portfolio Concepts and Management courses

Women in Institutional Investments Network conferences, seminars, and meetings

**APPENDIX C  
SUGGESTED SAMPLE CONFERENCE EVALUATION FORM**

Under Section IV.C.5 of the Trustee Education Policy, Trustees are encouraged to complete an evaluation form or provide a syllabus for all in-person external conferences and virtual education attended.

**TRUSTEE NAME:**

**CONFERENCE NAME:**

**CONFERENCE DATE:**

**RANKING 1-10:**

1 (lowest)    2    3    4    5    6    7    8    9    10 (highest)

**DO YOU RECOMMEND THE COURSE TO OTHER TRUSTEES?    Yes    No**

**WHY?**

**DESCRIPTION OF SUBJECT MATTER (attach syllabus if available):**

**HIGHLIGHTS:**

**WEAKNESSES:**

**Return to:**

Board Offices

[BoardOffices@lacera.com](mailto:BoardOffices@lacera.com)

**APPENDIX D  
SUGGESTED TRUSTEE EDUCATION PLAN**

Under Section IV.D of the policy, Trustees are encouraged to assess their personal educational status and needs as against the Trustee Competencies in Appendix A at the beginning of each calendar year and to use such information as the basis for establishing the Trustee's own self-development goals and education for the year.

**TRUSTEE NAME:**

**PLAN FOR YEAR:** 20\_\_\_\_

**HAVE I COMPLETED MY 24 HOURS OF CERL-REQUIRED EDUCATION EVERY TWO YEARS?**    Yes    No

**FIVE AREAS WHERE I WOULD LIKE TO GET ADDITIONAL EDUCATION THIS YEAR TO HELP IN THE PERFORMANCE OF FIDUCIARY DUTY:**

- 1.
- 2.
- 3.
- 4.
- 5.

**SUGGESTIONS FOR INTERNAL EDUCATION I WOULD LIKE TO SEE THIS YEAR** (you may email them to the CEO, [skreimann@lacara.com](mailto:skreimann@lacara.com)):

**IDEAS FOR EXTERNAL EDUCATION I WOULD LIKE TO PURSUE THIS YEAR:**

**ARE THERE ANY ADDITIONAL EDUCATIONAL RESOURCES I NEED FROM THE EXECUTIVE OFFICE THIS YEAR** (you may email them to the CEO, [skreimann@lacara.com](mailto:skreimann@lacara.com)):



**ATTACHMENT - REDLINE  
PROPOSED TRUSTEE TRAVEL  
POLICY**



# TRUSTEE TRAVEL POLICY

LACERA Board of Retirement & Board of Investments

Adopted: ~~December 13, 2023~~ \_\_\_\_\_, 2024

# TRUSTEE TRAVEL POLICY

## I. PURPOSE

The purpose of this policy is to align travel by Trustees in connection with educational conferences and administrative meetings on LACERA's behalf with the Mission, Vision, Values, and work culture of the organization. The Board of Retirement and Board of Investments recognize that travel associated with education and administrative meetings on LACERA's behalf is a component of building the knowledge base and operational understanding of Trustees given their fiduciary responsibilities and will equip them to discharge their fiduciary duties for the sole benefit of active members, retirees, and their beneficiaries. To ensure incurring and paying travel expenses are allowed for only those expenses deemed reasonable and necessary for the proper administration of the system, the policy will be administered in a manner that can be overseen by the Boards and understood by LACERA members and other stakeholders as reasonable, cost effective, value-driven, and necessary to fulfill LACERA's Mission to Produce, Protect, and Provide the Promised Benefits.

This policy applies to travel in connection with Educational Conferences and Administrative Meetings. "Educational Conferences" are those conferences, seminars, and meetings that have an educational purpose. "Administrative Meetings" are meetings attended by Trustees in their LACERA capacity and to further LACERA's fiduciary duty to members and their beneficiaries, including but not limited to: LACERA Board and Committee meetings, and pension related organization meetings that furthers LACERA's interests. These interests may include but are not limited to; internal and external meetings and meals; Board-approved legislative advocacy; speaking engagements, including a domestic and international Educational Conference at which a Trustee gives a speech; meetings associated with leadership positions in the administration of pension related organizations; and similar events. This policy applies to LACERA Trustees only.

## II. PRINCIPLES

The following principles shall govern Trustee travel in connection with Educational Conferences and Administrative Meetings on LACERA's behalf and the interpretation of this policy.

**A. Performance of Fiduciary Duty.** Travel for educational conferences and administrative meetings in furtherance of LACERA's interests is necessary and should be encouraged and undertaken in order that Trustees may obtain and share knowledge relevant to the proper performance of their fiduciary duty under the California Constitution, the County Employees Retirement Law of 1937 (CERL), and other applicable laws by a reasonable method and at reasonable cost for the value received. Specifically:

1. Duty of Loyalty. Education and travel must assist the Trustees to perform their fiduciary duty of loyalty to "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's

## TRUSTEE TRAVEL POLICY

duty to its participants and their beneficiaries shall take precedence over any other duty.” Cal. Const., art. XVI, § 17(b); see Cal. Gov’t Code § 31595(a).

2. Duty of Prudence. Education and travel must assist the Trustees to perform their fiduciary duty of prudence to “discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims.” Const., art. XVI, § 17(c); see Cal. Gov’t Code § 31595(b).

**B. Focus on Mission.** Trustees have a fiduciary duty to make policy decisions consistent with applicable law, including constraints imposed by the Fund’s budget. At the same time, travel may be necessary to support and enhance LACERA’s Mission to Produce, Protect and Provide the Promised Benefits on behalf of LACERA members.

Trustees are expected to be and believed to be mindful and financially prudent in all travel and trip-related expenditures that consume resources funded by LACERA members.

- i. All monies held in the Fund by LACERA are ultimately due and payable in the form of pension benefits to active and retired members. Therefore, all administrative, operational and travel expenditures should be able to withstand the scrutiny of our members, stakeholders, plan sponsors and the public at large, thereby minimizing any reputational risk to LACERA.
- ii. Trustees are accountable for their actions and responsible for appropriate use of organizational resources and establishing policy creating limits and constraining expenditures. Travel policies for staff can be more restrictive depending on circumstances and financial constraints.

**C. Transparency.** Travel administrative procedures and guidelines are established and carried out in a manner that is easy for members and all other stakeholders to identify actions taken by Trustees.

- i. Expenses incurred for travel and trips are clearly identifiable as business-related expenses only, not for personal expenses of the Trustee or any traveling companions.
- ii. Travel expenses and trip information are reported to LACERA members and stakeholders via a public forum.
- iii. Trustees recognize and accept their accountability and responsibility to LACERA members for travel and trip expenditures which are charged to LACERA.
- ~~iv. All Trustees electronically acknowledge and sign a travel attestation document (Appendix B) provided by staff annually on a calendar year basis, confirming their commitment to act responsibly, and prudently, and in the best interest of LACERA members.~~

## TRUSTEE TRAVEL POLICY

**D. *Simplicity, Uniformity and Consistency.*** Travel administrative procedures and guidelines for claiming and reimbursing expenses are designed to be simple, uniform, and consistent, and should not be overly onerous so as to negatively affect Trustees.

- i. Travel procedures should be a guide with simple, unambiguous rules for making and approving travel arrangements, and for the timely processing and accounting of trip related expenditures and reimbursements.
- ii. Travel expenditures are documented on expense claims that are clear and concise.
- iii. Travel expense reimbursement processes should be clear, consistent, transparent, convenient, efficient, and compliant with the Trustee Travel Policy.
- iv. Travel expense methods are simple and universally applied so the reimbursement claim process is streamlined (e.g., all meals are claimed under the Per Diem Method).
- v. Travel procedures, including administrative expense guidelines and reimbursement process, are maintained under the direction of the Chief Executive Officer (CEO) or their designee.

**E. *Ease of Execution.*** Travel administrative procedures and guidelines are established ~~with~~ for administrative ease and designed to reduce the manual processes and the considerable effort required of staff. Processes related to travel reimbursements and processing expense claims should not be cumbersome and complicated for staff and Trustees.

- i. Travel accommodations and Trustee conveniences are streamlined and provide a group of appropriate choices instead a vast menu of options.
- ii. The process itself of conducting travel bookings and expense processing are considered a priority.
- iii. Expense categories, reimbursement process, and claim forms are periodically reviewed and updated by staff.
- iv. Trustees, not proxies, are responsible for obtaining, gathering, and submitting the appropriate documentation justifying expenditures in a timely manner.
- v. External providers including travel agents and other travel-related industry services are to be considered and integrated into the process for Trustees and administrative ease.
- vi. Technological tools for capturing and recording trip documentation are employed where reasonable and necessary considering cost implications.
- vii. Practices will periodically be reviewed to ensure best practices and industry norms are included within the Trustee Travel Policy.

### III. TRUSTEE TRAVEL TO EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

**A. *Approval.*** Trustee travel within the United States to the conferences listed in Appendix B to the Trustee Education Policy are pre-approved subject to this Policy. –All other travel for Educational Conferences and Administrative Meetings requires approval of that Trustee’s Board, except that Educational

## TRUSTEE TRAVEL POLICY

Conferences and Administrative Meetings in California where the total cost of attendance is no more than \$3,000 are pre-approved for attendance and reimbursement, provided that a Trustee may not incur over \$15,000 for all expenses of attending all such Educational Conferences and Administrative Meetings in a fiscal year without Board approval.

Each Chair, in consultation with the Chief Executive Officer, may approve reasonable new Trustee travel consistent with the terms of this Policy for attendance at Educational Conferences [and Administrative Meetings](#) before the effective date of their term permitted under Section III.E of the Trustee Education Policy.

**B. Cease Travel and Other Expenses.** Trustees may consider whether and when to cease arranging future travel and expenses for Educational Conferences and Administrative Meetings once they become aware their term of service will end. In considering this issue, Trustees may consider the following factors: For appointed Trustees, awareness may occur in the final year of their appointment and after the Board of Supervisors votes on the next appointment, or when an appointed Trustee has been told they will not be reappointed. For elected Trustees, awareness may occur when an elected Trustee decides not to run for reelection or when, as a candidate, is replaced once election results are certified by the Board of Supervisors. For the Ex-Officio Trustee, this occurs once a retirement is announced.

**C. Authorized Expenses.** Authorized travel expenses shall be determined by the Boards as set forth in Appendix A. LACERA shall use reasonable efforts to promptly reimburse Trustees in accordance with this policy and Appendix A.

**D. Costs of Administration.** Travel expenses for Trustees shall be administrative costs of the Fund and may not be paid through third party contracts, [except as may lawfully be reported on Fair Political Practices Commission Form 801](#). It is LACERA's policy that Trustees shall not accept gifts of travel. Gifts of travel, including transportation, lodging, and meals, may be reportable as gifts to individual Trustees if not paid by LACERA.

**E. Claims for Reimbursement.**

i. **Submission.** A travel expense reimbursement shall be claimed by completing an expense voucher form available from the Executive Board Assistants and submitting it to the appropriate authorizing person. Trustees may submit their expense reimbursements to their respective Executive Board Assistant. All expense reimbursement requests shall be accompanied by receipts and/or other reasonable documentation. Expense reimbursement records are subject to disclosure under the Public Records Act, with redaction of confidential information, such as personal addresses, telephone numbers, and credit card information. The deadline for submitting an education and travel reimbursement claim is 90 days after completing

## TRUSTEE TRAVEL POLICY

the education, or 30 days after the fiscal year-end, whichever comes first. Extensions to this deadline may be granted by the Board Chair.

- ii. Approval Process. The Executive Board Assistants will receive and review, for compliance with this policy, all expense reimbursement requests prior to submission. The Financial and Accounting Services Division (FASD) will review expense reimbursement requests for compliance with this policy and shall only process and use reasonable efforts to promptly pay those that are in compliance and approved by the CEO or their designee. FASD will notify the CEO or their designee of all deficiencies in a submission by a Trustee, and the CEO or their designee will in turn notify the respective Trustee. LACERA will not reimburse a Trustee for expenses that are not authorized under this policy unless specifically exempted and approved by that Trustee's Board, except that, without Board approval, each Board Chair or the Chief Executive Officer may authorize deviations of less than \$1,000 per trip from the expense limits in this policy and subject to subsequent review of all expenses for compliance with this policy.

### ***F. Cancellation of Travel Arrangements.***

- i. Responsibility for Timely Cancellation. Trustees are responsible for timely canceling travel arrangements made on behalf of the Trustee which will not be used so that no costs will be incurred by LACERA.
- ii. Responsibility for Costs Resulting from Untimely Cancellation. Trustees are responsible for all costs LACERA incurs as a result of the Trustee's failure to cancel travel arrangements before cancellation charges accrue, unless the failure to cancel was due to facts or circumstances beyond the Trustee's control. The Trustee must reimburse LACERA within 30 days after notification of the amount due. Notice will be provided by the Chief Executive Officer. If reimbursement is not made within such 30-day period, and payment is still due, the amount shall be deducted from any payment due the Trustee from LACERA. If a Trustee is enrolled for an Educational Conference or Administrative Meeting but fails to attend or timely cancel and LACERA incurs an expense as a result (e.g., conference registration, travel and lodging cancellation fees), that conference or meeting counts toward the limit under Section IV.C.2. of the Trustee Education Policy until the Trustee reimburses LACERA for all expenses incurred or cancellation is excused under Section III. F. iii. of this Trustee Travel Policy.
- iii. Approval of Cancellation Costs with Good Cause. If the Trustee believes the failure to cancel was due to facts or circumstances beyond their control, they must submit written justification to the Board Chair within 30 days after receiving notification of the cancellation expenses due. For Trustees, the Board Chair will approve or disapprove the excuse in writing to the Trustee, with a copy to the Executive Board Assistant. If the individual is a Board Chair, then the written excuse must be submitted to that Board's Vice Chair

## TRUSTEE TRAVEL POLICY

who will then approve or disapprove the excuse. If the individual is a Vice Chair simultaneously serving as the acting Chair, then the Vice Chair's written excuse must be submitted to that Board's Secretary who will then approve or disapprove the excuse. Should a Trustee disagree with the Board Officer's determination, the Trustee may request the Executive Board Assistant to agendize the matter for consideration by the full Board.

- G. Cash Advances.** Hotel and airfare shall be purchased in advance by the Executive Board Assistants, and no cash advances will be allowed for such expenses. Cash advances for permitted per diem expenses in accordance with this policy may be allowed by the Chief Executive Officer for good cause. Trustees will account for any per diem cash advance on their trip expense report upon completion of the travel.
- H. Expenses for Traveling Companions.** Travel expenses for family members and/or traveling companions are not reimbursable by LACERA.
- I. Additional Travel Days to Minimize Overall Travel Cost.** Travel resulting in arrival one day prior to and/or one day after an Educational Conference or Administrative Meeting will be reimbursed if reasonably necessary because of time constraints. Travel resulting in arrival two days prior to and/or one day after international travel will be reimbursed as reasonably necessary based on the location of the Educational Conference or Administrative Meeting. In addition, lodging and per diem for extra days prior to or after an Educational Conference or Administrative Meeting will be reimbursed if such extension results in lower overall trip costs. If a Trustee adds personal travel before or after a trip, the extra personal days outside of the above restrictions shall not be reimbursed. Written justification for travel expenses incurred prior to or after an Educational Conference or Administrative Meeting shall be submitted with the claim for reimbursement.
- J. Ground Transportation.** Trustees will be expected to use taxis or ride sharing services to and from domestic destinations. Limousine or executive car services shall not be used in domestic locations unless the cost for such services is comparable to that of taxi services and/or airport parking; they may be used without restriction in international locations. Reimbursement of rental vehicles require justification and prior approval from the Chief Executive Officer. When renting a vehicle, purchase of optional insurance is not necessary as LACERA's insurance will cover the same risks.
- K. International Travel Insurance.** LACERA will purchase travel insurance covering Trustees while traveling internationally on LACERA business. The insurance will include accident, medical, security assistance and evacuation, travel assistance, trip cancelation, interruption or delay, and baggage loss or delay coverage. [Family members and/or traveling companions are not covered under LACERA's travel insurance policies.](#)



## TRUSTEE TRAVEL POLICY

### ***L. Travel Reports.***

- i. Monthly. A monthly Travel Report shall be submitted to both Boards listing the current fiscal year's completed, anticipated, and canceled Education Conferences and Administrative Meetings (including whether excused under Section III. F. iii) for all Trustees on both Boards.
- ii. Quarterly. A quarterly Travel Report shall be submitted to both Boards listing education and administrative travel expenses paid/reimbursed by LACERA for all Trustees on both Boards. Such report shall identify whether each item of travel was for an Educational Conference or Administrative Meeting, the purpose, location, cost by expense category, and whether excused under Section III. F. iii.
- iii. Availability. The monthly and quarterly reports shall be agendized as reports for the Boards in the first month after they are available (and for privacy and personal security reasons, after travel has been completed) and shall be posted on lacera.com.

### **IV. ADMINISTRATIVE MEETINGS**

The relevant Board will be informed [by the Executive Office](#) of a Trustee's need to attend Administrative Meetings [outside of California](#) and provide advance approval of the cost on such terms as deemed appropriate. All LACERA Board and Committee meetings are approved as Administrative Meetings.

### **V. BROWN ACT COMPLIANCE**

Attendance at external [Educational](#) Conferences and Administrative Meetings by more than four Trustees of a Board is not a violation of this provision, provided that the Trustees may not discuss any item of LACERA business.

### **VI. GIFTS AND CONFLICTS**

The Boards desire to avoid even the appearance of impropriety in connection with [Education Conferences and Administrative Meetings](#), and related expenses. The Boards acknowledge that acceptance of gifts of education and related expenses, such as registration, transportation, meals, and lodging by a public agency [and its representatives](#), though permitted under certain circumstances by applicable law, can create the appearance that LACERA encourages "pay to play" and may, unwittingly, create opportunities for undue influence on Trustees. This policy therefore does not permit LACERA as an entity to accept [any gifts of or in connection with Educational Conferences and Administrative Meetings](#), and related expenses. This policy does not prohibit certain payments for [educational and administrative information and events](#) and/or related expenses as part of the negotiated consideration under agreements with vendors, consultants, and managers, although all such payments should be reviewed in

## TRUSTEE TRAVEL POLICY

advance with the Legal Division to ensure compliance with applicable law, regulations, [policies](#), and reporting [requirements](#).

Items provided during Educational Conferences and Administrative Meetings may constitute reportable gifts.

Trustees should be familiar with the provisions of LACERA's Code of Ethical Conduct as it may apply to certain [Educational Conferences](#) and [Administrative Meetings](#) interaction with and items received from the sponsors or other attendees.

The Boards acknowledge that international travel, though expensive, is increasingly necessary in light of today's global economy and LACERA's ongoing prudent investment of a substantial portion of its assets outside the United States.

### VII. EDUCATION POLICY AND PROCEDURES

This policy is subject to and will be read and interpreted in conjunction with the Trustee Education Policy.

### VIII. POLICY PROVISIONS AND APPLICABLE LAW

**A. Waiver of Policy Provisions.** For good cause presented in writing, and in the exercise of its sound discretion, the Board of Retirement or the Board of Investments may waive compliance with specific requirements of this policy when in the best interests of LACERA [and its members](#).

**B. Applicable Law.** This policy is to be implemented in compliance with the relevant provisions of the California [Constitution, California Government Code](#), [and all](#) other applicable law, and in harmony with existing philosophy, objectives, [policies](#), [procedures](#), and guidelines previously approved by the Board of Retirement and the Board of Investments.

### IX. SUSTAINABILITY

Trustees are encouraged to consider sustainability in making education and travel choices, including whether and how to travel, the viability and efficacy of alternative forms of participation (such as geographically closer or virtual meetings), the impact of business class vs. coach, the number of trips taken, and the number of Trustees participating in a single event, avoidance of car transportation when possible, and obtaining an estimate of the carbon footprint of travel and lodging options through available online tools and inclusion of estimates in board recommendation memos.

### X. REVIEW

This policy shall be reviewed by the Joint Organizational Governance Committee, the Board of Retirement, and the Board of Investments every three years or as needed and may be amended by both Boards at such time.

## TRUSTEE TRAVEL POLICY

**Policy History:**

Restated and Approved by the Board of Retirement and Board of Investments on December 16, 2020; updated and approved by the Board of Retirement and Board of Investments on May 5, 2022 and May 11, 2022, respectively; and updated and approved by the Board of Retirement and Board of Investments on ~~December 6, 2023 and December 13, 2023~~, 2024 and \_\_\_\_\_, 2024, respectively. Prior versions are superseded and of no effect as of the stated approval date.



# TRUSTEE TRAVEL POLICY

## APPENDIX A REIMBURSEMENT SCHEDULE FOR EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

Amounts which can be reimbursed for transportation, lodging, meals, and other covered items are indicated as follows:

### I. TRANSPORTATION:

#### A. Airline Travel

1. Trustees will travel in coach/economy class except that they may travel in business class or its equivalent for:
  - a. Flights having (i) a scheduled non-stop flight time or total connecting travel time from original departing airport to the final destination airport of five hours or more, or (ii) a scheduled non-stop roundtrip flight time or total connecting roundtrip travel time of ten hours or more.
  - b. Red-eye flights. "Red-eye flights" are defined as flights in which a majority of the flight time occurs between 10:00 PM and 6:00 AM.
  - c. Flights arriving or departing at an international location, including Canada and Mexico.
2. LACERA will reimburse the additional cost of coach/economy class seats advertised as having additional leg room regardless of flight time.
3. Air travel will only be reimbursed at the lowest available non-refundable fare at the time of purchase (for class travel authorized under this Policy). Trustee may elect to fly on United, American, Delta, JetBlue, or Southwest Airlines for the dates and times of travel. Other carriers are authorized, but reimbursement shall not exceed the lowest non-refundable fare offered either amongst the five major airlines carriers mentioned above or three other major carriers who fly to selected destination.
4. Recognizing air carriers have begun charging for incidental items historically included in the ticket price (for example, checking luggage, providing pillows, blankets, and non-alcoholic beverages during flights, etc.), LACERA also will reimburse carrier charges for such incidental items upon submission of an itemized receipt. Alcoholic beverages will not be reimbursed.
5. Substantiation of airline travel shall include a copy of the ticket or E-mail confirmation showing the cost of the air travel.

## TRUSTEE TRAVEL POLICY

### APPENDIX A REIMBURSEMENT SCHEDULE FOR EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

- Trustees traveling by air to conduct LACERA business may use only regularly scheduled airline services operating by an air carrier certified by the Federal Aviation Administration or comparable foreign authority. Trustees are prohibited from traveling on LACERA business via private aircraft, including but not limited to aircraft owned, leased, or rented by the individual Trustee. Persons traveling on LACERA business via private aircraft will be deemed to be acting outside the scope of their responsibilities and employment. They will not be covered by LACERA's liability insurance. Trustees may not use [personal travel points](#) to pay for LACERA travel. Any [cash rebates](#) earned on LACERA's credit card will be used at the Chief Executive Officer's discretion.

#### B. Other Common Carrier Travel

- Travel permitted under this policy should be accomplished in the most cost-effective and efficient manner practicable, considering the costs of the mode of transportation, travel time, accommodations, and per diem.
- Generally, air travel is the most cost-effective and efficient means for long distance travel, with "long distance travel" defined as a travel to a site more than 300 miles from LACERA's headquarters.
- Where a traveler has special travel needs or concerns such that travel by air for long distance travel is not practicable, then the traveler may use an alternate common carrier (e.g., train or bus) and incur such reasonable expenses associated with that mode of travel (e.g., sleeper car, additional days of per diem).
- Substantiation of other common carrier travel shall include a copy of the ticket or E-mail confirmation showing the cost of the travel.

## II. LODGING:

#### A. Room Cost

Reimbursement is limited to a standard class single room rate, including mandatory taxes and hotel fees. Actual expenses for lodging will be reimbursed upon submittal of receipts. For example, room upgrades, and bed and breakfast additions will be at the expense of the Trustee, unless for good cause such as the unavailability of standard rooms and/or international destinations.

#### B. Government Rates

## TRUSTEE TRAVEL POLICY

### APPENDIX A REIMBURSEMENT SCHEDULE FOR EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

Trustees traveling on LACERA business should always request government rates when making reservations and/or checking in. LACERA recognizes that the governmental rate offered for local governmental entities like LACERA may be higher than the federal government rate, or may not be available at all, especially in connection with international travel.

#### C. Attendance at Educational Conferences and Administrative Meetings.

LACERA acknowledges that the cost of a standard room at an event hotel may exceed the standard lodging reimbursement rate. Nevertheless, Trustees attending events may stay at the designated hotel to promote convenient access, networking, and safety. Reimbursement for lodging at an event is limited to the standard room rate charged by the event hotel unless for good cause such as the unavailability of standard rooms and/or international destinations. When lodging at the event hotel is unavailable, reimbursement is limited to the best available rate for a standard room at a nearby hotel of comparable quality. The Trustee will be responsible for any excess cost.

#### D. Travel Not Connected with An Established Hotel Venue

The maximum lodging amounts are intended to cover the cost of lodging at adequate, suitable and moderately-priced facilities located near the destination city's airport or the specific area in the destination city where LACERA's business will be conducted without association with an established hotel venue. Reimbursement for lodging connected with such travel is limited to:

1. Domestic: Not more than three times the regular per diem rate for the location as established from time to time by the U.S. General Services Administration, found at [www.gsa.gov](http://www.gsa.gov) (click on "per diem rates").
2. International: Not more than three times the rate for the location as established from time to time by the United States Department of State, found at: [www.state.gov/m/a/als/prdm](http://www.state.gov/m/a/als/prdm).

### III. MEALS:

It is the policy's intent for the Trustee to be reimbursed [as described in the "Meal Reimbursement" section of this Appendix A](#) for meals [at Educational Conferences and Administrative Meetings](#) not pre-paid for by LACERA. As such, LACERA will not reimburse the Trustee for a meal which has been pre-paid for by LACERA (e.g., when conference registration includes meals), whether or not the Trustee consumed the meal, except where the Trustee could not consume the pre-paid meal because:

## TRUSTEE TRAVEL POLICY

### APPENDIX A REIMBURSEMENT SCHEDULE FOR EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

1. The Trustee has special dietary or medical concerns, or
2. It was reasonably necessary for the Trustee to conduct LACERA business while the pre-paid meal was being served.

Written justification as to which of the above two exceptions applies will be provided with the reimbursement request. However, written justification for any dietary restrictions or medical concerns need only be provided once annually by the Trustee.

Likewise, LACERA will not reimburse the Trustee for a meal paid for by a third party unless approved by the Chief Executive Officer.

#### Meal Reimbursement

Reimbursement for meals shall be based on the "Per Diem Method" only as defined below.

#### A. The Per Diem Method

1. Under the Per Diem Method, the Trustee agrees to accept a flat rate for meals. Trustees are not required to submit receipts.
2. The per diem allowance will be computed using the Meals & Incidental Expenses rate (the "M&IE Rate") published by the Internal Revenue Service and in effect on the date of travel for the locality of travel.
3. The per diem allowance shall be claimed in accordance with the Meals & Incidental Expenses Breakdown ("M&IE Breakdown") per the IRS, based on the M&IE Rate. The portion of the per diem the Trustee receives depends upon when the travel occurs. For example, if the travel occurs during normal breakfast and lunch times, the Trustee receives the per diem for breakfast and lunch; if the travel occurs during normal lunch and dinner times, the Trustee receives the per diem for lunch and dinner, etc.

3.4. Based on GSA standards, 75% of the M&IE per diem rate at the destination for travel will be paid for the first and last day of travel.

#### IV. PORTERAGE:

Porterage may not be claimed using the Per Diem Method, as the Per Diem Method's IRS tables already factor in porterage reimbursement.

## TRUSTEE TRAVEL POLICY

### APPENDIX A REIMBURSEMENT SCHEDULE FOR EDUCATIONAL CONFERENCES AND ADMINISTRATIVE MEETINGS

#### **V. PARKING:**

Parking, including airport parking, will be reimbursed at actual rate (receipt required).

#### **VI. MILEAGE:**

Use of a personal vehicle will be reimbursed on a per mile basis at the rate approved by the Internal Revenue Service as of the date of travel.

#### **VII. OTHER BUSINESS EXPENSES:**

Other covered business expenses reasonably incurred in connection with LACERA business, such as registration fees, business and personal telephone, fax, internet access, gym access (including the standard gym fee charged by the Trustee's hotel or, if hotel gym access is not available, the reasonable cost of daily access to a local gym or health facility), dry cleaning, and similar business expenses, shall be reimbursed upon submittal of receipts. Required vaccinations and required tests (such as PCR rapid tests for COVID-19) to enter or exit the origin or destination of travel or to comply with other requirements necessary to travel to or attend approved educational and administrative conferences, seminars, or meetings shall be reimbursed upon submittal of receipts. The cost of membership in TSA Pre, Global Entry, NEXUS, SENTRI, or other expedited security and border processing programs shall be reimbursed upon submittal of receipts. Technology needs, for both international and domestic travel, may be discussed with the LACERA Systems Division in advance to develop appropriate solutions for the Trustee's needs and to manage cost.

Reimbursement for lost or damaged property is subject to a separate policy to be developed.



**TRUSTEE TRAVEL POLICY**

**APPENDIX B  
TRAVEL ATTESTATION**

As a LACERA Board Trustee, I acknowledge:

- a. ~~I have received, read, and understand all of the provisions within the Trustee Travel Policy; and~~
- b. ~~I attest to my commitment to act responsibly and prudently in the best interests of LACERA members, in all travel-related matters.~~

\_\_\_\_\_  
LACERA Board

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



April 17, 2024

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Jessica C. Rivas *JCR*  
Staff Counsel

FOR: Joint Organizational Governance Committee Meeting of April 24, 2024

**SUBJECT: Proposed Amendments to Conflict of Interest Code**

### **Recommendation**

That the Joint Organizational Governance Committee (“JOGC”) discuss and provide input on proposed amendments to the Conflict of Interest Code (“Code”), and recommend the amendments to the Board of Retirement and Board of Investments for approval, subject to final approval by the Los Angeles County Board of Supervisors.

### **Legal Authority and Background on Review Process**

The Political Reform Act (“Act”) requires every local government agency to review its conflict of interest code biennially. A conflict of interest code tells public officials, governmental employees, and consultants what financial interests they must disclose on their Statement of Economic Interests (Form 700).

The Act requires each local government agency to receive approval for any necessary amendments from their code reviewing body. LACERA’s code reviewing body is the County of Los Angeles Board of Supervisors. The County has final editorial authority over the wording of the Code. LACERA last reviewed its Code in 2022, and accordingly, the Code is due for review in 2024. The Legal Office will work closely with the Conflict of Interest/Lobbyist Division of the Executive Office of the Board of Supervisors during the current biennial cycle to make necessary amendments to the LACERA Conflict of Interest Code that reflect the input and approval of the LACERA Boards. LACERA’s 2024 amendments are due for submission to the County by the end of 2024.

Given the number of local agencies for which the Board of Supervisors is the code reviewing authority, it can take up to a year or more for County to review and the Board of Supervisors to act upon changes requested by LACERA. For example, the Board of Supervisors only approved LACERA’s 2022 amendments, as modified by the County, in September 2023.

### **Discussion**

At this early stage in the process, we would like to inform the JOGC of the staff’s proposed amendments, solicit feedback, and learn if there are any questions or additional

April 17, 2024

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suggestions. A copy of the Code reflecting the proposed changes set out immediately below is attached for your reference.

In reviewing proposed changes, please be aware of the distinction between what are known as “87200 filers” and “code filers.” 87200 filers are those who must file because they are identified in Government Code section 87200, which includes Board of Investments trustees and high-level staff, including those who manage public investments. Their filing requirements are not affected by the Code, but they are listed for reference on the last page of Exhibit B. In contrast, code filers must file because they are included in Exhibit B of the Code. This includes Board of Retirement trustees and other staff.

With the exception of paragraph E below, all of the proposed changes will only affect code filers. The change in paragraph E will ensure that the description of 87200 filers in our Code is consistent with FPPC regulations.

A. New Positions

Information Technology Manager I & II

Shortly after the adoption of our current Code, staff identified these positions for inclusion in our next code amendments based on their role in contracting. Staff holding these positions are currently required to file Statements of Economic Interest (Form 700) because we included the positions on FPPC Form 804 Agency Report of New Positions in November 2023. Adding them to the Code will eliminate the need for Form 804.

B. Correcting Position Titles

Deputy Chief Investment Officer, LACERA, Unclassified

Deputy Chief Executive Officer, LACERA, Unclassified

Chief Information Technology Officer, LACERA, Unclassified

Our current Code does not reflect that these are unclassified positions. This revision would correct that.

C. Revision to Disclosure Category 1

~~“Persons in this category shall disclose all interests in real property within the jurisdiction that would be suitable for housing all or part of LACERA’s operations and all real property within two miles of that property. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the County of Los Angeles or within two miles of any land owned or used by LACERA. used to conduct LACERA’s operations.”~~

This revision will bring this category of our Code into alignment with the Act and the Form 700 Reference Pamphlet published by the FPPC.

The Act requires local public agencies, such as LACERA, to have a code that requires its

code filers to disclose interests in real property. (Gov. Code §§ 87302 & 87206). The Act further defines "interest in real property" as property that is "located in the jurisdiction." (Gov. Code § 82303). "Jurisdiction" is defined with respect to local government agencies to mean the "region, county, city, district or other geographical area in which it has jurisdiction." (Gov. Code § 82035.) Furthermore, "real property shall be deemed to be "within the jurisdiction" with respect to a local government agency if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency. (*Id.*)

The 2023/2024 FPPC Reference Pamphlet, which explains the reporting requirements, provides as follows: "For local agencies, an interest in real property is located in your jurisdiction if any part of the property is located in, or within two miles of, the region, city, county, district, or other geographical area in which the agency has jurisdiction, or if the property is located within two miles of any land owned or used by the agency."

D. Revision to Disclosure Category 3

"Persons in this category shall disclose all business positions and investments in business entities that are the type in which LACERA's trust funds are or may be invested (including securities, real estate and business entities), all income (including gifts, loans and travel payments) from such business entities, and all interests in real estate co-owned with or purchased from such business entities."

This revision will clarify that disclosures pursuant to this category should include not only interests in business entities that are the type in which LACERA's trust funds *may* be invested, which could be read to mean prospectively, but also the type in which funds are *currently* invested.

E. Revision re: Those Who Manage Public Investments Pursuant to a Contract

"LACERA's independent contractors, consultants, and any of their employees, who pursuant to a contract with LACERA, manage public investments ~~or perform~~ by performing the same or substantially all the same functions as the Chief Investment Officer or Principal Investment Officer."

This revision will ensure that our Code is consistent with the definition of "other public officials who manage public investments" set out in FPPC regulation 18700.3, subd. (b)(1)(B-C), which identifies those who, pursuant to a contract with a local agency, perform the same or substantially all the same functions that would otherwise be performed by high-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers.

F. Revision re: Consultants or New Positions

Add "The Chief Executive Officer or his or her designee shall inform the Board of Retirement of any such action" to the end of the second paragraph on page 3.

April 17, 2024

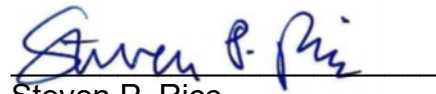
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Though not required by the Act or FPPC regulations, this would ensure that the Board of Retirement is kept informed of the Chief Executive Officer's or his or her designee's actions as it relates to consultants and new positions. Even if the County does not approve adding this language to our Code, the Legal Office can ensure that this protocol is followed.

### **Conclusion**

Staff recommends that the Joint Organizational Governance Committee discuss and provide input on proposed amendments to the Conflict of Interest Code.

Reviewed and Approved:



Steven P. Rice  
Chief Counsel

### Attachments

cc: Santos H. Kreimann    Luis A. Lugo    JJ Popowich  
    Laura Guglielmo      Carly Ntoya    Richard Bendall

Conflict of Interest Code  
of the

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
(LACERA)**

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section  
18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the Conflict of Interest Code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the Conflict of Interest Code of the Los Angeles County Employees Retirement Association (LACERA).

Place of Filing of Statements of Economic Interests

All officials and employees required by this Conflict of Interest Code to submit a statement of economic interests shall file their statements with LACERA's Chief Executive Officer; or his or her designee.

LACERA shall retain the originals of statements for all Designated Positions named in this Conflict of Interest Code and for positions listed under "Officials Who Manage Public Investments". All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
(LACERA)**

**EXHIBIT "A" – DISCLOSURE CATEGORIES**

**CATEGORY 1**

Persons in this category shall disclose all interests in real property within the jurisdiction ~~that would be suitable for housing all or part of LACERA's operations and all real property within two miles of that property.~~ Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the County of Los Angeles or within two miles of any land ~~owned or used by LACERA. used to conduct LACERA's operations.~~

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

**CATEGORY 2**

Persons in this category shall disclose all investments and business positions in, and all income (including gifts, loans and travel payments) received from, business entities that are the type utilized by LACERA.

**CATEGORY 3**

Persons in this category shall disclose all business positions and investments in business entities that are the type in which LACERA's trust funds ~~are or~~ may be invested (including securities, real estate and business entities), all income (including gifts, loans and travel payments) from such business entities, and all interests in real estate co-owned with or purchased from such business entities.

**CATEGORY 4**

Persons in this category shall disclose all business positions, investments in, or income (including gifts, loans and travel payments) received from business entities that manufacture, provide or sell services and/or supplies of a type utilized by LACERA and associated with the job assignment of designated positions assigned to this disclosure category.

**CATEGORY 5**

Persons in this category shall disclose all income (including gifts, loans and travel payments) from, investments in and business positions with any member of LACERA, any agent or

employee association representing any such member, and business positions with, investments in or income (including gifts, loans and travel payments) from any entity owned or controlled by any such member or any such member's spouse or other financial dependent.

## **LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

### **EXHIBIT "A" – DISCLOSURE CATEGORIES (Continued)**

#### **CATEGORY 6**

Persons in this category shall disclose all income (including gifts, loans and travel payments) received from any LACERA member, or agent of any such LACERA member, with a disability retirement application before the Board of Retirement (during the reporting period) and all business positions with, investments in, or income (including gifts, loans and travel payments) received, from any entity owned or controlled by any such member.



# LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

## EXHIBIT "B"

### Designated Positions

### Disclosure Categories

#### Board of Retirement:

First Member (Treasurer and Tax Collector)	1, 2, 5
Alternate First Member (Chief Deputy, Treasurer and Tax Collector)	1, 2, 5
Second Member (Elected General Member)	1, 2, 5
Third Member (Elected General Member)	1, 2, 5
Fourth Member (Appointed by Board of Supervisors)	1, 2, 5
Fifth Member (Appointed by Board of Supervisors)	1, 2, 5
Sixth Member (Appointed by Board of Supervisors)	1, 2, 5
Seventh Member (Elected Safety Member)	1, 2, 5
Eighth Member (Elected Retired Member)	1, 2, 5
Ninth Member (Appointed by Board of Supervisors)	1, 2, 5
Alternate Safety Member (Elected by Safety Members)	1, 2, 5
Alternate Retired Member (Elected by Retired Members)	1, 2, 5

#### Retirement Administration:

Assistant Executive Officer, LACERA, Unclassified	1, 2, 3, 5
Assistant Executive Officer, LACERA	1, 2, 3, 5
Deputy Chief Executive Officer, LACERA, <b>Unclassified</b>	1, 2, 3, 5
Senior Staff Counsel, LACERA	1, 2, 3, 5
Staff Counsel, LACERA	1, 2, 3, 5
Chief Counsel, LACERA (Disability Litigation Section)	4, 6
Senior Staff Counsel, LACERA (Disability Litigation Section)	6
Senior Investment Officer, LACERA	1, 2, 3
Finance Analyst III, LACERA	1, 2, 3
Finance Analyst II, LACERA	1, 2, 3
Chief, Internal Audit, LACERA	4, 5
Chief Financial Officer, LACERA	4, 5
Division Manager, LACERA	4, 5
Assistant Chief Financial Officer, LACERA	4, 5
Assistant Division Manager, LACERA	4, 5
Director, Human Resources, LACERA	4
Administrative Services Officer, LACERA	4, 5
Disability Retirement Specialist Supervisor	4, 6
Contract Analyst, LACERA	4
Special Assistant, LACERA	4
Creative Coordinator, LACERA	4
Chief, Communications, LACERA	4
Director, Retiree Health, LACERA	4, 5
Principal Internal Auditor, LACERA	4, 5
Chief, Quality Assurance and Metrics, LACERA	4, 5
Section Head, LACERA	4, 5

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**EXHIBIT “B” (Continued)**

<b><u>Designated Positions</u></b>	<b><u>Disclosure Categories</u></b>
Chief Information Technology Officer, LACERA, <b>Unclassified</b>	4
Information Security Officer, LACERA	4
Assistant Information Systems Manager, LACERA	4
<b>Information Technology Manager I, LACERA</b>	<b>4</b>
<b>Information Technology Manager II, LACERA</b>	<b>4</b>
Consultants/New Positions*	

\*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in this code, subject to the following limitations:

The Chief Executive Officer or his or her designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.) **The Chief Executive Officer or his or her designee shall inform the Board of Retirement of any such action.**

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

## LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

### EXHIBIT "B" (Continued)

#### **Officials Who Manage Public Investments:**

The following positions are not covered by the code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only.

#### **Board of Investments:**

First Member (Treasurer and Tax Collector)  
Alternate First Member (Chief Deputy, Treasurer and Tax Collector)  
Second Member (Elected General Member)  
Third Member (Elected General Member)  
Fourth Member (Elected Safety Member)  
Fifth Member (Appointed by Board of Supervisors)  
Sixth Member (Appointed by Board of Supervisors)  
Seventh Member (Appointed by Board of Supervisors)  
Eighth Member (Elected Retired Member)  
Ninth Member (Appointed by Board of Supervisors)

#### **LACERA Officials:**

Chief Executive Officer, LACERA  
Chief Executive Officer, LACERA, Unclassified  
Chief Counsel, LACERA  
Chief Investment Officer, LACERA, Unclassified  
Deputy Chief Investment Officer, LACERA, **Unclassified**  
Principal Investment Officer, LACERA, Unclassified  
Principal Investment Officer, LACERA,  
LACERA's independent contractors, consultants, and any of their employees, who pursuant to a contract with LACERA, manage public investments **or perform by performing** the same or substantially all the same functions as the Chief Investment Officer **or Principal Investment Officer**.

#### **EFFECTIVE DATE:**



# Conflict of Interest Code Updates

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Jessica Rivas  
Legal Services



- A conflict of interest code tells public officials, governmental employees, and consultants what financial interests they must disclose on their Statement of Economic Interests (Form 700).
- The California Political Reform Act (“Act”) requires every local government agency to review its conflict of interest code **biennially**.
  - 2022 – most recent amendment cycle
  - 2024 – current amendment cycle



Basic components of our Conflict of Interest Code:

- Cover Page
- Disclosure Categories (Exhibit A)
- Designated Positions (Exhibit B)
- Consultant/New Positions
- Officials Who Manage Public Investments



## Types of amendments:

- Add/delete positions
- Revise disclosure categories
- Revise titles of existing positions
- Other

# Proposed Changes



## 1. New Positions

- Information Technology Manager I & II

## 2. Revise titles of existing positions

- Deputy Chief Investment Officer, LACERA, Unclassified
- Deputy Chief Executive Officer, LACERA, Unclassified
- Chief Information Technology Officer, LACERA, Unclassified





## 3. Revision to Disclosure Category 1

Gov. Code § 82035: “Real property shall be deemed to be “within the jurisdiction” with respect to a **local government agency** if the property or any part of it is located **within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency.**”



## 3. Revision to Disclosure Category 1

2023-2024 Form 700 Statement of Economic Interest  
Reference Pamphlet, p. 14:

For local agencies, an interest in real property is located in your jurisdiction if any part of the property is located in, or within two miles of, the region, city, county, district, or other geographical area in which the agency has jurisdiction, or if the property is located within two miles of any land owned or used by the agency.



## 3. Revision to Disclosure Category 1

### CATEGORY 1

Persons in this category shall disclose all interests in real property within the jurisdiction ~~that would be suitable for housing all or part of LACERA's operations and all real property within two miles of that property.~~ Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the County of Los Angeles or within two miles of any land ~~owned or used by LACERA. used to conduct LACERA's operations.~~

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.



## 3. Revision to Disclosure Category 1

Examples from other retirement systems' conflict of interest codes in California:

- OCERS – Notes that the Act “generally requires the disclosure of interests in real property in the agency’s jurisdiction” and for certain disclosure categories, requires disclosure of “all interests in real property in Orange County.”
- SCERS – “Interests in Real Property that could be affected by any decision made or participated in by the designated individual[.] If the designated individual is a trustee or SCERS employee, disclosure is only required on real property located in the County of Sacramento.”
- FCERA – doesn’t specify
- VCERA – doesn’t specify
- CalPERS – “All interest in real estate located in whole or in part within the State of California.”
- CalSTRS – Doesn’t address geographic jurisdiction for real property.



## 4. Revision to Disclosure Category 3

### CATEGORY 3

Persons in this category shall disclose all business positions and investments in business entities that are the type in which LACERA's trust funds **are or** may be invested (including securities, real estate and business entities), all income (including gifts, loans and travel payments) from such business entities, and all interests in real estate co-owned with or purchased from such business entities.



## 5. Revision re: Those Who Manage Public Investments Pursuant to a Contract

LACERA's independent contractors, consultants, and any of their employees, who pursuant to a contract with LACERA, manage public investments ~~or perform~~ by performing the same or substantially all the same functions as the Chief Investment Officer or Principal Investment Officer.

- Change “or perform” to “by performing” for clarity and accuracy.
- Add “or Principal Investment Officer” to align with FPPC regulations, which reference both the CIO and PIO.



## 6. Revision re: Consultants or New Positions

The Chief Executive Officer or his or her designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.) **The Chief Executive Officer or his or her designee shall inform the Board of Retirement of any such action.**

# Other Potential Changes



Any other suggestions?





- March 2024 – Ethics & Compliance Committee
- April 2024 – JOGC
- May/June 2024 – BOR and BOI
- Fall 2024 – Submit proposed amendments to County
- Winter/Spring 2025 – Work with County (Executive Office of Board of Supervisors, Conflict of Interest/Lobbying Division)
- Spring/Summer 2025 – anticipated County BOS approval

# Thank You!



## Legal Services

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**Questions?**

[jrivas@lacera.com](mailto:jrivas@lacera.com)



April 2, 2024

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: Laura Guglielmo   
Assistant Executive Officer

FOR: April 24, 2024, Joint Organizational Governance Committee

SUBJECT: **LACERA Budget Policy (Annual Review)**

### **RECOMMENDATION**

It is recommended that the Joint Organizational Governance Committee (JOGC) review and recommend to the Board of Retirement and Board of Investments for approval the LACERA Budget Policy dated March 21, 2024, attached, and direct staff to include recommended updates to this Policy annually, as a companion to its preliminary budget presentation.

### **BACKGROUND**

Revisions to the Budget Policy were reviewed and recommended by LACERA's Ethics and Compliance Committee (ECC) for consideration by the JOGC. Consistent with its Charter, the JOGC has responsibility for issues that impact both the Board of Retirement, and Board of Investments (the Boards), including strategic planning and budgeting, and joint Board policy development. As the JOGC considers the Preliminary Fiscal Year 2024-25 (FY 25) Budget, it is timely and appropriate to also consider an update to LACERA's Budget Policy as a companion document. Staff recommends this Policy be reviewed annually at the same time as the JOGC's consideration of the Preliminary Budget to ensure the policy is regularly updated.

A redline version is not provided because the format of the policy has changed substantially to comply with the uniform standards set by the ECC. The only substantive change to the policy itself can be found on page 8, paragraph V.B. 11, Pre-funding OPEB. Previously, the policy authorized the Chief Executive Officer to utilize year-end budgetary savings, if available, to pay down the liability of the Other Post Employment Benefits (OPEB) program. The amount was limited to no more than 100 percent of the pre-funded amount, set at the Los Angeles County rate, included in LACERA's budget. However, the Board of Retirement, at its August 2, 2023 meeting, directed staff to update the policy to permanently pre-fund LACERA's OPEB liability as part of our annual budget process. Staff will work with our actuary to identify options to fully fund LACERA's OPEB liability over the next 20 to 30 years and bring recommendations back to this Committee and then to both Boards for approval. Staff will request a mid-year budget adjustment at that time consistent with the Boards' direction. In the interim, LACERA continues to fund the

RE: LACERA Budget Policy (Annual Review)

April 2, 2024

Page 2

ongoing monthly retiree healthcare benefits on a pay-as-you-go basis for eligible retired LACERA employees and fund quarterly contributions to the OPEB Trust in conjunction with the standard amount established by Los Angeles County. This funding is included in the Preliminary 2024-25 Budget.

### **CONCLUSION**

Staff recommend approval of the budget policy that will help guide LACERA's fiscal and budgetary activities in a sound and reasonable manner.

Attachment: Budget Policy updated 3/21/24

LL:ll



## BUDGET POLICY

**Authorizing Manager:** Laura Guglielmo, Assistant Executive Officer

**Original Effective Date:** 05/20/2009

**Last Updated:** 03/21/2024

**Mandatory Review:** June 2025 (Annually)

**Approval Level:** Board of Retirement and Board of Investments

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### I. Purpose

This document sets forth the fiscal policy to ensure LACERA's budgeting practices are in accordance with prudent fiscal management for the allocation and utilization of resources to meet the organization's Mission and Vision and to support the goals of the Board of Retirement and Board of Investments' Strategic Plans. The policy also serves to increase the transparency of the budgeting process, which ensures stakeholders and members have insight into how LACERA manages its funds and meets its fiduciary obligations.

LACERA's budget encompasses three components: The Administrative Budget, the Retiree Healthcare (RHC) Budget, and the Other Post-Employment Benefits (OPEB) Trust.

The objective of this policy is to set out LACERA's budgeting principles, the timeline for the preparation of the budget, and the process and responsibilities for review, approval, and implementation of all three budget components.

### II. Scope

This Policy applies to the development, preparation, and implementation of all three components of LACERA's budget in accordance with the County Employees Retirement Law (CERL).

Any exceptions to this Policy must be requested in writing (clearly stating the basis for the exception) and approved by the Board of Retirement and Board of Investments.

### III. Legal Authority

Government Code Section 31580.2 of the County Employees Retirement Law (CERL) requires a budget covering the entire expense for the administration of the retirement system, shall be adopted by the Boards annually, and shall be charged against the earnings of the retirement fund. The expense incurred in any year may not exceed twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system.

Government Code Section 31596.1 provides that the expenses of investing its moneys, securing custodial bank services, securing actuarial services for the annual valuation and triennial experience study, and securing attorney services to assist with investment matters under Government Code Sections 31607 shall not be considered a cost of administering the system. As such, these costs are not included in the Administrative Budget and are identified as "non-administrative expenses."

Section 31596.1 also provides that the cost of internal legal representation secured by the Board of Retirement and Board of Investments under Government Code Section 31529.1 for services previously performed by County Counsel are not administrative costs and under Government Code Section 31607 for services to assist the Board of Investments in carrying out its investment powers and duties. Under Section 31529.1, legal representation within the scope of that statute is limited to one-hundredth of 1 percent of system assets in any budget year; investment legal expenses under Section 31607 are not similarly limited.

Government Code Section 31580.2(b) provides that expenditures for computer software, hardware, and technology consulting services in support of these computer products shall not be considered a cost of administration of the retirement system for purposes of this section.

Government Code Sections 31691 and 31694 provide that the expenses of administering the RHCBP program and OPEB Trust may not be made from assets of the retirement fund. Therefore, such costs should not be part of the pension system's administrative budget.

#### IV. Definitions

**Administrative Budget:** LACERA's annual Administrative Budget consists of two components: Salaries and Employee Benefits, and Services and Supplies.

**Appropriation:** Funds set aside for specific purposes outlined in the Adopted Budget.

**Budget:** The annual financial plan that outlines the resources and revenue needed to achieve LACERA's work plan to meet its Mission and Vision and LACERA's Board of Retirement Strategic Plan and Board of Investments Strategic Plan.

**Fiscal Year:** LACERA's fiscal year begins on July 1st and concludes on June 30th. LACERA shall follow a naming convention referencing the fiscal year ending date, for example, FY23 for the fiscal year ending June 30, 2023.

**Information Technology Coordination Council (ITCC):** Oversight body responsible for significant technology and system recommendations for incorporation into the Proposed Budget. Established to ensure the efficient and effective use of technology, collaboration across the organization, and that the strategic plan goals are achieved.

**Non-Administrative Expenses:** Expenses excluded from the Administrative Budget as specified in Government Code Section 31596.1.

**Other Post-Employment Benefits (OPEB) Trust:** Trust funds established by Los Angeles County, LACERA, and the Superior Court to pre-fund their Retiree Healthcare Benefit Program.

**Retiree Healthcare Benefits Program (RHCBP) Budget:** The RHCBP Budget reflects the resources and revenue required to administer retiree healthcare benefits to eligible members. These costs are funded through a monthly administrative fee via healthcare

premiums, charged to program participants, or the plan sponsor if the member's benefit is fully subsidized.

**Statutory Appropriation Limit:** The limit of the Boards' authority to appropriate funds to administer the retirement system, established by Government Code Section 31580.2 - currently twenty-one hundredths (.21) of one percent of the actuarial accrued liability of the retirement fund.

**Unallocated Statutory Appropriation Balance:** The difference between the funds appropriated to meet the organization's operational needs and the statutory appropriation limit established by Government Code Section 31580.2.

## **V. Policy Statement**

This policy seeks to document LACERA's budgetary practices, consistent with its fiduciary duty of prudence.

### **V.A. Budgetary Components**

LACERA's budget encompasses three components: The Administrative Budget, the Retiree Healthcare Benefits Program (RHCBP) Budget and the Other Post-Employment Benefits (OPEB) Trust.

#### **V.A.1. Administrative Budget**

The Administrative Budget reflects the resources needed to achieve the organization's work plan, each Board's Strategic Plan and goals, and operational activities in support of pension administration and investment of plan assets required to deliver retirement benefits for LACERA members and beneficiaries. It consists of two primary components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S).

S&EB costs consist of ongoing personnel costs for the organization, including salaries for permanent and temporary staff, overtime, and variable benefits. Variable benefits include retirement costs (pension, 457, and 401K plan costs), health insurance, OPEB contributions and other employee benefits.

S&S costs reflect the daily operational needs of the organization. Some examples include, but are not limited to, building expenses (rent, maintenance, insurance), information technology needs, professional and specialized services, legal fees, office supplies and equipment, education, travel, and insurance.

#### **V.A.2 Retiree Healthcare (RHC) Benefits Program Budget**

The Retiree Healthcare Benefits Program provides healthcare benefits to LACERA membership on behalf of the fund's Plan Sponsors. The insurance premiums are born solely by the participants of the plan, or the Plan Sponsor if the employee is eligible for such benefit. LACERA trust funds are not used for premium payments

or for the administration of the Program. The direct costs and variable overhead costs associated with the administration of the RHC Benefits Program are charged to the plan sponsors and participating members via an administrative fee. These administrative fees are added to the monthly premium costs and are not included in the Administrative Budget.

There are four categories of expenses for the RHC Benefits Program:

- Direct Costs of Salaries and Employee Benefits
- Direct Services and Supplies
- Indirect Salaries and Employee Benefits
- Indirect Services and Supplies.

Indirect Salaries and Employee Benefits and Indirect Services and Supplies reflect the program's pro-rata share of internal LACERA support functions such as Administrative Services, Information Technology, and Human Resources.

### **V.A.3. Other Post-Employment Benefits (OPEB) Trust Budget**

The County of Los Angeles (County), LACERA, and the Superior Court (Court) utilize an OPEB Trust to pre-fund the Retiree Healthcare Program benefits. In FY 2012-2013, the County and LACERA established a trust to fund their program and the Court established its trust in FY 2016-17. Each agency's trust funds are reported separately in their financial statements. The Board of Investments of LACERA serves as the trustee and investment manager for the trusts.

The Trust Agreements stipulate that "*... the Trustee (LACERA) shall be entitled to payment or reimbursement of all of its reasonable and appropriate expenses incurred in administering or investing the Trust...*" As such, LACERA seeks payment directly from the County and the Court to fund the OPEB Trust. To avoid the OPEB Trust assets being co-mingled with retirement fund assets, LACERA maintains separate accounting of the costs associated with administering the OPEB Trust. The costs of the OPEB Trusts are not part of LACERA's Administrative Budget.

There are four categories of expenses of the OPEB Trust: Direct Costs of Salaries and Employee Benefits; Direct Services and Supplies; Indirect Salaries and Employee Benefits; and Indirect Services and Supplies. These expenses are allocated between the County, LACERA, and the Court based on an agreed methodology. At the close of each fiscal year, actual costs are reconciled, and variances are credited or debited to each entity.

### **V.B. Process**

The budget process consists of activities that encompass the development, implementation, and evaluation of the annual financial plan for the allocation of resources to support and accomplish organizational goals and strategic initiatives.



**V.B.1. Budget Monitoring and Control**

It is the responsibility of LACERA management to develop and prepare an annual budget in accordance with responsible fiscal management for the allocation and utilization of resources to meet the organization’s Mission, Vision, and Values and each Board’s Strategic Plan.

**V.B.2. Criteria**

LACERA Management develops the annual proposed budget reflecting the enterprise priorities established through each Board’s Strategic Plan. Criteria used by the organization to prioritize resources for the budget include, but are not limited to:

- Alignment with each Board’s Strategic Plan
- Mitigating risk
- Compliance with legally mandated requirements
- Technological advancements to support staff and improve service to LACERA’s members
- Identifying opportunities for cost efficiencies
- Identifying opportunities to improve service to members
- Staff development and succession planning
- Direction of the LACERA Board of Retirement and/or Board of Investments

**V.B.3 Alignment with Each Board’s Strategic Plan**

The first step in developing a budget is to consider what the organization expects to achieve in the upcoming fiscal year. Each Board’s Strategic Plan lays out its strategic goals, objectives, and action plans to achieve LACERA’s Mission, Vision, and Values. Those goals and objectives identify responsibilities, timelines, and the metrics that will be used to determine if the goals or objectives have been met. As part of the budget development process, it is the responsibility of LACERA Trustees and Management to ensure that the organization’s budget, or financial plan allocate the appropriate resources to achieve its strategic goals and objectives within the specified time frame.

**V.B.4 Annual Budget Development and Approval Calendar**

<i>Date</i>	<i>Activity</i>
By November 30	<ul style="list-style-type: none"> <li>• Executive Office and Management review each Board’s Strategic Plan initiatives for alignment with the upcoming Fiscal Year budget development cycle.</li> </ul>

	<ul style="list-style-type: none"> <li>Administrative Services Division provides each Division Manager a budget package with instructions for completing their proposed budget for the upcoming fiscal year, a budget preparation timetable with specific deadlines, a schedule of meeting dates with the Budget Unit, and a schedule of meeting dates with the Executive Office.</li> </ul>
December	The Budget Unit, representatives from Human Resources and Systems meet with Division Managers and their designees to provide guidance in the development of their budget requests.
By January 15	Division Managers submit their proposed budget to the Budget Unit.
By February 15	The Executive Office meets with each Division Manager and their designees to discuss the Division's needs and provide direction to the Division Managers and Budget Unit.
March	Audit Committee review of Internal Audit Proposed Budget.
April	The Budget Unit prepares and distributes the preliminary Administrative, RHC, and OPEB Trust Budgets to all Trustees and Division Managers.
April	Present preliminary budget to JOGC for review and input
By June 30	Board of Retirement and Board of Investment review and approve final budget

#### **V.B.5. Budget Adoption**

The Board of Retirement and Board of Investments (“Boards”) have the joint responsibility to approve the enterprise-wide budget and resource allocations for all funds by June 30th. The Boards have created the Joint Organizational Governance Committee (JOGC), to provide oversight of the budget preparation and planning. The Preliminary Budget is presented to the JOGC in April for its review and direction. Staff incorporates direction from the JOGC, and the JOGC’s recommendations are presented to both Boards. The Boards independently take action to approve and adopt a Final Adopted Budget by June 30th.

#### **V.B.6. Budget Appropriation**

The Final Adopted Budget reflects the funds appropriated, or set aside, for specific purposes. For LACERA, funds are appropriated for two primary purposes, Salaries and Employee Benefits, and Services and Supplies.

Government Code Section 31580.2 states the annual budget for administrative expenses of a retirement system established under CERL may not exceed twenty-one hundredths (.21) of one percent of the Actuarial Accrued Liability (AAL) of the retirement system. Each year, LACERA's statutory appropriation limit is identified in the Adopted Budget.

To the extent funding appropriated as part of the budget is less than the statutory appropriations limit, the Boards may take specific action at any point during the fiscal year to appropriate additional funds not to exceed the maximum amount established by statute. LACERA's budgeting process includes a Mid-Year Budget Adjustment proposal to facilitate changes in priorities, goals, or economic conditions. The difference between the funds appropriated to meet the organization's operational needs and the statutory appropriation limit shall be referred to as the "Unallocated Statutory Appropriation Balance."

Budgetary adjustments that do not fall within the authority of the Chief Executive Officer, as outlined in Section V.B.10 below, require the review and recommendation by the JOGC for approval by both Boards as outlined in Section V.B. 12.

#### **V.B.7. Budget Monitoring and Reporting**

Budget Unit staff monitors and analyzes Division and enterprise-wide expenditures throughout the year, consults with Division Managers to identify planned expenditures and project full year under/over expenditures by Division, and compares those estimates against the Adopted Budget. Significant budgetary variances are discussed and explained.

Budget Control Reports are prepared and provided to all Trustees and Management Staff on an outlined schedule within the fiscal year. These reports include year to date expenditures and projected expenditures compared to the budget. Budget adjustments impacting staffing levels or exceeding the CEO's authority referenced in Section V.B.10 shall be considered by the JOGC and approved by the Boards.

This budget monitoring and control activity occurs concurrently while the Proposed Budget for the upcoming fiscal year is being developed.

#### **V.B.8. Mid-Year Budget Review**

By December 1, LACERA Executive Management will assess and evaluate the adequacy of the personnel and other resources included in the Final Adopted Budget and make recommendations to the JOGC for adjustments, if necessary, as described in Section V.B.6. JOGC recommendations shall be considered for approval by the Boards. As part of the mid-year budget, Executive Management may also address the progress and status of achieving the Boards' respective Strategic Plans.

### **V.B.9. Mid-Year and Year-End Adjustments Within the Administrative Budget**

As part of LACERA's budget monitoring and reporting activities, it may become necessary to amend the Final Adopted Budget. Amendments may take the form of transferring appropriations between line items within a major account, transferring appropriations between major accounts, or increasing total appropriations within the statutory limits established by the Government Code as discussed in Sections V.B.6 and V.B.10.

### **V.B.10. Transferring Appropriations**

LACERA's Administrative Budget has two major accounts, Salaries and Employee Benefits (S&EB), and Services and Supplies (S&S).

Within each major account are several line items with individual appropriations. The CEO has the authority to transfer appropriations not to exceed \$1 million across major accounts and has full discretion and authority to transfer appropriations between line items within each major account. The CEO shall notify all Trustees of such actions at the next Board meeting and as part of the routine Budget Control Reporting.

### **V.B.11. Pre-funding OPEB**

LACERA participates in the OPEB Trust as a "contributing employer" and funds its employees' program benefits on a pay-as-you-go basis, funding actual monthly premium costs. It also makes a quarterly contribution to paydown the future OPEB liability at a rate equal to that of Los Angeles County. It is LACERA's objective to fund these program benefits within the working lifetime of the program beneficiaries so as to maintain intergenerational equity. To achieve intergenerational equity more quickly, since 2022, LACERA's CEO has authorized additional OPEB contributions utilizing budgetary savings identified at year end. In order to ensure a consistent paydown of the OPEB liability, LACERA's actuary shall now calculate the additional annual pre-funding necessary to fully fund LACERA's OPEB liability over the next 30 years. The annual amount necessary shall be included as a separate line item in LACERA's budget.

### **V.B.12. Increasing Total Appropriations**

Should unanticipated expenditures be required during the fiscal year beyond the total Adopted Budget amount, the Unappropriated Statutory Appropriation Balance is available. This balance represents the difference between the total statutory appropriation limit established under CERL and the Final Adopted Budget. To utilize these unappropriated funds, both Boards must approve a budget amendment, increasing the total annual appropriation. Such requests will first be considered by the JOGC for a recommendation to both Boards to take the required action.

## V.C. Audit Committee Oversight of Internal Audit

LACERA's Internal Audit Division provides independent and objective assurance and consulting services to assist the organization in achieving its Mission, Vision, and Values and each Board's Strategic Plan. To protect its independence, the Internal Audit Division reports functionally to the Audit Committee of the Boards and administratively to the Chief Executive Officer. The Audit Committee reviews and approves Internal Audit's Proposed Budget by Mid-March, which is then incorporated into LACERA's Administrative Proposed Budget reviewed by the JOGC in April or May.

## VI. References

The following information complements and supplements this document.

### Related Policies:

- [Retirement Benefit Funding Policy](#)
- [OPEB Investment Policy Statement – OPEB Master Trust](#)

**Related Internal Procedures:** Budget instructions provided annually; Questica Budget Guide (Internal Document)

**Related Forms/Templates:** Not Applicable; Data captured in Questica Budget System

### Other Related Information:

- [Joint Organizational Governance Charter](#)
- [Audit Committee Charter](#)

## VII. Version History

### VII.A. Approvals

**Policy Issue Date:** May 20, 2009

**Policy Effective Date:** *Pending Approval*

### Policy Update/Review Summary:

- Updated and approved by the Board of Retirement and the Board of Investments on (*Pending Approval*), respectively. Prior versions superseded and have no effect as of the stated approval date.
- This policy was previously approved by the Board of Retirement on June 7, 2023, and the Board of Investments on June 14, 2023
- This policy was previously approved by the Board of Retirement on June 1, 2022, and Board of Investments on June 9, 2022


### **VIII. Review/Approval**

The Joint Organizational Governance Committee shall review and recommend that the Board of Retirement and the Board of Investments approve this policy annually when they adopt the Budget for the upcoming fiscal year.



April 12, 2024

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: Laura Guglielmo   
Assistant Executive Officer

FOR: April 24, 2024 Joint Organizational Governance Committee

SUBJECT: **Fiscal Year 2024-25 Preliminary Administrative, Retiree Healthcare and Other Post-Employment Benefits (OPEB) Trust Budgets**

### **RECOMMENDATION**

That the Joint Organizational Governance Committee (JOGC) review the Fiscal Year (FY) 2024-25 Preliminary Budgets for LACERA Administrative, Retiree Healthcare Benefits Program, and Other-Post Employment Benefits (OPEB) Trust, provide guidance to staff on any desired changes or amendments, and recommend that the Board of Retirement and Board of Investments approve and adopt these budgets prior to June 30, 2024.

### **SUMMARY**

LACERA's Administrative, Retiree Healthcare Benefits Program and OPEB Trust operating budgets represent the organization's fiscal plan in support of the work we will do in FY 2024-25 toward achieving our Mission – To produce, protect and provide the promised benefits to our members. For FY 2024-25, the preliminary Administrative Budget, which supports the operating costs to administer pension plan benefits and is funded from investment earnings, totals approximately \$140 million. The preliminary Retiree Healthcare Benefits Program Budget, which supports the operating costs to administer retiree health care benefits to eligible members and is funded from an administrative fee paid by plan sponsors and participants, totals approximately \$13.6 million. The OPEB Trust Budget, which supports the operating costs to manage and grow the fund assets set aside by trust participants (Los Angeles County, Superior Court and LACERA) to pre-fund retiree health, dental and death benefits, totals \$1.1 million. LACERA's Board of Investments is the trustee and investment manager for the OPEB Trust Fund.

A summary is provided in the attached FY 2024-25 presentation materials. In addition, the complete budget detail is found in the attached FY 2024-25 Preliminary Administrative, Retiree Healthcare and OPEB Trust Budgets (Budget Book).

Attachments: FY 2024-25 Budget Presentation

FY 2024-25 Preliminary Budgets

April 12, 2024

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FY 2024-25 Preliminary Administrative, Retiree Healthcare and OPEB  
Trust Budgets (Budget Book)  
LACERA Budget Policy – Approved June 2023





# Fiscal Year 2024-25 Proposed Budget Presentation

Administrative, Retiree Healthcare Benefits & OPEB Trust Budgets



# Fiscal Year 2024-25 Preliminary Budget



## AGENDA

- Background – Legal authority, budget policies, budget process
- Strategic Priorities & Initiatives
- FY 2023-24 Accomplishments
- Administrative Budget
  - Assumptions & Structure
  - Summary of Changes
  - Proposed Staffing Changes
- Retiree Healthcare Benefits Program Budget
- OPEB Trust Budget
- Questions & Discussion
- Appendix: FY 2024-25 Strategic Workplans



# Legal Authority and Duty

## CERL Section 31580.2

- Grants Joint Boards to approve a budget no greater than 21 basis points of AAL by June 30

## CA Constitution Article XVI, Section 17(a)

- “The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and ***defraying reasonable expenses of administering the system***”

## CA Constitution Article XVI, Section 17(b)

- Joint Boards’ fiduciary duty is to “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and ***defraying reasonable expenses of administering the system***. A retirement board’s duty is to its participants and their beneficiaries shall take precedence over any other duties. “
- The Boards have a fiduciary duty to defray the expenses of administering LACERA, which includes reviewing and questioning the budget as appropriate to serve the members and approving costs required in the Boards' prudent fiduciary judgment to serve the paramount duty to members.



# Budget Policies

**Statutory  
Appropriation**

## County Employees Retirement Law

- Govt Code 31580.2 limits our annual administrative appropriation to 0.21% of Actuarial Accrued Liabilities
- Govt Code 31580.2(b) excludes computer technology expenditures from the appropriation limit
- Govt Code 31596.1 excludes specific non-administrative expenses from the appropriation limit

**Surplus  
Unappropriated  
Balance**

## Unappropriated Funds

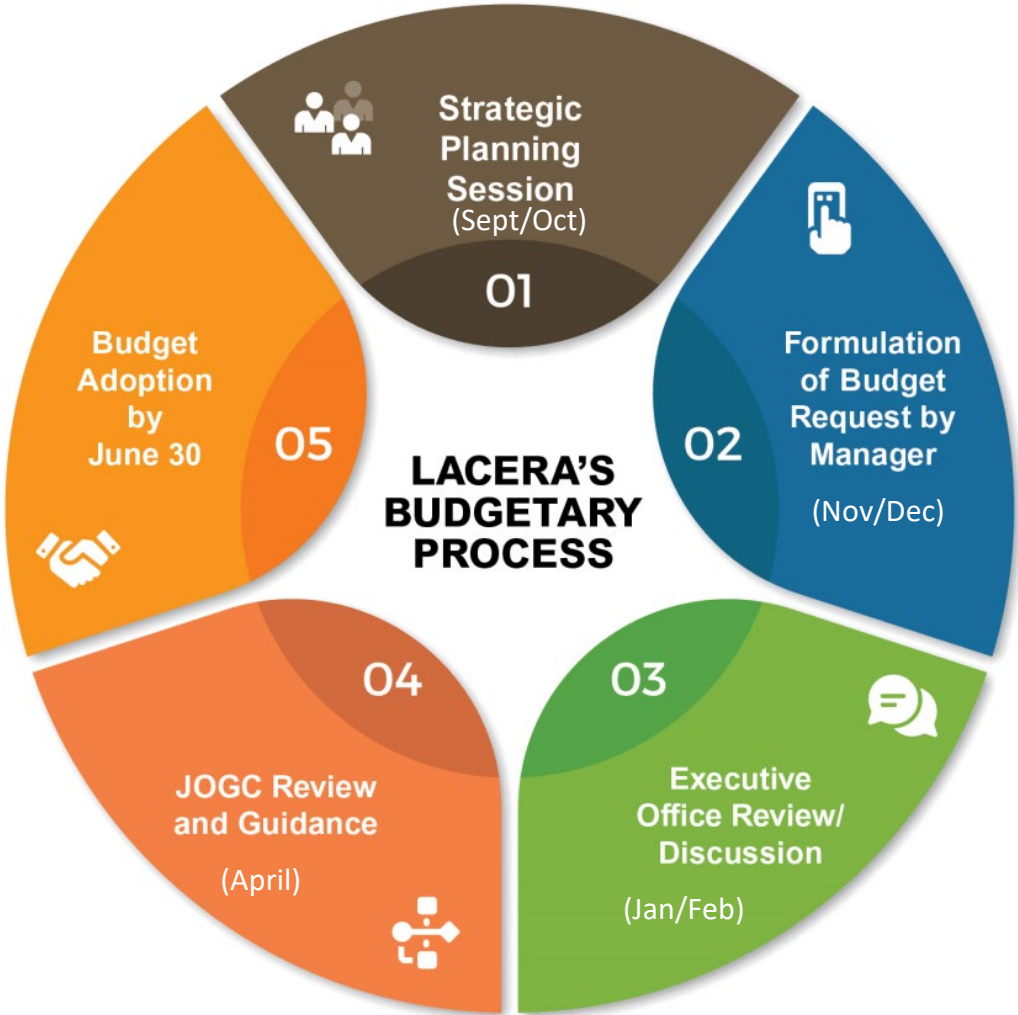
- Represents the balance of available appropriation after Administrative Costs
- 2024-25 = Approximately \$50 million

**Retiree  
Healthcare  
Costs**

## RHC Administrative Overhead Costs

- Are *NOT* borne by the Pension System
- Are charged against the RHC Budget on an annual basis

# Budget Development Process





# LACERA's Operating Budgets – FY 2024-25

## Administrative

\$140.0 Million

- Provides resources necessary to administer the promised pension benefits
- Funded exclusively from investment returns (per CERL)
- Costs are capped at 0.21% (21 basis points) of Actuarial Accrued Liability (per CERL)

## Retiree Healthcare Benefits Program

\$13.6 Million

- Provides resources necessary to administer the retiree healthcare benefits to eligible members
- Funded from \$8 per member/plan/month administrative fee paid by plan sponsor or member
- Healthcare premium costs are passed through and paid by plan sponsors on a pay as you go basis
- Pension Trust Assets may not be used to support Retiree Healthcare

## OPEB Trust

\$1.1 Million

- Master trust established in 2012 to pre-fund liability for retiree health, dental and death benefits
- BOI is responsible for the investment policy and managing both the fund and the trust
- Trust Owners are LA County, Superior Court & LACERA only
- Not currently used to pay premiums – Goal to use investment earning to pay benefits



# Pension Plan Funding

$$C + I = B + E$$






Contributions + Investment Earnings =  
Benefits + Expenses



100% of LACERA's Administrative Budget (E)  
is funded from Investment Earnings (I)

# BOR Strategic Priorities

**BOR Strategic Priorities**

 <p><b>Superior Member Experience</b></p> <p>Innovate and continuously improve the member experience</p>	 <p><b>Innovation through Technology</b></p> <p>Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity</p>	 <p><b>Investing in People</b></p> <p>Attract, motivate, hire, and retain a highly engaged and skilled workforce</p>	 <p><b>Enterprise Risk Management and Compliance</b></p> <p>Adopt and implement enterprise-risk and compliance framework aimed at mitigating risk and vulnerabilities</p>	 <p><b>Fiscal Durability</b></p> <p>Exercise care and prudence in managing our resources and fund assets</p>
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**Align Strategic Priorities to Objectives**



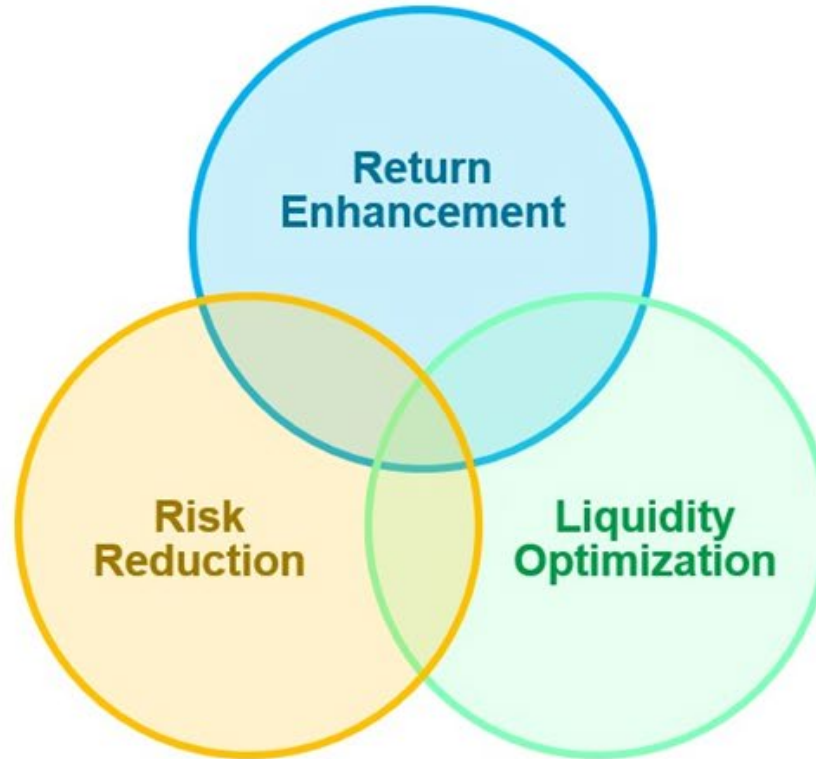
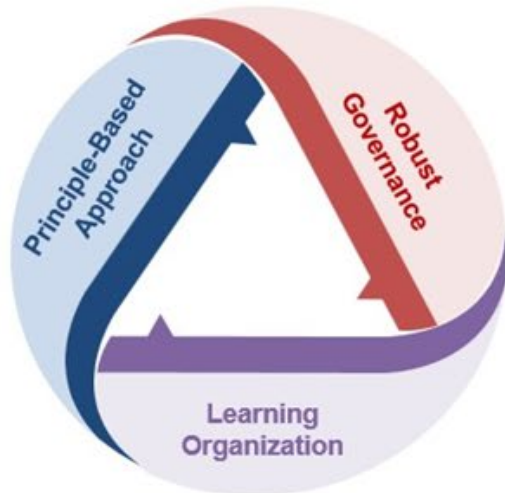


# BOI Strategic Initiatives



## Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives



**Mission: To produce, protect and provide the promised benefits to our members**

## Prior Year Accomplishments

Members • Technology • People • Risk & Compliance • Fiscal Durability



# FY 2023-24 Accomplishments



- **BOR Strategic Plan Workplans**
- **Implemented Principle-Based Approach to Investing**
- **Investment Returns Above Policy Benchmarks**
- **Update & Revise Actuarial Funding Policy**
- **Completed Renovation of 7th Floor**
- **Improved Disaster Recovery (Cloud Migration)**
- **Data Lake/ CEO Dashboards**



# FY 2023-24 Accomplishments



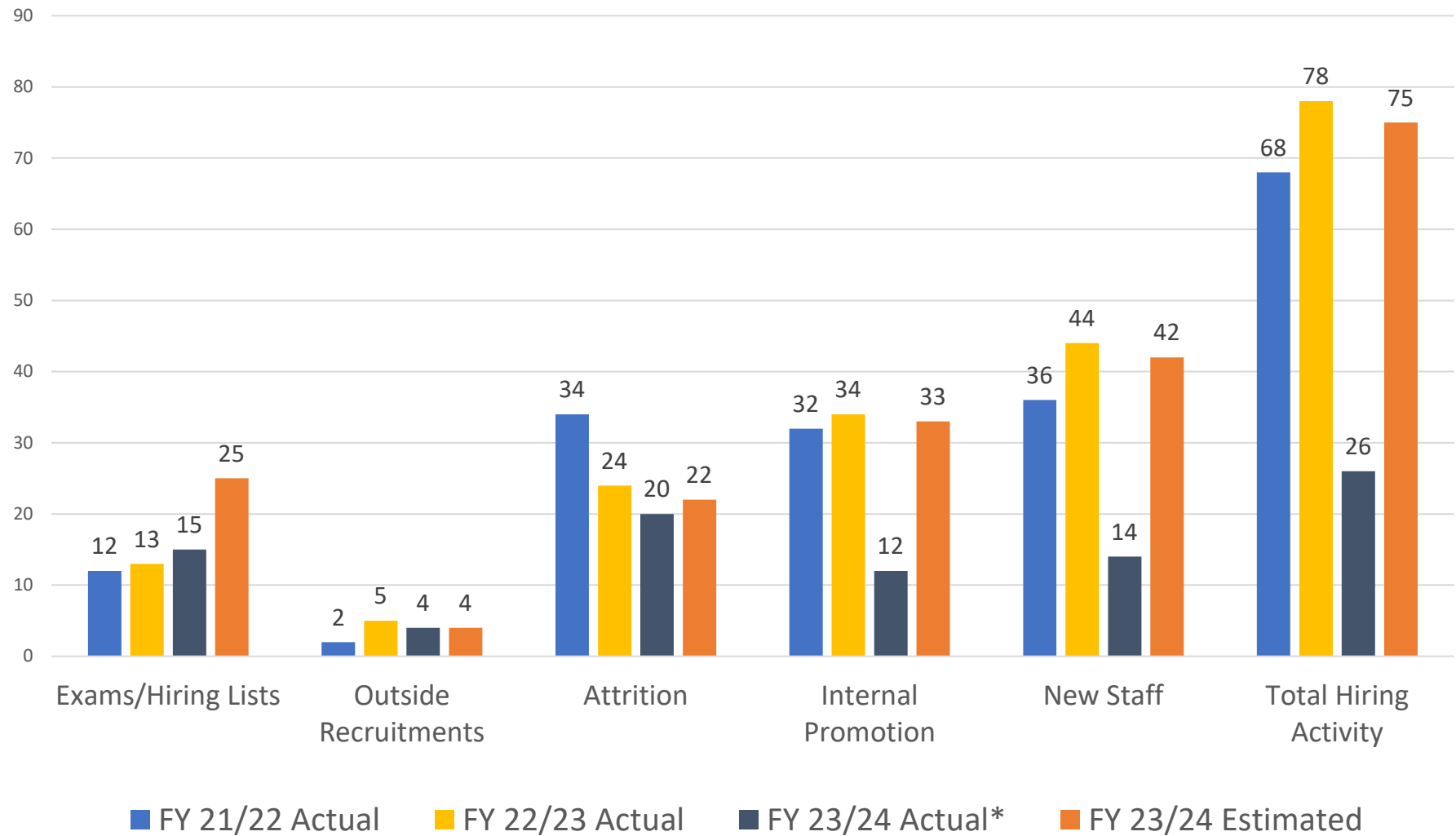
- **Multi-factor Authentication for Incoming Member Calls**
- **Sol Case Management Phase I**
  - Disability Litigation
  - Disability Retirement Services
  - First Payment (by 6/30/24)
- **My LACERA Enhancements**
  - Homepage Redesign
  - Online Retirement Election
  - Rehired Retiree Dashboard
  - Retiree Healthcare Data
- **Improved Administrative Controls**
  - Budget & Vendor Management Systems



# FY 2023-24 Accomplishments



## HR Key Performance Indicators - 3 Year Trend

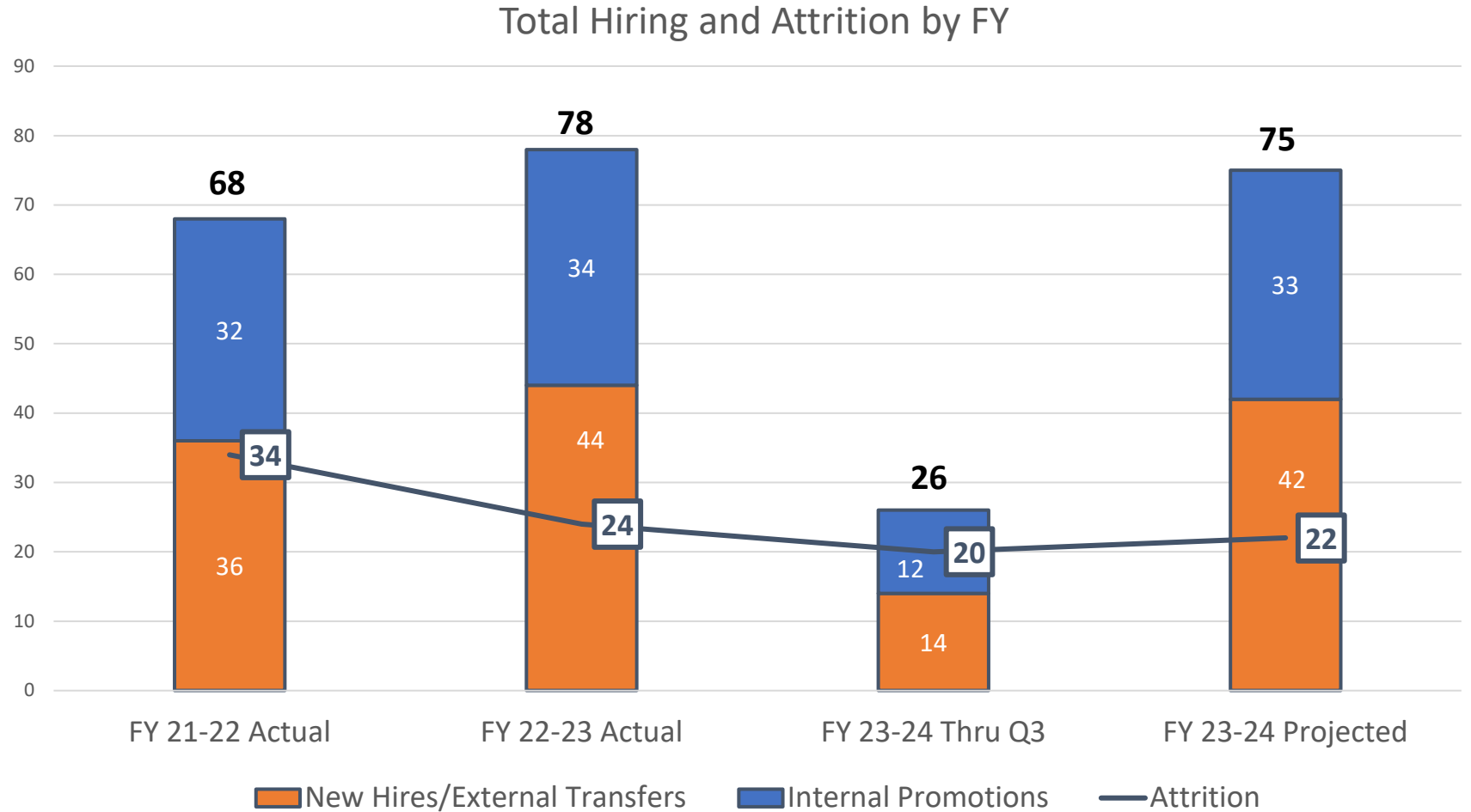


\* Navy bars reflect FY 23-24 Actuals through Q3.

# FY 2023-24 Accomplishments



## Staffing Key Performance Indicators - 3 Year Trend



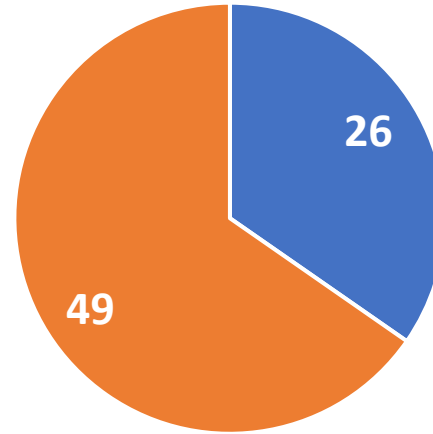
# FY 2023-24 Accomplishments



## Breakdown of FY 23-24 Projected Hiring

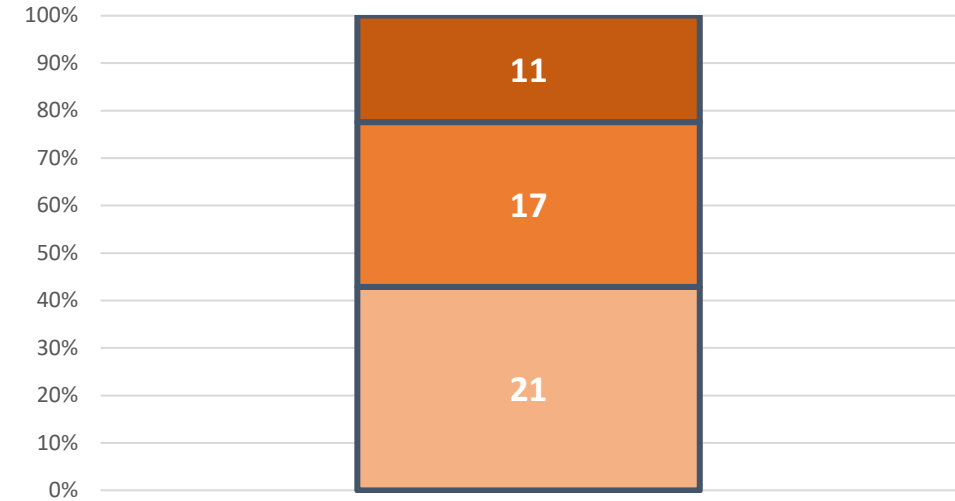


FY 23-24 Projected Total Hires - 75



■ Through Q3 ■ Q4 Projected

FY 23-24 Q4 Projected Hiring - 49



- 21 Retirement Benefits Specialists (RBS) I Trainees will promote to RBS II
- 17 New RBS I Trainees will begin Core Training
- 11 Other positions will be filled throughout LACERA

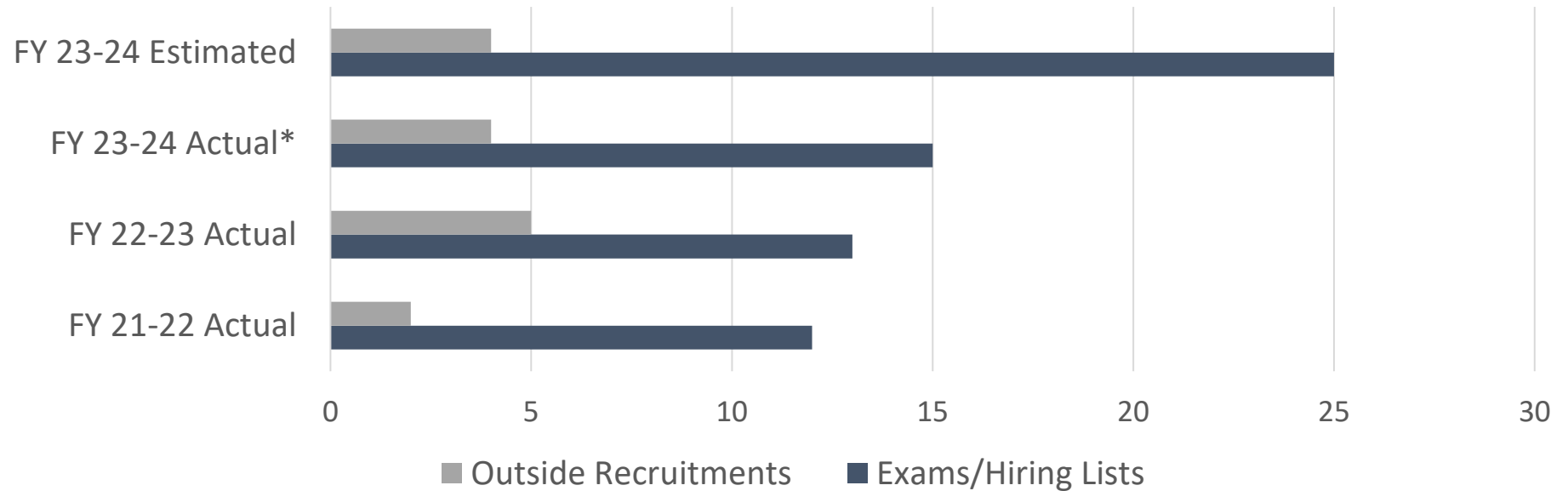
# FY 2023-24 Accomplishments



## Staffing Key Performance Indicators - 3 Year Trend



### Creating Opportunities to Hire



- LACERA Increased HR staff capacity resulting in more opportunities to hire and promote staff
- The impact of 10 new hiring lists in Q4 will result in more hiring and promotions in early FY 24-25





# ADMINISTRATIVE BUDGET



# LACERA Budget Book – Overview of Details

## Division Narrative First Page – Summary

- Description of Division’s Purpose
- 3 Year History of Positions – Bar Graph
- 3 Year History of Total Budget - Bar Graph
- Summary of Significant Changes from Previous Year

## Next Pages - Greater Detail

- Status of FY 2023-24 Projects & Initiatives
- FY 2024-25 Strategic Goals & Objectives
- Narrative Summary of Budgetary Changes
- Organizational Chart – including changes
- Budget Summary by Account Category
- Budgeted Positions
- History of Expenditures



# FY 2024-25 Budget Assumptions



## Incremental/Activity Based Budget Process

- LACERA's budget is based on the prior year base budget with a focus on changes to core costs and activities



## Salaries & Employee Benefits

- Filled positions are based on current actual salaries plus salary step/ merit increases where eligible
- Vacant positions are based on Step 1 salary & funded based on the Hiring Plan for the classification (0, 6, 9 or 12 months)
- Current MOU expires December 31, 2024 – No COLAs beyond January 1, 2025, were included
- Benefit costs (consistent w/LA County) – Estimated 65% of Salaries
- Retirement Benefit Specialist (RBS) Core Training Class – Overhires (11) to ensure steady consistent staffing – Cost to be absorbed by salary savings due to assumed attrition
- New positions only added when supported by planned hiring activity & availability of Ordinance

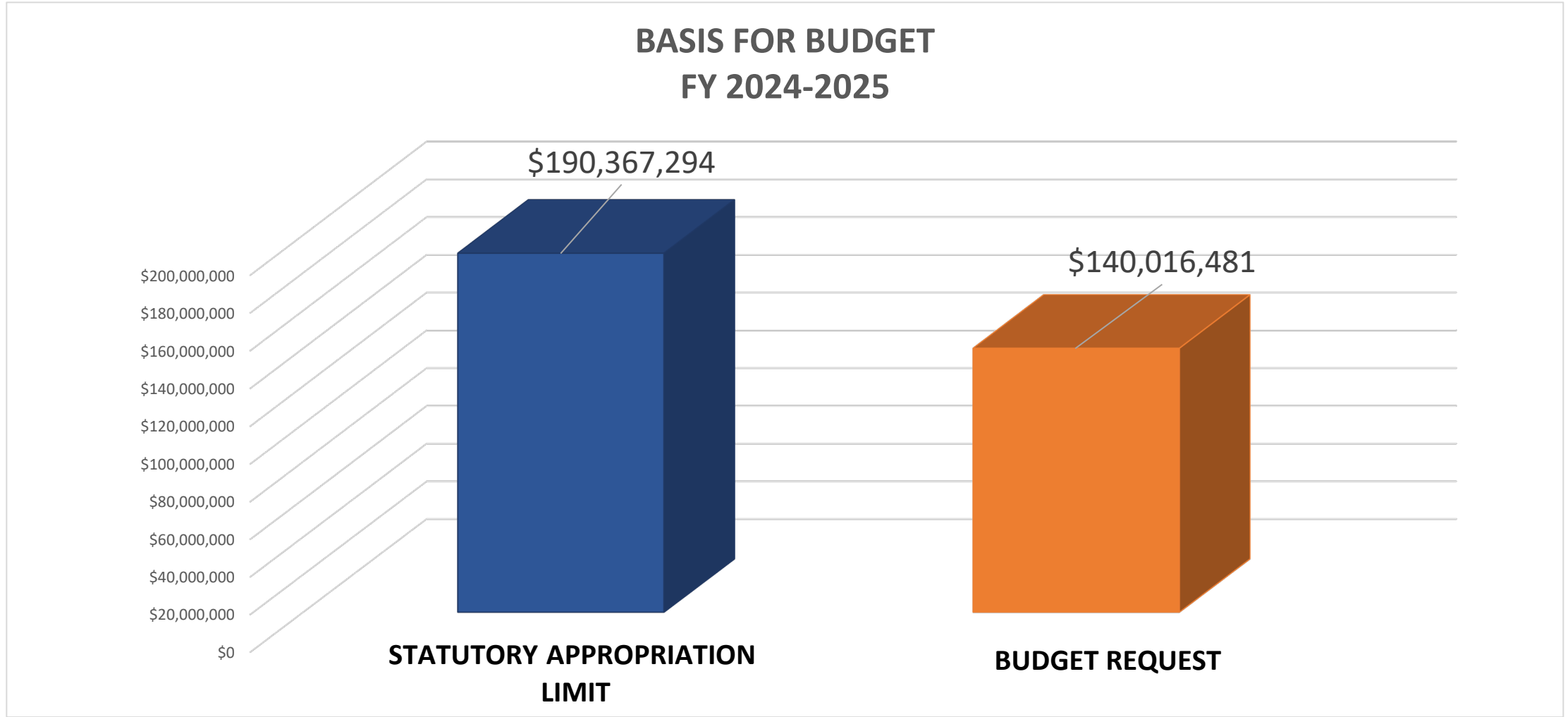


## Services & Supplies

- Historical expenditures adjusted for inflation and/or change in use
- One-time expenditures removed or adjusted



# FY 2024-25 Administrative Budget

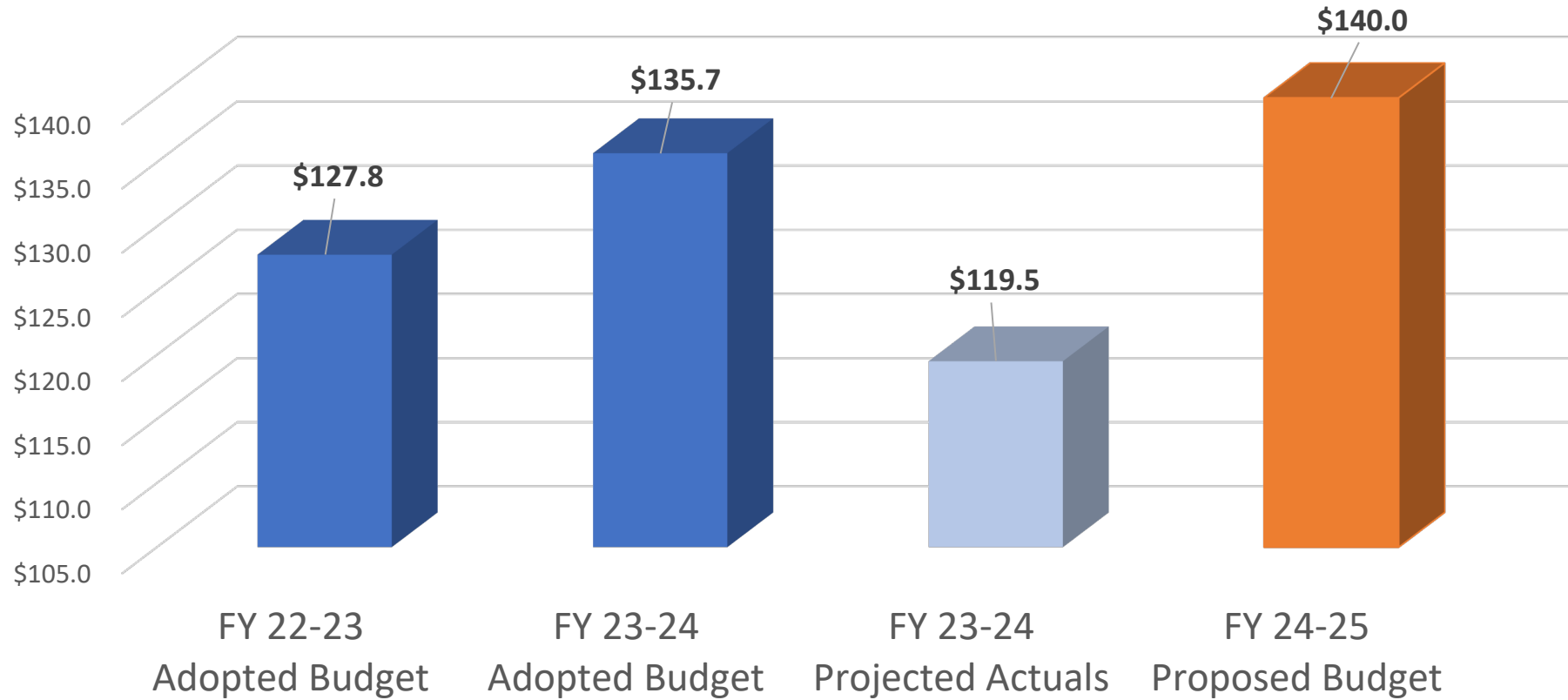


# FY 2024-25 Administrative Budget



## 3 Year Budget Trend

Administrative Budget (in millions)





Fiscal Year 2024-25

## Administrative Budget Request Summary

<b>ADMINISTRATIVE BUDGET</b>	<b>BUDGET FY 2023 - 24</b>	<b>BUDGET FY 2024 - 25</b>	<b>VARIANCE</b>	<b>% CHANGE</b>
SALARIES & EMPLOYEE BENEFITS	\$103,071,874	\$105,092,781	\$2,020,907	2.0%
SERVICES & SUPPLIES	\$32,676,100	\$34,923,700	\$2,247,600	6.9%
<b>OPERATING BUDGET TOTAL</b>	<b>\$135,747,974</b>	<b>\$140,016,481</b>	<b>\$4,268,507</b>	<b>3.1%</b>





# FY 2023-24 Budget to Projected Actuals by Category

ADMINISTRATIVE BUDGET	BUDGET FY 2023 - 24	YTD ACTUAL 01/31/24	FULL YEAR PROJECTION	BUDGET FY 2024 - 25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$103,071,874	\$45,436,133	\$91,130,900	\$105,092,781	\$2,020,907	2.0%
SERVICES & SUPPLIES	\$32,676,100	\$15,406,980	\$28,377,900	\$34,923,700	\$2,247,600	6.9%
<b>OPERATING BUDGET TOTAL</b>	<b>\$135,747,974</b>	<b>\$60,843,113</b>	<b>\$119,508,800</b>	<b>\$140,016,481</b>	<b>\$4,268,507</b>	<b>3.1%</b>



# FY 2023-24 Budget to Projected Actuals by Division

DIVISION	BUDGET REQUEST FY 2023-24	YTD ACTUAL 01/31/24	FULL YEAR PROJECTION	BUDGET REQUEST FY 2024-25	VARIANCE	% CHANGE
Administrative Services	\$16,108,407	\$8,128,312	\$13,243,200	\$16,946,279	\$837,872	5.2%
Benefits	12,449,401	6,440,313	13,036,200	12,838,241	388,840	3.1%
Board of Retirement	303,500	63,209	270,900	341,500	38,000	12.5%
Board of Investments	551,000	231,066	471,700	556,000	5,000	0.9%
Communications	4,117,688	1,473,959	3,127,200	3,752,475	(365,213)	-8.9%
Disability Litigation	2,561,141	1,255,209	2,552,800	2,504,711	(56,430)	-2.2%
Disability Retirement	11,797,091	5,285,457	10,316,500	11,620,273	(176,818)	-1.5%
Ethics & Compliance Office	182,700	11,500	79,000	219,400	36,700	20.1%
Executive Office	5,276,414	2,423,147	4,902,200	4,039,504	(1,236,910)	-23.4%
Financial & Accounting Services	5,688,738	2,534,075	5,008,200	5,658,426	(30,312)	-0.5%
Human Resources	6,743,589	2,296,491	4,543,700	6,470,103	(273,486)	-4.1%
Information Security Office	0	0	0	1,590,829	1,590,829	0.0%
Internal Audit	3,613,148	1,518,115	3,013,900	3,294,298	(318,850)	-8.8%
Investment Office	18,223,968	8,184,657	16,575,800	19,377,272	1,153,304	6.3%
Legal Services	9,815,031	4,086,596	7,844,300	10,387,249	572,218	5.8%
Member Services	11,063,298	5,222,526	10,576,900	12,020,576	957,278	8.7%
Quality Assurance	3,383,333	1,444,007	2,989,500	3,320,272	(63,061)	-1.9%
Systems	23,869,524	10,244,475	20,956,800	25,079,073	1,209,549	5.1%
<b>TOTAL</b>	<b>\$135,747,974</b>	<b>\$60,843,113</b>	<b>\$119,508,800</b>	<b>\$140,016,481</b>	<b>\$4,268,507</b>	<b>3.1%</b>





# FY 2024-25 Salaries & Employee Benefits

## Summary of Significant Changes Across LACERA

6 New Permanent Positions

Full-Year Funding for Vacant Positions Expected to be Filled

Non-Discretionary Salary Increases (Salary Step, Merit)

Reduced Reliance on Temporary Staff – 25.8% reduction

Reduced Employer Pension Contributions

# Summary of Requested Position Changes



FY 2024-25

Classification	No.	Change	Division Requesting	Program/Purpose
Supervising Administrative Asst. II	1	Add	Administrative Services	Vendor Management
Administrative Analyst III	2	Add	Administrative Services	Vendor Management
Receptionist (vacant)	-1	Delete	Administrative Services	Obsolete
Accountant I	1	Add	FASD	Reconciliation Unit
Accountant I	1	Add	FASD	Disbursements Unit
Accountant I	1	Add	FASD	Financial Reporting Unit
Financial Analyst I (vacant)	-1	Delete	Investments	Portfolio Analytics
Financial Analyst II	1	Add	Investments	Portfolio Analytics
Legal Analyst	1	Add	Legal Services	Investments
Legislative Affairs Officer	--	Transfer	From Legal Services to Executive Office	Legislative Analysis



# Summary of Vacant Positions

DIVISION	PROPOSED BUDGETED POSITIONS FY 2023-24	VACANCY (AS OF 03/31/24)	%	PROPOSED BUDGETED POSITIONS FY 2024-25*
Administrative Services	42	17	40%	44
Benefits	79	1	1%	79
Communications	14	6	43%	14
Disability Litigation	7	0	0%	7
Disability Retirement Services	44	8	18%	44
Ethics & Compliance Office	1	1	100%	1
Executive	9	1	11%	10
Financial Accounting Services	30	4	13%	33
Human Resources	21	6	29%	21
Information Security Office	5	4	80%	5
Internal Audit	11	3	27%	11
Investments	46	8	17%	46
Legal Services Ø	28	10	36%	28
Member Services	79	11	14%	79
Quality Assurance	19	5	26%	19
Systems	62	21	34%	62
<b>LACERA Pension Plan Total</b>	<b>497</b>	<b>106</b>	<b>21%</b>	<b>503</b>

\* Based on hiring plan recruitment calendar



# Budget Impact of Requested Position Changes

FY 2024-25

DIVISION	#	POSTION TITLE	FULL YEAR SALARY	FULL YEAR TOTAL EMPLOYEE BENEFITS	FULL YEAR BUDGET IMPACT
Administrative Services	1.0	Supervising Administrative Assistant II	\$105,034	\$68,272	\$173,306
	2.0	Administrative Services Analyst III	\$156,661	\$101,830	\$258,491
	(1.0)	Receptionist	(\$43,819)	(\$28,482)	(\$72,301)
Financial & Accounting Services	3.0	Accountant	\$207,226	\$134,697	\$341,922
Investment Office	1.0	Finance Analyst II	\$139,772	\$90,852	\$230,623
	(1.0)	Finance Analyst I	(\$96,588)	(\$62,782)	(\$159,370)
Legal Services	1.0	Legal Analyst	\$83,311	\$54,152	\$137,462
<b>Total</b>	<b>6.0</b>		<b>\$551,597</b>	<b>\$358,538</b>	<b>\$910,134</b>

\* Based on hiring plan recruitment calendar



# Vendor Management Program Staffing

## Implementing Strategic Objective 5.1

### Current State

- Decentralized vendor management program
- Each division has one or more contract administrators
- Poses numerous compliance challenges/risks

### Proposed Program

- Centralized vendor management team in Administrative Services
- Support 15 Divisions with vendor engagement, due diligence, solicitations, selection, risk assessment and mitigation, contract negotiation, onboarding, monitoring, and offboarding

### Staffing Needs

- 1 Supervising Administrative Assistant II
- 2 Administrative Services Analyst IIIs
- Reassess and provide for future staffing needs FY 25-26



# Financial & Accounting Services Staffing

3 New permanent Accountant I positions proposed

## Reporting & Compliance Unit

Unit responsible for financial statements & reporting

- New position to support internal compliance
- Implementation of RHC Tier 3, if successfully negotiated
- Implementation of GASB Statement 101 (compensated absences)

## Reconciliations Unit

- Payment recovery & overpayment monitoring – workload increases
- Support for upcoming member prepaid debit card program
- Support RHC plan structure changes

## Disbursements Unit

Unit processes member payroll and other checks

- New position allows for balanced workload & staff dev. opportunities
- Allow for the implementation of modernization efforts (travel, ERP)
- Reduce dependence on temporary staff



# Legal Services Staffing

## Investments

One new permanent Legal Analyst position is requested and one Legal Secretary is administratively transferred within the Legal Services Office to address growth in workload

## Legislative Analysis

The Legislative Affairs Officer position is being administratively transferred to the Executive Office

## Future State

Assess the structure and staffing levels within the Legal Services Office and identify solutions to better prepare for succession and LACERA's future legal support needs



# Ethics & Compliance Unit

## Implementing Strategic Objective 4.1

### Past

- Director of Compliance position approved by BOR/BOI in FY 21-22
- Board of Supervisors (BOS) has not approved the position
- Funding for outside legal counsel included in Legal Services Office

### Present

- BOR/BOI approved the Ethics & Compliance program to be headed by a Chief Ethics & Compliance Officer (subject to BOS)
- Segregated funding and budget from Legal Services

### Future State

- Complete CECO job description & salary (to JOGC)
- Baseline risk assessment for LACERA
- Implement Governance, Risk & Compliance software
- Assess and provide for future staffing needs





# FY 2024-25 Services & Supplies

## Summary of Significant Changes Across LACERA

Computer Services & Support - \$2,228,400

Educational Expenses- \$365,600

Transportation & Travel – \$93,600

Outside Legal Fees & Services - \$240,000

Office Supplies & Equipment – (\$373,300)

Equipment Maintenance – (\$305,000)



# Computer Services & Support

## Highlights for FY 2024-25

- **Division Software New**
  - Secure Access Service Edge Solution - \$235,000
  - Member Identity Verification Solution - \$220,000
  - Facilities Management Solution - \$150,000
  - Benefits Death Verification System Upgrade- \$100,000
  - Digital Mailroom - \$100,000
  - Human Resources Recruitment Module (NeoGOV)- \$71,000
- **Enterprise Software - New**
  - Member Experience Communication Project - \$600,000
  - Member Case Management Solution Phase II - \$500,000
  - Enterprise Knowledge Management Solution - \$250,000

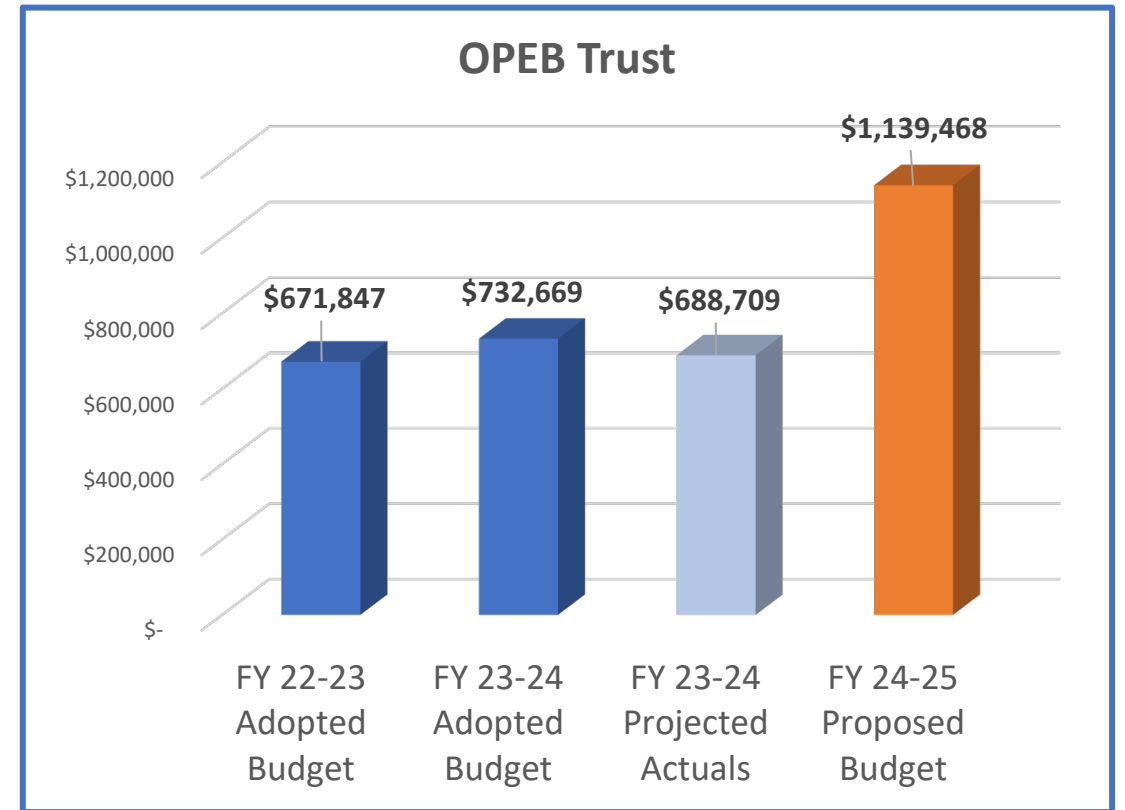
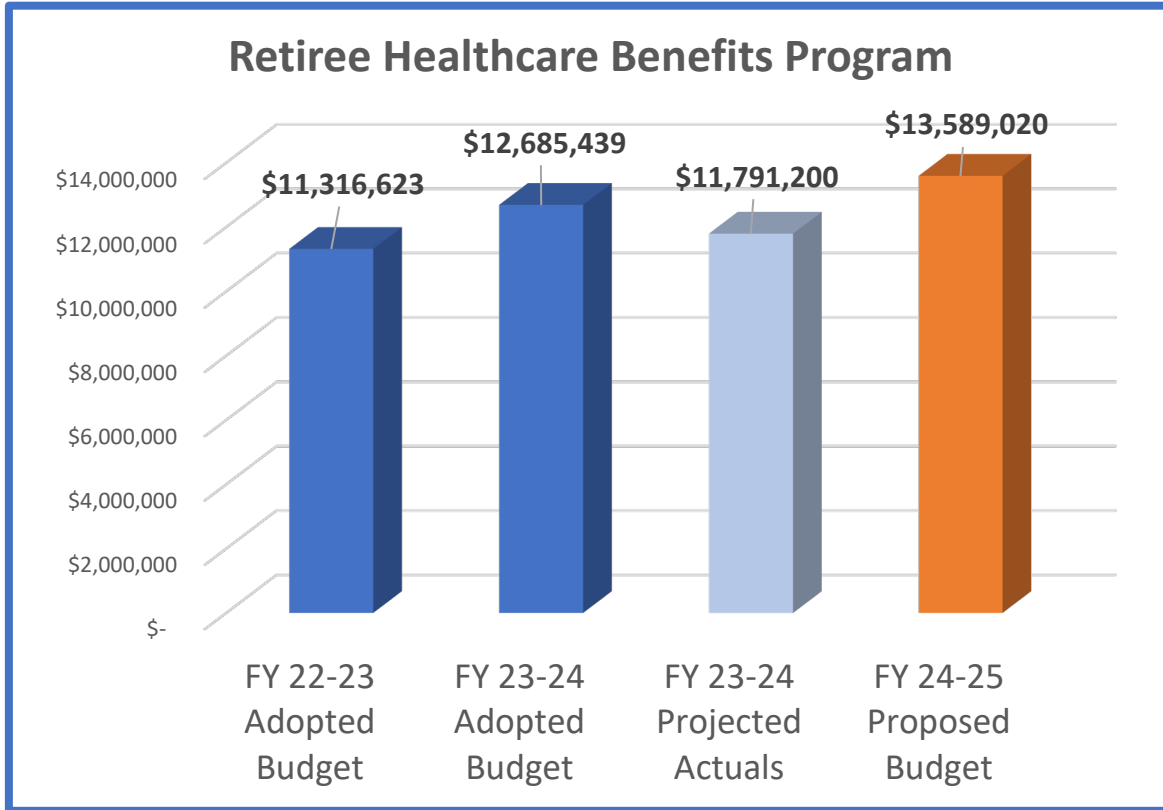


## RHCBP & OPEB TRUST BUDGETS



# Retiree Healthcare & OPEB Trust

## Three Year Budget Trend





Fiscal Year 2024-25

## Retiree Healthcare Benefits Program Budget Request Summary

RHCBP BUDGET	BUDGET FY 2023 - 24	BUDGET FY 2024 - 25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$5,752,105	\$6,519,686	\$767,581	13.3%
SERVICES & SUPPLIES	\$6,933,333	\$7,069,334	\$136,001	2.0%
<b>OPERATING BUDGET TOTAL</b>	<b>\$12,685,439</b>	<b>\$13,589,020</b>	<b>\$903,581</b>	<b>7.1%</b>



Reminder: Pension plan assets may not be used to support the RHCBP



# 2023-24 RHCBP Budget to Projected Actual

RHCBP BUDGET	BUDGET FY 2023 - 24	YTD ACTUAL 01/31/24	FULL YEAR PROJECTION	BUDGET FY 2024 - 25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$5,752,105	\$2,692,672	\$5,435,500	\$6,519,686	\$767,581	13.3%
SERVICES & SUPPLIES	\$6,933,333	\$3,692,845	\$6,355,700	\$7,069,334	\$136,001	2.0%
<b>OPERATING BUDGET TOTAL</b>	<b>\$12,685,439</b>	<b>\$6,385,516</b>	<b>\$11,791,200</b>	<b>\$13,589,020</b>	<b>\$903,581</b>	<b>7.1%</b>



# RHCBP 2024-25 BUDGET

## Summary of Significant Changes

Increase in Variable Benefits Due to New Staff Eligibility

Salary Step and Merit Increases

Increase in Departmental Overhead Costs

Member Verification (Social Security Admin)

Outside Legal Costs

Reduction of One-Time Professional Services Costs



Fiscal Year 2024-25

# Other Post Employment Benefits (OPEB) Trust Budget Request Summary

OPEB TRUST BUDGET	BUDGET FY 2023-24	BUDGET FY 2024-25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$521,881	\$825,111	\$303,230	58.1%
SERVICES & SUPPLIES	\$210,788	\$314,357	\$103,569	49.1%
<b>OPEB TRUST BUDGET TOTAL</b>	<b>\$732,669</b>	<b>\$1,139,468*</b>	<b>\$406,800</b>	<b>55.5%</b>

\* Represents 0.048% of the Trust’s Actuarial Value of Assets as of 6/30/22



# 2023-24 OPEB Trust Budget to Projected Actual



OPEB TRUST BUDGET	BUDGET FY 2023 - 24	YTD ACTUAL 01/31/24	FULL YEAR PROJECTION	BUDGET FY 2024 - 25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$521,881	\$304,430	\$490,568	\$825,111	\$303,230	58.1%
SERVICES & SUPPLIES	\$210,788	\$122,960	\$198,141	\$314,357	\$103,569	49.1%
<b>OPERATING BUDGET TOTAL</b>	<b>\$732,669</b>	<b>\$427,390</b>	<b>\$688,709</b>	<b>\$1,139,468</b>	<b>\$406,800</b>	<b>55.5%</b>

# THANK YOU!



**QUESTIONS?**

## Appendix

# FY 2024-25 Strategic Workplans

Members • Technology • People • Risk & Compliance • Fiscal Durability



# LACERA Strategic Priorities and Objectives



**BOR approved the Strategic Plan on July 6, 2023.**

**Board of Retirement**

## Strategic Priority Goals



**1 Superior Member Experience**  
Innovate and continuously improve the member experience



**2 Innovation through Technology**  
Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity



**3 Investing in People**  
Attract, motivate, hire, and retain a highly engaged and skilled workforce



**4 Compliance and Enterprise Risk Management**  
Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance



**5 Fiscal Durability**  
Exercise care and prudence in managing our resources and fund assets

## Objectives

- 1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey
- 1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan
- 1.3 Develop, implement, and deploy a digital strategy to better serve our members
- 1.4 Improve and enhance the retiree healthcare experience

- 2.1 Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform
- 2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information

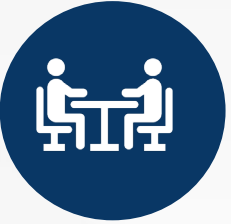
- 3.1 Develop and implement a DEI framework aimed at promoting and embracing diversity, equity, and inclusion
- 3.2 Develop enterprise-wide Training and Development Programs designed to support and encourage employee growth and development
- 3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning

- 4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations
- 4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management

- 5.1 Develop organizational tools to support enterprise-wide fiscal responsibility
- 5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals.



# Our Focus and Commitment



## Superior Member Experience

### **Objective 1.1 Member Journey**

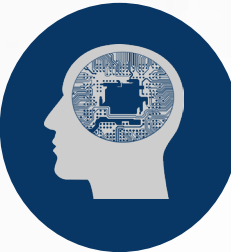
LEAD: Tatiana Bayer

Executive Sponsor: JJ Popowich

### **Objective 1.4 Retiree Healthcare**

LEAD: Tionna Fredericks

Executive Sponsor: JJ Popowich



## Innovation Through Technology

### **Objective 2.1 Business Intelligence**

LEAD: Kathy Delino

Executive Sponsor: Luis Lugo

### **Objective 2.2 Knowledge Management**

LEAD: Eugenia Der

Executive Sponsor: JJ Popowich



## Investing in People

### **Objective 3.1 D.E.I**

LEAD: Jasmine Bath

Executive Sponsor: Laura Guglielmo

### **Objective 3.3 Simplify and Improve Hiring**

LEAD: Carly Ntoya

Executive Sponsor: Laura Guglielmo

The nine strategic objectives serve as our focus this year, along with other strategic initiatives already underway.



## Compliance and Enterprise Risk

### **Objective 4.1 Build Ethics and Compliance Program**

LEAD: Steve Rice and Allison Barrett

Executive Sponsor: Luis Lugo



## Fiscal Durability

### **Objective 5.1 Improve Organizational Tools and Controls to Support Fiscal Responsibility**

LEAD: Ricki Contreras

Executive Sponsor: Laura Guglielmo

### **Objective 5.2 Review and Revise Funding Policy**

LEAD: Vache Mahseredjian

Executive Sponsor: Luis Lugo

# WORKPLAN - Strategic Objective 1.1



Strategic Goal: **Superior Member Experience**

Strategic Objective: **1.1 – Ensure an omni-channel experience at every stage of a member journey.**

Executive Sponsor and Leads: **JJ Popowich; Tatiana Bayer (Lead)**

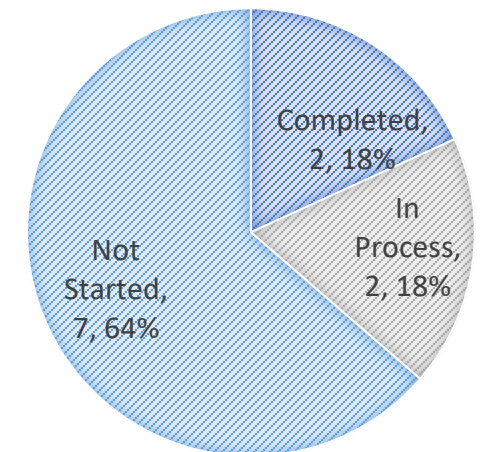
## Legend

On Schedule ● Complete ★  
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 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Determine the member's journey methodology	★	10/2023	01/12/2024
3	Member Experience Council Charter	●	10/2023	06/30/2024
4	Internal Communication Plan (BOR, OOC, Executive Team, and Staff)	●	10/2023	06/01/2024
5	Identify and define Member Journeys	◆	TBD	07/01/2024
6	Create tools to review and track progress on objective/initiatives	◆	TBD	06/30/2026
7	Identify the channels of service required for each member journey	◆	TBD	06/30/2026
8	Establish goals and KPI's for each member journey	◆	TBD	10/31/2026
9	Assess the consistency and service quality across each channel	◆	TBD	12/31/2026
10	Identify member interaction pain points and opportunities for improvement	◆	TBD	12/31/2026
11	Identify Budget Needs	◆	TBD	12/31/2026

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 1.4



Strategic Goal: **Superior Member Experience**  
 Strategic Objective: **1.4 – Improving the Retiree Healthcare (RHC) experience.**  
 Executive Sponsor and Lead: **JJ Popowich; Tionna Fredericks (Lead)**

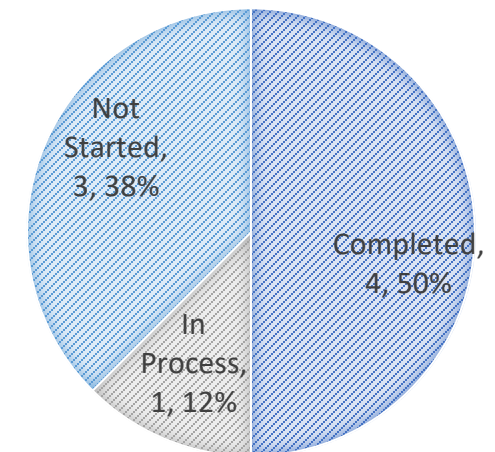
## Legend

On Schedule ● Complete ★  
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 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Build core team and schedule meeting cadence	★	10/2023	01/04/2024
2	Set-up team's collaboration timeline	★	10/2023	01/12/2024
3	Discuss ideas and opportunities for improving the Retiree RHC experience	★	10/2023	06/30/2024
4	Approval of Strategic Outline objective	★	10/2023	06/01/2024
5	Identify, Define, and Document Retiree Healthcare Roadmap	●	01/2024	12/31//2024
6	Coordinate communication plan with internal and stakeholders	◆	TBD	12/31/2024
7	Identify and implement automation opportunities i.e. SSA Data Exchange	◆	TBD	12/31/2025
8	Develop actionable KPI's to measure retiree and member satisfaction	◆	TBD	
9				
10				
11				

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 2.1



Strategic Goal: **Innovation Through Technology**  
 Strategic Objective: **2.1 – Implement Enterprise Business Intelligence Solution**  
 Executive Sponsor: **Luis Lugo; Kathy Delino (Lead)**

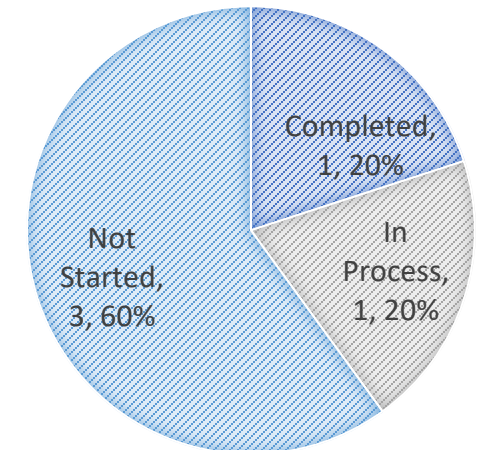
## Legend

On Schedule ● Complete ★  
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 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Develop objective scope and goals	★	10/2023	01/01/2024
2	Communication Plan, Communicate objective goals to various stakeholders	●	01/2024	06/30/2024
3	Centralize Data Governance- Establish Data Management Team	◆	TBD	12/31/2024
4	Publish Dashboards for Enterprise/Member Data (Explore Enterprise Solution)	◆	TBD	12/31/2026
5	Replace reporting requests with on-demand dashboards	◆	TBD	07/01/2024
6				
7				
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## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■





# WORKPLAN - Strategic Objective 2.2



Strategic Goal: **Innovation Through Technology**  
 Strategic Objective: **2.2 – Implement Enterprise Knowledge Management System**  
 Executive Sponsor: **JJ Popowich; Eugenia Der (Lead)**

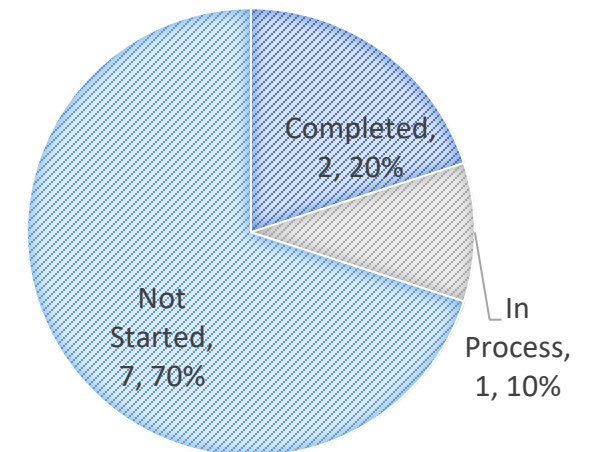
## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
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#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Project Approval by the IT Coordination Council	★	10/2023	03/31/2024
3	Communication Plan- Educate and Engage stakeholders on Knowledge Mgmt.	●	10/2023	07/01/2024
4	RFP for taxonomy consultant and selection of consultant	◆	03/2024	12/31/2024
5	Complete assessment of organizational needs and specifications	◆	TBD	03/31/2025
6	Update and reconcile data and knowledge	◆	TBD	06/30/2025
7	Select vendor and product	◆	TBD	06/30/2026
8	Project Launch	◆	TBD	07/31/2026
9	Create and adopt knowledge playbook/policy/guidelines	◆	TBD	12/31/2028
10	Project Completion	◆	TBD	12/31/2028
11				

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 3.1



Strategic Goal: **Investing in People**

Strategic Objective: **3.1 – Develop and implement framework aimed at promoting D.E.I.**

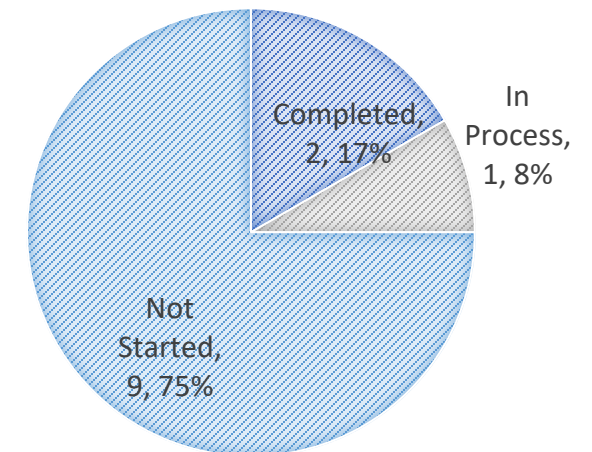
Executive Sponsor: **Laura Guglielmo; Jasmine Bath (Lead)**

## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
 Not Started ◆

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Communication Plan – IDEA (Inclusion, Diversity, Equity, and Accessibility)	●	10/2023	07/26/2024
3	Assemble a staff driven IDEA Council	★	TBD	07/26/2024
4	Prepare Charter for IDEA Council	◆	TBD	07/26/2024
5	Identify scope of work for Diversity, Equity, Inclusion, Belonging, and Accessibility (DEIBA) Advisor	◆	TBD	08/25/2024
6	Interview and hire DEIBA advisor	◆	TBD	09/25/2024
7	Collect data from staff, members, vendors, and business partners re: DEIBA	◆	TBD	11/24/2024
8	Develop topical library for internal and external users	◆	TBD	02/25/2025
9	Post IDEA initiative and educational content within LACERA Connect	◆	TBD	02/25/2025
10	Identify external business partners/vendors	◆	TBD	02/25/2025
11	Develop Organizational Training Plan re: DEIBA	◆	TBD	03/25/2025
12	Review KPI's and assess LACERA policy and procedures through DEIBA lens	◆	TBD	05/25/2025

# WORKPLAN - Strategic Objective 3.3



Strategic Goal: **Investing in People**  
 Strategic Objective: **3.3 – Improve and simplify hiring process**  
 Executive Sponsor: **Laura Guglielmo; Carly Ntoya (Lead)**

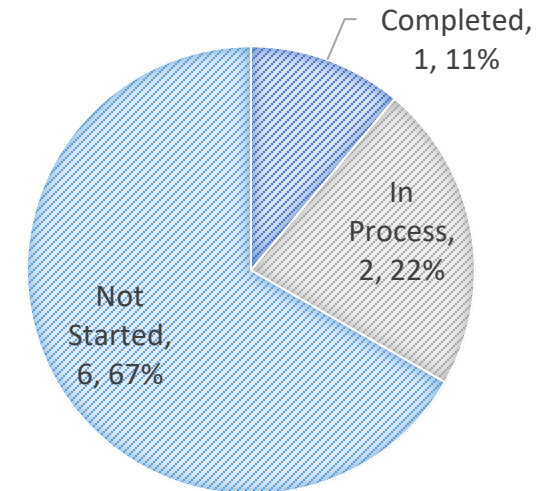
## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Labor Agreement for performance management changes	◆	TBD	06/30/2024
3	Explore opportunities to simplify LACERA Hiring Playbook	●	TBD	09/30/2024
4	Revise and publish employee handbook and orientation	●	10/2023	06/30/2024
5	Revise rater training	◆	TBD	12/31/2024
6	Expand use of NEOGOV for performance management	◆	TBD	06/30/2026
7	Achieve an organizational vacancy rate of 15% (determine internal KPI)	◆	TBD	12/31/2024
8	Enhance recruitment and applicant communication in NeoGov	◆	TBD	12/31/2024
9	Implement use of a job analysis tool to use and create competency-based assessment	◆	TBD	03/31/2025
10				
11				

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 4.1



Strategic Goal: **Compliance and Enterprise Risk**  
 Strategic Objective: **4.1 – Develop and implement an Enterprise Ethics and Compliance Program.**  
 Executive Sponsor: **Luis Lugo; Steven Rice and Allison Barrett (Leads)**

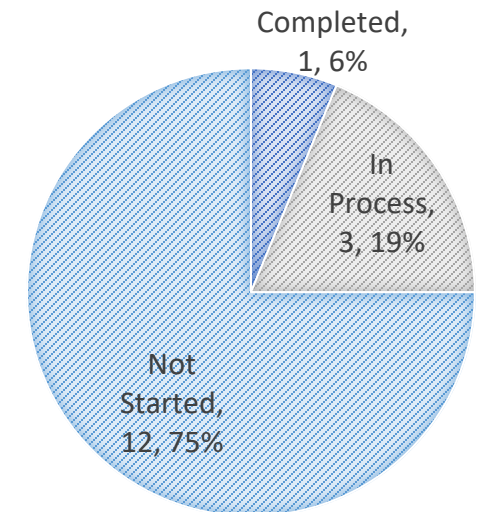
## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Ethics Compliance Program (ECP) Communication campaign	★	10/2023	Ongoing
2	Approval of ECP Charter (BOR, OOC, JOGC, Audit Committee, Boards)	●	10/2023	07/03/2024
3	Update and obtain approval of updated ACRE Charter	●	10/2023	07/03/2024
4	Chief Ethics and Compliance Officer (CECO) job description and class spec.	●	10/2023	09/01/2024
5	Ethics and Compliance Orientation for MAC, SAC, and staff	◆	TBD	09/01/2024
6	Complete inventory of all Policies, Procedures, and Charters	◆	TBD	10/01/2024
7	ECP First Year Workplan	◆	TBD	10/01/2024
8	Update LACERA Code of Ethical Conduct	◆	TBD	10/01/2024
9	ECP Training Program Plan	◆	TBD	10/01/2024
10	Determine critical risk areas and Scope of Program Oversight	◆	TBD	11/01/2024
11	County Approval of CECO position	◆	TBD	12/01/2024
12	PPC Management Software Solution/Compliance GRC solution (GRC 360)	◆	TBD	12/01/2024

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 4.1



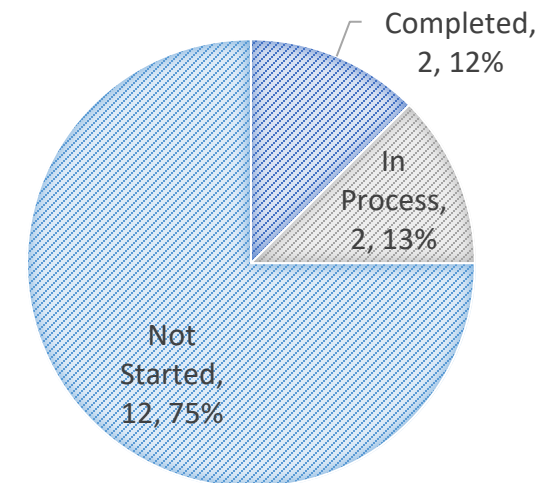
Strategic Goal: **Compliance and Enterprise Risk**  
 Strategic Objective: **4.1 – Develop and implement an Enterprise Ethics and Compliance Program.**  
 Executive Sponsor: **Luis Lugo; Steven Rice and Allison Barrett (Leads)**

### Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

### Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



#	Objective Milestones	Status	Start	Expected Completion
13	Initial/Baseline Divisional EC Risk Assessments and Ethical Culture Measurement	◆	TBD	12/21/2024
14	Development of recruitment process for ECO staff	◆	TBD	01/01/2025
15	Recruit/Hire CECO staff	◆	TBD	03/01/2025
16	Recruit/Hire ECO staff	◆	TBD	09/01/2025

# WORKPLAN - Strategic Objective 5.1



Strategic Goal: **Fiscal Durability**

Strategic Objective: **5.1 – Develop organizational tools and mindset to support fiscal responsibility**

Executive Sponsor: **Laura Guglielmo; Ricki Contreras (Lead)**

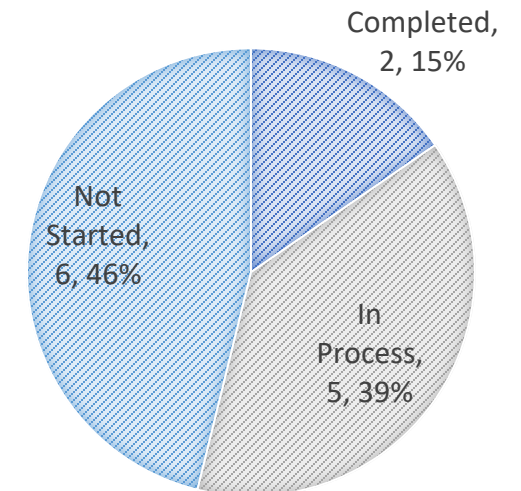
## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Finalize Certify AP Implementation	★	10/2023	02/28/2024
3	Finalize Budget software (Questica) Implementation/Complete full budget cycle	●	10/2023	06/30/2024
4	Finalize Contract/Vendor solution (Cobblestone) implementation/Train Users	●	10/2023	06/30/2024
5	Design and Implement Centralized Vendor Mgmt. Program	●	10/2023	07/01/2024
6	Update Procurement Policy	●	10/2023	07/01/2024
7	Create Non-Administrative Budget in Questica	●	TBD	12/31/2024
8	Design and Assess Scope of ERP & Timing of Acquisition – Consultant Only	◆	TBD	06/30/2025
9	Design and Deliver a Comprehensive Financial Training for Managers	◆	TBD	06/30/2025
10	Design and Deliver Basic Financial Training for Staff	◆	TBD	06/30/2025
11	Implement Travel Module for Certify AP or equivalent	◆	TBD	06/30/2025
12	Automate the budget book publishing	◆	TBD	06/30/2025
13	Design and Deliver a Comprehensive Financial Training for Supervisors (1-30/2026)	◆	TBD	1/30/2026

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■



# WORKPLAN - Strategic Objective 5.2



Strategic Goal: **Fiscal Durability**  
 Strategic Objective: **5.2 – Update and revise LACERA Actuarial Funding Policy**  
 Executive Sponsor: **Luis Lugo; Vache Mahseredjian (Lead)**

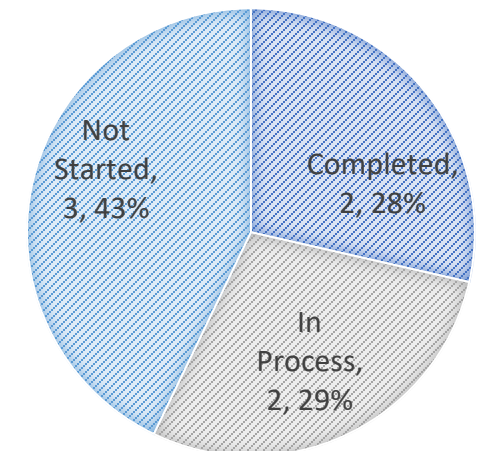
## Legend

On Schedule ● Complete ★  
 Delayed/Stopped ▲  
 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives. Investment team in collaboration with FASD and Legal led jumpstart during 2023 BOI offsite	★	09/2023	01/01/2024
2	Review of existing policy and discussion of desirable elements	★	10/2023	12/01/2023
3	Schedule meetings among workgroup to develop draft of new policy	●	10/2023	03/21/2024
4	FASD and LACERA Actuary (Milliman) to draft separate interest crediting proc.	●	01/2024	04/30/2024
5	Seek approval of funding policy and interest crediting by LACERA ECC	◆	TBD	05/24/2024
6	Prepare cover memo and presentation for June BOI meeting	◆	TBD	05/31/2024
7	Recommend adoption of new policy at BOI Meeting	◆	TBD	06/12/2024

## Milestone Tracker

■ Completed ■ In Process ■ Not Started ■

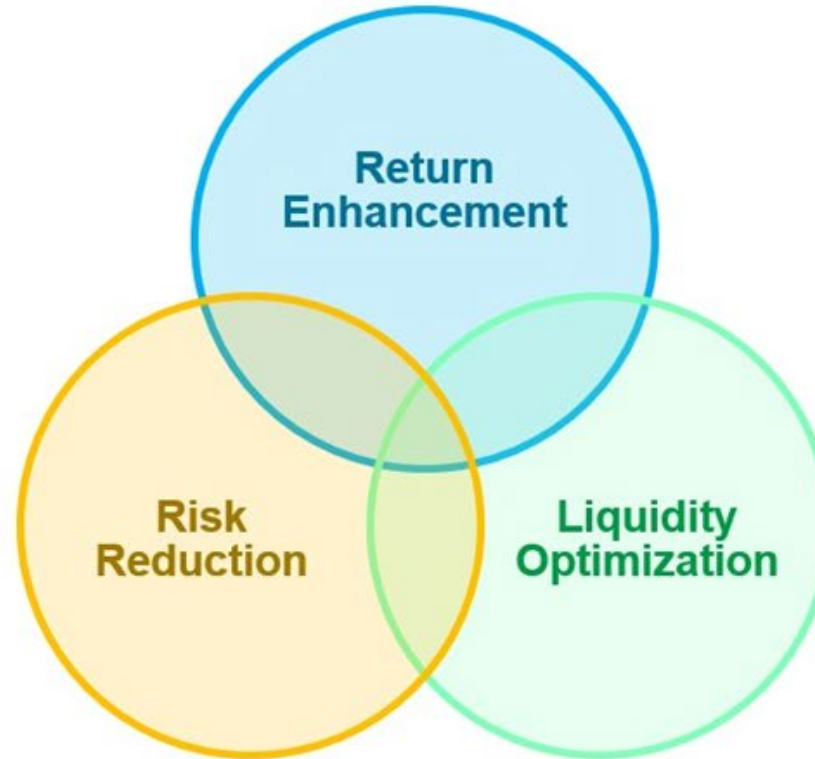
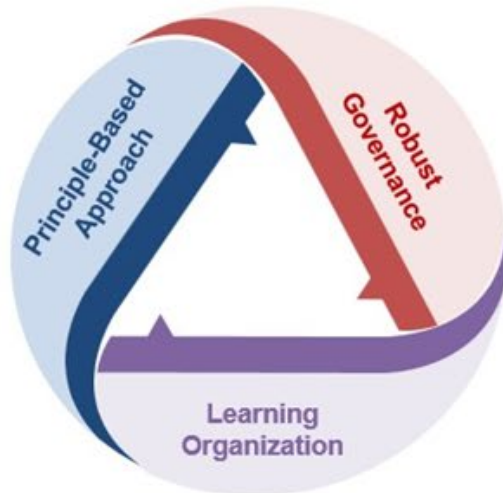


# BOI Strategic Initiatives



## Execute Strategic Asset Allocation

Dynamic Investment Program

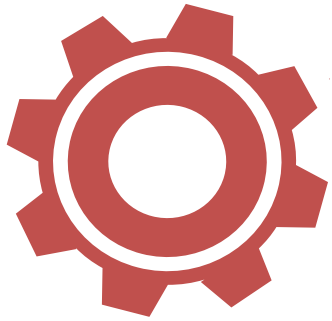


Strategic Initiatives



**Mission: To produce, protect and provide the promised benefits to our members**





## Enhance Operational Effectiveness

### Objective:

To maximize the efficiency of our resources (internal and external, human and technological) and mitigate varied investment and enterprise risks, which can improve future outcomes

### Progress:

- Evolved LACERA's policies, governance, and investment making decision structure
- Completed hire of deputy chief investment officer
- Implemented a digital platform to evaluate questionnaires and other diligence materials
- Completed operational due diligence review covering investment processes and controls
- Increased influence and reduced operational risk via single-investor vehicles
- Established annual private markets valuation reconciliation process

### Aspirations:

- Optimize presentation and quality of information available to the Board
- Consider OPEB structure evolutions
- Search for a consolidated public and private markets investment analytics platform
- Explore technological opportunities and maximize value from adoption
- Elevate operational due diligence function, including hiring a dedicated professional



## Optimize Investment Model

### **Objective:**

To leverage our competitive advantages through deliberate investment models and structures that harness technology, cost effectiveness, and human capital to maximize risk-adjusted returns

### **Progress:**

- BOI increased delegated authority improving LACERA's investment competitiveness
- Advanced OPEB Trust strategic asset allocation: approved investment beliefs and public markets passive investment manager search, completed first private markets investment
- Documented investment processes, increasing department-wide consistency and accountability
- Deployed co-investment and secondary capital across several asset categories
- Hedging and overlays implemented to dynamically balanced asset category targets
- Active monitoring and quarterly portfolio-wide discussion of risk management
- Launched new manager intake portal

### **Aspirations:**

- Continue cultivating a dynamic investment program
- Further optimize internal staff investment committees and due diligence practices
- Continue to refine rebalancing practices
- Adopt complexity where well-rewarded and limit unrewarded complexity
- Organize effective educational sessions and orientations



## Maximize Stewardship and Ownership Rights

### Objective:

To steward our investments – including legal rights associated with them – in a manner that promotes and safeguards our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy

### Progress:

- Updated Corporate Governance and Stewardship Principles
- Increased proxy voting authority to about 96% of equity portfolio by value in past five years
- Expanded ESG in real assets with restated Responsible Contractor Policy (RCP) and Global Real Estate Sustainability Benchmark (GRESB) affiliations
- Incorporated analytics to model financial impacts from climate change and energy transition for climate-aware strategic asset allocation modeling
- Expanded engagements on board diversity, climate, investor voting rights, public policy

### Aspirations:

- Update climate modeling to inform Board's 2024 strategic asset allocation decision
- Expand ESG and climate reporting and data coverage in private asset classes
- Integrate GRESB and RCP in entire Real Assets
- Assume voting rights in OPEB separate account structure
- Amplify progress and leadership in governance and ESG initiatives



## Strengthen Influence on Fees and Cost of Capital

### **Objective:**

To strengthen our influence on fees and cost of capital with the goal of maximizing returns by minimizing cost across all investment strategies and structures in a manner that promotes durable investment returns

### **Progress:**

- Re-negotiated terms for several legacy mandates improving future outcomes
- Made co-investments across asset categories to drive fee savings
- Established dedicated managed accounts to enable broad term negotiations
- Instituted annual total Fund fee analysis and review, including BOI reporting
- Invested with early-stage emerging managers while achieving future capacity rights and revenue sharing agreements where possible

### **Aspirations:**

- Continue being “term-makers” as opposed to “term-takers” on fee, legal, and other terms
- Foster creativity when designing terms and account structures to both limit risks and enhance expected return outcomes
- Communicate progress towards optimizing implementation costs through improved expense and fee analytics and reporting



LACERA T.I.D.E  
Towards Inclusion,  
Diversity, and  
Equity.

## Objective:

To improve outcomes through comprehensive, total Fund efforts that encourage constructive, inclusive, and equitable talent management at investment partners, industry, and internally

## Progress:

- Focused on career development for existing team and onboarding new hires
- Engaged strategic private equity partners on portfolio board recruitment and DEI practices
- Continued increase in manager reporting responsiveness, granularity, and candor
- Reviewed Real Assets managers' responsible contracting provisions, including DEI practices
- Expanded allocation opportunities for emerging managers
- Formally affiliated to CFA Institute DEI Code
- Supported expanding due diligence and standardized templates at industry associations to facilitate DEI reporting availability and reliability in financial services industry

## Aspirations:

- Be an employer of choice at all levels from internships through management
- Inspire LACERA's managers to adopt DEI programs to increase risk-adjusted returns
- Utilize wider data sets to inform manager DEI benchmarking and progress
- Integrate takeaways from private equity portfolio company board DEI review into fund underwriting and monitoring
- Continue to enhance insights on firm ownership demographics, where available

FISCAL YEAR  
2024-2025



ADMINISTRATIVE,  
RETIREE HEALTHCARE BENEFITS, AND  
OPEB TRUST BUDGETS

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## Mission

To provide the vision and direction to the LACERA organization utilizing people, systems, policies, and processes for the purpose of implementing LACERA’s mission to produce, protect, and provide the promised benefits to our members.

The proposed Administrative Budget for FY 2024-25 represents the fiscal plan for implementing LACERA’s administrative and operational objectives toward achieving our mission to produce, protect and provide the promised benefits to our members. This proposed budget reflects the Strategic Priorities and Strategic Initiatives outlined in the Board of Retirement’s adopted 2023-28 Strategic Plan and the Board of Investments Strategic Plan.

### *BOR Strategic Priorities*

- Superior Member Experience
- Innovation Through Technology
- Investing In People
  
- Enterprise Risk Management and Compliance
- Fiscal Durability

### *BOI Strategic Initiatives*

- Enhance Operational Effectiveness
- Optimize Investment Model
- Maximize Stewardship and Ownership Rights
- Strengthen Influence on Fees and Cost of Capital
- LACERA T.I.D.E.

Together, the BOR and BOI ensure LACERA’s resources are allocated appropriately and prudently managed, consistent with their fiduciary duties to our members.

## **Board of Retirement’s Strategic Priorities**

### *Superior Member Experience*

LACERA remains committed to innovating and continuously improving the member experience, from the beginning of their career through the legacy they leave their survivors. We call this the “member lifecycle” and the member experience is defined by the many “member journeys” that reflect different stages for their lifecycle. Each member journey is defined by every interactive touchpoint they have with LACERA throughout that journey. We recognize that LACERA’s membership is diverse, with different needs and

preferences that often change at different stages of their lifetime. Our approach to service must be nimble enough to meet their individual needs today and into the future.

Our current focus is augmenting our highly personalized service by building an educational, digital, customized, and member-centered framework for every stage of the member journey with the long-term goal of enabling members to conveniently access our benefit and healthcare enrollment services 24/7 and confidently retire in the palm of their hand.

In FY 2023-24, LACERA created a Member Experience Council, a team of subject matter experts from all member-facing groups and key internal business partners, to identify all the various member journeys. This group is actively working on their formal charter and outlining their roles and responsibilities, which will be considered and approved by the Ethics and Compliance Committee (ECC), and developing their internal communication plan.

In FY 2024-25, LACERA plans to expand on this foundational work by identifying and defining member journeys and identifying, defining, and documenting the retiree healthcare roadmap. The group will continue to map individual journeys, determine how we can improve the member experience, and track the member experience performance to ensure we continually focus on making these journeys a superior member experience.

### *Innovation Through Technology*

LACERA is committed to leveraging technological solutions to advance capabilities, increase productivity, and elevate our operational maturity. Information technology (IT) tools, when well designed and implemented, support the effective and efficient accomplishment of an organization's goals, objectives, and strategies. LACERA's strategic objectives over the next five years will work toward maturing and adapting LACERA IT architecture and applications infrastructure.

Our current focus centers on data and knowledge—specifically, developing an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform. Additionally, we intend to implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information.

The Systems Division plays a critical role in successfully implementing all of LACERA's strategic priorities and initiatives. New technology solutions to business problems are vetted through the Information Technology Coordination Committee (ITCC). Once approved and budgeted, the Project Management Office leads the implementation with subject matter experts in the impacted operating divisions, and then transitions the ongoing support and maintenance to either the Infrastructure Group or the Business Solutions Group. A detailed summary of planned IT projects for FY 2024-25 can be found immediately following this summary.

## *Investing in People*

LACERA recognizes that the key to its success lies in its people. Our overarching goal is to make LACERA the employer of choice by offering a workplace culture that values and encourages staff development, actively implements equity and inclusion in our policies and practices, pays fair wages, values employees' ideas, and provides staff the tools and resources necessary for individual and collective success.

In FY 2023-24, LACERA is on track to administer exams to promulgate 25 new lists, onboard 40 new permanent staff in 10 of 15 divisions throughout the organization, and provide internships for seven students. Hiring includes a new core training class of 21 RBS Is (expected to start in June), while promotions will include 28 existing staff (including 17 new RBS IIs who will graduate from the core training).

Additionally, the following major projects worked on in FY 2023-24 support the Investing in People strategic priority:

- *Hiring Manager Playbook*: Human Resources developed a guide for LACERA managers responsible for hiring decisions (hiring managers). The guide helps managers to communicate: employment laws and rules (such as civil service rules) that LACERA follows to ensure fair and equal employment, choices hiring managers may have in how they go about filling vacant positions, and the set of procedures to follow to ensure compliance with applicable employment laws and rules that LACERA is subject to. The *Hiring Manager Playbook* is available for staff and manager reference on LACERA Connect, our staff intranet site, and is now being used consistently across the organization. The *Hiring Playbook* is intended to be a living document and will be amended as needed to reflect opportunities to streamline processes and procedures while still safeguarding LACERA's commitment to civil service and equal employment opportunities for all.
- *Leadership Pipeline*: LACERA managers (MAC Team) developed and documented a succession-planning tool known as the Leadership Pipeline. The Leadership Pipeline is a transparent set of guidelines for all employees, tailored to LACERA's unique expectations at all staffing levels. This document will be socialized with staff; made accessible to all on LACERA Connect, our staff intranet site; and used by managers as part of their staff development responsibilities and to consistently communicate expectations and standards.
- *IDEA Initiative*: At the suggestion of staff, LACERA has rebranded our enterprise-wide diversity, equity, and inclusion (DEI) program, formerly known as LEAD, as IDEA (Inclusion, Diversity, Equity, and Accessibility). Although the framework remains the same and touches on the employee experience, member experience, and business partners and community partners, the old acronym was challenging to remember. In addition, staff felt it was important to add accessibility and belonging as fundamental to the initiative.

In FY 2024-25, LACERA will continue focusing on reducing our vacancy rate through increased hiring; increasing staff training and development; and maturing our workplace culture. Implementing our hiring plan priorities is expected to result in a reduction of staff vacancies from 21 percent to 15 percent. We will continue to explore opportunities to simplify our *Hiring Playbook*, revise our rater training, enhance recruitment and application communication through technology, and implement a more efficient job analysis tool used to create competency-based assessments. We will focus on better supporting existing staff by revising and publishing an updated employee handbook, improving and expanding our use of performance management tools, increasing and expanding staff training and development opportunities, reviewing our policies and procedures through a DEI lens to identify and seek to remove artificial barriers, and soliciting and obtaining employee feedback to support their sense of belonging within the organization.

### *Enterprise Risk Management and Compliance*

LACERA will enhance and elevate our risk governance structure through the establishment of formal compliance and enterprise risk management (ERM) programs that will facilitate management's compliance and risk management efforts. These efforts are continuous because risks constantly change.

In FY 2024-25, LACERA plans to focus on foundational actions towards implementing a centralized Ethics and Compliance Program (ECP). The purpose of the ECP is to promote a strong and engaged culture of ethical conduct and compliance with laws, regulations, policies, and procedures in order to meet our fiduciary duty to LACERA members, reduce risk, and improve business operations. The FY 2024-25 workplan includes:

- Ongoing communication to socialize the goals and objectives of the ECP;
- Develop and obtain approval from the Board of Retirement and Board of Investments for a program charter;
- Compile an inventory of all LACERA policies and procedures;
- Update LACERA's Code of Ethical Conduct and develop a training program to support and reinforce expectations;
- Identify the critical risk areas and the program oversight structure required;
- Obtain County approval for the Chief Ethics and Compliance Officer (CECO) position and staffing structure;
- Recruit and onboard a CECO; and
- Identify how the program will assess and measure success by evaluating the current baseline and key performance indicators.

### *Fiscal Durability*

LACERA has two equally critical responsibilities when it comes to managing resources and fund assets. We must:

- Ensure prudent and durable fiscal management of LACERA's budget and resources expended to administer the benefits, and
- Ensure the Board of Investments' strategic initiatives to manage LACERA's investment portfolio are implemented and supported to maximize the performance of our funds.

These responsibilities are necessary to ensure the long-term viability of the fund and intergenerational equity for future members, balanced with keeping employer and member contribution rates low and services provided to our members high.

In FY 2023-24, LACERA implemented its first automated budget system, Questica Budget (QB), replacing its decades-old manual practices that were inefficient and lacked real-time reporting and transparency. This new system was used to develop this FY 2024-25 Budget and is being used by LACERA managers to monitor and manage their FY 2023-24 budgetary resources. LACERA also implemented an automated accounts payable system (AP Certify) and is finalizing implementation of an enterprise contract lifecycle management system (Cobblestone).

In addition, staff have begun the critical work of updating and revising LACERA's Actuarial Funding Policy, incorporating LACERA's Investment Policy Statement. The Actuarial Funding Policy guides the BOI in determining the employer and member contribution rates toward achieving a 100 percent funding ratio. Staff anticipates bringing the proposed new Actuarial Funding Policy to the BOI by June 2024.

In FY 2024-25 LACERA will continue developing and promoting organizational tools and a mindset of supporting enterprise-wide fiscal responsibility. Specific projects include:

- Designing and implementing a centralized Vendor Management Program within the Administrative Services Division, which will leverage the use of AP Certify, Cobblestone, and QB, and improve compliance with LACERA's fiscal and purchasing policies
- Beginning the process of identifying future needs for an enterprise resource planning tool to replace our aging financial system and implementation requirements
- Designing and delivering basic financial training for all staff
- Creating a non-administrative budget in QB and automating the budget book publishing
- Implementing an automated travel module to better support trustee and staff travel needs

LACERA will also continue to support the BOI's strategic initiatives discussed below.

### **Board of Investments' Strategic Initiatives**

Implementation of the Board of Investments' Strategic Initiatives is key to ensuring the plan's long-term fiscal durability and moving toward our vision to be a best-in-class

investor. While the Investments Office has primary responsibility for these initiatives, they are supported by the Executive Office, Legal Services Office, and the Business Services Group (Human Resources, Financial and Accounting Services, Systems, and Administrative Services).

### *Enhance Operational Effectiveness*

Our objective is to maximize the efficiency of our resources (internal, external, human, and technological) and mitigate varied investment and enterprise risks, to improve future outcomes. Investments Office staff continue to optimize presentation and quality of information available to the Board of Investments; are considering Other Post Employment Benefits (OPEB) structure evolutions; are searching for a consolidated public and private markets investment analysis platform, as well as other technological improvements; and plan to elevate LACERA's operational due diligence function.

### *Optimize Investment Model*

Our objective is to leverage our competitive advantages through deliberate investment models and structures that harness technology, cost effectiveness, and human capital to maximize risk-adjusted returns. In FY 2024-25, the Investments Office will continue cultivating a dynamic investment program; further optimize internal staff investment committees and due diligence practices; continue to refine rebalancing practices; adopt complexity where well-rewarded and limit unrewarded complexity; and organize effective educational sessions and orientations.

### *Maximize Stewardship and Ownership Rights*

Our objective is to steward our investments, including legal rights associated with them, in a manner that safeguards our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy. The Investments Office plans to update climate modeling to inform the Board's 2024 strategic asset allocation decision; expand environmental, social, and governance (ESG) factors, climate reporting, and data coverage in private asset classes; integrate global real estate sustainability benchmarks (GRESBs) and the Responsible Contractor Policy in entire real assets; assume voting rights in the OPEB separate account structure; and amplify progress and leadership in governance and ESG initiatives.

### *Strengthen Influence on Fees and Cost of Capital*

Our objective is to strengthen our influence on fees and cost of capital with the goal of maximizing returns by minimizing cost across all investment strategies and structures in a manner that promotes durable investment returns. We plan to work toward this by continuing to be "term-makers" as opposed to "term-takers" on fees, legal, and other terms; foster creativity when designing terms and account structures to both limit risks and enhance expected return outcomes; and communicate progress toward optimizing implementation costs through improved expense and fee analytics and reporting.

Although under the County Employees Retirement Law of 1937 (CERL) investment fees are not included in the administrative budget, the expenditures are noted in the Non-Administrative Expense section of the FY 2024-25 Proposed Budget documents.

*LACERA T.I.D.E. (Towards Inclusion, Diversity, and Equity)*

Our objective is to improve outcomes through comprehensive, total fund efforts that encourage constructive, inclusive, and equitable talent management with our investment partners, industry, and internally. We plan to work toward becoming an employer of choice at all levels, from internships to management; inspire LACERA's investment managers to adopt DEI programs to increase risk-adjusted returns; utilize wider data sets to inform manager DEI benchmarking progress; integrate takeaways from private equity/ portfolio company board DEI reviews into fund underwriting and monitoring; and continue to enhance insights on firm ownership demographics, where available. While complementary, LACERA T.I.D.E. is distinct from the Board of Retirement's DEI initiative, IDEA, in that it focuses on investment staff and partnerships.

**Conclusion**

The FY 2024-25 Proposed Budget reflects the resources necessary to effectively and efficiently administer the retirement programs to fulfill LACERA's mission. Once Trustees review this fiscal plan and are satisfied that it is prudent, we anticipate they will approve and adopt the FY 2024-25 Budget.

## Summary of Technology Modernization Projects for FY 2024-25

Project Title	Description	Benefit/Goal	FY 24/25 Budget	Phase	Estimated Completion Date
<b>Member Experience Communication Project (MECP)</b>	LACERA seeks to modernize our existing telecommunications infrastructure for servicing our members. This funding is requested to support LACERA's telecommunications strategy to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and our pension administration system. Initial funding for this project was requested during the FY 2023-24 budget to support both the Pasadena office and Member Service Contact Center; however, the member servicing portion was deferred to focus on updates to the corporate telecommunications infrastructure.	The goal is to establish a modern member contact center that provides efficient customer service, omnichannel support, and an enhanced customer experience. The benefits will be enhanced service quality, reduced costs, and improved member satisfaction.	\$600,000	Phase 1 of 1	06/30/25
<b>Member Case Management System: Phase 2</b>	Case management continues to be a top priority for LACERA in the upcoming fiscal year. During FY 2023-24, LACERA will complete implementation of Phase 1 of the project, which includes the Disability Retirement, Disability Appeals, and First Payment processes. The estimate in this current fiscal year is for continuous enhancements to the implemented Phase 1 processes as those workflows mature and to begin implementation of Phase 2. Phase 2 will focus on the insurance enrollment and member appeals resolution processes, which include legal review, insurance appeals and escalation, insurance enrollment, and administrative appeals and escalation. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources.	The goal is to track and manage insurance enrollment, administrative appeals, and escalation cases. The benefits will be more efficient processing, greater automation, and improved member satisfaction.	\$500,000	Phase 2 of 5	06/30/25
<b>Enterprise Knowledgebase Solution</b>	To support LACERA's strategic objective of Innovation Through Technology, the organization seeks to implement an enterprise knowledge management solution that stores and organizes the knowledge and information of the organization into a single robust solution. We currently maintain this critical enterprise content in multiple formats and on disparate systems. This project will improve the efficiency of processes and operations by reducing the time and effort required to access and use relevant knowledge and information, preserve intellectual assets by capturing and storing knowledge of subject matter experts or retirees, and support learning and development of staff by providing a resource to acquire and update their knowledge and skills.	The goals are to establish a centralized repository and workflow for business rules, procedures, and operating instructions. The benefits will be consistent and transparent development, review, publication, and adoption of business rules. This new system will also allow us to retire older disparate systems: the Benefits Wiki, KBase, Member Services Operating Instructions, and Benefits Index.	\$250,000	Phase 1 of 1	06/30/25



## Summary of Technology Modernization Projects for FY 2024-25

Project Title	Description	Benefit/Goal	FY 24/25 Budget	Phase	Estimated Completion Date
<b>Secure Access Service Edge (SASE) Solution</b>	To support LACERA's strategic objective of Innovation Through Technology, the Systems Division and Information Security Office seek to implement an SASE solution that will enable the organization to better support our remote and hybrid workforce automatically by connecting them to nearby cloud gateways for better performance. This project will replace the organization's current Netskope solution with a more simplified system that is easier to manage and troubleshoot and provides consistent, secure access to all applications, while allowing the engineering and information security teams to have full visibility and inspection across all network ports and protocols.	The goal is to replace our Netskope solution with a system that is less complex, easier to troubleshoot, and provides consistent secure access to all applications. The benefits are smooth and secure access for our end users, whether they are in the office or working remotely.	\$235,000	Phase 1 of 1	06/30/25
<b>Member Identity Verification Solution</b>	To support LACERA's strategic objective of Superior Member Service and as part of our commitment to protecting the promised benefits, the organization seeks to improve our member identity verification processes. This project will ensure the organization can leverage identity verification and/or authentication services that adhere to the highest standards of data privacy and protection while enhancing the user experience and member satisfaction, reducing operational costs, and improving compliance and security requirements.	The goal is to ensure that LACERA is using the identity verification and/or authentication services that adhere to the highest standards of data privacy and protection. The benefits include continued compliance with security requirements while enhancing member experience and satisfaction.	\$220,000	Phase 1 of 1	06/30/25
<b>Facilities Management Solution</b>	The Administrative Services Division seeks to implement an enterprise facilities management software solution to replace the current tediously manual and labor-intensive processes. The new system will seek to implement automation to ensure that the organization can properly manage the health and safety of our work environment while enhancing our ability to improve facilities-type requests. The same amount for this project was requested during the FY 2023-24 budget; however, this project was deferred due to resource constraints and the need to focus on higher priority initiatives.	The goal is to provide automation, process improvement, transparency, and metrics for LACERA's facilities management process.	\$150,000	Phase 1 of 1	06/30/25
<b>Teams Room Conversion</b>	The Systems Division is converting all LACERA conference rooms to Microsoft Teams-enabled meeting rooms. This project is being implemented in three phases, with Phases 1 and 2 completed during the FY 2023-24 budget. Funding for Phase 3 is being carried forward from the FY 2023-24 budget, and once completed, each conference room will provide a rich and collaborative Teams meeting experience that is simple to use and supports LACERA's flexible hybrid work environment.	The goal is to facilitate collaboration for LACERA's hybrid workforce. The benefits include enhanced collaboration and inclusivity, efficient meeting execution, and increased productivity.	\$125,000	Phases 3 of 3	06/30/25

## Summary of Technology Modernization Projects for FY 2024-25

Project Title	Description	Benefit/Goal	FY 24/25 Budget	Phase	Estimated Completion Date
<b>Benefits PBI Upgrade</b>	To support LACERA’s strategic objective of Superior Member Service, the Benefits Division seeks to replace its current end-of-life member/beneficiary research system. The new system will ensure that the organization can quickly and accurately identify deceased members and locate or identify the beneficiary, to fulfill our fiduciary responsibilities and pay out the owed benefits. The same amount for this project was requested during the FY 2023-24 budget; however, this project was deferred due to resource constraints and in lieu of the vendor extending support in the current system.	The goal is to reduce the risk of benefit overpayments to deceased members and more efficiently locate beneficiaries who are owed death benefits.	\$100,000	Phase 1 of 1	06/30/25
<b>Digital Mailroom</b>	LACERA seeks a virtual mailroom to ensure business continuity by providing efficient and secure management of incoming mail. The virtual mailroom would use an outsourced solution to provide uninterrupted document processing and remote accessibility. During FY 2024-25, LACERA would like to complete a pilot project for the digital mailroom to ensure that the solution would be effective and provide business continuity and seamless disaster recovery.	The goal for the virtual mailroom is to provide uninterrupted document processing and remote accessibility. The benefits include business continuity and productivity enhancements.	\$100,000	Phase 1 of 1	06/30/25
<b>Human Resources Recruitment Module (Neogov)</b>	LACERA seeks to expand our use of Neogov to include the “Attract” talent acquisition modules, expand the use of the “Perform” modules to include performance evaluations for represented staff members, and add the use of the “Learn” module as an organization learning management system.	The goals of the expanded use of Neogov are to enhance candidate relationship management and to streamline the recruitment process. The benefits will include simplified sourcing of candidates, automating outreach to applicants, organizing candidates skills for efficient follow-up, and providing actionable insights for employee development.	\$71,000	Phase 1 of 1	06/30/25
<b>Policy, Governance Risk and Compliance (GRC), and Audit Solution</b>	LACERA seeks to implement a comprehensive Governance Risk and Compliance (GRC) solution that includes the following modules: Policy Management, IT Governance Risk and Compliance, Enterprise Risk Management, Ethics and Compliance, and Audit.	The goals of the project include the ability to identify and assess risks, predict and prevent losses, comply with industry standards, and provide transparent information sharing. The benefits include greater efficiency, increased transparency, and overall organizational accountability.	\$70,000	Phase 1 of 1	06/30/25



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2024-2025

## Mission

To produce, protect, and provide the promised benefits to our members

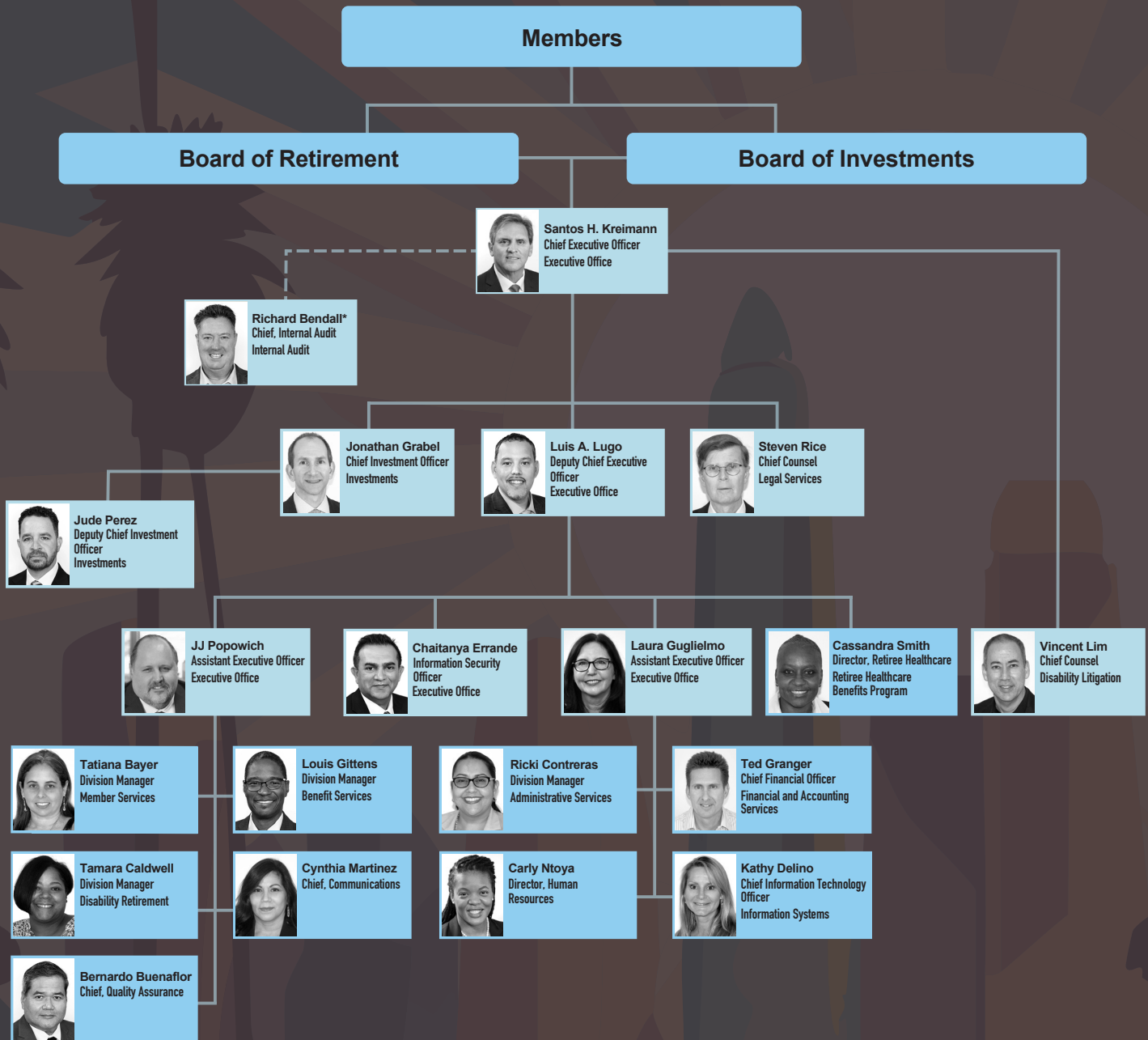
## Vision

Empowering our members to enjoy a healthy and secure retirement

## Values

Accountability Collaboration Inclusivity  
Innovation Integrity Transparency

# Organizational Chart



\* Reports functionally to the Audit Committee and administratively to the CEO

# BUDGET POLICIES

The LACERA Budget is an annual financial plan with the purpose of promoting the long-term economic sustainability and responsible resource allocation to meet LACERA’s mission to produce, protect, and provide the promised benefits to our members and beneficiaries.

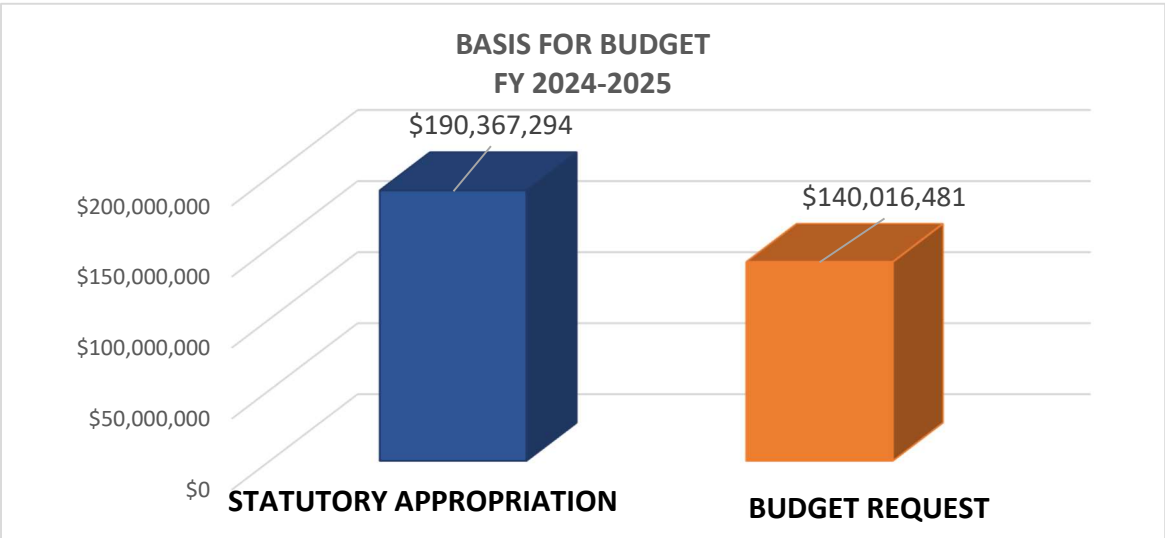
The budget is made up of three operating funds: the Administrative Fund, the Retiree Healthcare Benefits Program Fund, and the Other Post-Employment Benefits (OPEB) Trust Fund.

The annual budget aligns with LACERA’s fiscal year (FY), the 12-month period from July 1 to June 30.

## Legal Requirement

Government Code 31580.2 of the County Employees Retirement Law (1937 Act) requires the annual adoption of a budget covering the entire expense of 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 21 basis points (0.21 percent) of the actuarial accrued 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. Additionally, Government Code Section 31596.1 provides that the following expenses shall not be considered as costs of administering the system: investing its moneys, securing custodial bank services, securing actuarial services, and securing attorney services. As such, these costs are not included in the Administrative Budget.

Per the 1937 Act, LACERA’s statutory appropriation for FY 2024-25 is \$190,367,294. The proposed budget for FY 2024-25 totals \$140,016,481, \$50,350,813 below the statutory appropriation limit. Further, CERL requires that the administrative budget be funded from investment earnings of the plan.



## **JOGC Oversight**

In addition to the statutory codes, the budget is also guided by LACERA's Joint Organizational Governance Committee (JOGC), which provides oversight during the annual budget development cycle. The process consists of staff developing a preliminary budget plan that considers and supports the approved strategic objectives and general operating needs. The preliminary budget is presented to the JOGC for review. Recommendations by the JOGC are presented to the Board of Retirement and Board of Investments ("the Boards") during the budget hearings. Staff incorporates changes agreed upon in the budget hearings and brings the recommended budget to the Board of Retirement and the Board of Investments for review and independent adoption before June 30.

## **Budgetary Control and Financial Forecasting**

LACERA has a responsibility to maintain a fiscally sustainable budget that aligns our Strategic Plan objectives and goals with the itemized resources and organization required to fulfill our mission, vision, and values. This financial plan is developed by staff and management and is approved by the Boards. After the budget is developed and approved, staff and management have a responsibility to monitor and forecast expenditures to ensure resources are being used as intended to meet LACERA's needs.

While the annual budget process is designed to develop the 12-month budget or financial plan for approval prior to the start of the fiscal year, a mid-year review of that plan helps to ensure the enterprise is on track. During the mid-year budget review process, the Boards may address any enterprise-critical, unforeseen, and emergency resources not included in the current fiscal year budget. The mid-year budget review shall be presented to the JOGC for information or action if required.

## **Chief Executive Officer (CEO) Authority**

In FY 2022-23, the Boards adopted a new Budget Policy that, among other things, granted the CEO the authority to transfer up to \$1 million between major fund categories (e.g., between Salaries and Employee Benefits and Services and Supplies) or between accounts within a major fund category (e.g., between postage and insurance within Services and Supplies) to address operational needs in a timely manner. Such changes shall be communicated to the Boards as part of the regular budget control reporting. The CEO may not increase total appropriations or add position authority without the approval of the Boards.

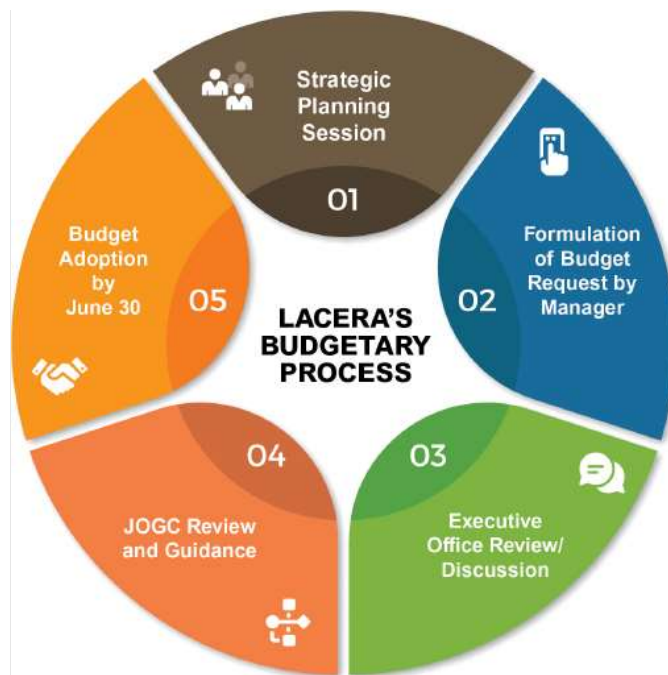
### **Retiree Healthcare Benefits Program**

LACERA's Retiree Healthcare Benefits Program provides healthcare benefits to our membership on behalf the plan sponsors. The insurance premiums are borne solely by the participants of the plan or the plan sponsor if the participant is eligible for such benefits. LACERA trust funds are not used for premium payments. The direct costs and variable overhead costs associated with the administration of the Retiree Healthcare Benefits Program are fully included with the monthly premium payments and, as such, are not included in the Administrative Budget.

### **Non-Administrative Expenses**

As provided in Government Code Section 31596.1, the expenses of investing its moneys, securing custodial bank services, actuarial services, and attorney services shall not be considered a cost of administering the system. As such, investment expenses are not included in the Administrative Budget, but are illustrated as part of the Non-Administrative Expenses section of the budget.

## BUDGET PROCESS



LACERA's budget process includes five major stages, as depicted in the diagram above. The budget process typically begins in October of each year and coincides with the strategic planning discussion, which is generally held offsite by the management team to engage in team-building exercises and begin discussion about organizational priorities and strategic direction consistent with the Boards' vision.

The budget is a fiscal plan that supports the organization's planned activities and goals for the upcoming year. The first stage of the budget is to review the strategic plan priorities and work plans for the coming fiscal year. From October to November, the management team begins to formulate their budget requests to support those activities. Throughout the month of December, the budget team meets with the managers to gather information about their needs. This discussion helps the budget team and their partners begin preparing spending plans to support the divisional and management requests.

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 as well as ancillary support requirements. These discussions help refine the requests and balance competing needs throughout the organization. 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.



The fourth stage includes presenting the preliminary budget to the JOGC for review, discussion, and guidance. The JOGC meeting is open to the public and all Trustees are invited to participate in the discussion. Staff incorporates changes requested by the JOGC and prepares the final proposed budget on behalf of the JOGC for consideration by the Board of Retirement and Board of Investments.

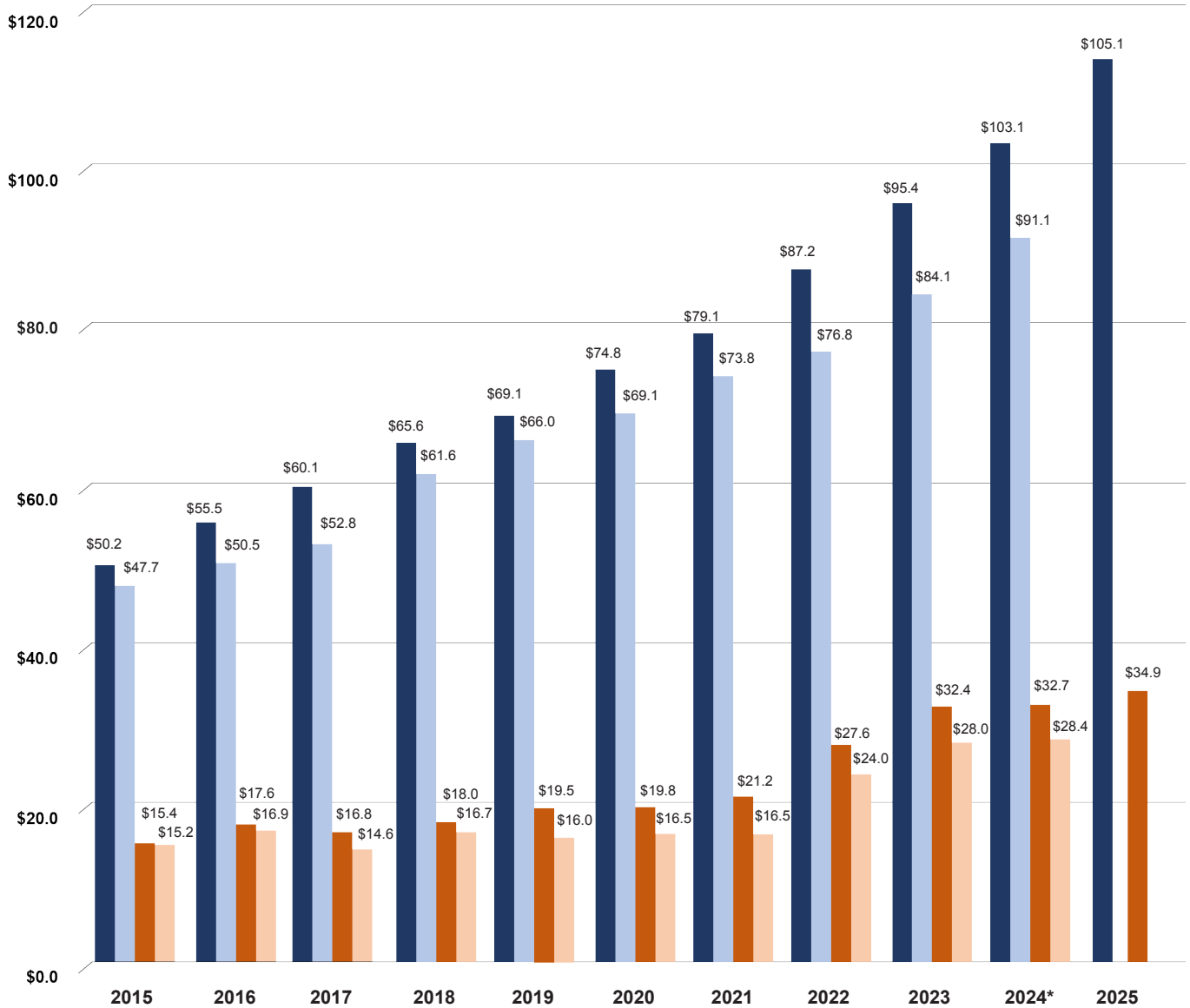
Lastly, the JOGC's proposed budget is submitted for approval at the meetings of each Board in June. Each year the budget must be adopted by June 30 to take effect on July 1.

# HISTORY: BUDGET EXPENDITURES

## Salaries and Employee Benefits & Services and Supplies

2015-2025

(\$ in Millions)



\* The Actual Expenditures for the budget year ending 2024 are projected based on YTD figures through 01/31/2024.

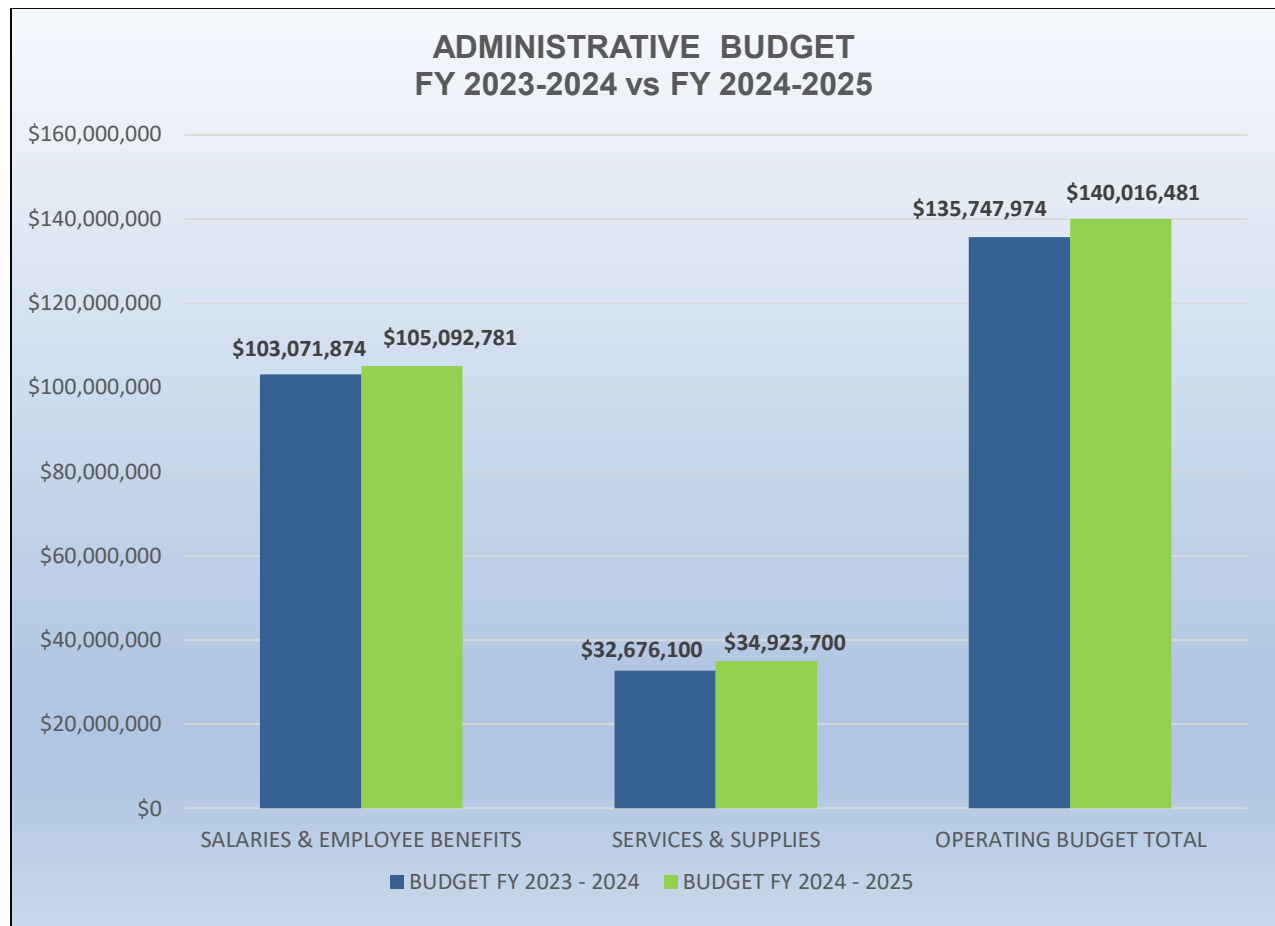
- Salaries and Employee Benefits Approved Budget
- Salaries and Employee Benefits Actual Expenditures
- Services and Supplies Approved Budget
- Services and Supplies Actual Expenditures

## BUDGET REQUEST SUMMARY

### Overview

The Administrative Budget consists of two components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S). The proposed Administrative Budget request for FY 2024-25 is \$140,016,481. This represents a 3.1 percent increase from the prior year budget.

ADMINISTRATIVE BUDGET	BUDGET FY 2023-24	BUDGET FY 2024-25	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$103,071,874	\$105,092,781	\$2,020,907	2.0%
SERVICES & SUPPLIES	\$32,676,100	\$34,923,700	\$2,247,600	6.9%
<b>OPERATING BUDGET TOTAL</b>	<b>\$135,747,974</b>	<b>\$140,016,481</b>	<b>\$4,268,507</b>	<b>3.1%</b>



The chart below displays the total budgeted costs per division in comparison to the prior year.

For additional details see the divisional tabs.

DIVISION	BUDGET REQUEST FY 2023-24	BUDGET REQUEST FY 2024-25	VARIANCE	% CHANGE
Administrative Services	\$16,108,407	\$16,946,279	\$837,872	5.2%
Benefits	12,449,401	12,838,241	388,840	3.1%
Board of Retirement	303,500	341,500	38,000	12.5%
Board of Investments	551,000	556,000	5,000	0.9%
Communications	4,117,688	3,752,475	(365,213)	-8.9%
Disability Litigation	2,561,141	2,504,711	(56,430)	-2.2%
Disability Retirement	11,797,091	11,620,273	(176,818)	-1.5%
Ethics & Compliance Office	182,700	219,400	36,700	20.1%
Executive Office	5,276,414	4,039,504	(1,236,910)	-23.4%
Financial & Accounting Services	5,688,738	5,658,426	(30,312)	-0.5%
Human Resources	6,743,589	6,470,103	(273,486)	-4.1%
Information Security Office	0	1,590,829	1,590,829	0.0%
Internal Audit	3,613,148	3,294,298	(318,850)	-8.8%
Investment Office	18,223,968	19,377,272	1,153,304	6.3%
Legal Services	9,815,031	10,387,249	572,218	5.8%
Member Services	11,063,298	12,020,576	957,278	8.7%
Quality Assurance	3,383,333	3,320,272	(63,061)	-1.9%
Systems	23,869,524	25,079,073	1,209,549	5.1%
<b>TOTAL</b>	<b>\$135,747,974</b>	<b>\$140,016,481</b>	<b>\$4,268,507</b>	<b>3.1%</b>

## Salaries and Employee Benefits Summary

Salaries and Employee Benefits (S&EB) costs consist of the ongoing personnel costs for the organization. These costs include salaries, variable benefits (e.g., retirement costs, 457(b) and 401(k) plan costs, etc.), agency temporary staff, overtime, OPEB contributions, and other benefit costs.

S&EB CATEGORY	BUDGET REQUEST FY 2023-24	BUDGET REQUEST FY 2024-25	VARIANCE	% CHANGE
<b><u>SALARIES &amp; OTHER PAY</u></b>				
Permanent / County Temporary	\$55,823,026	\$59,820,943	\$3,997,917	7.2%
Agency Temporary	5,683,700	4,219,800	(1,463,900)	-25.8%
LACERA Intern Program	288,000	336,000	48,000	16.7%
Stipends	65,000	65,000	0	0.0%
Overtime	1,150,900	1,388,700	237,800	20.7%
Bilingual Bonus	22,800	20,400	(2,400)	-10.5%
Transportation Allowance	28,800	36,000	7,200	25.0%
Rideshare Allowance	70,300	70,300	0	0.0%
Sick Leave Buyback	68,800	68,800	0	0.0%
<b>TOTAL SALARIES &amp; OTHER PAY</b>	<b>\$63,201,326</b>	<b>\$66,025,943</b>	<b>\$2,824,617</b>	<b>4.5%</b>
<b><u>VARIABLE BENEFITS</u></b>				
Retirement	13,294,641	11,694,440	(1,600,201)	-12.0%
FICA Contribution	1,060,986	867,404	(193,582)	-18.2%
County Subsidy–Insurance	3,651,760	3,651,760	0	0.0%
Options Plan	4,515,725	5,821,379	1,305,654	28.9%
Life Insurance	22,003	26,217	4,214	19.1%
Health Insurance Temps	626,306	375,682	(250,624)	-40.0%
Flexible Benefit Plan	18,805	18,805	0	0.0%
Thrift Plan/Horizons	2,251,400	2,392,838	141,438	6.3%
Savings Plan	1,527,202	1,546,989	19,787	1.3%
Pension Savings Plan	59,193	59,193	0	0.0%
Megaflex	7,264,514	6,574,702	(689,812)	-9.5%
<b>TOTAL VARIABLE BENEFITS</b>	<b>\$34,292,535</b>	<b>\$33,029,408</b>	<b>(\$1,263,127)</b>	<b>-3.7%</b>
<b>OPEB CONTRIBUTION</b>	<b>\$1,989,012</b>	<b>\$2,366,430</b>	<b>\$377,418</b>	<b>19.0%</b>
<b>OTHER BENEFITS</b>	<b>\$3,588,999</b>	<b>\$3,671,000</b>	<b>\$82,001</b>	<b>2.3%</b>
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>\$39,870,546</b>	<b>\$39,066,838</b>	<b>(\$803,708)</b>	<b>-2.0%</b>
<b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>	<b>\$103,071,874</b>	<b>\$105,092,781</b>	<b>\$2,020,907</b>	<b>2.0%</b>

## **Assumptions**

The following assumptions were used in developing the budgets:

- LACERA utilizes an incremental-based budget process with the prior year resources as the “budget base” adjusted to reflect changes to activities or costs.
- Salaries are budgeted based on projected yearly costs by position. Filled positions assume salary-step and/or merit increases where eligible.
- 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. The number of months funded are based on LACERA’s hiring plan and are clearly identified in each division’s tab. Vacant positions as of January 2024 that are expected to be filled by June 30, 2024 are budgeted for the full year.
- The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.
- Variable benefits costs are adjusted consistent with Los Angeles County negotiated fringe benefit rates.
- To ensure steady and consistent trained staffing levels in our member-facing divisions, and to accommodate an annual specialist basic training program, LACERA will over-hire 11 Retirement Benefits Specialists I. These over-hires are not funded in the budget. Instead, salary savings generated from assumed attrition will be used to support the staffing.
- New positions are included only when they can be supported by planned hiring activity and availability of Los Angeles County Ordinance position authority.

## **Explanation of S&EB Costs**

The proposed budget for S&EB totals \$105,092,781, an increase of approximately \$2.0 million or 2.0 percent. A breakdown of the significant changes impacting S&EB costs are detailed below.

### *Staffing Changes*

A net increase of six permanent positions are requested for FY 2024-25, bringing LACERA’s budgeted authority (excluding the Retiree Healthcare Program) from 497 to 503, as outlined below.

## Summary of Position Changes

DIVISION	#	POSTION TITLE	FULL YEAR SALARY	FULL YEAR TOTAL EMPLOYEE BENEFITS	FULL YEAR BUDGET IMPACT
Administrative Services	1.0	Supervising Administrative Assistant II	\$105,034	\$68,272	\$173,306
	2.0	Administrative Services Analyst III	\$156,661	\$101,830	\$258,491
	(1.0)	Receptionist	(\$43,819)	(\$28,482)	(\$72,301)
Financial & Accounting Services	3.0	Accountant	\$207,226	\$134,697	\$341,922
Investment Office	1.0	Finance Analyst II	\$139,772	\$90,852	\$230,623
	(1.0)	Finance Analyst I	(\$96,588)	(\$62,782)	(\$159,370)
Legal Services	1.0	Legal Analyst	\$83,311	\$54,152	\$137,462
<b>Total</b>	<b>6.0</b>		<b>\$551,597</b>	<b>\$358,538</b>	<b>\$910,134</b>

*\*Based on the hiring plan*

### *Permanent/County Temporary Salaries*

Funding for Permanent/County Temporary Salaries is increasing by approximately \$4.0 million or 7.2 percent. The six new positions account for a portion of this increase, but other factors include full-year funding for previously unfunded or partially funded vacant positions, salary-step and merit increases, and the last six months of negotiated cost-of-living adjustment (COLA) increases through December 31, 2024. No future COLAs beyond that date were included in the proposed budget.

### *Agency Temporary Salaries*

Funding for Agency Temporary Salaries is reduced by approximately \$1.5 million, or 26 percent, from FY 2023-24, reflecting LACERA's planned hiring. Tremendous effort is underway to permanently fill LACERA's critical vacancies with highly qualified professionals, allowing for substantive reductions in this line item.

### *Intern Program*

Internships are part of LACERA's diversity, equity, and inclusion strategies. Our intent is to provide underrepresented students with opportunities to learn about LACERA and how we fulfill our mission to produce, protect and provide the promised benefits to our members by offering short-term employment and mentorship. They are provided hands-on experience that increases their professional preparedness.

For FY 2024-25, LACERA hopes to welcome 15 Interns to work on special projects across the organization as outlined below:

Division	No.	Project Description
Administrative Services	1	Records management
Communications	1	Social media platform rollout
Information Security Office	1	Knowledge management and information security program projects
Executive Office	1	Communications projects
Investments Office	4*	Performance attribution, market research, and investment analysis
Legal Office	2	Legal projects (law students)
Quality Assurance	1	Data consolidation/CEM benchmarking report
Systems	3	Workflow automation, onsite data center, and data lake
Retiree Healthcare	1	Automation of quality metrics
<b>Total</b>	<b>15</b>	

*\* Two funded through LACERA and two funded through outside organizations*

At LACERA, internships are paid with the intention to ensure access to these opportunities. The FY 2024-25 Administrative Budget includes \$336,000 to fund 13 Interns; two additional Interns for the Investments Division will be funded through outside organizations that seek to encourage individuals of diverse and underrepresented backgrounds.

### *Employee Benefits*

Total employee benefits are projected to total \$39,066,838, a decrease of approximately \$800,000 or 2.0 percent. Total variable benefits decrease by a net of nearly \$1.3 million, while Other Post-Employment Benefits (OPEB) contributions and other benefits increased by approximately \$500,000. Within variable benefits, retirement costs decreased by approximately \$1.6 million. This represents the employer portion of pension benefits that LACERA pays for its own employees, and the reduction is tied to the higher percentage of employees who are in the PEPR plan (Plan G).



## Total Budgeted Positions

Based on the proposal of a net increase of six permanent positions, LACERA's total budgeted positions count will be 503.

DIVISION	BUDGETED POSITIONS FY 2023-2024	CHANGE	BUDGETED POSITIONS FY 2024-2025
ADMINISTRATIVE SERVICES	42	2	44
BENEFITS DIVISION	79	0	79
COMMUNICATIONS	14	0	14
DISABILITY LITIGATION	7	0	7
DISABILITY RETIREMENT	44	0	44
ETHICS AND COMPLIANCE OFFICE	1	0	1
EXECUTIVE OFFICE	9	1	10
FINANCIAL & ACCOUNTING	30	3	33
HUMAN RESOURCES	21	0	21
INFORMATION SECURITY OFFICE	5	0	5
INTERNAL AUDIT SERVICES	11	0	11
INVESTMENT OFFICE	46	0	46
LEGAL SERVICES	28	0	28
MEMBER SERVICES	79	0	79
QUALITY ASSURANCE	19	0	19
SYSTEMS	62	0	62
<b>TOTAL</b>	<b>497</b>	<b>6</b>	<b>503</b>

## Ordinance Positions

Ordinance positions reflect the employment authority by classification ratified by the Los Angeles County Board of Supervisors for LACERA. Not all positions outlined in LACERA's Ordinance are funded in the budget. Each year, the Board of Retirement and the Board of Investments adopt a budget, which includes funding for a specified number of positions. Most of these positions are funded for a full year; positions that are anticipated to be vacant at the beginning of the fiscal year are generally funded for less than 12 months. Historically, LACERA has maintained a higher number of Ordinance positions than budgeted to allow flexibility in filling positions within specific classifications. Each time a position is filled, it must be applied against an authorized position identified in the Ordinance, and funding must be available within the budget. Additionally, when the Boards authorize new positions as part of the budget, they cannot be immediately filled if there is not sufficient authority within the Ordinance, and it typically takes the Board of Supervisors several months to add new positions to LACERA's Ordinance. For this reason, LACERA management is not requesting any new positions in the FY 2024-25 Budget that are not already included in existing Ordinance. However, some positions, such as the Chief Ethics and Compliance Officer, are currently pending.

## Vacancy Information

Each year as part of the budgeting process, the management team reviews the current workload to forecast the number of staff needed to fulfill LACERA’s mission to produce, protect, and provide the promised benefits to our members. 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 management teams have agreed on a plan, the staffing requests are approved in the budget proposal presented to the Boards. The vacant position chart below shows that there are 106 vacant positions as of March 31, 2024. However, LACERA anticipates hiring or promoting 49 staff in the fourth quarter of FY 2023-24, of which at least half will be new staff members.

Given the high vacancy rate, LACERA management did not include any new positions unless the classification had a current or planned hiring list and where sufficient position authority was currently available in the Ordinance.

### Vacant Positions Summary

DIVISION	BUDGETED POSITIONS FY 2023-24	VACANCY (AS OF 03/31/24)	%	BUDGETED POSITIONS FY 2024-25*
Administrative Services	42	17	40%	44
Benefits	79	1	1%	79
Communications	14	6	43%	14
Disability Litigation	7	0	0%	7
Disability Retirement Services	44	8	18%	44
Ethics & Compliance Office	1	1	100%	1
Executive	9	1	11%	10
Financial Accounting Services	30	4	13%	33
Human Resources	21	6	29%	21
Information Security Office	5	4	80%	5
Internal Audit	11	3	27%	11
Investments	46	8	17%	46
Legal Services Ø	28	10	36%	28
Member Services	79	11	14%	79
Quality Assurance	19	5	26%	19
Systems	62	21	34%	62
<b>LACERA Total</b>	<b>497</b>	<b>106</b>	<b>21%</b>	<b>503</b>

\*Includes new requested positions

Ø Includes three budgeted positions not yet approved by Board of Supervisors

## *Hiring Plan*

LACERA's Human Resources (HR) Division is working toward our goal of simplifying and improving our hiring process and developed a *Hiring Manager Playbook* to document our current hiring policies and procedures. HR also expanded its staffing capacity in FY 2023-24. As a result, they are on track to promulgate 25 hiring lists by the end of the fiscal year, double the number of lists created in FY 2022-23. Once lists are created, hiring managers interview and select candidates to fill specific vacancies. When new staff are considered, they must undergo an extensive background process. As a result, we expect to see a significant increase in the number of new staff hired and internal promotions, with 49 such actions in the fourth quarter of FY 2023-24 alone.

## **Services and Supplies (S&S)**

The FY 2024-25 Services and Supplies (S&S) budget is \$34,923,700, an increase of \$2,247,600, or 6.9 percent. S&S costs are reflective of the daily operational needs of the organization and are primarily based on historical expenditures adjusted for inflation. Reductions or additions for one-time expenditures are also applied. Significant or noteworthy increases or decreases are explained below:

- Computer Services & Support expenses are expected to increase by \$2,228,400 or 42.2 percent, however of this amount, \$455,000 was moved from Office Supplies and Equipment related to existing divisional IT supplies and equipment. Four new accounts were created under Computer Services & Support to allow us to segregate new and existing IT needs for both divisions and enterprise-wide. LACERA continues to invest heavily in new IT software, which is also included in this account. Please refer to the detail on page 8 for additional detail.
- Educational Expenses are expected to increase by approximately \$365,000 or 25.4 percent due to inflationary costs for educational conferences and a modest increase in the number of educational conferences for staff and trustees.
- Transportation & Travel expenses increased by \$93,600, or 11.4 percent, reflecting inflationary increases as well as a modest increase for staff and trustee education-related travel.
- Equipment Maintenance costs are expected to decrease by \$305,000, or 41.6 percent, primarily due the completion of the uninterruptible power supply upgrade, key card reader upgrade, and audio visual upgrades
- Legal Fees & Services are expected to increase by \$240,000, or 11.5 percent based on current use trends.

## Services & Supplies Summary

S&S CATEGORY	BUDGET REQUEST FY 2023-24	BUDGET REQUEST FY 2024-25	VARIANCE	% CHANGE
Auto Expenses	\$52,800	\$51,300	(\$1,500)	-2.8%
Communications	570,000	440,000	(130,000)	-22.8%
Transportation & Travel	818,700	912,300	93,600	11.4%
Postage	1,143,700	1,179,000	35,300	3.1%
Stationery & Forms	982,700	1,022,500	39,800	4.1%
Office Supplies & Equipment	1,103,900	730,600	(373,300)	-33.8%
Insurance	1,374,700	1,460,200	85,500	6.2%
Equipment Maintenance	733,300	428,300	(305,000)	-41.6%
Equipment Rents & Leases	250,000	260,000	10,000	4.0%
Building Costs	7,800,000	7,800,000	0	0.0%
Parking Fees	482,000	517,000	35,000	7.3%
Professional & Specialized Services	4,500,600	4,585,100	84,500	1.9%
Bank Services	200,000	200,000	0	0.0%
Legal Fees & Services	2,093,000	2,333,000	240,000	11.5%
Disability Fees & Services	3,090,300	3,090,300	0	0.0%
Computer Services & Support	5,279,600	7,508,000	2,228,400	42.2%
Educational Expenses	1,441,800	1,807,400	365,600	25.4%
Miscellaneous	759,000	598,700	(160,300)	-21.1%
<b>TOTAL</b>	<b>\$32,676,100</b>	<b>\$34,923,700</b>	<b>\$2,247,600</b>	<b>6.9%</b>

LACERA

FISCAL YEAR 2024-2025

SALARIES AND EMPLOYEE BENEFITS  
CATEGORY SUMMARY

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023 - 2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
Gross Salaries	\$59,820,943	\$55,823,026	\$25,750,038	\$52,271,200	(\$3,551,826)	-6.4%	\$3,997,917	7.2%
Salary Differential	-	-	-	-	-	-	-	-
<b>Permanent Salaries</b>	<b>\$59,820,943</b>	<b>\$55,823,026</b>	<b>\$25,750,038</b>	<b>\$52,271,200</b>	<b>(\$3,551,826)</b>	<b>-6.4%</b>	<b>\$3,997,917</b>	<b>7.2%</b>
<b>Outside Agency Temporary Staffing</b>	<b>4,219,800</b>	5,683,700	2,824,928	4,788,200	(895,500)	-15.8%	(1,463,900)	-25.8%
<b>LACERA Intern Program</b>	<b>336,000</b>	288,000	6,016	12,300	(275,700)	-95.7%	48,000	16.7%
<b>Variable Benefits</b>								
Retirement	11,694,440	13,294,641	5,376,908	10,915,900	(2,378,741)	-17.9%	(1,600,201)	-12.0%
FICA Contribution	867,404	1,060,986	429,672	873,000	(187,986)	-17.7%	(193,582)	-18.2%
County Subsidy - Insurance	3,651,760	3,651,760	1,110,331	2,254,600	(1,397,160)	-38.3%	0	0.0%
Options Plan	5,821,379	4,515,725	2,153,510	4,372,000	(143,725)	-3.2%	1,305,654	28.9%
Life Insurance	26,217	22,003	11,579	24,000	1,997	9.1%	4,214	19.1%
Health Insurance Temps	375,682	626,306	117,593	238,800	(387,506)	-61.9%	(250,624)	-40.0%
Flexible Benefit Plan	18,805	18,805	7,135	14,500	(4,305)	-22.9%	0	0.0%
Thrift Plan/Horizons	2,392,838	2,251,400	764,954	1,553,500	(697,900)	-31.0%	141,438	6.3%
Savings Plan	1,546,989	1,527,202	525,658	1,067,800	(459,402)	-30.1%	19,787	1.3%
Pension Savings Plan	59,193	59,193	13,163	26,800	(32,393)	-54.7%	0	0.0%
Megaflex	6,574,702	7,264,514	2,746,758	5,576,800	(1,687,714)	-23.2%	(689,812)	-9.5%
<b>Total</b>	<b>33,029,408</b>	<b>34,292,535</b>	<b>13,257,263</b>	<b>26,917,700</b>	<b>(7,374,835)</b>	<b>-21.5%</b>	<b>(1,263,127)</b>	<b>-3.7%</b>
<b>Other Benefits</b>	<b>3,671,000</b>	3,588,999	1,456,576	2,957,800	(631,199)	-17.6%	82,001	2.3%
<b>OPEB Contribution</b>	<b>2,366,430</b>	1,989,012	1,023,806	2,079,000	89,988	4.5%	377,418	19.0%
<b>Stipends</b>	<b>65,000</b>	65,000	19,582	39,800	(25,200)	-38.8%	0	0.0%
<b>Overtime</b>	<b>1,388,700</b>	1,150,900	993,869	1,926,800	775,900	67.4%	237,800	20.7%
<b>Bilingual Bonus</b>	<b>20,400</b>	22,800	7,150	14,200	(8,600)	-37.7%	(2,400)	-10.5%
<b>Sickleave Buyback</b>	<b>68,800</b>	68,800	75,561	84,200	15,400	22.4%	0	0.0%
<b>Rideshare Allowance</b>	<b>70,300</b>	70,300	1,845	3,700	(66,600)	-94.7%	0	0.0%
<b>Transportation Allowance</b>	<b>36,000</b>	28,800	19,500	36,000	7,200	25.0%	7,200	25.0%
<b>S&amp;EB TOTAL</b>	<b>\$105,092,781</b>	<b>\$103,071,874</b>	<b>\$45,436,133</b>	<b>\$91,130,900</b>	<b>(\$11,940,974)</b>	<b>-11.6%</b>	<b>\$2,020,907</b>	<b>2.0%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS**  
**DIVISION SUMMARY**

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023 - 2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$6,040,479	\$5,512,307	\$1,972,838	\$3,949,300	(\$1,563,007)	-28.4%	\$528,172	9.6%
Benefits	12,720,941	12,363,301	6,431,999	12,995,800	632,499	5.1%	357,640	2.9%
Communications	2,118,875	2,600,188	955,790	1,927,000	(673,188)	-25.9%	(481,313)	-18.5%
Disability Litigation	2,451,211	2,510,041	1,237,026	2,509,600	(441)	-0.02%	(58,830)	-2.3%
Disability Retirement	8,241,073	8,428,091	3,849,439	7,780,700	(647,391)	-7.7%	(187,018)	-2.2%
Ethics and Compliance Office	\$127,400	90,700	0	0	(90,700)	-100.0%	36,700	40.5%
Executive Office	3,224,904	4,604,614	2,245,168	4,371,900	(232,714)	-5.1%	(1,379,710)	-30.0%
Financial & Accounting Services	5,405,426	5,435,438	2,405,152	4,781,400	(654,038)	-12.0%	(30,012)	-0.6%
Human Resources	4,206,103	4,403,989	1,374,759	2,674,000	(1,729,989)	-39.3%	(197,886)	-4.5%
Information Security Office	1,118,129	0	0	0	0	0.0%	1,118,129	0.0%
Internal Audit	2,545,098	2,888,948	1,260,877	2,560,100	(328,848)	-11.4%	(343,850)	-11.9%
Investment Office	19,027,772	17,875,468	8,044,147	16,328,500	(1,546,968)	-8.7%	1,152,304	6.4%
Legal Services	7,904,049	7,341,731	2,714,546	5,470,200	(1,871,531)	-25.5%	562,318	7.7%
Member Services	11,942,576	11,034,098	5,208,590	10,550,100	(483,998)	-4.4%	908,478	8.2%
Quality Assurance	3,234,172	3,301,233	1,438,762	2,921,300	(379,933)	-11.5%	(67,061)	-2.0%
Systems Division	14,784,573	14,681,724	6,297,041	12,311,000	(2,370,724)	-16.1%	102,849	0.7%
<b>S&amp;EB TOTAL</b>	<b>\$105,092,781</b>	<b>\$103,071,874</b>	<b>\$45,436,133</b>	<b>\$91,130,900</b>	<b>(\$11,940,974)</b>	<b>-11.6%</b>	<b>\$2,020,907</b>	<b>2.0%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**AGENCY TEMPORARY STAFFING**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023 - 2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
Administrative Services	<b>\$280,500</b>	\$457,800	\$149,712	\$256,700	(\$201,100)	-43.9%	(\$177,300)	-38.7%
Benefits	<b>0</b>	62,200	10,879	62,200	0	0.0%	(62,200)	-100.0%
Communications	<b>276,400</b>	331,000	44,536	76,400	(254,600)	-76.9%	(54,600)	-16.5%
Disability Litigation	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Disability Retirement	<b>407,300</b>	138,100	103,717	177,900	39,800	28.8%	269,200	194.9%
Ethics & Compliance Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Executive Office	<b>0</b>	645,200	497,450	825,000	179,800	27.9%	(645,200)	-100.0%
Financial & Accounting Services	<b>482,500</b>	776,700	297,706	510,400	(266,300)	-34.3%	(294,200)	-37.9%
Human Resources	<b>50,500</b>	139,000	122,900	140,000	1,000	0.7%	(88,500)	-63.7%
Information Security Office	<b>170,000</b>	0	0	0	0	0.0%	170,000	0.0%
Internal Audit	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Investment Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Legal Services	<b>116,700</b>	179,400	129,859	222,700	43,300	24.1%	(62,700)	-34.9%
Member Services	<b>295,800</b>	72,600	16,149	27,700	(44,900)	-61.8%	223,200	307.4%
Quality Assurance	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Systems Division	<b>2,140,100</b>	2,881,700	1,452,019	2,489,200	(392,500)	-13.6%	(741,600)	-25.7%
<b>TOTAL</b>	<b>\$4,219,800</b>	<b>\$5,683,700</b>	<b>\$2,824,928</b>	<b>\$4,788,200</b>	<b>(\$895,500)</b>	<b>-15.8%</b>	<b>(\$1,463,900)</b>	<b>-25.8%</b>

\*All amounts rounded to the nearest dollar.

**LACERA**  
**BUDGET REQUEST INFORMATION**  
**AGENCY TEMPORARY STAFFING**  
**HISTORY OF EXPENDITURES**

DIVISION	FYE 2022		FYE 2023		FYE 2024		FYE 2025
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$587,000	\$456,645	\$473,400	\$282,409	\$457,800	\$256,700	\$280,500
Benefits	71,900	69,194	154,900	92,043	62,200	62,200	0
Communications	79,600	1,213	56,200	41,983	331,000	76,400	276,400
Disability Litigation	0	0	9,800	0	0	0	0
Disability Retirement	143,000	43,941	129,000	52,858	138,100	177,900	407,300
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	0	0	1,129,700	1,077,533	645,200	825,000	0
Financial & Accounting Services	729,400	473,724	778,100	485,257	776,700	510,400	482,500
Human Resources	47,700	36,327	144,300	137,617	139,000	140,000	50,500
Information Security Office	0	0	0	0	0	0	170,000
Internal Audit	0	0	0	0	0	0	0
Investment Office	0	0	0	0	0	0	0
Legal Services	150,000	103,549	196,600	132,911	179,400	222,700	116,700
Member Services	0	0	37,000	0	72,600	27,700	295,800
Quality Assurance	0	0	0	0	0	0	0
Systems	2,193,100	3,899,919	4,576,300	2,941,429	2,881,700	2,489,200	2,140,100
<b>GRAND TOTAL</b>	<b>\$4,001,700</b>	<b>\$5,084,512</b>	<b>\$7,685,300</b>	<b>\$5,244,040</b>	<b>\$5,683,700</b>	<b>\$4,788,200</b>	<b>\$4,219,800</b>

\*All amounts rounded to the nearest dollar.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**OVERTIME REQUEST**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023 - 2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	<b>\$47,300</b>	\$35,700	\$5,074	\$10,300	(\$25,400)	-71.1%	\$11,600	32.5%
Benefits	<b>562,900</b>	426,400	459,680	850,000	423,600	99.3%	136,500	32.0%
Communications	<b>4,500</b>	4,500	645	1,400	(3,100)	-68.9%	0	0.0%
Disability Litigation	<b>2,900</b>	2,800	491	1,000	(1,800)	-64.3%	100	3.6%
Disability Retirement	<b>140,800</b>	103,600	108,522	220,400	116,800	112.7%	37,200	35.9%
Ethics & Compliance Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Executive Office	<b>28,400</b>	27,600	20,140	40,900	13,300	48.2%	800	2.9%
Financial & Accounting Services	<b>62,800</b>	64,700	36,777	74,700	10,000	15.5%	(1,900)	-2.9%
Human Resources	<b>6,500</b>	4,700	11,817	16,000	11,300	240.4%	1,800	38.3%
Information Security Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Internal Audit	<b>5,500</b>	5,300	0	0	(5,300)	-100.0%	200	3.8%
Investment Office	<b>800</b>	800	0	0	(800)	-100.0%	0	0.0%
Legal Services	<b>20,300</b>	19,900	16,174	32,900	13,000	65.3%	400	2.0%
Member Services	<b>264,900</b>	214,200	197,234	400,400	186,200	86.9%	50,700	23.7%
Quality Assurance	<b>11,900</b>	11,500	1,260	2,600	(8,900)	-77.4%	400	3.5%
Systems Division	<b>229,200</b>	229,200	136,054	276,200	47,000	20.5%	0	0.0%
<b>TOTAL</b>	<b>\$1,388,700</b>	<b>\$1,150,900</b>	<b>\$993,869</b>	<b>\$1,926,800</b>	<b>\$775,900</b>	<b>67.4%</b>	<b>\$237,800</b>	<b>20.7%</b>

\*All amounts rounded to the nearest dollar.

**LACERA**

**BUDGET REQUEST INFORMATION**

**OVERTIME  
HISTORY OF EXPENDITURES**

<b>DIVISION</b>	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FYE 2025</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
Administrative Services	\$50,000	\$5,833	\$49,400	\$9,935	\$35,700	\$10,300	\$47,300
Benefits	398,000	451,675	398,100	580,501	426,400	850,000	562,900
Communications	4,100	3,403	4,800	2,721	4,500	1,400	4,500
Disability Litigation	0	0	6,600	1,058	2,800	1,000	2,900
Disability Retirement	16,100	43,275	165,300	120,189	103,600	220,400	140,800
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	25,600	472	25,600	17,850	27,600	40,900	28,400
Financial & Accounting Services	67,900	40,904	65,300	45,783	64,700	74,700	62,800
Human Resources	2,900	1,310	3,800	18,840	4,700	16,000	6,500
Information Security Office	0	0	0	0	0	0	0
Internal Audit	4,900	986	5,000	928	5,300	0	5,500
Investment Office	1,000	0	1,000	0	800	0	800
Legal Services	30,000	20,897	18,400	20,668	19,900	32,900	20,300
Member Services	133,800	221,062	174,000	268,449	214,200	400,400	264,900
Quality Assurance	21,300	264	21,500	803	11,500	2,600	11,900
Systems	133,300	171,708	150,000	215,349	229,200	276,200	229,200
<b>GRAND TOTAL</b>	<b>\$888,900</b>	<b>\$961,790</b>	<b>\$1,088,800</b>	<b>\$1,303,073</b>	<b>\$1,150,900</b>	<b>\$1,926,800</b>	<b>\$1,388,700</b>

\*All amounts rounded to the nearest dollar.

**LACERA**

**BUDGET REQUEST INFORMATION**

**VACANT POSITIONS  
SUMMARY**

<b>DIVISION</b>	<b>BUDGETED POSITIONS FY 2023-2024</b>	<b>VACANCY (AS OF 03/31/24)</b>	<b>%</b>	<b>BUDGETED POSITIONS FY 2024-2025*</b>	<b>VACANCY</b>	<b>%</b>
Administrative Services	42	17	40%	44	19	43%
Benefits	79	1	1%	79	1	1%
Communications	14	6	43%	14	6	43%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	44	8	18%	44	8	18%
Ethics & Compliance Office	1	1	100%	1	1	100%
Executive	9	1	11%	10	1	10%
Financial Accounting Services	30	4	13%	33	7	21%
Human Resources	21	6	29%	21	6	29%
Information Security Office	5	4	80%	5	4	80%
Internal Audit	11	3	27%	11	3	27%
Investments	46	8	17%	46	8	17%
Legal Services Ø	28	10	36%	28	10	36%
Member Services	79	11	14%	79	11	14%
Quality Assurance	19	5	26%	19	5	26%
Systems	62	21	34%	62	21	34%
<b>LACERA Total</b>	<b>497</b>	<b>106</b>	<b>21%</b>	<b>503</b>	<b>111</b>	<b>22%</b>

\* Includes new requested positions.

Ø Includes three (3) budgeted positions not yet approved by Board of Supervisors.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES AND SUPPLIES**  
**CATEGORY SUMMARY**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023 - 2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
Auto Expense	<b>\$51,300</b>	\$52,800	\$26,242	\$33,100	(\$19,700)	-37.3%	(\$1,500)	-2.8%
Communications	<b>440,000</b>	570,000	203,974	495,200	(74,800)	-13.1%	(130,000)	-22.8%
Transportation and Travel	<b>912,300</b>	818,700	239,771	573,500	(245,200)	-29.9%	93,600	11.4%
Postage	<b>1,179,000</b>	1,143,700	519,772	1,035,000	(108,700)	-9.5%	35,300	3.1%
Stationery and Forms	<b>1,022,500</b>	982,700	301,420	777,100	(205,600)	-20.9%	39,800	4.1%
Office Supplies and Equipment	<b>730,600</b>	1,103,900	270,184	978,400	(125,500)	-11.4%	(373,300)	-33.8%
Insurance	<b>1,460,200</b>	1,374,700	1,217,452	1,220,600	(154,100)	-11.2%	85,500	6.2%
Equipment Maintenance	<b>428,300</b>	733,300	339,458	666,500	(66,800)	-9.1%	(305,000)	-41.6%
Equipment Rents and Leases	<b>260,000</b>	250,000	128,817	221,000	(29,000)	-11.6%	10,000	4.0%
Building Costs	<b>7,800,000</b>	7,800,000	4,058,727	6,862,600	(937,400)	-12.0%	0	0.0%
Parking Fees	<b>517,000</b>	482,000	308,897	529,600	47,600	9.9%	35,000	7.3%
Professional and Spec. Svcs.	<b>4,585,100</b>	4,500,600	1,435,507	3,538,100	(962,500)	-21.4%	84,500	1.9%
Bank Services	<b>200,000</b>	200,000	114,271	195,900	(4,100)	-2.1%	0	0.0%
Legal Fees and Services	<b>2,333,000</b>	2,093,000	1,120,633	1,985,200	(107,800)	-5.2%	240,000	11.5%
Disability Fees and Services	<b>3,090,300</b>	3,090,300	1,285,158	2,273,300	(817,000)	-26.4%	0	0.0%
Computer Services and Support	<b>7,508,000</b>	5,279,600	2,995,448	5,095,000	(184,600)	-3.5%	2,228,400	42.2%
Educational Expense	<b>1,807,400</b>	1,441,800	408,341	1,088,300	(353,500)	-24.5%	365,600	25.4%
Miscellaneous	<b>598,700</b>	759,000	432,907	809,500	50,500	6.7%	(160,300)	-21.1%
<b>S&amp;S TOTAL</b>	<b>\$34,923,700</b>	<b>\$32,676,100</b>	<b>\$15,406,980</b>	<b>\$28,377,900</b>	<b>(\$4,298,200)</b>	<b>-13.2%</b>	<b>\$2,247,600</b>	<b>6.9%</b>

\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES AND SUPPLIES**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023 - 2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	<b>\$10,905,800</b>	\$10,596,100	\$6,155,475	\$9,293,900	(\$1,302,200)	-12.3%	\$309,700	2.9%
Benefits	<b>117,300</b>	86,100	8,314	40,400	(45,700)	-53.1%	31,200	36.2%
Board of Retirement	<b>341,500</b>	303,500	63,209	270,900	(32,600)	-10.7%	38,000	12.5%
Board of Investment	<b>556,000</b>	551,000	231,066	471,700	(79,300)	-14.4%	5,000	0.9%
Communications	<b>1,633,600</b>	1,517,500	518,169	1,200,200	(317,300)	-20.9%	116,100	7.7%
Disability Litigation	<b>53,500</b>	51,100	18,182	43,200	(7,900)	-15.5%	2,400	4.7%
Disability Retirement	<b>3,379,200</b>	3,369,000	1,436,018	2,535,800	(833,200)	-24.7%	10,200	0.3%
Ethics and Compliance Office	<b>92,000</b>	92,000	11,500	79,000	(13,000)	-14.1%	0	0.0%
Executive Office	<b>814,600</b>	671,800	177,979	530,300	(141,500)	-21.1%	142,800	21.3%
Financial & Accounting Services	<b>253,000</b>	253,300	128,924	226,800	(26,500)	-10.5%	(300)	-0.1%
Human Resources	<b>2,264,000</b>	2,339,600	921,732	1,869,700	(469,900)	-20.1%	(75,600)	-3.2%
Information Security Office	<b>472,700</b>	0	0	0	0	0.0%	472,700	0.0%
Internal Audit	<b>749,200</b>	724,200	257,238	453,800	(270,400)	-37.3%	25,000	3.5%
Investment Office	<b>349,500</b>	348,500	140,510	247,300	(101,200)	-29.0%	1,000	0.3%
Legal Services	<b>2,483,200</b>	2,473,300	1,372,050	2,374,100	(99,200)	-4.0%	9,900	0.4%
Member Services	<b>78,000</b>	29,200	13,937	26,800	(2,400)	-8.2%	48,800	167.1%
Quality Assurance	<b>86,100</b>	82,100	5,245	68,200	(13,900)	-16.9%	4,000	4.9%
Systems	<b>10,294,500</b>	9,187,800	3,947,434	8,645,800	(542,000)	-5.9%	1,106,700	12.0%
<b>S&amp;S TOTAL</b>	<b>\$34,923,700</b>	<b>\$32,676,100</b>	<b>\$15,406,980</b>	<b>\$28,377,900</b>	<b>(\$4,298,200)</b>	<b>-13.2%</b>	<b>\$2,247,600</b>	<b>6.9%</b>

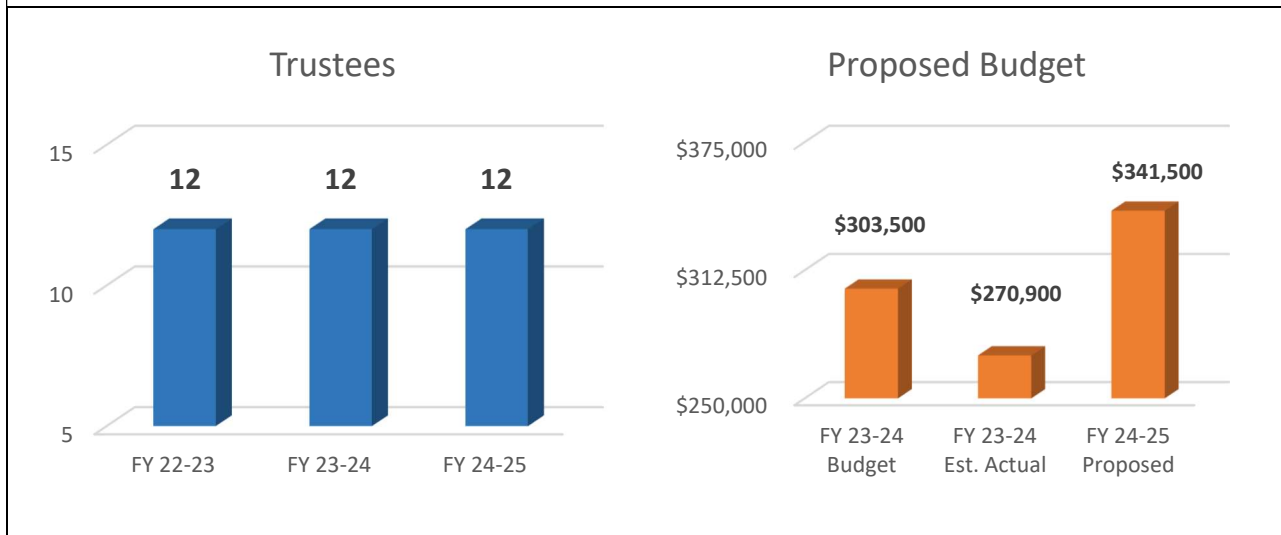
\*All amounts rounded to the nearest dollar.

# BOARD OF RETIREMENT



## FY 2024-25 Proposed Budget

The Board of Retirement is responsible for the strategic direction of the association and the administration of the retirement system and retiree healthcare benefits program, and the review and processing of disability retirement applications. The Board must execute its duties with care, skill, prudence and diligence. The Board is composed of 11 trustees. Four are appointed by the Los Angeles County Board of Supervisors; two are elected by general active members; one trustee and one alternate trustee are elected by safety members; and one trustee and one alternate trustee are elected by retired members. The law requires the County Treasurer and Tax Collector to serve as an ex-officio trustee. The Deputy County Treasurer and Tax Collector serves as the acting ex-officio trustee in the absence of the ex-officio trustee when needed.



### Summary of Significant Changes:

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Board Off-Site		\$38,000

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The Board of Retirement supports LACERA's 2023-28 Strategic Plan, providing broad direction to Chief Executive Officer.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Board of Retirement does not have one-time expenditures for FY 2024-25 that need to be removed.

### **Services and Supplies Adjustments**

The Board's Services and Supplies budget request is based on actual expenditure trends.

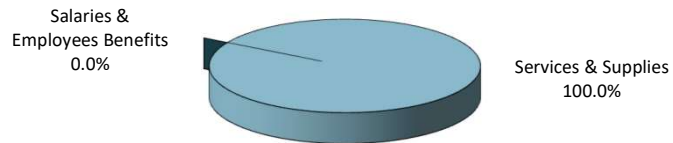
**Board Offsite Meeting Expense** – The Board offsite budget request increased by \$38,000 to \$150,000.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**BOARD OF RETIREMENT**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET		
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	341,500	63,209	270,900	(32,600)	-10.7%	38,000	12.5%
<b>OPERATING BUDGET</b>	<b>\$341,500</b>	<b>\$63,209</b>	<b>\$270,900</b>	<b>(\$32,600)</b>	<b>-10.7%</b>	<b>\$38,000</b>	<b>12.5%</b>

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BOARD OF RETIREMENT**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	<b>\$93,500</b>	\$93,500	\$37,156	\$63,800	(\$29,700)	-31.8%	\$0	0.0%
EDUCATIONAL EXPENSES	<b>86,000</b>	86,000	20,795	86,000	0	0.0%	0	0.0%
MISCELLANEOUS	<b>162,000</b>	124,000	5,258	121,100	(2,900)	-2.3%	38,000	30.6%
TOTAL	<b>\$341,500</b>	\$303,500	\$63,209	\$270,900	(\$32,600)	-10.7%	\$38,000	12.5%

\*All amounts rounded to the nearest dollar.

**BOARD OF RETIREMENT**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	93,500	52,121	93,500	63,800	93,500
Educational Expenses	86,000	57,989	86,000	86,000	86,000
Miscellaneous	112,000	88,386	124,000	121,100	162,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$291,500</b>	<b>\$198,496</b>	<b>\$303,500</b>	<b>\$270,900</b>	<b>\$341,500</b>

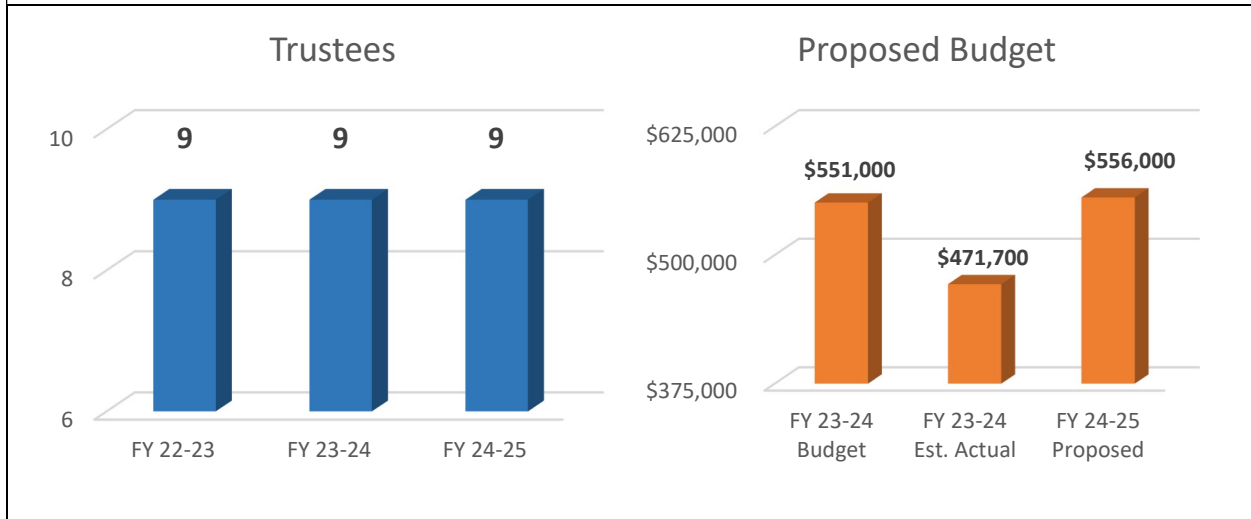
\*All amounts rounded to the nearest dollar.

# BOARD OF INVESTMENTS

## BUDGET HIGHLIGHTS FISCAL YEAR 2024-2025

### FY 2024-25 Proposed Budget

The Board of Investments is responsible for establishing LACERA's investments policies and objectives, as well as exercising authority and control over the investment management of the Pension Fund. The Board must exercise its duties with care, skill, prudence and diligence. The Board is composed of nine trustees. Four trustees are appointed by the Los Angeles County Board of Supervisors; two are elected by active general members; one is elected by safety members; and one is elected by retired members. The law requires the County Treasurer and Tax Collector serve as an ex-officio trustee. The Deputy County Treasurer and Tax Collector serves as the acting ex-officio trustee sitting in for the ex-officio trustee as needed.



### Summary of Significant Changes:

Description	Position Changes	Amount
<ul style="list-style-type: none"> <li>Food/Beverages</li> </ul>	--	\$5,000

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The Board of Investments supports LACERA's Investments Strategic Plan, providing broad direction to the Chief Investment Officer and Chief Executive Officer.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Board of Investment does not have one-time expenditures for FY 2024-25 that need to be removed.

### **Services and Supplies Adjustments**

The Board's Services and Supplies budget request is based on actual expenditure trends.

#### *Food/Beverages*

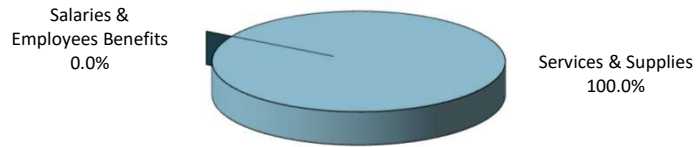
The Food/Beverages budget request increased by \$5,000 to \$17,000.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**BOARD OF INVESTMENTS**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$0</b>	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
<b>Services &amp; Supplies</b>	<b>556,000</b>	551,000	231,066	471,700	(79,300)	-14.4%	5,000	0.9%
<b>OPERATING BUDGET</b>	<b>\$556,000</b>	\$551,000	\$231,066	\$471,700	(\$79,300)	-14.4%	\$5,000	0.9%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BOARD OF INVESTMENTS**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$246,000</b>	\$246,000	\$96,581	\$220,000	(\$26,000)	-10.6%	\$0	0.0%
EDUCATIONAL EXPENSES	<b>200,000</b>	200,000	62,387	172,000	(28,000)	-14.0%	0	0.0%
MISCELLANEOUS	<b>110,000</b>	105,000	72,097	79,700	(25,300)	-24.1%	5,000	4.8%
TOTAL	<b>\$556,000</b>	\$551,000	\$231,066	\$471,700	(\$79,300)	-14.4%	\$5,000	0.9%

\*All amounts rounded to the nearest dollar.

**BOARD OF INVESTMENT**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

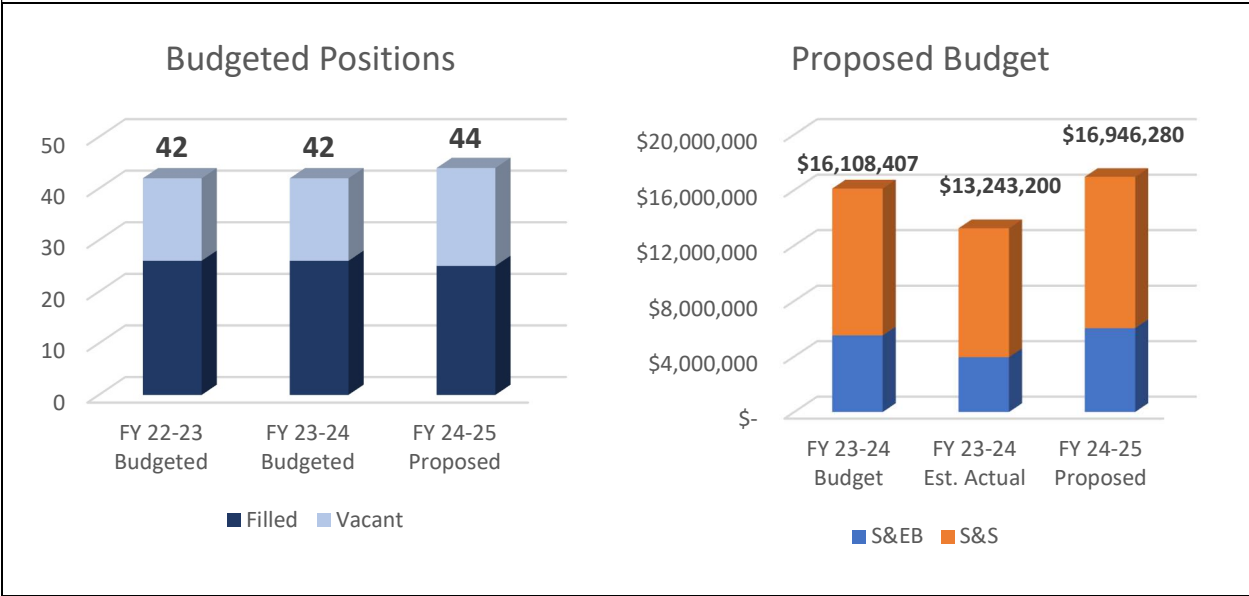
	<b>FYE 2023</b>		<b>FYE 2024</b>		<b>Proposed</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	242,000	158,306	246,000	220,000	246,000
Educational Expenses	150,000	147,119	200,000	172,000	200,000
Miscellaneous	106,000	80,079	105,000	79,700	110,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$498,000</b>	<b>\$385,504</b>	<b>\$551,000</b>	<b>\$471,700</b>	<b>\$556,000</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

The Administrative Services Division provides the operational infrastructure that supports all divisions in administering LACERA's programs and services. Specific services include budget development and monitoring; procurement; contract compliance; document processing; records management; facilities management; and risk management, including business continuity, insurance, and health and safety.



**Summary of Significant Changes:**

Description	Position Changes	Amount
<ul style="list-style-type: none"> <li>Creation of Vendor Management Section Add three positions: 1 SAA II, 2 ASA IIIs</li> </ul>	3	\$261,695
<ul style="list-style-type: none"> <li>Deletion of Receptionist</li> </ul>	(1)	(\$43,819)
<ul style="list-style-type: none"> <li>Reduction in Agency Temp Staffing</li> </ul>		(\$177,300)
<ul style="list-style-type: none"> <li>Consultant for Facilities Master Plan</li> </ul>		\$150,000
<ul style="list-style-type: none"> <li>Transfer of Security Services: Sheriff</li> </ul>		\$32,000



## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

### **Renovation of Seventh Floor, Systems/FASD**

As reported last fiscal year, the Systems Division and Financial and Accounting Services Division (FASD) space had not been renovated in 20 years. To make the renovation timelier, the entire seventh floor was renovated simultaneously. This was a huge undertaking, but we are pleased to inform you that we have completed this project.

### **Automated Budget System**

As reported last fiscal year, the Administrative Services Division (ASD) has never had an automated budget development or control system, relying upon Excel spreadsheets and manual processes. After conducting an extensive needs assessment and releasing a Request for Proposal (RFP), Questica was selected as the budget software provider. The implementation plan was introduced at the end of the calendar year 2022, and regular meetings between Questica and LACERA subject matter experts have moved the software implementation along. We planned to use the new system to develop the FY 2024-2025 budget, and we are pleased to inform you that we are on target.

### **Enterprise Contract Lifecycle Management System (ECLM)**

As reported last fiscal year, this system will replace our current contract management database with an enterprise-wide solution that includes automated workflows and reporting capabilities and will integrate with new and existing technology solutions. The vendor selected for the ECLM system is Cobblestone. We previously met with the vendor to outline the deployment plan and expected the system to be fully functional by the summer of 2023. We experienced unexpected delays and plan to soft launch the ECLM prior to the end of the 2023-24 fiscal year. End-user training will be ongoing through the end of the fiscal year.

### **Procurement/Accounts Payable/Travel System**

As reported last fiscal year, the ASD, FASD, and Systems Division have collaborated to automate, simplify, and improve our procurement and accounts payable approval and workflow processes. This software processes electronic payment methods, including automating requisitions and invoicing. We anticipated this system would roll out in phases, starting with Procurement and Accounts Payable, followed by the Expense phase by the summer of 2023. Although we experienced unexpected delays, we are pleased to inform you that that implementation occurred in January 2024.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The ASD goals and objectives are to provide the operational infrastructure that supports the divisions in administering LACERA programs and services. ASD plays a leading role in LACERA's Fiscal Durability Strategic Priority, ensuring that resources are utilized appropriately and judiciously. Some of these fiscal elements involve improvements in:

- Financial and budgeting systems that support LACERA's ability to make, monitor, and ensure prudent and strategic expenditure decisions.
- Systems, technologies and processes that can simplify and improve staff efficiency and effectiveness.
- Developing and reinforcing a fiscal prudent mindset.
- Ensure LACERA's staff and management responsible for financial operations have appropriate training and qualifications.

Specific functions include:

- Budget Development and Monitoring
- Business Continuity Management
- Business Insurance Management
- Contract Management and Compliance
- Document Processing/Mailroom Services
- Facilities Management/Renovations
- Health and Safety Services
- Purchasing and Procurement Services
- Records and Information Management
- Rideshare Administration
- Risk Management

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

## Adjustments to Permanent Staffing

Administrative Services is requesting the following changes:

Addition	Removal
1 Supervising Administrative Assistant II 2 Administrative Services Analyst IIIs	1 Receptionist

LACERA presently operates a decentralized vendor management program. Each division has one or more contract administrators responsible for ensuring compliance with LACERA's applicable laws, rules, and standards, including data privacy and security. The current structure poses numerous challenges: inconsistent practices, limited risk visibility, and ineffective performance management, to name a few. With the recent adoption of a strategic plan that prioritizes risk mitigation, compliance, and the creation of internal controls and tools to ensure fiscal durability, a centralized vendor management program is foundational to executing our objectives.

This section would support 15 divisions with vendor management, including vendor engagement, due diligence, solicitations, risk assessment and mitigation, selection, contract negotiation, onboarding, monitoring, and offboarding of LACERA vendors. LACERA currently manages approximately 450 contracts on an ongoing basis, with contract administrators in each division. Based on our experience, we can anticipate 100 solicitations annually, which results in 100 new/renewed contracts annually. Our average annual contract close-out rate is 60. For FY 2023 we processed nearly 3,100 payment requests related to contracts. Due to the diversity of the needs of each division and the complexity of the work involved, ASD management is requesting the addition of one (1) Supervising Administrative Assistant II and two (2) Administrative Services Analyst IIIs to support a centralized Vendor Management Section in ASD. The Supervising Administrative Assistant II will oversee procurement and contracts.

Additionally, ASD is deleting the receptionist position as the role and duties have been moved to the Member Services Center.

## Temporary Staffing

ASD's proposed budget for Agency Temporary staff is \$280,500 for FY 2024-25. This is an estimated 40 percent decrease in allocated funds for temporary staff, as ASD anticipates filling nine vacancies by the end of FY 2024.

ASD currently has 42 budgeted positions, with 13 vacancies in the following functional areas: Budget, Contracts, Facilities, Records Management, and Document Processing.

Human Resources anticipates opening an exam for the Administrative Services Analyst (ASA) series and the Intermediate Typist Clerk positions prior to the end of the 2023-24

fiscal year, which will fill nine of our current vacancies in Budget, Contracts, Facilities, Records Management, and the Document Processing Center (DPC).

Reorganization and a centralized vendor management section are also being proposed (proposed FY 2024-25 org chart attached), which may expand the hiring of two additional ASA IIIs. The above-referenced exam would allow for immediate hiring of the proposed ASA IIIs.

While our goal remains to hire permanent staff to fill the remaining vacancies, the continued use of temporary staff is a practical solution we continue to employ. If vacancies are not filled, ASD will request additional funding for temporary staffing in the mid-year budget.

### **Overtime Needs**

We expect overtime to be necessary for FY 2024-25 during periods of heightened activity related to budget preparation, facilities maintenance, repairs and modifications, and special projects and for the DPC staff during the March Rush. The amount of overtime will be reduced due to technological changes in processing members' Medicare Part B Premium documents. However, the overall budget will increase slightly as ASD staff continue supporting several technological projects outlined above as subject matter experts. Overtime will be essential for staff to continue to support these projects while fulfilling their current duties.

### **Interns**

In response to our organization's growing need for efficient records management, the Records and Information Management Unit seeks a highly motivated, detail-oriented, meticulous intern to spearhead a comprehensive records management project. This role will involve conducting a thorough organization-wide inventory of business records and utilizing advanced data analysis techniques to extract valuable insights. The intern will play a pivotal role in assessing the current state of our records and formulate recommendations for updating the Records Retention Schedule and ensuring compliance with industry regulations. This hands-on experience will give the intern valuable records management skills and significantly enhance our overall organizational efficiency and information governance. The funding for Interns is budgeted in Human Resources and is not reflected in the Administrative Services Budget.

### **Rehired Retirees**

Administrative Services is not requesting any rehired retiree assistance in FY 2024-2025.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Administrative Services has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

#### *Consulting and Contracting Services*

This year, ASD will embark on a strategic facility planning process to align our short- and long-term facility plans with our anticipated future needs. This planning process is essential as we envision LACERA's future state as a \$100 billion fund. We are requesting \$150,000 for this service and the development of a five- to 10-year facilities master plan.

#### *Renovation*

The renovation budget will remain flat in anticipation of executing the facilities master plan.

#### *Security Services*

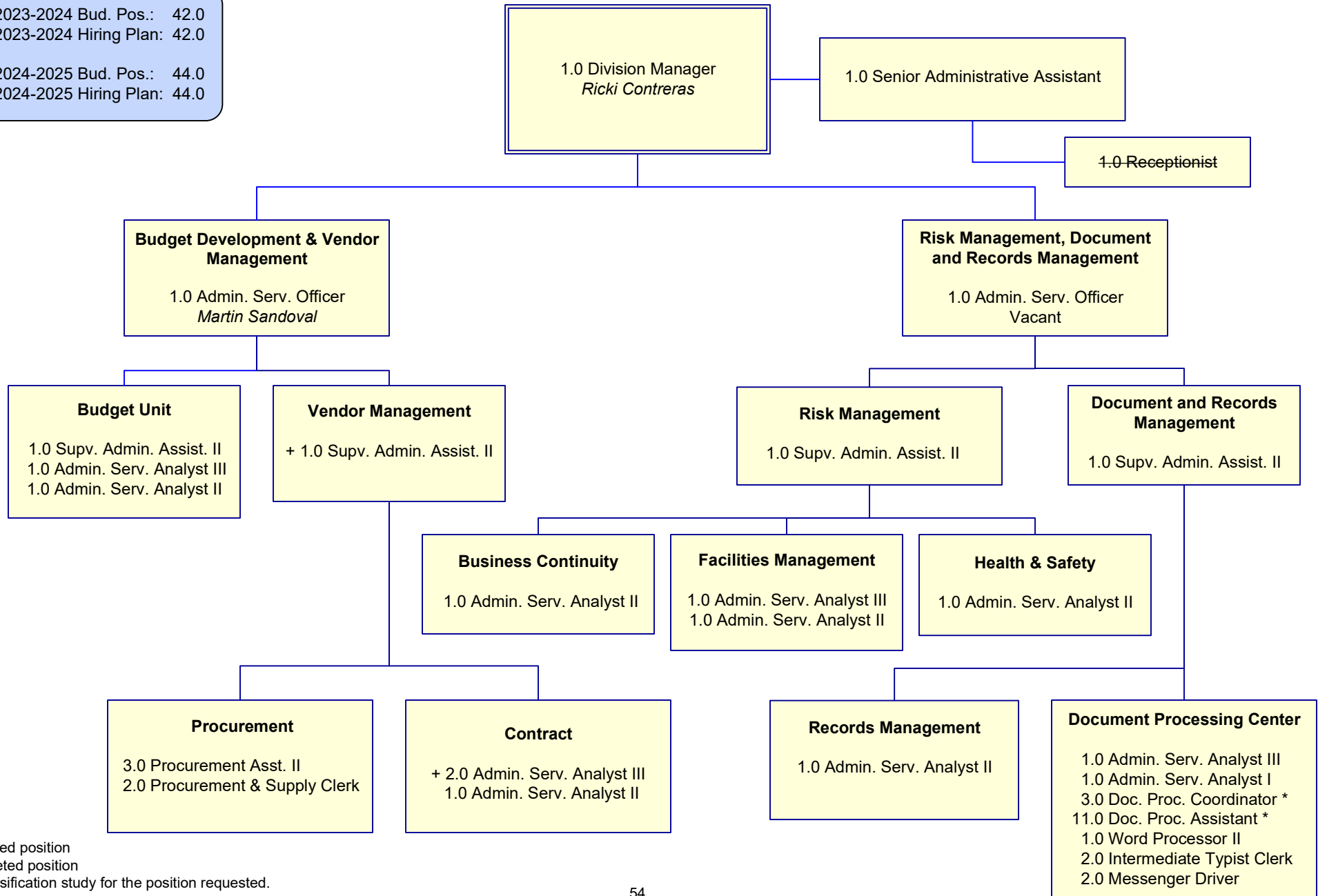
One more notable change is the consolidation of administration for security services with the movement of the Security Services–Sheriff account from Human Resources to the Administrative Services budget. The allocated funds for this line item are \$32,000.

Administrative Services' S&S budget for FY 2024-25 will essentially remain flat compared to the FY 2023-24 adopted budget.

# ADMINISTRATIVE SERVICES DIVISION

## FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 42.0  
 2023-2024 Hiring Plan: 42.0  
 2024-2025 Bud. Pos.: 44.0  
 2024-2025 Hiring Plan: 44.0



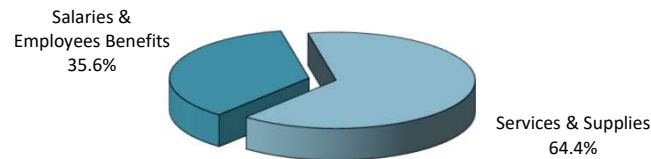
+ Added position  
 - Deleted position  
 \* Classification study for the position requested.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**ADMINISTRATIVE SERVICES DIVISION**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$6,040,479</b>	\$5,512,307	\$1,972,838	\$3,949,300	(\$1,563,007)	-28.4%	\$528,172	9.6%
<b>Services &amp; Supplies</b>	<b>10,905,800</b>	10,596,100	6,155,475	9,293,900	(1,302,200)	-12.3%	309,700	2.9%
<b>OPERATING BUDGET</b>	<b>\$16,946,279</b>	\$16,108,407	\$8,128,312	\$13,243,200	(\$2,865,207)	-17.8%	\$837,872	5.2%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**ADMINISTRATIVE SERVICES DIVISION**

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$3,425,263</b>	\$2,813,145	\$1,083,726	\$2,200,000	(\$613,145)	-21.8%	\$612,118	21.8%
<b>Total Agency Temp Salaries</b>	<b>280,500</b>	457,800	149,712	256,700	(201,100)	-43.9%	(177,300)	-38.7%
<b>Employee Benefits (Variable)</b>	<b>1,928,832</b>	1,911,226	600,671	1,219,900	(691,326)	-36.2%	17,605	0.9%
<b>Employee Benefits (Other)</b>	<b>208,726</b>	180,309	71,603	145,400	(34,909)	-19.4%	28,417	15.8%
<b>OPEB Contribution</b>	<b>135,659</b>	99,927	51,433	104,500	4,573	4.6%	35,733	35.8%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>47,300</b>	35,700	5,074	10,300	(25,400)	-71.1%	11,600	32.5%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>7,300</b>	7,300	8,774	8,800	1,500	20.5%	0	0.0%
<b>Rideshare Allowance</b>	<b>6,900</b>	6,900	1,845	3,700	(3,200)	-46.4%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$6,040,479</b>	\$5,512,307	\$1,972,838	\$3,949,300	(\$1,563,007)	-28.4%	\$528,172	9.6%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$6,040,479</b>	\$5,512,307	\$1,972,838	\$3,949,300	(\$1,563,007)	-28.4%	\$528,172	9.6%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.



LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

ADMINISTRATIVE SERVICES DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0410	ADMINISTRATIVE SERVICES OFFICER, LACERA	1	LS09
0423	SUPERVISING ADMIN ASSIST II, LACERA	2	110A
0421	ADMINISTRATIVE SERVICES ANALYST III	1	101D
0420	ADMINISTRATIVE SERVICES ANALYST II	3	097D
0472	DOCUMENT PROCESSING COORDINATOR	2	087C
0471	DOCUMENT PROCESSING ASSISTANT, LACERA	7	084C
0464	PROCUREMENT ASSISTANT II, LACERA	3	091H
0448	WORD PROCESSOR II, LACERA	1	086B
0467	PROCUREMENT & SUPPLY CLERK, LACERA	2	085A
0461	MESSENGER DRIVER, LACERA	2	078D

**Total Filled Positions = 25**

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0410	ADMINISTRATIVE SERVICES OFFICER, LACERA	1	LS09
0423	SUPERVISING ADMIN ASSIST II, LACERA	2	110A
0421	ADMINISTRATIVE SERVICES ANALYST III	4	101D
0420	ADMINISTRATIVE SERVICES ANALYST II	3	097D
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
0419	ADMINISTRATIVE SERVICES ANALYST I	1	087L
0472	DOCUMENT PROCESSING COORDINATOR	1	087C
0471	DOCUMENT PROCESSING ASSISTANT, LACERA	4	084C
0445	INTERMEDIATE TYPIST-CLERK, LACERA	2	078K

**Total Vacant Positions = 19**

**TOTAL POSITIONS = 44**

Non-Represented positions shown in black.  
Represented positions shown in blue.  
Salary schedule as of 01/01/2024.

LACERA

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$33,000	\$33,500	\$20,543	\$21,600	(\$11,900)	-35.5%	(\$500)	-1.5%
TRANSPORTATION & TRAVEL	31,600	17,600	0	5,300	(12,300)	-69.9%	14,000	79.5%
POSTAGE	350,000	351,500	350,000	350,000	(1,500)	-0.4%	(1,500)	-0.4%
STATIONERY & FORMS	1,000	1,000	0	1,000	0	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	320,500	298,000	127,649	220,100	(77,900)	-26.1%	22,500	7.6%
INSURANCE	1,460,200	1,374,700	1,217,452	1,220,600	(154,100)	-11.2%	85,500	6.2%
EQUIPMENT MAINTENANCE	3,300	3,300	1,345	3,700	400	12.1%	0	0.0%
EQUIPMENT RENTS & LEASES	260,000	250,000	128,817	221,000	(29,000)	-11.6%	10,000	4.0%
BUILDING COSTS	7,800,000	7,800,000	4,058,727	6,862,600	(937,400)	-12.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	583,000	429,000	244,761	352,800	(76,200)	-17.8%	154,000	35.9%
EDUCATIONAL EXPENSES	49,200	25,500	1,122	25,500	0	0.0%	23,700	92.9%
MISCELLANEOUS	14,000	12,000	5,058	9,700	(2,300)	-19.2%	2,000	16.7%
TOTAL	\$10,905,800	\$10,596,100	\$6,155,475	\$9,293,900	(\$1,302,200)	-12.3%	\$309,700	2.9%

\*All amounts rounded to the nearest dollar.

**ADMINISTRATIVE SERVICES**

**BUDGET REQUEST INFORMATION**

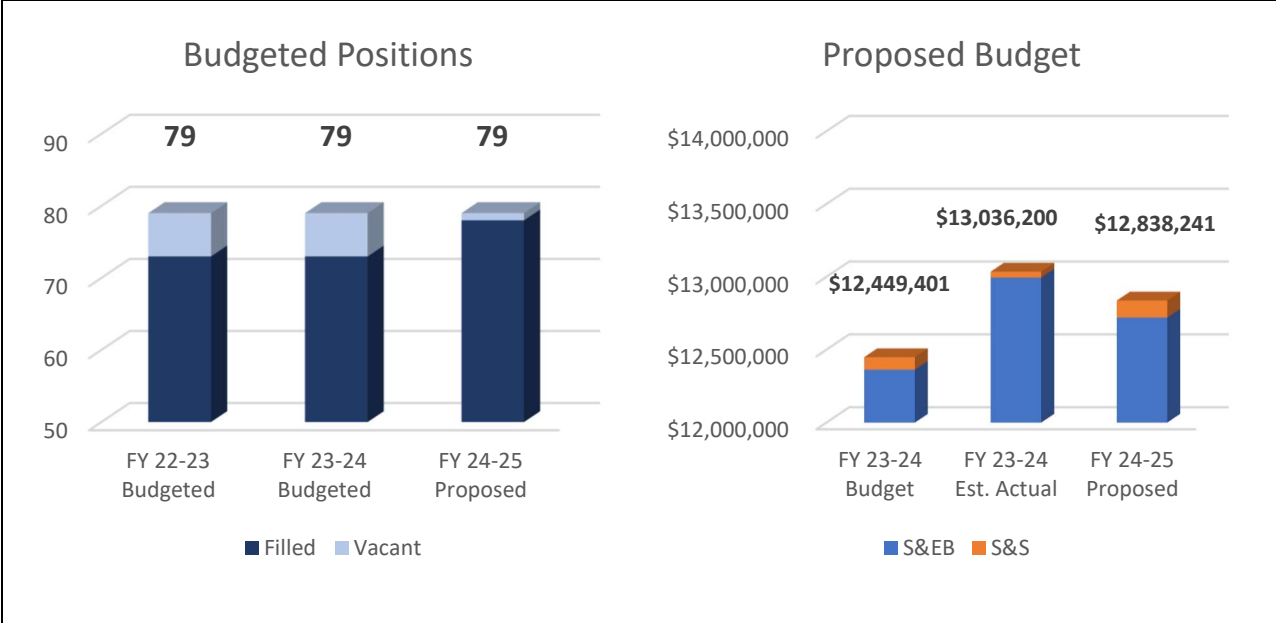
**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed Budget
	Budget	Actual	Budget	Projection	
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$2,223,984	\$2,030,036	\$2,813,145	\$2,200,000	\$3,425,263
Total Agency Temp Salaries	473,400	282,409	457,800	256,700	280,500
Employee Benefits (Variable)	1,426,725	1,137,500	1,911,226	1,219,900	1,928,832
Employee Benefits (Other)	166,766	150,922	180,309	145,400	208,726
OPEB Contribution	88,501	87,935	99,927	104,500	135,659
OPEB Contribution (Budget Surplus)	0	88,501	0	0	0
Stipends	0	0	0	0	0
Overtime	49,400	9,935	35,700	10,300	47,300
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	7,300	7,799	7,300	8,800	7,300
Rideshare Allowance	6,900	4,540	6,900	3,700	6,900
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Auto Expenses	111,500	(47,904)	33,500	21,600	33,000
Transportation & Travel	8,000	2,369	17,600	5,300	31,600
Postage	331,400	331,423	351,500	350,000	350,000
Stationery & Forms	3,800	0	1,000	1,000	1,000
Office Supplies & Equipment	327,000	177,905	298,000	220,100	320,500
Insurance	1,120,600	976,329	1,374,700	1,220,600	1,460,200
Equipment Maintenance	3,300	2,443	3,300	3,700	3,300
Equipment Rents & Leases	287,000	199,499	250,000	221,000	260,000
Building Costs	7,961,300	6,124,765	7,800,000	6,862,600	7,800,000
Professional & Specialized Services	366,000	308,326	429,000	352,800	583,000
Educational Expenses	13,500	8,558	25,500	25,500	49,200
Miscellaneous	13,500	11,047	12,000	9,700	14,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$14,989,876</b>	<b>\$11,894,337</b>	<b>\$16,108,407</b>	<b>\$13,243,200</b>	<b>\$16,946,279</b>

\*All amounts rounded to the nearest dollar.



The Benefits Division is responsible for accurately and consistently calculating the member’s promised pension benefit, collecting the required contributions to fund those benefits, and safeguarding, or protecting, the members’ accounts. This work is done in compliance with CERL, PEPPRA, Board of Retirement regulations, and organizational policies and values. The Benefits Division is made up of four sections to perform this mission-critical work: Core Benefits Services; Special Benefits Services; Account Integrity Services; and the Process Management Group.



**Summary of Significant Changes:**

Description	Position Changes	Amount
• Remove agency temp staffing		(\$62,000)
• Increase Travel		\$7,400
• Increase Pension Benefit Information		\$5,000
• Increase Registration Fees		\$18,000

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

- Guide and provide consultation regarding the automation of Temporary Time purchases
- Guide and provide consultation regarding the automated calculation of Final Average Compensation (FAC) for PEPRA members
- Design and implement the process to reduce LACERA's risk regarding retirees who work part-time up to 960 hours
- Redesign LACERA's Recovery of Underpaid Contributions and Overpaid Benefits to conform with industry best practices and improve the member experience
- Clarify the Supplemental Disability process to address situations where members are not assigned an alternate position prior to the granting of the disability
- Work with Systems to create a process where staff can generate Previous Service contracts through Workspace without the use of the Excel templates

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The following objectives support the Strategic Plan priorities of the Superior Member Experience and Investing in People. These goals will help improve the member experience by increasing our flexibility to respond to changes, while developing future leaders as they learn how to build better trust and accountability, develop cohesive teams, and collaborate on behalf of our members:

- Increase opportunities for staff to network and gain industry knowledge by attending outside training and conferences
- Work with an outside consultant to help Benefits managers and supervisors build cohesive and collaborative teams and work with the entire division to foster a culture of trust and accountability

This upcoming fiscal year, we will increase the number of industry-related conferences and trainings as well as the number of staff who attend them. Supervisors will be invited to represent LACERA at industry events. In addition to SACRS and CALAPRS Benefits Roundtables, leaders within the division will attend Public Plan Policy: Pensions II training provided by the International Foundation of Employee Benefit Plans (IFEBP), Cost Effective Measurement (CEM), and the National Conference on Public Employee Retirement Systems (NCPERS). (NCPERS offers a variety of conferences. Benefits will attend the one titled Annual Conference and Exhibitions [ACE]).

In addition to increasing participation in industry events, we would like to transform the culture of the Benefits Division by working with an outside consultant. We will begin by working with the leadership team (supervisors and above) to further develop their skills and abilities to become better leaders. We will also focus on the whole division, so the entire team grows together, allowing the leadership team to immediately apply what they learn and receive feedback as part of the training process.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

No additional permanent staffing is requested in FY 2024-25.

Other adjustments to permanent staff may be required. We will revisit this during the Mid-Year Amendment or for FY 2025-26.

### **Temporary Staffing**

LACERA plans to offer a Core Benefits Training class beginning in late FY 2023-24 to ensure a steady inflow of new, fully trained Retirement Benefits Specialist to support the Benefits and Member Services Division. These trainees are County Temporary until they successfully complete the training program.

The Benefits Division does not anticipate any use of agency temporary staffing in FY 2024-25, resulting in a decrease of \$62,000

### **Overtime Needs**

The Benefits Division anticipates the need for approximately 8,600 hours of overtime at an approximate cost of \$563,000 in FY 2024-25. This is the same amount of overtime budgeted in FY 2023-24 and is required to ensure we provide a Superior Member Experience through the delivery of timely and accurate responses to member requests.

### **Interns**

The Benefits Division does not anticipate any use of interns in FY 2024-25.

### **Rehired Retirees**

The Benefits Division does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Benefits Division has no anticipated one-time expenditures for FY 2024-25.

## **Services and Supplies Adjustments**

### *Travel and Registration Fees*

Funding totaling \$12,600 for staff travel is requested for FY 2024-25, an increase of \$7,400. This funding is required for staff development and will allow approximately 11 staff members to participate in a variety of industry educational conferences.

Additionally, staff will participate in a virtual conferences as well. Registration fees are increasing from \$31,000 to \$49,000 for staff attending educational conferences offered both in person and virtually.

### *Pension Benefit Information (PBI)*

Benefits requests death verification from Pension Benefit Information (PBI) for retirees, allowing us to prevent overpayments and locate beneficiaries in a timely manner. This year, to improve our survivor experience, we would like PBI to verify the status of deferred and inactive members with funds on deposit. Learning of these deaths as soon as possible increases the likelihood of successfully reaching out and paying the appropriate beneficiaries. Therefore, we are requesting an increase in the budget for this service from \$15,000 to \$20,000.

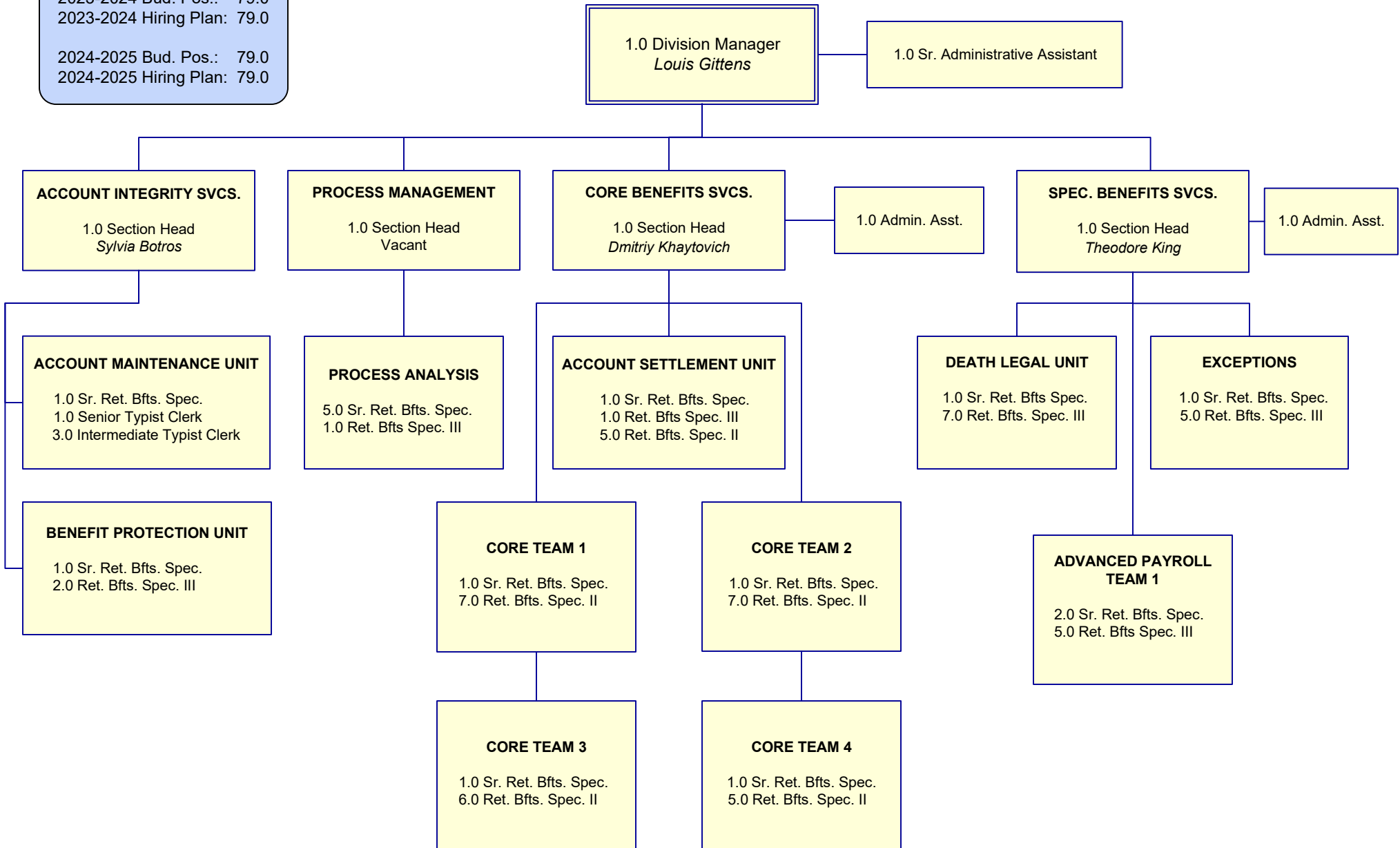
### *Miscellaneous*

Historically, we celebrate staff's accomplishments at the end of the year with a division-wide lunch. It is a time for the entire division to come together and for the organization to show its appreciation to staff for their dedication and service. Existing funds are insufficient to cover the costs for the number of Benefits Division staff. Therefore, we will need to increase the budget in this area from \$800 to \$1,600.

# BENEFITS DIVISION

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 79.0  
 2023-2024 Hiring Plan: 79.0  
 2024-2025 Bud. Pos.: 79.0  
 2024-2025 Hiring Plan: 79.0



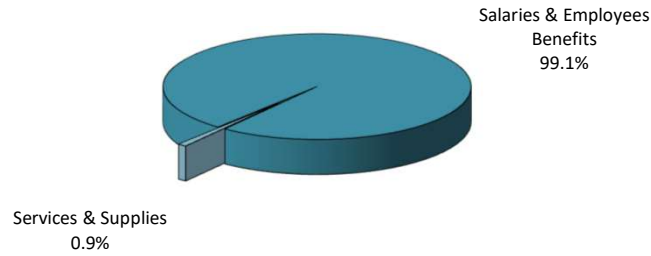


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**BENEFITS DIVISION**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$12,720,941</b>	\$12,363,301	\$6,431,999	\$12,995,800	\$632,499	5.1%	\$357,640	2.9%
<b>Services &amp; Supplies</b>	<b>117,300</b>	86,100	8,314	40,400	(45,700)	-53.1%	31,200	36.2%
<b>OPERATING BUDGET</b>	<b>\$12,838,241</b>	\$12,449,401	\$6,440,313	\$13,036,200	\$586,799	4.7%	\$388,840	3.1%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**BENEFITS DIVISION**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$7,118,357</b>	\$6,799,486	\$3,716,641	\$7,544,800	\$745,314	11.0%	\$318,871	4.7%
<b>Total Agency Temp Salaries</b>	<b>0</b>	62,200	10,879	62,200	0	0.0%	(62,200)	-100.0%
<b>Employee Benefits (Variable)</b>	<b>4,292,096</b>	4,365,974	1,923,673	3,905,600	(460,374)	-10.5%	(73,878)	-1.7%
<b>Employee Benefits (Other)</b>	<b>433,766</b>	435,814	174,492	354,300	(81,514)	-18.7%	(2,048)	-0.5%
<b>OPEB Contribution</b>	<b>281,922</b>	241,527	124,315	252,400	10,873	4.5%	40,395	16.7%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>562,900</b>	426,400	459,680	850,000	423,600	99.3%	136,500	32.0%
<b>Bilingual Bonus</b>	<b>3,600</b>	3,600	1,950	3,600	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	20,368	22,900	10,900	90.8%	0	0.0%
<b>Rideshare Allowance</b>	<b>16,300</b>	16,300	0	0	(16,300)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$12,720,941</b>	\$12,363,301	\$6,431,999	\$12,995,800	\$632,499	5.1%	\$357,640	2.9%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$12,720,941</b>	\$12,363,301	\$6,431,999	\$12,995,800	\$632,499	5.1%	\$357,640	2.9%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2023-2024  
SALARIES

BENEFITS DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0772	SECTION HEAD, LACERA	3	LS9
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	15	105B
1311	RETIREMENT BENEFITS SPECIALIST III	22	099H
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
1310	RETIREMENT BENEFITS SPECIALIST II	30	093B
0438	ADMINISTRATIVE ASSISTANT, LACERA	2	087K
0446	SENIOR TYPIST-CLERK, LACERA	1	082J
0445	INTERMEDIATE TYPIST-CLERK, LACERA	3	078K
<b>Total Filled Positions =</b>		<b>78</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0772	SECTION HEAD, LACERA	1	LS9
<b>Total Vacant Positions =</b>		<b>1</b>	
<b>TOTAL POSITIONS =</b>		<b>79</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BENEFITS DIVISION**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$14,700</b>	\$7,300	\$2,071	\$6,000	(\$1,300)	-17.8%	\$7,400	101.4%
OFFICE SUPPLIES & EQUIPMENT	<b>3,400</b>	3,400	593	1,100	(2,300)	-67.6%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>46,000</b>	41,000	5,190	16,300	(24,700)	-60.2%	5,000	12.2%
EDUCATIONAL EXPENSES	<b>51,600</b>	33,600	460	16,200	(17,400)	-51.8%	18,000	53.6%
MISCELLANEOUS	<b>1,600</b>	800	0	800	0	0.0%	800	100.0%
<b>TOTAL</b>	<b>\$117,300</b>	<b>\$86,100</b>	<b>\$8,314</b>	<b>\$40,400</b>	<b>(\$45,700)</b>	<b>-53.1%</b>	<b>\$31,200</b>	<b>36.2%</b>

\*All amounts rounded to the nearest dollar.

**BENEFITS DIVISION**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

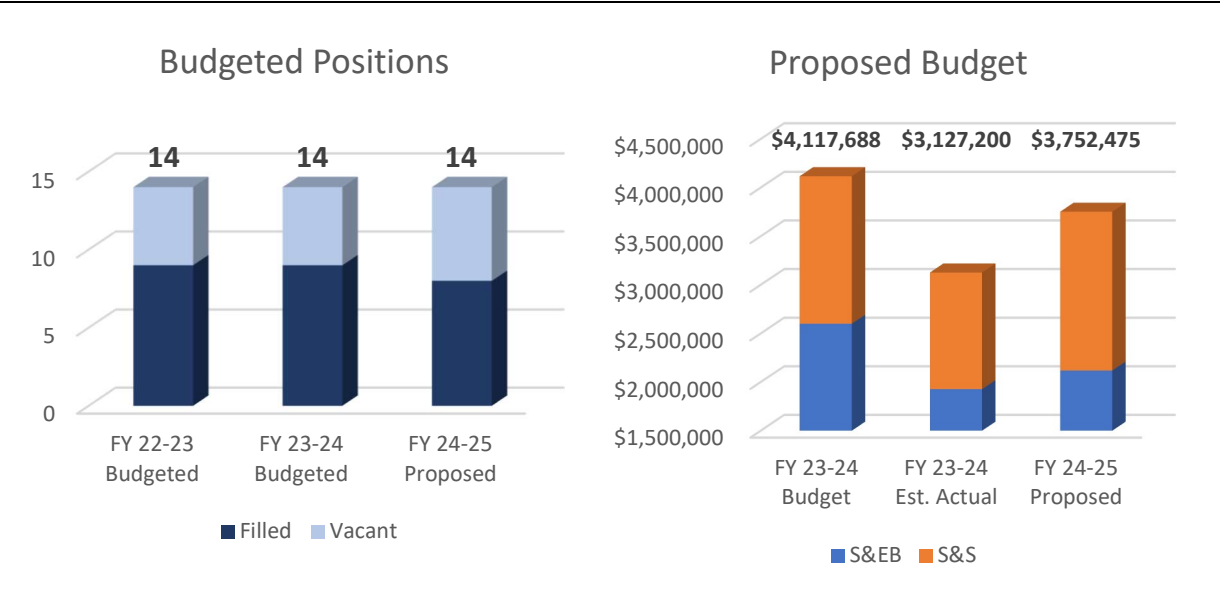
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$6,706,995	\$6,787,742	\$6,799,486	\$7,544,800	\$7,118,357
Total Agency Temp Salaries	154,900	92,043	\$62,200	62,200	0
Employee Benefits (Variable)	4,019,322	3,396,311	\$4,365,974	3,905,600	4,292,096
Employee Benefits (Other)	423,908	389,069	\$435,814	354,300	433,766
OPEB Contribution	224,962	223,523	\$241,527	252,400	281,922
OPEB Contribution (Budget Surplus)	0	224,962	0	0	0
Stipends	0	0	0	0	0
Overtime	398,100	580,501	\$426,400	850,000	562,900
Bilingual Bonus	3,600	3,600	\$3,600	3,600	3,600
Sick Leave Buyback	12,000	12,891	\$12,000	22,900	12,000
Rideshare Allowance	16,300	0	\$16,300	0	16,300
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	6,500	5,501	\$7,300	6,000	14,700
Office Supplies & Equipment	3,400	1,881	\$3,400	1,100	3,400
Professional & Spec. Svcs.	41,000	31,874	\$41,000	16,300	46,000
Educational Expenses	7,600	7,345	\$33,600	16,200	51,600
Miscellaneous	800	800	\$800	800	1,600
<b>TOTAL OPERATING BUDGET</b>	<b>\$12,019,386</b>	<b>\$11,758,043</b>	<b>\$12,449,401</b>	<b>\$13,036,200</b>	<b>\$12,838,241</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

Communications Division’s mission is to strategically envision, create, and distribute essential information and high-quality products for our members, stakeholders, and internal audiences, while consistently advancing our technological tools and outreach methods.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Newsletter Postage		\$12,000
• Annual Benefit Statement Postage		\$24,800
• New Hire Welcome Pkg		\$ 5,000
• Retiree Check Inserts		\$10,500
• Misc. Video Production		\$20,000
• Board Elections (Print & Mail)		\$30,000
• Board Member Scrolls (Trustee Award Materials)		\$ 5,000
• Premium Items (Promo Items)		\$10,000
• Strategic Planning Initiative		\$10,000

## STATUS OF FY 2023-24 PROJECTS AND INITIATIVES

Communications Division maintained its regular schedule of requisite annual projects, continued to move prioritized projects forward to help achieve the Boards' existing strategic goals, and provided support for the strategic planning process.

Additional major projects that we are managing or supporting that will carry into 2024 or that are currently prioritized for 2024 are the strategic planning implementation phase, My LACERA campaign, Annual Retirement Benefits Statement (ABS) redesign, Pre-Retirement Guide redesign, retirement enhancements, and Retirement Options and Medicare 101 videos.

## FY 2024-25 STRATEGIC GOALS AND OBJECTIVES

A few of our immediate goals, objectives and/or one-time projects for the 2024-2025 fiscal year are listed below.

- **Update plan books:** The member plan books should serve as the definitive source for all plan information. Since they are a supportive component for the Superior Member Experience priority, we want to redesign and update the plan books as one of the central media components of the omnichannel experience and enhanced educational content.
- **Complete Retirement University; begin production on revised My LACERA and Board Elections videos; increase overall video production:** Communications Division continues to increase video production due to growing demand for this format for internal and member-facing communications; our understanding of our member's need for various modes of learning materials/media; and as a part of the omnichannel experience.
- **Increase use of technological tools and online platforms**
  - *Build interactive e-learning/informational videos with specialized software:* For educational long-format videos, we want to build a more interactive experience for the member, incorporating questions and learning activities to enhance the video experience overall while increasing engagement and improving comprehension and retention.
  - *Incorporate Knowledge Base software:* We want enhance lacera.com with a more helpful, interactive home page through the creation of a knowledge base interface that guides the member to what they're specifically looking for.
- **Support LACERA's social media goals and strategy:** Using social media to communicate to our members will round out the omnichannel experience, and provide opportunities for digital engagement and promotion of LACERA's online resources. We anticipate adding new goals based on the development of the strategic plan initiatives, and reassessing or reprioritizing current projects to align with the organization's direction.

## **Training and Development Goals for 2024**

Educational enrichment is instrumental for staff members in improving and modernizing their skillsets as well as maintaining enthusiasm for their craft. For 2024, the budget reflects Communications' goals to:

- Provide training for staff members in team-building, collaboration, and job-specific areas
- Join and participate in the California Association of Public Information Officials (CAPIO), including CAPIO training webinars and the annual conference (two staff members)
- Participate in the HOW marketing and technology conference (two staff members)

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

No proposed changes are requested for this fiscal year. We will continue to work with HR to fill the vacant positions for one Public Information Officer, one Senior Writer, two Senior Media Artists, two Writer IIs, and one Staff Assistant I.

### **Temporary Staffing**

We are requesting three agency temporary staff members: one Senior Media Artist for one year, one Writer II for six months, and one Staff Assistant I for one year. These temporary positions are needed to backfill vacant positions to assist with work overflow.

### **Overtime Needs**

Communications is requesting Overtime for various staff positions to be available when urgent requests arise that require the staff member to work beyond the normal hours to complete a task. Overtime may also be needed throughout the year when multiple major and unanticipated projects have the same deadline and the staff member needs the additional hours to complete the project(s). There are no changes to the number of Overtime hours.



## **Interns**

Communications is not requesting interns in FY 2024-25.

## **Rehired Retirees**

Communications is not requesting rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Communications does not have one-time expenditures for FY 2024-25 that need to be removed.

### **Services and Supplies Adjustments**

Listed below are some S&S adjustments that Communications would like to highlight for FY 2024-25:

#### *Postage*

- Due to a 4 percent postage rate increase, we are requesting a slight increase in 2024 postage costs.
- *Pathways* and *Spotlight* postage costs have increased from \$215,000 to \$227,000.
- The Annual Benefit Statement mailing postage cost has increased from \$97,200 to \$122,000.

#### *Stationery and Forms*

Increases in distribution and/or production costs for LACERA communications components account for an overall increase, as detailed in the line items below:

- The New Hire Welcome Package cost has increased from \$10,000 to \$15,000 due to increased usage.
- The Retiree Check Inserts cost has increased from \$3,500 to \$14,000. There is an increase in cost for including inserts in the retiree check mailings to reach our members, resulting in a proposed \$10,500 increase.
- Board Elections (Print & Mail): \$30,000
- Trustee Awards Materials: \$5,000
- Strategic Planning Initiative: \$10,000

#### *Professional and Specialized Services*

- Requests for videos to support our communications to members has increased, and although we have an internal source to produce videos, we are unable to keep

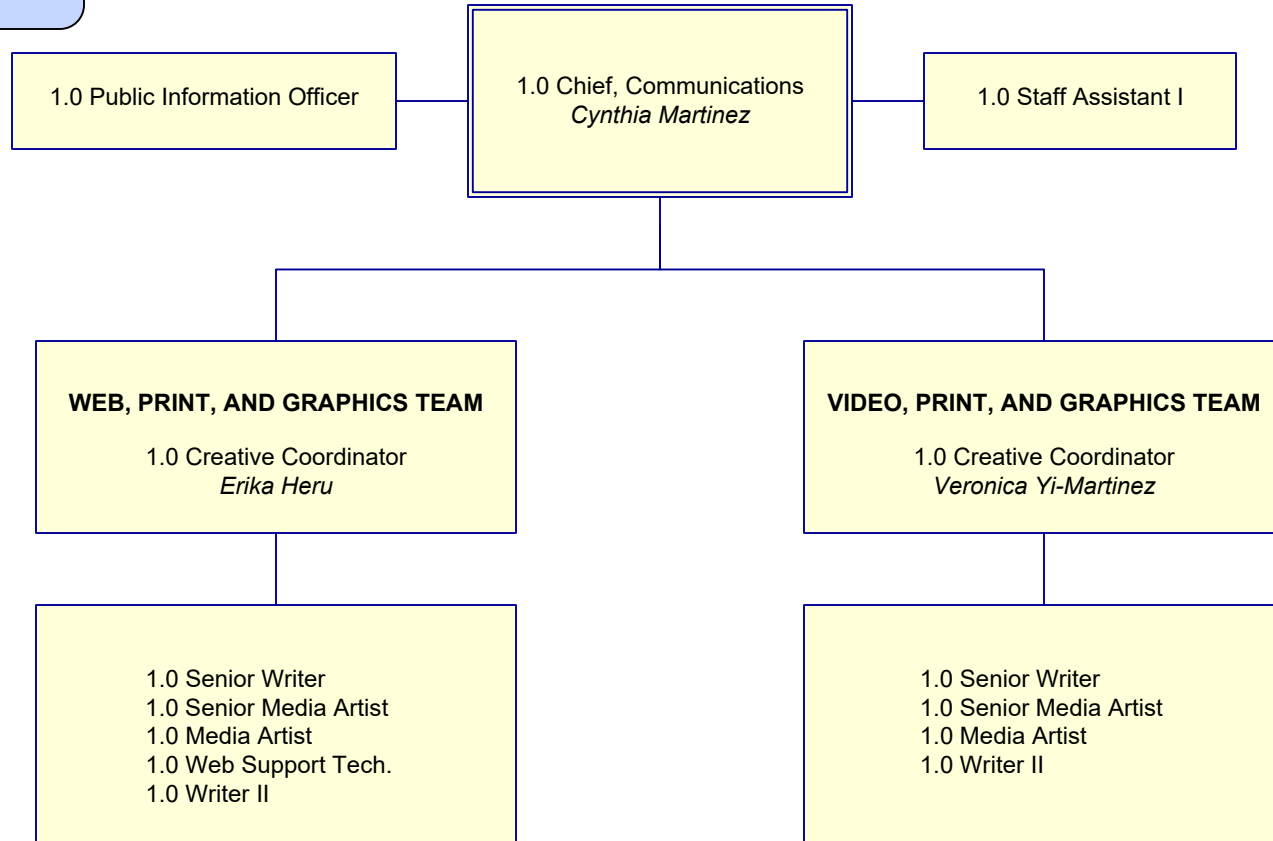
up with the demand and are continuing to use an outsourced video production service. The Misc. Video Production cost has increased from \$30,000 to \$50,000. An increase request of \$20,000 has been proposed to cover this need.

- Promotional Items: \$10,000

# COMMUNICATIONS

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 14.0  
2023-2024 Hiring Plan: 14.0  
  
2024-2025 Bud. Pos.: 14.0  
2024-2025 Hiring Plan: 14.0

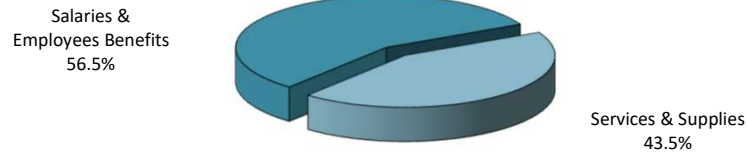


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**COMMUNICATIONS**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$2,118,875</b>	\$2,600,188	\$955,790	\$1,927,000	(\$673,188)	-25.9%	(\$481,313)	-18.5%
<b>Services &amp; Supplies</b>	<b>1,633,600</b>	1,517,500	518,169	1,200,200	(317,300)	-20.9%	116,100	7.7%
<b>OPERATING BUDGET</b>	<b>\$3,752,475</b>	\$4,117,688	\$1,473,959	\$3,127,200	(\$990,488)	-24.1%	(\$365,213)	-8.9%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES & EMPLOYEE BENEFITS SUMMARY**

**COMMUNICATIONS**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$1,078,612</b>	\$1,263,940	\$556,457	\$1,129,700	(\$134,240)	-10.6%	(\$185,328)	-14.7%
<b>Total Agency Temp Salaries</b>	<b>276,400</b>	331,000	44,536	76,400	(254,600)	-76.9%	(54,600)	-16.5%
<b>LACERA Intern Program</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>646,418</b>	870,339	298,872	607,100	(263,239)	-30.2%	(223,921)	-25.7%
<b>Employee Benefits (Other)</b>	<b>65,726</b>	81,012	32,171	65,400	(15,612)	-19.3%	(15,286)	-18.9%
<b>OPEB Contribution</b>	<b>42,718</b>	44,897	23,109	47,000	2,103	4.7%	(2,179)	-4.9%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>4,500</b>	4,500	645	1,400	(3,100)	-68.9%	0	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>3,500</b>	3,500	0	0	(3,500)	-100.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>1,000</b>	1,000	0	0	(1,000)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,118,875</b>	\$2,600,188	\$955,790	\$1,927,000	(\$673,188)	-25.9%	(\$481,313)	-18.5%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$2,118,875</b>	\$2,600,188	\$955,790	\$1,927,000	(\$673,188)	-25.9%	(\$481,313)	-18.5%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

COMMUNICATIONS

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0794	CHIEF, COMMUNICATIONS, LACERA	1	LS10
0779	CREATIVE COORDINATOR, LACERA	2	111A
0784	SENIOR WRITER, LACERA	1	108L
0807	SENIOR MEDIA ARTIST, LACERA	1	106J
0789	MEDIA ARTIST, LACERA	2	103D
0787	WEB SUPPORT TECHNICIAN, LACERA	1	099F
<b>Total Filled Positions =</b>		<b>8</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0784	SENIOR WRITER, LACERA	1	108L
0465	PUBLIC INFORMATION OFFICER, LACERA	1	107K
0807	SENIOR MEDIA ARTIST, LACERA	1	106J
0786	WRITER II, LACERA	2	099F
0426	STAFF ASSISTANT I, LACERA	1	089A
<b>Total Vacant Positions =</b>		<b>6</b>	
<b>TOTAL POSITIONS =</b>		<b>14</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES AND SUPPLIES**

**COMMUNICATIONS**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$17,600</b>	\$17,600	\$0	\$10,700	(\$6,900)	-39.2%	\$0	0.0%
POSTAGE	<b>379,000</b>	342,200	169,772	285,000	(57,200)	-16.7%	36,800	10.8%
STATIONERY & FORMS	<b>1,021,500</b>	981,700	301,420	776,100	(205,600)	-20.9%	39,800	4.1%
OFFICE SUPPLIES & EQUIPMENT	<b>10,000</b>	6,000	9,667	18,000	12,000	200.0%	4,000	66.7%
PROFESSIONAL & SPEC. SRVCS.	<b>175,000</b>	140,000	34,156	98,000	(42,000)	-30.0%	35,000	25.0%
EDUCATIONAL EXPENSES	<b>29,900</b>	29,400	2,643	11,500	(17,900)	-60.9%	500	1.7%
MISCELLANEOUS	<b>600</b>	600	510	900	300	50.0%	0	0.0%
TOTAL	<b>\$1,633,600</b>	<b>\$1,517,500</b>	<b>\$518,169</b>	<b>\$1,200,200</b>	<b>(\$317,300)</b>	<b>-20.9%</b>	<b>\$116,100</b>	<b>7.7%</b>

\*All amounts rounded to the nearest dollar.

**COMMUNICATIONS**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$1,242,896	\$1,057,213	\$1,263,940	\$1,129,700	\$1,078,612
Total Agency Temp Salaries	56,200	41,983	331,000	76,400	276,400
Employee Benefits (Variable)	740,334	549,060	870,339	607,100	646,418
Employee Benefits (Other)	78,556	71,350	81,012	65,400	65,726
OPEB Contribution	41,689	41,422	44,897	47,000	42,718
OPEB Contribution (Budget Surplus)	0	41,689	0	0	0
Stipends	0	0	0	0	0
Overtime	4,800	2,721	4,500	1,400	4,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	3,500	1,207	3,500	0	3,500
Rideshare Allowance	1,000	0	1,000	0	1,000
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	4,500	3,053	17,600	10,700	17,600
Postage	348,000	377,486	342,200	285,000	379,000
Stationery & Forms	804,500	664,082	981,700	776,100	1,021,500
Office Supplies & Equipment	6,000	14,465	6,000	18,000	10,000
Professional & Specialized Services	47,000	33,346	140,000	98,000	175,000
Computer Services & Support	14,000	7,331	0	0	0
Educational Expenses	29,400	2,539	29,400	11,500	29,900
Miscellaneous	600	426	600	900	600
<b>TOTAL OPERATING BUDGET</b>	<b>\$3,422,975</b>	<b>\$2,909,373</b>	<b>\$4,117,688</b>	<b>\$3,127,200</b>	<b>\$3,752,475</b>

\*All amounts rounded to the nearest dollar.





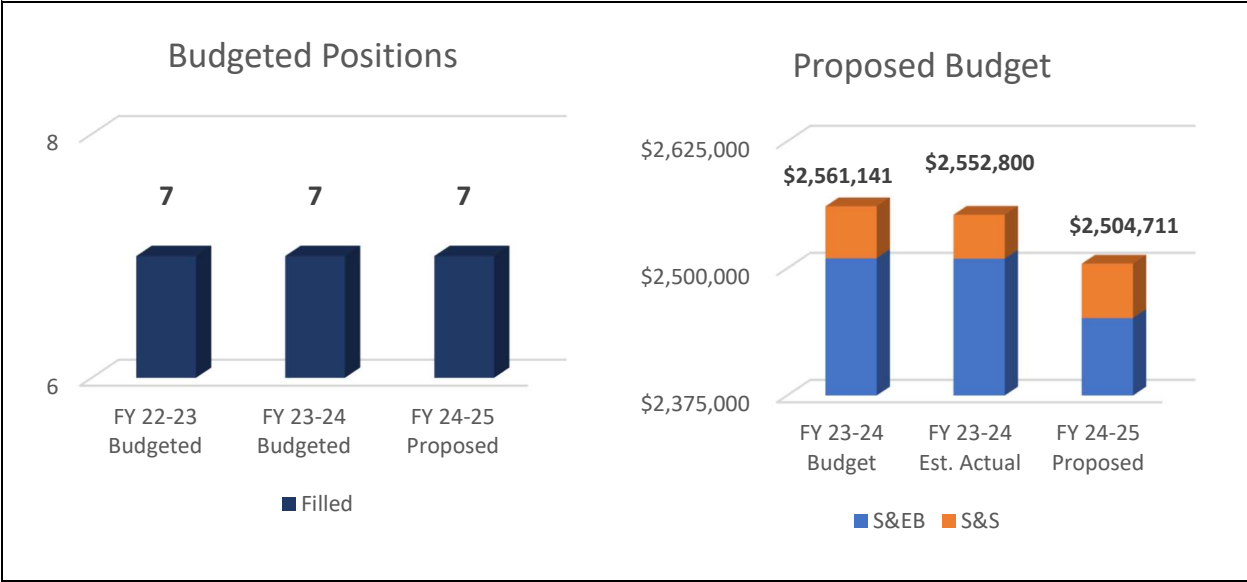
# DISABILITY LITIGATION

**BUDGET HIGHLIGHTS**  
FISCAL YEAR 2024-2025

## FY 2024-25 Proposed Budget

The Disability Litigation Office is a distinct legal division, separate and independent from the Legal Office, that represents LACERA at the administrative level in disputed applications for disability retirement pensions, applications for service-connected survivors' allowances, and felony forfeitures.

The DLO is comprised of seven staff: one Chief Counsel, three Senior Staff Counsels, and three Senior Legal Secretaries. The Chief Counsel reports to the Chief Executive Officer.



### Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
For FY 2024-25, there are no significant changes to the DLO budget. The budget remains status quo with minor adjustments to existing accounts		

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

The Disability Litigation Office (DLO) has been working to develop and implement a case management system (Sol) to digitize and automate the disability litigation process. During the 2024-25 fiscal year, the Sol project will near completion as it is out of testing and is currently being utilized for live cases and appeals by both Disability Retirement Services and the Disability Litigation Office.

With Sol, the DLO has been able to convert all open cases into digital files. Staff can actively manage the files through Sol which includes documenting communications, reviewing digitized records, organizing exhibits electronically, and drafting letters/pleadings with auto-population of data from the Sol database.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The DLO looks forward to working with its internal business partners in the ongoing move toward a fully electronic operation to make our business operations and processes more efficient and to enhance employee productivity. We will continue to serve as active participants and subject matter experts in the development and implementation of Sol; and to wholeheartedly engage in LACERA-wide committees for the advancement of our organization as a whole.

The DLO team is actively involved in the implementation of LACERA's strategic plan. Five DLO members are currently team members on three different strategic objectives:

- Strategic Objective 2.2, Enterprise Knowledge Management System: 1-Senior Staff Counsel as Project Lead, 1-Senior Staff Counsel as team member, 1-Senior Legal Secretary as scribe
- Strategic Objective 3.1, IDEA Initiative: 1-Chief Counsel as team member, 1-Senior Staff Counsel as team member
- Strategic Objective 4.1, Enterprise Ethics and Compliance Plan: 1-Senior Staff Counsel as Project Co-Lead

The DLO is also fully committed to developing our staff with ongoing training in support of their long-term career goals. As part of Strategic Objective 4.1, it is anticipated that the Senior Staff Counsel on that team will be participating in ethics and compliance training in the next fiscal year. The Senior Legal Secretaries have received hands-on training to learn the budget process and they have been actively involved in the project management process of the Sol case management system.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

There are currently seven budgeted full-time positions in the DLO. No additional staff positions are requested currently.

### **Temporary Staffing**

The DLO does not anticipate any use of temporary staffing in the next fiscal year.

### **Overtime Needs**

For FY 2024-25, the DLO has budgeted 40 hours of overtime for Senior Legal Secretaries, as there is additional work necessary to finalize the Sol case management system. Although the Sol project is close to completion, as it becomes more operational, additional meetings and testing may be needed to fix bugs and edit functionality.

### **Interns**

The DLO anticipates sharing legal interns with the Legal Office in the same manner as FY 2023-24.

### **Rehired Retirees**

The DLO does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

DLO has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

For FY 2024-25, there are no significant changes to the DLO budget. The budget remains status quo with only slight adjustments to existing accounts as detailed below:

Auto Mileage & Transportation – Decreases \$200 from \$1,000 to \$800

Travel – Increases \$400 from \$6,100 to \$6,500

Special Orders – Decreases \$300 from \$1,800 to \$1,500

Memberships – Decreases \$500 from \$3,500 to \$3,000

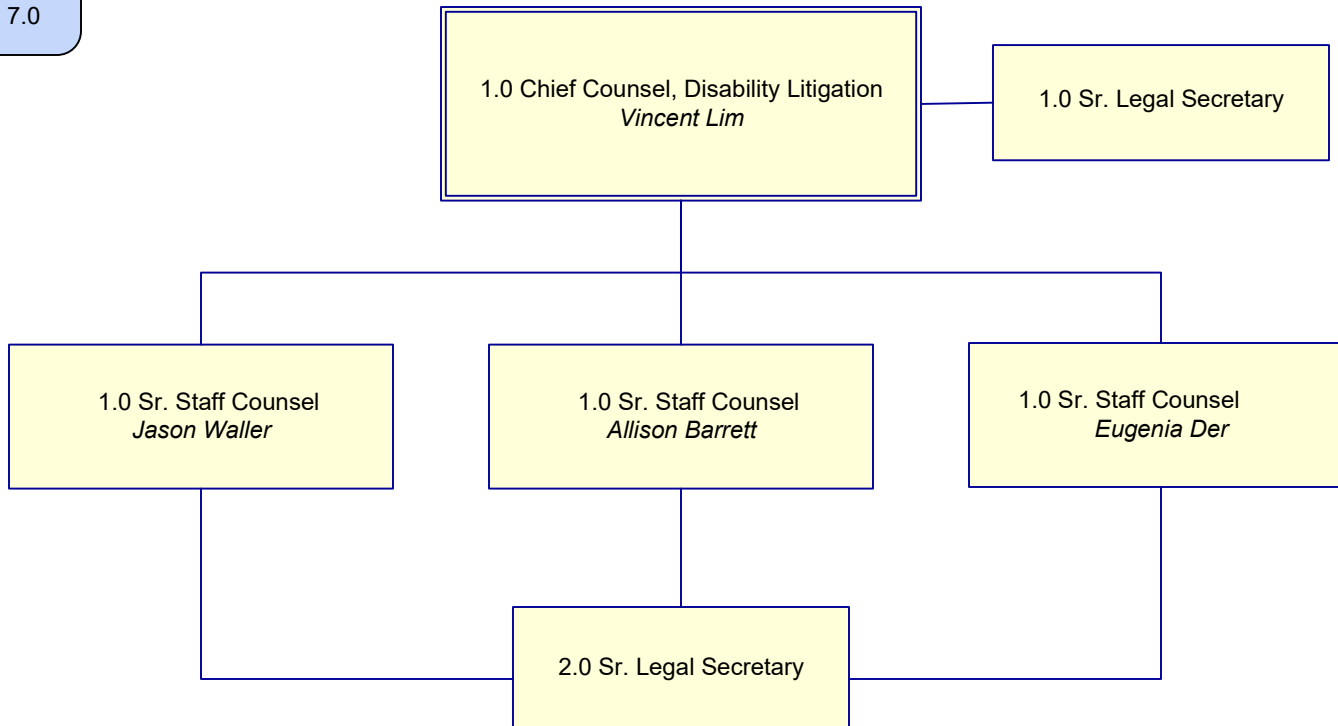
Registration Fees – Increases \$2,000 from \$3,000 to \$5,000

Educational Materials – Increases \$1,000 from \$30,000 to \$31,000

# DISABILITY LITIGATION

## FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 7.0  
2023-2024 Hiring Plan: 7.0  
  
2024-2025 Bud. Pos.: 7.0  
2024-2025 Hiring Plan: 7.0

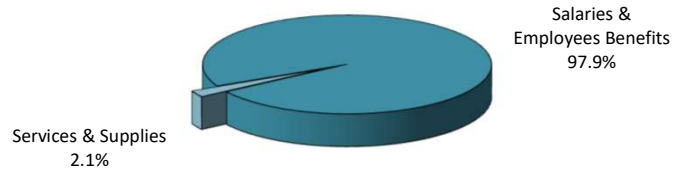


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**DISABILITY LITIGATION**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$2,451,211</b>	\$2,510,041	\$1,237,026	\$2,509,600	(\$441)	-0.02%	(\$58,830)	-2.3%
<b>Services &amp; Supplies</b>	<b>53,500</b>	51,100	18,182	43,200	(7,900)	-15.5%	2,400	4.7%
<b>OPERATING BUDGET</b>	<b>\$2,504,711</b>	\$2,561,141	\$1,255,209	\$2,552,800	(\$8,341)	-0.3%	(\$56,430)	-2.2%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**DISABILITY LITIGATION**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$1,467,993</b>	\$1,461,729	\$767,700	\$1,556,500	\$94,771	6.5%	\$6,264	0.4%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>831,822</b>	898,999	404,905	822,200	(76,799)	-8.5%	(67,177)	-7.5%
<b>Employee Benefits (Other)</b>	<b>89,455</b>	93,690	37,205	75,600	(18,090)	-19.3%	(4,235)	-4.5%
<b>OPEB Contribution</b>	<b>58,141</b>	51,923	26,725	54,300	2,377	4.6%	6,218	12.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>2,900</b>	2,800	491	1,000	(1,800)	-64.3%	100	3.6%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>900</b>	900	0	0	(900)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,451,211</b>	\$2,510,041	\$1,237,026	\$2,509,600	(\$441)	-0.02%	(\$58,830)	-2.3%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$2,451,211</b>	\$2,510,041	\$1,237,026	\$2,509,600	(\$441)	-0.02%	(\$58,830)	-2.3%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA

FISCAL YEAR 2024-2025

BUDGET POSITIONS

DISABILITY LITIGATION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9215	CHIEF COUNSEL, DISABILITY LITIGATION, LACERA	1	LS18
9213	SENIOR STAFF COUNSEL, LACERA	3	LS16
0441	SENIOR LEGAL SECRETARY, LACERA	3	102J
Total Filled Positions =		7	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
Total Vacant Positions =		0	
TOTAL POSITIONS =		7	

Non-Represented positions shown in black.

Represented positions shown in blue.

Salary schedule as of 01/01/2024.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**DISABILITY LITIGATION**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	<b>\$2,400</b>	\$2,400	\$934	\$1,700	(\$700)	-29.2%	\$0	0.0%
TRANSPORTATION & TRAVEL	<b>7,300</b>	7,100	0	7,000	(100)	-1.4%	200	2.8%
OFFICE SUPPLIES & EQUIPMENT	<b>1,500</b>	1,800	0	600	(1,200)	-66.7%	(300)	-16.7%
LEGAL FEES & SERVICES	<b>3,000</b>	3,000	0	3,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	<b>39,000</b>	36,500	17,248	30,600	(5,900)	-16.2%	2,500	6.8%
MISCELLANEOUS	<b>300</b>	300	0	300	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>\$53,500</b>	<b>\$51,100</b>	<b>\$18,182</b>	<b>\$43,200</b>	<b>(\$7,900)</b>	<b>-15.5%</b>	<b>\$2,400</b>	<b>4.7%</b>

\*All amounts rounded to the nearest dollar.

**DISABILITY LITIGATION**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

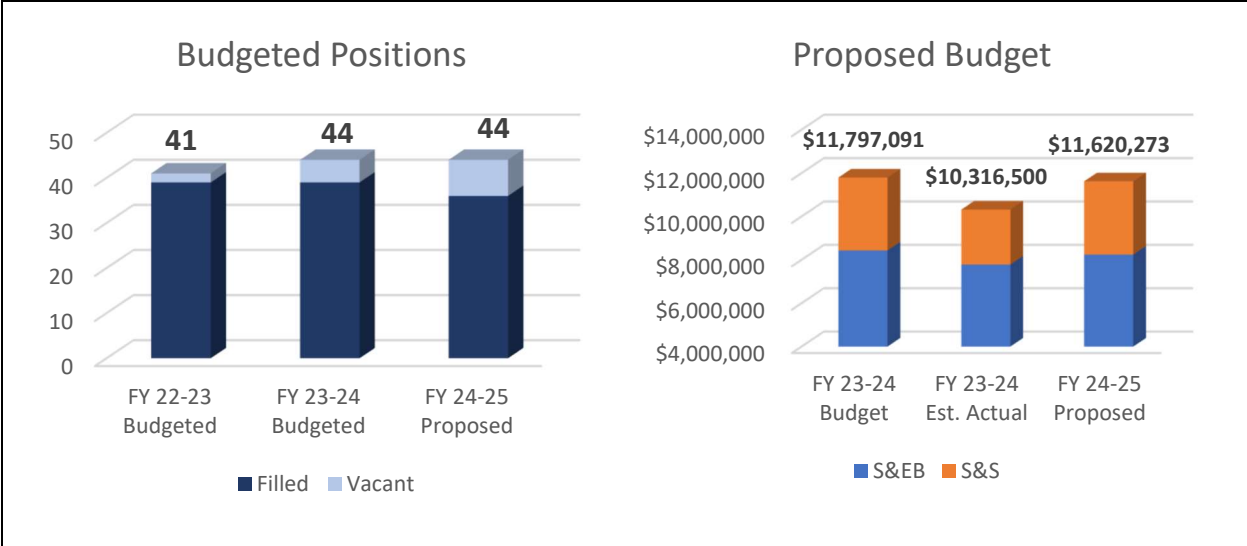
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$1,371,867	\$1,433,087	\$1,461,729	\$1,556,500	\$1,467,993
Total Agency Temp Salaries	9,800	0	0	0	0
Employee Benefits (Variable)	832,028	742,907	898,999	822,200	831,822
Employee Benefits (Other)	86,707	78,217	93,690	75,600	89,455
OPEB Contribution	46,014	45,720	51,923	54,300	58,141
OPEB Contribution (Budget Surplus)	0	46,014	0	0	0
Stipends	0	0	0	0	0
Overtime	6,600	1,058	2,800	1,000	2,900
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	900	0	900	0	900
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Auto Expenses	2,900	575	2,400	1,700	2,400
Transportation & Travel	6,500	2,026	7,100	7,000	7,300
Office Supplies & Equipment	2,000	351	1,800	600	1,500
Legal Fees & Services	5,500	0	3,000	3,000	3,000
Educational Expenses	36,500	32,293	36,500	30,600	39,000
Miscellaneous	500	0	300	300	300
<b>TOTAL OPERATING BUDGET</b>	<b>\$2,407,817</b>	<b>\$2,382,248</b>	<b>\$2,561,141</b>	<b>\$2,552,800</b>	<b>\$2,504,711</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

The Disability Retirement Services Division (DRS) evaluates and investigates disability retirement applications submitted by active, retired, and deferred LACERA members; survivors; and County departments. Staff presents recommendations to the Board of Retirement, the governing board responsible for adjudicating disability retirement applications. Staff also facilitates the administration of the disability appeals process and serves as the Clerk of the Board and Custodian of Record for all disability retirement files. Other operational responsibilities and functions of the DRS include contracting professional services for the investigation and appeals processes, including panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> <li>Increase in Agency Temp Staffing</li> </ul>		\$269,200
<ul style="list-style-type: none"> <li>Increase in Overtime</li> </ul>		\$37,200
<ul style="list-style-type: none"> <li>Increase in Registration Fees</li> </ul>		\$10,000

## **STATUS OF FY 23-24 PROJECTS AND INITIATIVES**

### **Sol Case Management System (Sol)**

The Sol case management system was officially launched on September 25, 2023. Sol is a software tool designed to effectively manage the entire lifecycle of disability retirement cases using automation, streamlined workflows, and improved access to data. DRS has two supervisors and several staff members dedicated to developing and implementing Sol. Since its launch, we have experienced several advantages of Sol. These benefits include improved data accuracy, information consolidation, better supervisory oversight, and streamlined pre- and post-board agenda processing. Sol has also enhanced business process tracking, enabling staff to access detailed and high-level views of the work being performed, pending to-do items, and a library of templates used to generate and prefill information from Sol's database.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The future state of LACERA and our focus on superior member experience, related journeys, and omnichannel approach includes a robust self-service option on My LACERA. DRS continues to promote the use of the online disability retirement application and make enhancements that enrich the member's experience. DRS is excited to leverage the use of technology to engage our membership in the most meaningful and effective way and explore additional technologies such as artificial intelligence (AI), robotic process automation (RPA), and optical character recognition (OCR).

DRS acknowledges the significance of investing in the growth and development of its staff through training and planning for future leadership positions. Our focus will be on creating career paths for administrative support and supervisory staff, and we have already established a new classification titled "Disability Retirement Support Specialist I" to further this drive. Additionally, we will provide training opportunities for administrative staff to enhance their investigative and case management skills, thus building a pool of competent candidates who can compete and fill future vacancies at the disability retirement specialist and division manager level.

As part of our commitment to personal and professional growth, we encourage our staff to participate in various training programs throughout the year. We use platforms like Udemy to provide tailored training, and our staff also attend different training programs offered by the Los Angeles County Training Academy, CALAPRS, and SACRS to enhance their skills and knowledge. We understand the importance of having a solid succession and training plan, especially since one-third of our leadership and investigative staff will become eligible for retirement in the next decade.

DRS is planning to reorganize its division over the next two fiscal years. The goal is to create a Member Care and Administrative Operations Section and consolidate the core business functions of case processing and agenda management under a section called Investigations and Agenda Management. This will require additional leadership and oversight to ensure the integrity of processes and the quality of case management.

Creating these two sections will bring two fundamental benefits. Firstly, we can process more cases and reduce processing time, leading to an enhanced member experience. Secondly, we will invest in our people by creating additional leadership opportunities within the division. This will also introduce a clear career path to the division manager position, which is currently not available. DRS will work closely with Human Resources to further analyze and develop the proper organizational structure to achieve this.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

There are currently forty-four (44) budgeted full-time positions in the DRS. No additional staff positions are requested currently.

### **Temporary Staffing**

The Disability Retirement Services Division requests four Staff Assistant II positions for a period of 12 months each to provide administrative support at a total estimated cost of \$407,300, an increase of \$269,200 from FY 2023-24.

### **Overtime Needs**

Funds totaling \$140,800, an increase of \$37,200 from last FY is requested for overtime. There continues to be an upward trend in disability retirement applications received annually. Over the last fiscal year, we received 871 disability retirement applications, a 12 percent increase compared to the previous year's 778 applications. Our staff submitted 682 cases to the Board of Retirement last year. Overtime is required to maintain the continuity of work to meet the division's goals.

### **Interns**

The Disability Retirement Services Division does not anticipate onboarding interns during FY 2024-25.

## **Rehired Retirees**

The Disability Retirement Services Division does not anticipate employing any rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Disability Retirement Services Division has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

#### *Registration Fees*

As part of our commitment to personal and professional growth, aligned with LACERA's objective of Investing in People, DRS requests a \$10,000 budget increase for staff training in FY 2024-25 for a total of \$20,000. The training will focus on strategic thinking and root-cause analysis. Strategic thinking is thinking beyond the immediate, considering multiple perspectives, and making informed decisions that align with long-term goals. In leadership, strategic thinking is essential for navigating complex challenges, fostering innovation, and driving future success.

#### *Miscellaneous*

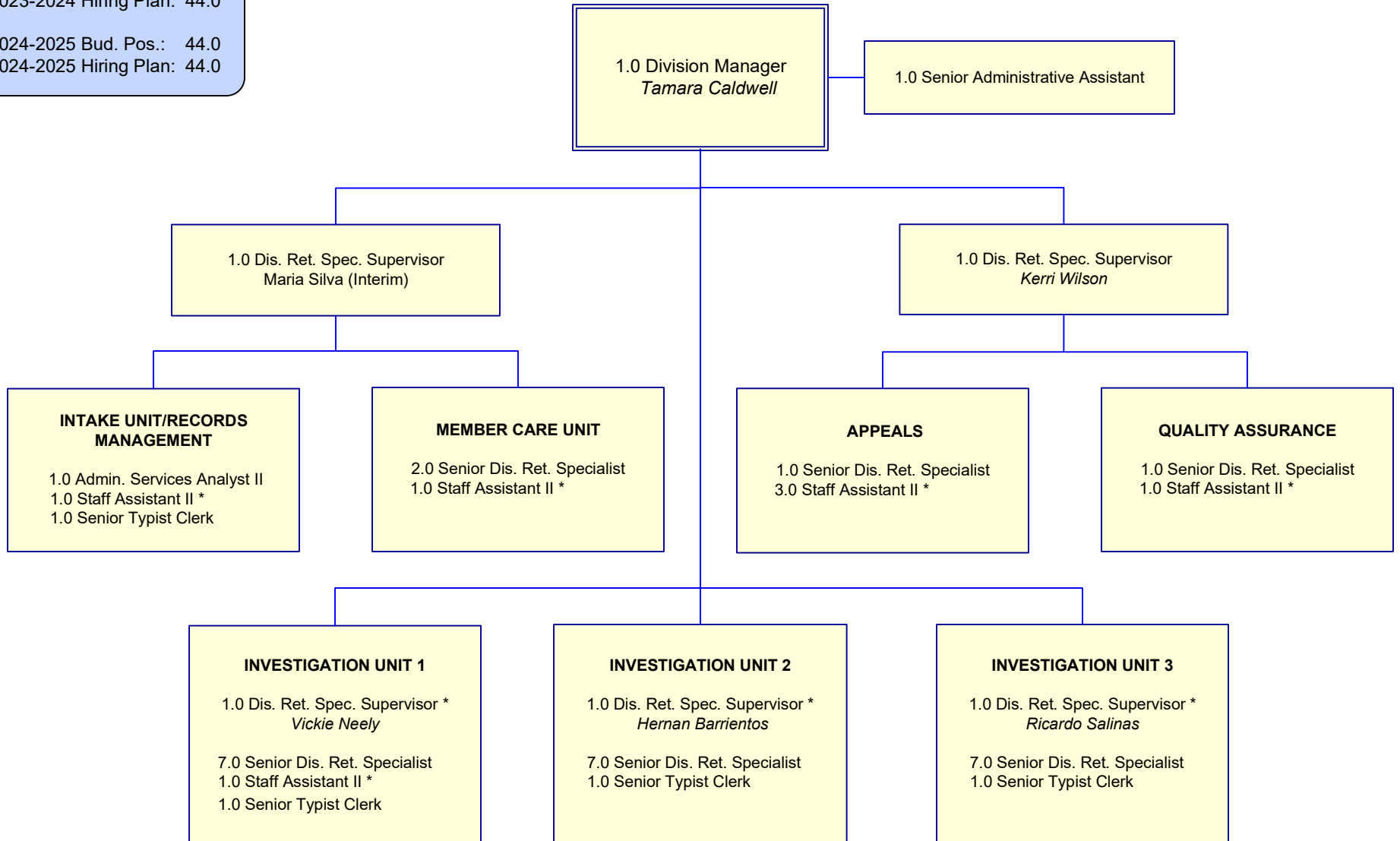
Funding totaling \$500 is requested for Miscellaneous expenses, an increase of \$200. These funds are typically used for staff teambuilding activities.

# DISABILITY RETIREMENT

## FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 44.0  
 2023-2024 Hiring Plan: 44.0

2024-2025 Bud. Pos.: 44.0  
 2024-2025 Hiring Plan: 44.0



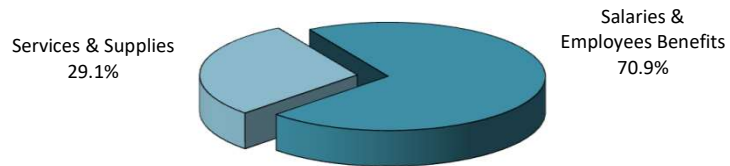
\* Classification and/or compensation study requested.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**DISABILITY RETIREMENT**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$8,241,073</b>	\$8,428,091	\$3,849,439	\$7,780,700	(\$647,391)	-7.68%	(\$187,018)	-2.2%
<b>Services &amp; Supplies</b>	<b>3,379,200</b>	3,369,000	1,436,018	2,535,800	(833,200)	-24.7%	10,200	0.3%
<b>OPERATING BUDGET</b>	<b>\$11,620,273</b>	\$11,797,091	\$5,285,457	\$10,316,500	(\$1,480,591)	-12.6%	(\$176,818)	-1.5%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**DISABILITY RETIREMENT**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$4,545,563</b>	\$4,579,337	\$2,169,933	\$4,405,000	(\$174,337)	-3.8%	(\$33,774)	-0.7%
<b>Total Agency Temp Salaries</b>	<b>407,300</b>	138,100	103,717	177,900	39,800	28.8%	269,200	194.9%
<b>Employee Benefits (Variable)</b>	<b>2,679,885</b>	3,140,376	1,263,880	2,566,100	(574,276)	-18.3%	(460,491)	-14.7%
<b>Employee Benefits (Other)</b>	<b>276,995</b>	293,514	116,958	237,500	(56,014)	-19.1%	(16,519)	-5.6%
<b>OPEB Contribution</b>	<b>180,030</b>	162,664	83,724	170,000	7,336	4.5%	17,366	10.7%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>140,800</b>	103,600	108,522	220,400	116,800	112.7%	37,200	35.9%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>6,000</b>	6,000	2,706	3,800	(2,200)	-36.7%	0	0.0%
<b>Rideshare Allowance</b>	<b>4,500</b>	4,500	0	0	(4,500)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$8,241,073</b>	\$8,428,091	\$3,849,439	\$7,780,700	(\$647,391)	-7.7%	(\$187,018)	-2.2%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$8,241,073</b>	\$8,428,091	\$3,849,439	\$7,780,700	(\$647,391)	-7.7%	(\$187,018)	-2.2%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24 with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

DISABILITY RETIREMENT

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
1643	DISABILITY RETIREMENT SPECIALIST SUPERVISOR, LACERA	5	110B
1632	SENIOR DISABILITY RETIREMENT SPECIALIST, LACERA	18	106B
0420	ADMINISTRATIVE SERVICES ANALYST II	1	097D
0427	STAFF ASSISTANT II, LACERA	6	096A
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
0446	SENIOR TYPIST-CLERK, LACERA	4	082J
<b>Total Filled Positions =</b>		<b>36</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
1632	SENIOR DISABILITY RETIREMENT SPECIALIST, LACERA	7	106B
0427	STAFF ASSISTANT II, LACERA	1	096A
<b>Total Vacant Positions =</b>		<b>8</b>	
<b>TOTAL POSITIONS =</b>		<b>44</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**DISABILITY RETIREMENT**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$7,700</b>	\$7,700	\$1,668	\$5,500	(\$2,200)	-28.6%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>5,000</b>	5,000	149	1,000	(4,000)	-80.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>235,000</b>	235,000	142,127	243,800	8,800	3.7%	0	0.0%
LEGAL FEES & SERVICES	<b>20,000</b>	20,000	4,670	8,100	(11,900)	-59.5%	0	0.0%
DISABILITY FEES & SERVICES	<b>3,090,300</b>	3,090,300	1,285,158	2,273,300	(817,000)	-26.4%	0	0.0%
EDUCATIONAL EXPENSES	<b>20,700</b>	10,700	1,616	3,100	(7,600)	-71.0%	10,000	93.5%
MISCELLANEOUS	<b>500</b>	300	630	1,000	700	233.3%	200	66.7%
<b>TOTAL</b>	<b>\$3,379,200</b>	\$3,369,000	\$1,436,018	\$2,535,800	(\$833,200)	-24.7%	\$10,200	0.3%

\*All amounts rounded to the nearest dollar.

**DISABILITY RETIREMENT**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

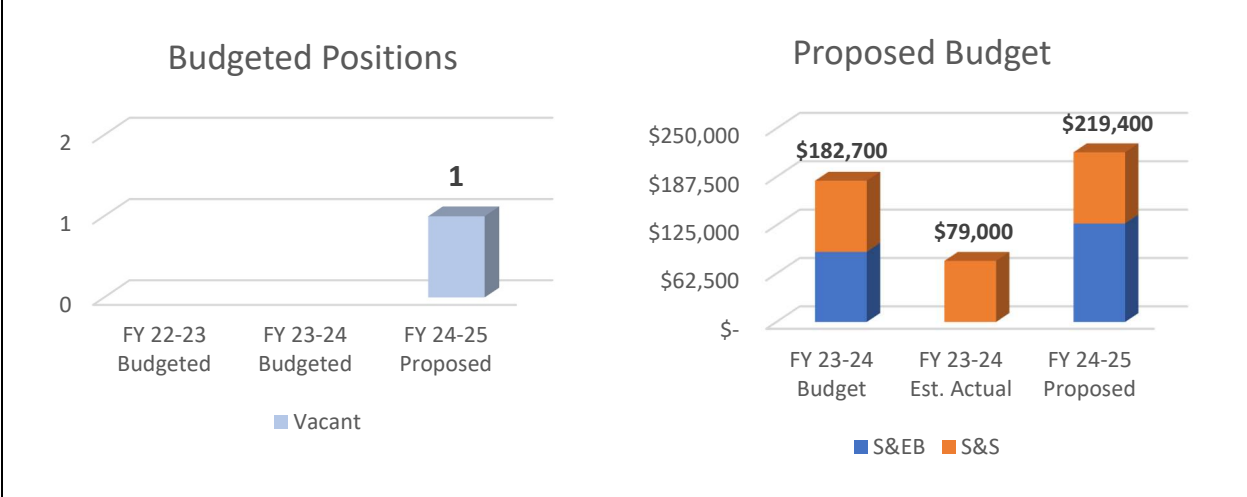
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$4,134,839	\$4,223,905	\$4,579,337	\$4,405,000	\$4,545,563
Total Agency Temp Salaries	129,000	52,858	138,100	177,900	407,300
Employee Benefits (Variable)	2,675,028	2,376,485	3,140,376	2,566,100	2,679,885
Employee Benefits (Other)	261,338	236,719	293,514	237,500	276,995
OPEB Contribution	138,688	137,801	162,664	170,000	180,030
OPEB Contribution (Budget Surplus)	0	138,688	0	0	0
Stipends	0	0	0	0	0
Overtime	165,300	120,189	103,600	220,400	140,800
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	6,000	2,810	6,000	3,800	6,000
Rideshare Allowance	4,500	0	4,500	0	4,500
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	8,000	5,110	7,700	5,500	7,700
Office Supplies & Equipment	5,800	580	5,000	1,000	5,000
Professional & Specialized Services	230,000	250,684	235,000	243,800	235,000
Legal Fees & Services	25,000	5,260	20,000	8,100	20,000
Disability Fees & Services	3,145,300	3,052,189	3,090,300	2,273,300	3,090,300
Educational Expenses	10,700	2,005	10,700	3,100	20,700
Miscellaneous	300	525	300	1,000	500
<b>TOTAL OPERATING BUDGET</b>	<b>\$10,939,793</b>	<b>\$10,605,809</b>	<b>\$11,797,091</b>	<b>\$10,316,500</b>	<b>\$11,620,273</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

To implement a strategic priority, a new Ethics and Compliance Program is proposed to begin operations in FY 2024-25. The role of the Ethics and Compliance Program is to enhance LACERA’s ethical culture and establish dedicated resources to foster compliance with laws, regulations, policies, and procedures, and provide assessment, monitoring, investigation, training, and other services to mitigate ethics and compliance risks in the organization.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Chief Ethics and Compliance Officer*	1	\$93,300
• Outside Legal Counsel	-	\$20,000
• Educational Materials	-	\$45,000
• Travel and Registration Expenses	-	\$15,500
• Memberships	-	\$8,000
• Mileage and Transportation	-	\$3,500

\*Note: The Boards approved a Director of Compliance position in FY 2021-22, which has not yet been approved by the Board of Supervisors. Staff now recommends the position classification be amended to Chief Ethics and Compliance Officer to convey its reporting lines and importance within the organization.

## **PROPOSED REPORTING STRUCTURE**

The Chief Ethics and Compliance Officer will report functionally to the Audit Committee and the CEO and will also provide reporting to the Board of Retirement and Board of Investments to further the fiduciary duty of the Audit Committee, Boards, and the CEO to provide oversight of ethics and compliance and respond to red flags in these areas.

The proposed Ethics and Compliance Office will be administratively housed within the Legal Services Office. However, all staffing and expenses will be tracked and reported separately to ensure, consistent with best practices, that the Ethics and Compliance Program is adequately resourced and is independent.

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

The Ethics and Compliance Program is a goal in the Board of Retirement's 2023-28 Strategic Plan, and substantial progress is being made in preparation for implementing the program. An ethics and compliance counsel and advisor will be engaged to provide professional expertise. The Staff Policy Committee was renamed as the Ethics and Compliance Committee to provide a broad-based staff resource to support the program. The proposed Ethics and Compliance Program Charter is working its way through the Boards' governance structure. Staff is pursuing Governance, Risk, and Compliance (GRC) software as a tool for the Ethics and Compliance Program and policy management, as well as other areas of LACERA's risk management system and review. Education and training resources on ethics and compliance have been purchased and are already available to staff.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The successful implementation of a fully formed and effective Ethics and Compliance Program is essential to achieve the Board of Retirement's Strategic Priority 4, and to mature the entire organization in management of ethics and compliance risks. Additional foundational steps will include: Chief Ethics and Compliance Officer job description and salary; baseline risk assessment; baseline ethical culture assessment; implementation of GRC software for compliance, ethics, policy management, and privacy; and transition of the Chief Ethics and Compliance Officer into the organization. In addition to the Chief position, it is expected that the Ethics and Compliance Office will require two deputies and one analyst to develop the Office's expertise across the organization's functions and to support the work of that Office. The timing, need for, and duties of these positions will be assessed by the Chief-Ethics and Compliance Officer after that position is filled.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects up to six months of cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during fiscal year 2024-25.

### **Adjustments to Permanent Staffing**

The previously approved Director of Compliance position in the Legal Services Office is proposed to be changed to Chief-Ethics and Compliance Officer, to reflect the anticipated duties of the position as head of LACERA's Ethics and Compliance Program and its position, reporting lines, and responsibilities in the organization. The position classification description, job duties, and salary still need to be approved by the County Board of Supervisors.

Funding totaling \$93,300 is included to reflect six months of funding. However, this amount is subject to change based on the actual salary authorized and the date of onboarding.

### **Temporary Staffing**

Temporary staffing is not anticipated for this program in FY 2024-25.

### **Overtime Needs**

Overtime is not anticipated for this program in FY 2024-25

### **Interns**

No interns are requested for this program in FY 2024-25.

### **Rehired Retirees**

The Ethics and Compliance Office is not requesting any rehired retiree assistance in FY 2024-2025.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES – SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Ethics and Compliance Office has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

The following services and supplies are proposed in support of this program in FY 2024-25:

#### *Mileage and Transportation*

Funding totaling \$3,500 is requested to support anticipated auto mileage associated with the Chief Ethics and Compliance Officer position for business meetings and attendance at training and other events.

#### *Travel*

Funding totaling \$8,000 is requested to ensure the Chief Ethics and Compliance Officer can participate in training and development opportunities.

#### *Outside Legal Counsel*

Funding totaling \$20,000 is requested for outside ethics and compliance counsel to support the development and implementation of LACERA's Ethics and Compliance Program.

#### *Memberships*

Funding totaling \$8,000 is requested for memberships to support the Chief Ethics and Compliance Officer's professional development and participation in ethics and compliance-related organizations.

#### *Registration Fees*

Funding totaling \$7,500 is requested to ensure the Chief Ethics and Compliance Officer can participate in training and development opportunities.

#### *Educational Materials*

Funding totaling \$45,000 is requested to ensure the Chief Ethics and Compliance Officer has the educational and professional materials and subscriptions needed to successfully implement LACERA's Ethics and Compliance Program.



# ETHICS AND COMPLIANCE OFFICE

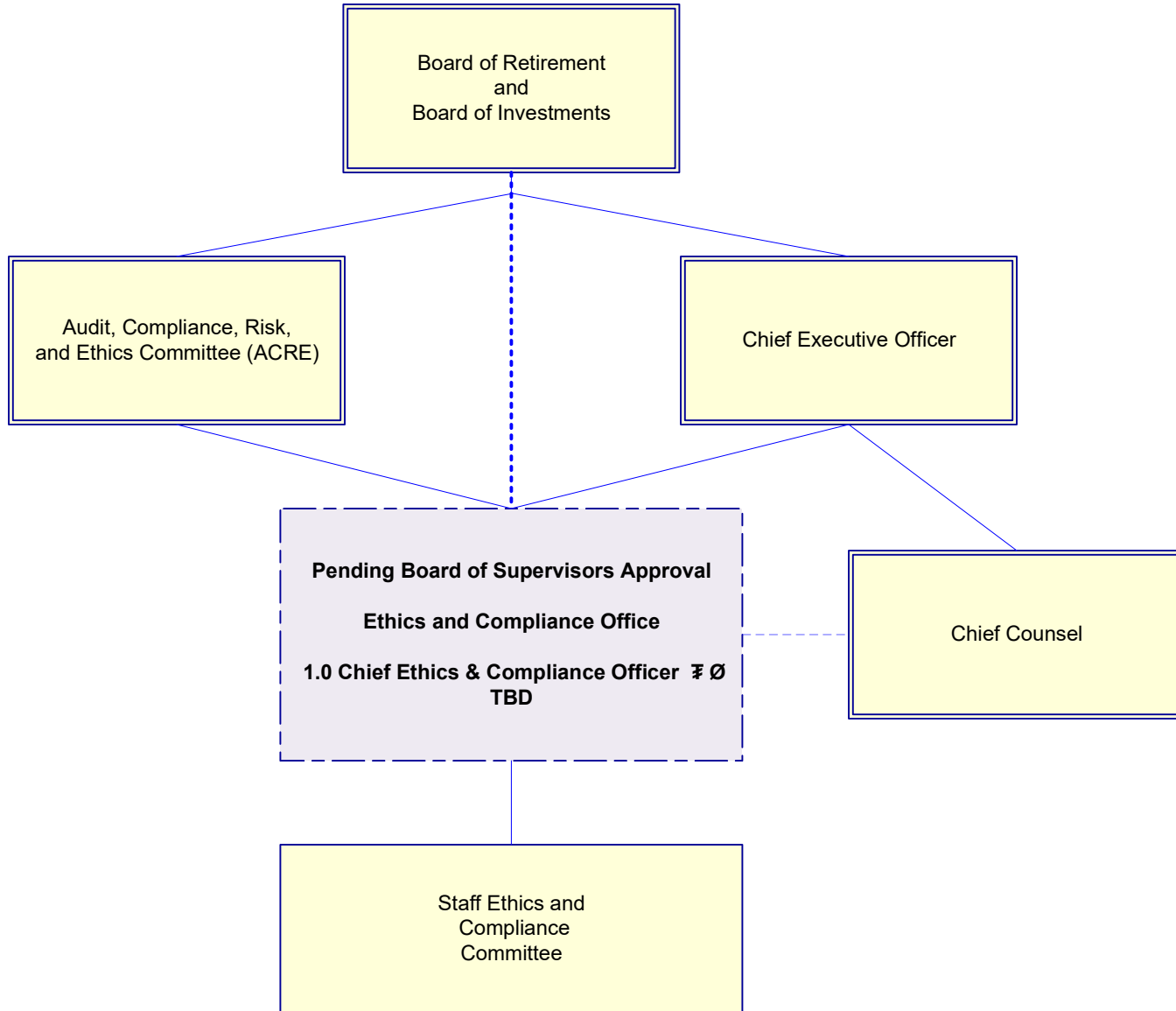
FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 1.0

2023-2024 Hiring Plan: 1.0

2024-2025 Bud. Pos.: 1.0

2024-2025 Hiring Plan: 1.0



--- Administrative

— Functional

..... Advisory

∅ Title changed from Ethics & Compliance Officer to Chief Ethics & Compliance Officer

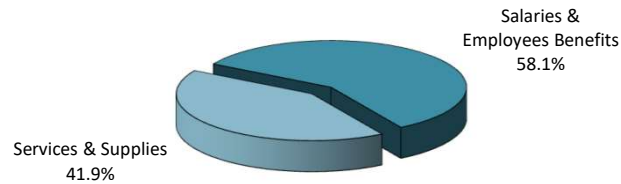
∅ Not yet approved by Board of Supervisors

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**ETHIC AND COMPLIANCE OFFICE**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Salaries &amp; Employees Benefits</b>	<b>\$127,400</b>	\$90,700	\$0	\$0	(\$90,700)	-100.0%	\$36,700	40.5%
<b>Services &amp; Supplies</b>	<b>92,000</b>	92,000	11,500	79,000	(13,000)	-14.1%	0	0.0%
<b>OPERATING BUDGET</b>	<b>\$219,400</b>	\$182,700	\$11,500	\$79,000	(\$103,700)	-56.8%	\$36,700	20.1%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2024-2025

SALARIES AND EMPLOYEE BENEFITS SUMMARY

ETHIC AND COMPLIANCE OFFICE

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$93,330	\$90,700	\$0	\$0	(\$90,700)	-100.0%	\$2,630	2.9%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	24,686	0	0	0	0	0.0%	24,686	0.0%
Employee Benefits (Other)	5,687	0	0	0	0	0.0%	5,687	0.0%
OPEB Contribution	3,696	0	0	0	0	0.0%	3,696	0.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	0	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$127,400</b>	<b>\$90,700</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$90,700)</b>	<b>-100.0%</b>	<b>\$36,700</b>	<b>40.5%</b>
Salary Differential	0	0	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$127,400</b>	<b>\$90,700</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$90,700)</b>	<b>-100.0%</b>	<b>\$36,700</b>	<b>40.5%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
 FISCAL YEAR 2024-2025  
 BUDGET POSITIONS

ETHICS AND COMPLIANCE OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
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Total Filled Positions = 0

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
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9999	CHIEF, ETHICS & COMPLIANCE OFFICER	<u>1</u>	LS16
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Total Vacant Positions = 1

TOTAL POSITIONS = 1

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**ETHIC AND COMPLIANCE OFFICE**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$11,500</b>	\$11,500	\$0	\$4,500	(\$7,000)	-60.9%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>0</b>	0	0	0	\$0	0.0%	\$0	0.0%
LEGAL FEES & SERVICES	<b>20,000</b>	20,000	0	20,000	\$0	0.0%	\$0	0.0%
EDUCATIONAL EXPENSES	<b>60,500</b>	60,500	11,500	54,500	(6,000)	-9.9%	0	0.0%
MISCELLANEOUS	<b>0</b>	0	0	0	0	0.0%	0	0.0%
TOTAL	<b>\$92,000</b>	\$92,000	\$11,500	\$79,000	(\$13,000)	-14.1%	\$0	0.0%

\*All amounts rounded to the nearest dollar.

**ETHICS AND COMPLIANCE OFFICE**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$0	\$0	\$90,700	\$0	\$93,330
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	0	0	0	0	24,686
Employee Benefits (Other)	0	0	0	0	5,687
OPEB Contribution	0	0	0	0	3,696
OPEB Contribution (Budget Surplus)	0	0	0	0	0
Stipends	0	0	0	0	0
Overtime	0	0	0	0	0
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	0	0	0	0	0
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>	0	0			
Auto Expenses	0	0	0	0	0
Transportation & Travel	0	0	11,500	4,500	11,500
Office Supplies & Equipment	0	0	0	0	0
Legal Fees & Services	0	0	20,000	20,000	20,000
Educational Expenses	0	0	60,500	54,500	60,500
Miscellaneous	0	0	0	0	0
<b>TOTAL OPERATING BUDGET</b>	<b>\$0</b>	<b>\$0</b>	<b>\$182,700</b>	<b>\$79,000</b>	<b>\$219,400</b>

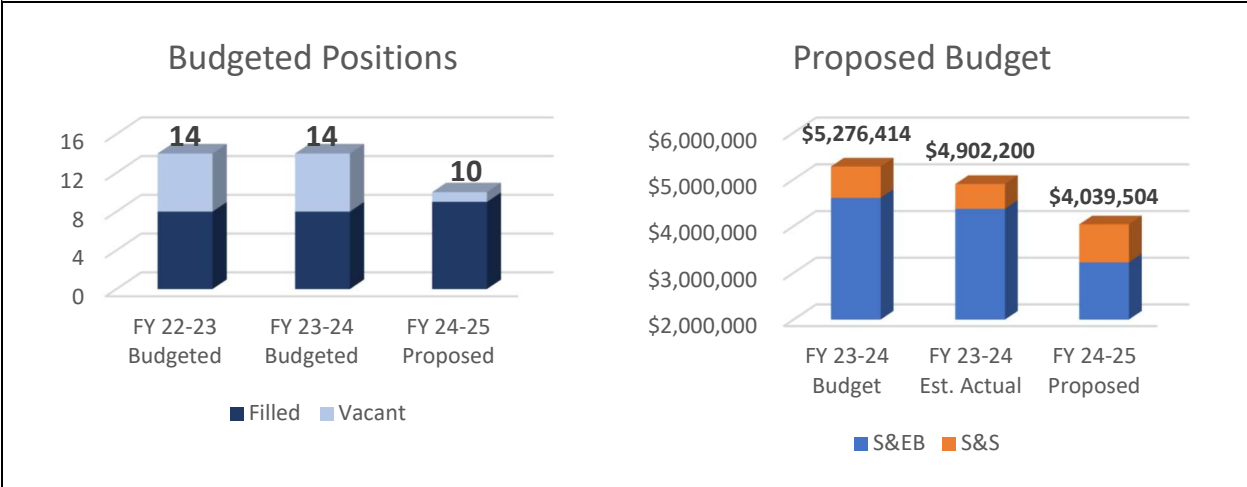
\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA’s mission, as articulated through policies adopted through the Boards of Retirement and Investments and through administrative policies and procedures under the purview of the Chief Executive Officer.

LACERA's Information Security Office is part of the Executive Office to maintain its independence from the Systems Division. The Information Security Officer reports to the Deputy Chief Executive Officer. Costs are reported separately for improved transparency. See the attached narrative and summary.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Transfer of Legislative Affairs Officer	1	\$156,000
• Transfer Legislative Consulting from Legal	1	\$280,000
• Travel & Training – Executive Staff		\$6,600
• Food & Beverages		\$4,500
• Reduction in vehicle related costs - Gas & License Fees		(\$2,500)

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

Throughout FY 2023-24, the Executive Office continued its focus on foundational issues by developing and supporting hiring plans to fill critical vacant positions and embracing technology to improve and enhance our processes and procedures.

Despite record hiring and milestone technology improvements discussed in more detail in the Human Resources and Systems Division, respectively, the most significant accomplishment of the Executive Office in FY 2024 was the adoption of the BOR Strategic Plan. After adoption, the Executive Office facilitated a MAC and SAC retreat to develop the implementation roadmap, ensuring that LACERA will be moving forward with a shared purpose and vision in service to our members. The roadmap helped identify the organization's short- and long-term capacity, and which strategic initiatives would begin now. For each of the initial strategic initiatives, leads were identified and teams were assembled to build the FY 2024-25 workplans, which will be shared with the Board of Retirement in April 2024. The resources required for achieving those initiatives are being incorporated into the FY 2024-25 Budget request for BOR and BOI approval.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The Executive Office supports and is fundamentally responsible for implementing the Board of Retirement's Strategic Plan and supports the Investment Office in their implementation of the Board of Investments' Strategic Plan. The Executive Management Team sponsors the strategic priorities and monitors progress toward achieving our mission of producing, protecting, and providing the promised benefits to our members; our vision of empowering our members to enjoy a healthy and secure retirement, and modeling our values of accountability, collaboration, inclusivity, innovation, integrity, and transparency.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

Funding is also provided for the CEO's split-dollar life insurance policy, which is part of his negotiated compensation.



Lastly, funding associated with the transfer of the Legislative Affairs Officer from the Legal Office to the Executive Office is provided.

### **Adjustments to Permanent Staffing**

The Legislative Affairs Officer position is transferred from the Legal Services Office to the Executive Office as outlined in the organization chart.

### **Temporary Staffing**

No temporary staffing is requested for the Executive Office.

### **Overtime Needs**

Overtime funds are provided for the support staff within the Executive Office. Total hours are not changing from prior years, but the cost is adjusted to reflect salary rate increases.

### **Interns**

Funding is included in the Human Resources budget for one intern position to work in the Executive Office this summer.

### **Rehired Retirees**

The Executive Office does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

#### *License Fees*

A reduction of \$500 is included to reflect the removal of the vehicle assigned to the Deputy Chief Executive Officer.

#### *Gas*

A reduction of \$2,000 is included to reflect the removal of the vehicle assigned to the Deputy Chief Executive Officer.

### **Services and Supplies Adjustments**

#### *Travel*

An increase of \$4,300 is requested for Executive Office staff members to attend educational and professional conferences. These expenditures are in alignment with LACERA's Strategic Priority 3, Investing in People, ensuring that management stays abreast of industry best practices and professional growth in order to better support Trustees, staff, and members.

### *Legislative Consulting*

Funding totaling \$280,000 is required. The legislative analysis function has been administratively transferred from the Legal Office to the Executive Office. There is no change to the budgetary amount. The Legal Office budget reflects a corresponding decrease of the same amount.

### *Registration Fees*

An increase of registration fees totaling \$2,300 is requested to reflect increased cost trends for educational and professional conferences. These expenditures support LACERA's Strategic Priority 3, Investing in People.

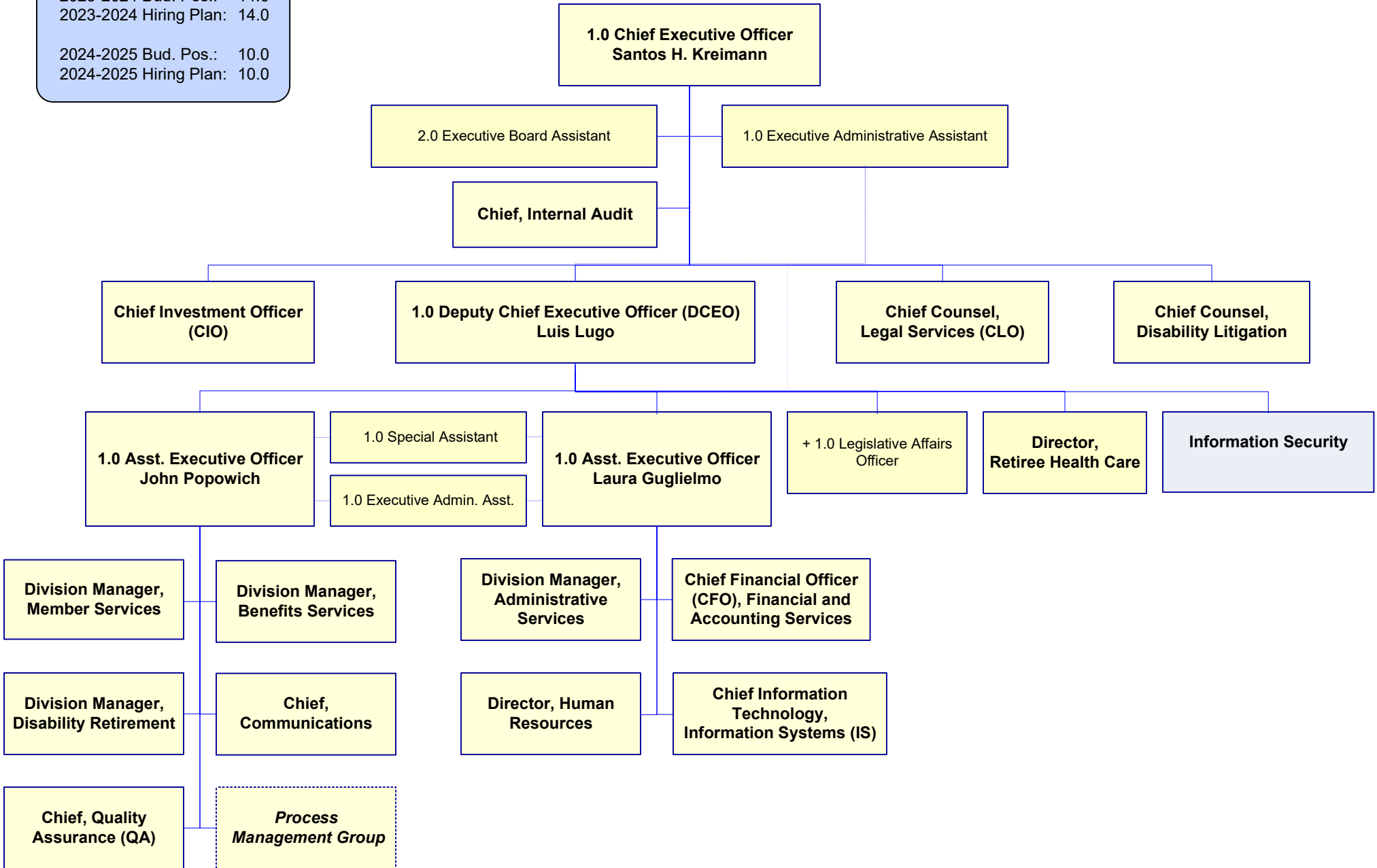
### *Food and Beverages*

An increase of \$4,500 reflects the anticipated rate of expenditures.

# EXECUTIVE OFFICE

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 14.0  
 2023-2024 Hiring Plan: 14.0  
 2024-2025 Bud. Pos.: 10.0  
 2024-2025 Hiring Plan: 10.0



+ Added position

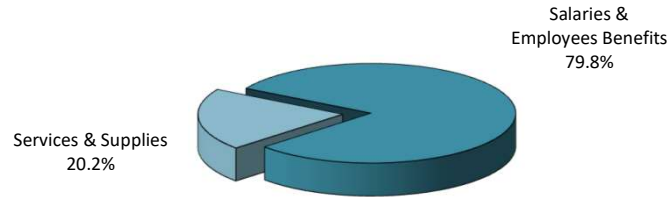
⋯ Added new division "Process Management Group" (pending)

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**EXECUTIVE OFFICE**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$3,224,904</b>	\$4,604,614	\$2,245,168	\$4,371,900	(\$232,714)	-5.1%	(\$1,379,710)	-30.0%
<b>Services &amp; Supplies</b>	<b>814,600</b>	671,800	177,979	530,300	(141,500)	-21.1%	142,800	21.3%
<b>OPERATING BUDGET</b>	<b>\$4,039,504</b>	\$5,276,414	\$2,423,147	\$4,902,200	(\$374,214)	-7.1%	(\$1,236,910)	-23.4%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**EXECUTIVE OFFICE**

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$1,818,887</b>	\$2,211,154	\$1,014,130	\$2,058,700	(\$152,454)	-6.9%	(\$392,267)	-17.7%
<b>Total Agency Temp Salaries</b>	<b>0</b>	645,200	497,450	825,000	179,800	27.9%	(645,200)	-100.0%
<b>Employee Benefits (Variable)</b>	<b>1,083,942</b>	1,418,875	561,226	1,139,600	(279,275)	-19.7%	(334,933)	-23.6%
<b>Employee Benefits (Other)</b>	<b>140,837</b>	142,186	84,282	171,100	28,914	20.3%	(1,349)	-0.9%
<b>OPEB Contribution</b>	<b>72,038</b>	78,799	40,558	82,400	3,601	4.6%	(6,761)	-8.6%
<b>Stipends</b>	<b>65,000</b>	65,000	19,581	39,800	(25,200)	-38.8%	0	0.0%
<b>Overtime</b>	<b>28,400</b>	27,600	20,140	40,900	13,300	48.2%	800	2.9%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>1,400</b>	1,400	0	0	(1,400)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>14,400</b>	14,400	7,800	14,400	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$3,224,904</b>	\$4,604,614	\$2,245,168	\$4,371,900	(\$232,714)	-5.1%	(\$1,379,710)	-30.0%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$3,224,904</b>	\$4,604,614	\$2,245,168	\$4,371,900	(\$232,714)	-5.1%	(\$1,379,710)	-30.0%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

EXECUTIVE OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0776	CHIEF EXECUTIVE OFFICER, LACERA	1	LR20
0770	DEPUTY CHIEF EXECUTIVE OFFICER, LACERA	1	LR18
0792	ASSISTANT EXECUTIVE OFFICER, LACERA (UC)	2	LS16
0795	LEGISLATIVE AFFAIRS OFFICER, LACERA	1	116J
0475	EXECUTIVE BOARD ASSISTANT, LACERA	2	108F
0442	EXECUTIVE ADMINISTRATIVE ASSISTANT, LACERA	2	102C
<b>Total Filled Positions =</b>		<b>9</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0775	SPECIAL ASSISTANT, LACERA	1	LS12
<b>Total Vacant Positions =</b>		<b>1</b>	
<b>TOTAL POSITIONS =</b>		<b>10</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**EXECUTIVE OFFICE**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	<b>\$10,500</b>	\$13,000	\$3,287	\$5,900	(\$7,100)	-54.6%	(\$2,500)	-19.2%
TRANSPORTATION & TRAVEL	<b>68,100</b>	49,800	6,817	27,000	(22,800)	-45.8%	18,300	36.7%
OFFICE SUPPLIES & EQUIPMENT	<b>3,000</b>	3,000	5,468	9,400	6,400	213.3%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>635,000</b>	517,000	133,314	421,900	(95,100)	-18.4%	118,000	22.8%
EDUCATIONAL EXPENSES	<b>83,000</b>	78,500	22,729	55,000	(23,500)	-29.9%	4,500	5.7%
MISCELLANEOUS	<b>15,000</b>	10,500	6,364	11,100	600	5.7%	4,500	42.9%
<b>TOTAL</b>	<b>\$814,600</b>	\$671,800	\$177,979	\$530,300	(\$141,500)	-21.1%	\$142,800	21.3%

\*All amounts rounded to the nearest dollar.

**EXECUTIVE OFFICE**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed Budget
	Budget	Actual	Budget	Projection	
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	1,939,134	1,757,755	\$2,211,154	\$2,058,700	\$1,818,887
Total Agency Temp Salaries	1,129,700	1,077,533	645,200	825,000	0
Employee Benefits (Variable)	1,106,359	953,964	1,418,875	1,139,600	1,083,942
Employee Benefits (Other)	130,567	117,782	142,186	171,100	140,837
OPEB Contribution	69,290	68,847	78,799	82,400	72,038
OPEB Contribution (Budget Surplus)	-	69,290	0	0	0
Stipends	65,000	47,574	65,000	39,800	65,000
Overtime	25,600	17,850	27,600	40,900	28,400
Bilingual Bonus	-	-	0	0	0
Sick Leave Buyback	-	-	0	0	0
Rideshare Allowance	1,400	-	1,400	0	1,400
Transportation Allowance	-	15,600	14,400	14,400	14,400
<b>SERVICES &amp; SUPPLIES</b>					
Auto Expenses	12,300	7,813	13,000	5,900	10,500
Transportation & Travel	22,000	10,093	49,800	27,000	68,100
Office Supplies & Equipment	3,500	782	3,000	9,400	3,000
Professional & Specialized Services	834,800	593,599	517,000	421,900	635,000
Educational Expenses	44,000	44,949	78,500	55,000	83,000
Miscellaneous	10,500	5,301	10,500	11,100	15,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$5,394,151</b>	<b>\$4,788,732</b>	<b>\$5,276,414</b>	<b>\$4,902,200</b>	<b>\$4,039,504</b>

\*All amounts rounded to the nearest dollar.



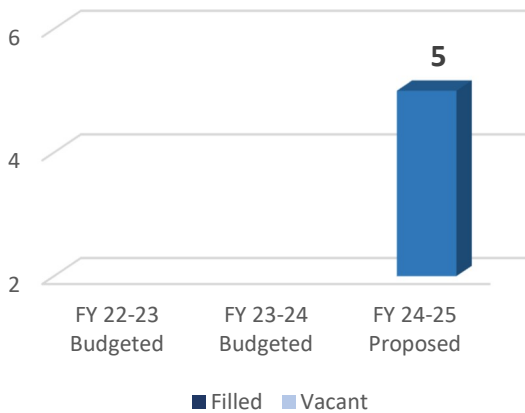
# INFORMATION SECURITY OFFICE

**BUDGET HIGHLIGHTS**  
FISCAL YEAR 2024-2025

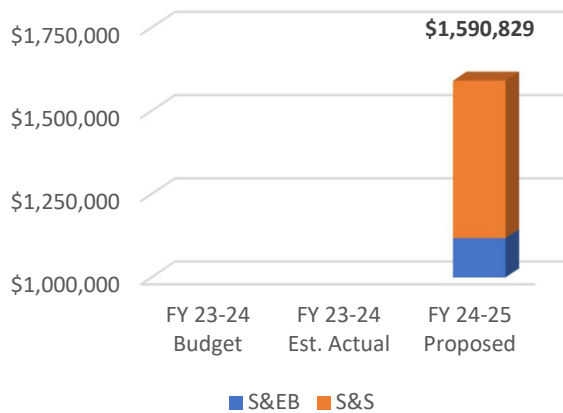
## FY 2024-25 Proposed Budget

The Information Security Office (ISO) is responsible for enterprise-wide cyber security, ensuring reasonable controls are in place to allow for both efficient and secure business operations in fulfillment of LACERA's mission. The ISO coordinates with the Systems Division but operates independently and is structurally part of the Executive Office to ensure appropriate checks and balances.

Budgeted Positions



Proposed Budget



### Summary of Significant Changes:

Description	Position Changes	Amount
• E-Discovery Solution (Software for Legal Services)	-	\$127,500
• Penetration Testing	-	\$100,000
• Internet Monitoring Services	-	\$40,000
• Travel & Training	-	\$28,200
• Memberships	-	\$15,000

The budgeted resources for the ISO were embedded in the Executive Office in FY 2023-24. As part of our commitment to transparency, and to highlight the critical importance of LACERA's cybersecurity program, resources dedicated to the ISO are now independently identified in FY 2024-25.

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

For this period, the ISO has worked on the following projects and initiatives:

- Establishing the framework of the Information Security Governance Program, with focus on the Written Information Security Program (WISP), formation of the Information Security Committee (ISC), and the GRC solution to support the program
- Evaluating existing technologies to cover the following:
  - Need for various technologies that were not fully implemented
  - Elimination of technologies that are deemed not current and redundant
  - Recommendations for replacement technologies
- Recommending and implementing an eDiscovery solution to facilitate an easier discovery process that is reliable and provides users access to their archive email. A vendor has been chosen for this project.
- Implementing an identity monitoring system.
- Upgrading our Security Operations Center (SOC) to ensure actions are taken to protect LACERA and our members. ITCC has approved this project.
- Hiring permanent staff to replace the temporary staff in ISO.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The ISO's projects have been aligned with LACERA's strategic goals and objectives. The following is a list of objectives and the projects and goals to be achieved:

### **Superior Member Experience**

Objective 1.4: Enhance the Retiree Healthcare Experience. We are in the process of searching for and implementing a tool that provides a secure method for members to log in and, in addition, facilitates authentication for off-grid members.

### **Innovation Through Technology**

Objective 2.1: Implement Enterprise Business-Intelligence. Complete the implementation of the SOC to ensure security is maintained 24/7 and begin implementing automated ways to respond to events and incidents. We will also be investigating replacements of any deprecated technologies.

## **Investing in People**

Objective 3.1: Improve and Simplify Hiring (Fill Vacancies). We will be working on hiring permanent employees and providing everyone on the team the appropriate training and a career path within ISO.

## **Compliance and Enterprise Risk**

Objective 4.1: Develop Enterprise Compliance and Ethics Program. We will be working to mature the Information Security Program and to implement the IT GRC solution as part of the GRC program.

## **Fiscal Durability**

Objective 5.1: Develop Organizational Tools and Controls to Support Fiscal Responsibility. We will be helping to mature the Vendor Risk Management Program, in coordination with the Vendor Management Team, to ensure that we conduct periodic information security reviews on vendors and fourth party entities that house LACERA's data or are part of our business processes.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

Full year funding is provided for four positions within the Information Security Office that were partially funded in FY 2024, with a corresponding reduction in Agency Temporary salaries.

### **Temporary Staffing**

Full-year Agency Temporary funding is provided for one Data Systems Coordinator position within the Information Security Office.

## **Overtime Needs**

The Information Security Office does not anticipate any overtime for FY 2024-25.

## **Interns**

Funding is included in the Human Resources budget for one intern position to work throughout the year in the Information Security Office. The intern will be working on the knowledge management and the implementation of the information security program (IT GRC) projects.

## **Rehired Retirees**

The Information Security Office does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Information Security Office has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

#### *Travel*

Funding totaling \$14,000 is provided for the Information Security Office to attend educational and professional conferences. These expenditures are in alignment with LACERA's Strategic Priority 3, Investing in People, ensuring that staff members stay abreast of industry best practices and professional growth.

#### *Security Assessment*

Funding totaling \$240,000 is provided for the Information Security Office to ensure LACERA's cybersecurity, an increase of \$140,000 from the previous year. This funding includes an annual penetration test to be conducted by an external third party (\$120,000), regular internal penetration tests (\$80,000), and internet monitoring services for Trustees and Executives and to remove any false posts for LACERA (\$40,000). These tools are aligned with LACERA's Strategic Priority 4, Enterprise Compliance and Risk Management.

#### *Software Subscriptions*

Funding totaling \$189,500 is provided for the Information Security Office to better protect LACERA. This amount includes an increase of \$127,500 for a new e-discovery solution for Legal Services. These expenditures are in support of LACERA's Strategic Priority 4, Enterprise Compliance and Risk Management.

### *Memberships*

\$15,000 is added for new staff in the Information Security Office to participate in the Financial Services Information Sharing and Analysis Center (FS-ISAC), the Center for Internet Security (CIS) and Cloud Security Alliance (CSA). These memberships support LACERA's Strategic Priorities 3 (Investing in People) and 4 (Enterprise Compliance and Risk Management).

### *Registration Fees*

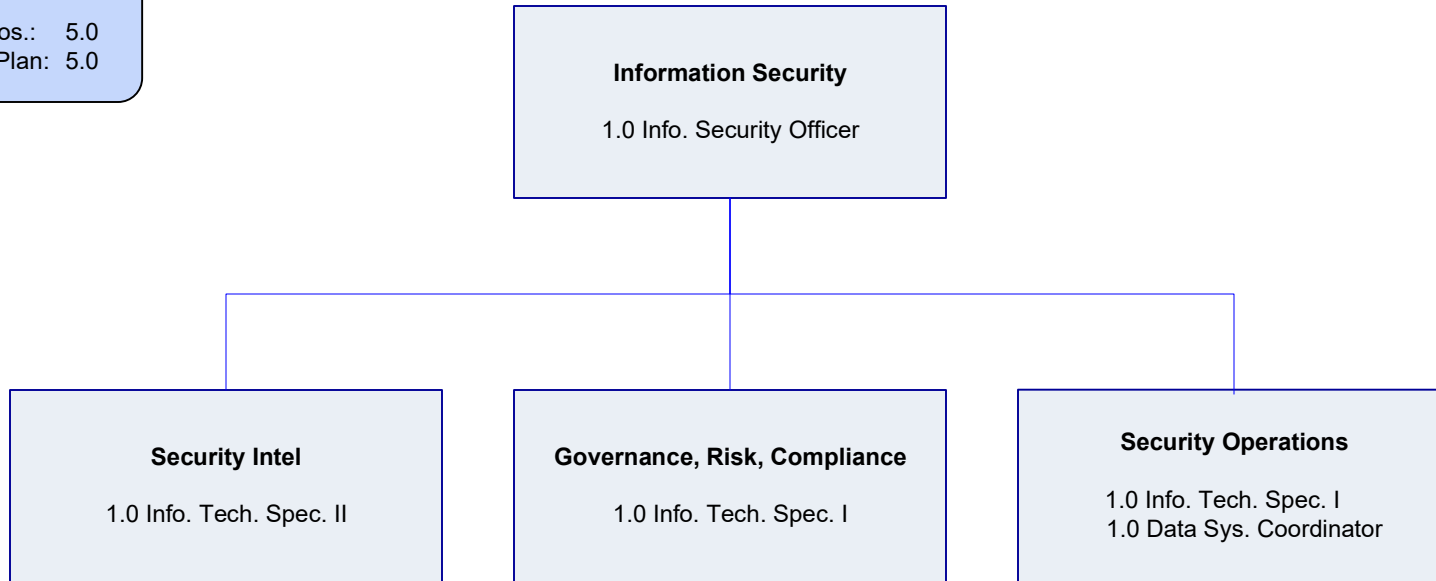
Registration fees totaling \$12,000 are provided for professional and educational conferences for the Information Security Office staff. These expenditures support LACERA's Strategic Priority 4, Investing in People.

# INFORMATION SECURITY OFFICE

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 5.0  
2023-2024 Hiring Plan: 5.0

2024-2025 Bud. Pos.: 5.0  
2024-2025 Hiring Plan: 5.0

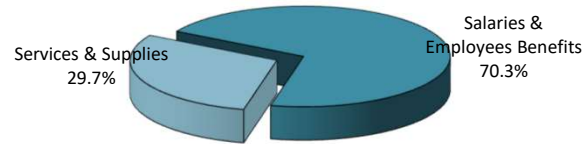


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**INFORMATION SECURITY OFFICE**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$1,118,129</b>	\$0	\$0	\$0	\$0	0.0%	\$1,118,129	0.0%
<b>Services &amp; Supplies</b>	<b>472,700</b>	0	0	0	0	0.0%	472,700	0.0%
<b>OPERATING BUDGET</b>	<b>\$1,590,829</b>	\$0	\$0	\$0	\$0	0.0%	\$1,590,829	0.0%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**INFORMATION SECURITY OFFICE**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$660,598</b>	\$0	\$0	\$0	\$0	0.0%	\$660,598	0.0%
<b>Total Agency Temp Salaries</b>	<b>170,000</b>	0	0	0	0	0.0%	170,000	0.0%
<b>Employee Benefits (Variable)</b>	<b>221,113</b>	0	0	0	0	0.0%	221,113	0.0%
<b>Employee Benefits (Other)</b>	<b>40,255</b>	0	0	0	0	0.0%	40,255	0.0%
<b>OPEB Contribution</b>	<b>26,163</b>	0	0	0	0	0.0%	26,163	0.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$1,118,129</b>	\$0	\$0	\$0	\$0	0.0%	\$1,118,129	0.0%
<b>Less Salary Savings &amp; Differential</b>	<b>0</b>	0	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$1,118,129</b>	\$0	\$0	\$0	\$0	0.0%	\$1,118,129	0.0%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET POSITIONS**

**INFORMATION SECURITY OFFICE**

**FILLED POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0806	INFORMATION SECURITY OFFICER, LACERA	1	LS12
<b>Total Filled Positions =</b>		<b>1</b>	

**VACANT POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	1	127C
0801	INFORMATION TECHNOLOGY SPECIALIST I, LACERA	2	122A
0469	DATA SYSTEMS COORDINATOR, LACERA	1	114K
<b>Total Vacant Positions =</b>		<b>4</b>	
<b>TOTAL POSITIONS =</b>		<b>5</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**INFORMATION SECURITY OFFICE**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$16,200</b>	\$0	\$0	\$0	\$0	0.0%	\$16,200	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>0</b>	0	0	0	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>429,500</b>	0	0	0	0	0.0%	429,500	0.0%
EDUCATIONAL EXPENSES	<b>27,000</b>	0	0	0	0	0.0%	27,000	0.0%
MISCELLANEOUS	<b>0</b>	0	0	0	0	0.0%	0	0.0%
TOTAL	<b>\$472,700</b>	\$0	\$0	\$0	\$0	0.0%	\$472,700	0.0%

\*All amounts rounded to the nearest dollar.

**INFORMATION SECURITY OFFICE**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$0	\$0	\$0	\$0	\$660,598
Total Agency Temp Salaries	0	0	0	0	170,000
Employee Benefits (Variable)	0	0	0	0	221,113
Employee Benefits (Other)	0	0	0	0	40,255
OPEB Contribution	0	0	0	0	26,163
OPEB Contribution (Budget Surplus)	0	0	0	0	0
Stipends	0	0	0	0	0
Overtime	0	0	0	0	0
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	0	0	0	0	0
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>	0	0	0	0	
Transportation & Travel	0	0	0	0	16,200
Office Supplies & Equipment	0	0	0	0	0
Professional & Specialized Services	0	0	0	0	429,500
Educational Expenses	0	0	0	0	27,000
Miscellaneous	0	0	0	0	0
<b>TOTAL OPERATING BUDGET</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,590,829</b>

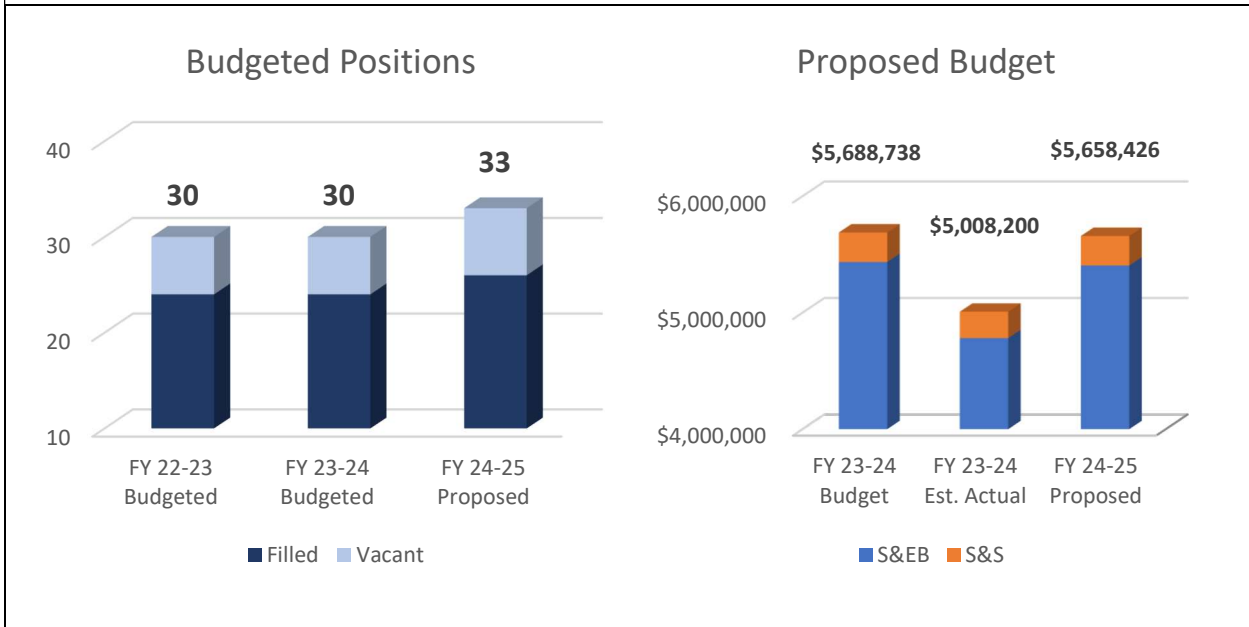
\*All amounts rounded to the nearest dollar.

# FINANCIAL & ACCOUNTING SERVICES (FASD)



## FY 2024-25 Proposed Budget

The Financial and Accounting Services Division (FASD) is responsible for conducting LACERA's general and investment financial transactions, financial reporting, and coordinating actuarial consulting and reporting in compliance with regulatory and statutory mandates. FASD's guardianship of LACERA's assets and timely, accurate financial reporting supports LACERA's mission and values.



### Summary of Significant Changes:

Description	Position Changes	Amount
<ul style="list-style-type: none"> <li>Add Accountant, LACERA positions</li> </ul>	3	\$207,226

## STATUS OF FY 2023-24 PROJECTS AND INITIATIVES

FASD provides accounting and financial services to the organization through our General (“business”) Accounting and Investment Accounting sections. Our significant objectives are to complete financial transactions, prepare annual financial statements, and deliver financial and actuarial reports in accordance with statutory deadlines. We also conduct and participate with other divisions in completing strategic initiatives and special projects. The following is a status of non-routine projects that have been completed or are in progress and expected to be completed during FY 2023-24.

- **Accounts Payable (AP) Policy:** The AP Policy was completed in the summer of 2023, in conjunction with Administrative Services to address a low-risk audit finding identified by Internal Audit.
- **Automated Accounts Payable Software Implementation:** FASD partnered with the Systems and Administrative Services divisions to implement the Certify AP automated accounts payable software tool, updating our process to provide a paperless workflow, online approvals, and electronic payments to vendors.
- **Vendor Management System Software Implementation:** FASD participated with the Systems and Administrative Services Divisions to implement the Cobblestone contract management system software tool. It will also be used as LACERA’s vendor management system and will transmit vendor data to the general ledger.
- **Actuarial Consulting and Auditing Services RFP:** FASD partnered with Internal Audit and the Investments Office on the Request for Proposal (RFP) for LACERA’s actuarial consultant and actuarial auditor relationships. Staff is conducting the review and selection process, which is scheduled to be completed by end of the fiscal year.
- **Retiree Healthcare Lifetime Maximum Benefit:** FASD partnered with the Executive Office, Retiree Healthcare Division, and Los Angeles County Chief Executive Office to determine approaches to eliminate the Lifetime Maximum Benefit (LMB) from the LACERA retiree healthcare medical insurance plans. The regularly held discussions involve external legal counsel and actuarial consultants, and consider several possible outcomes that will require implementation in the upcoming fiscal years.
- **OPEB Trust Investment Structure Changes:** The Board of Investments approved a recommendation to invest OPEB Trust portfolio assets into private markets, which are mainly composed of private equity, hedge funds, and private real estate asset classes. FASD partnered with the Investments Office and State Street Bank to modify the OPEB Trust investment structure. LACERA invested and reported private equity and real assets investments on the OPEB Trust’s September 2023 financial statements as part of the implementation process.

The following is a status of routine annual projects that have been completed or are in-progress during the FY 2023-24.

<b>Routine Annual Projects</b> (required by law or accounting standards)	<b>Completed / Anticipated</b>
<ul style="list-style-type: none"> <li>▪ 2023 Annual Audit and Financial Statements</li> <li>▪ 2023 Financial Reports                             <ul style="list-style-type: none"> <li>○ Annual Comprehensive Financial Report (ACFR)</li> <li>○ Popular Annual Financial Report (PAFR)</li> </ul> </li> <li>▪ 2023 Pension Valuation Report</li> <li>▪ 2023 GASB 68 Pension, Employer Financial Statement Reporting</li> <li>▪ 2023 OPEB Trust, Employer Statement of Fiduciary Net Position</li> <li>▪ 2024 Employer and Employee Contribution Rate Implementation</li> <li>▪ 2023 GASB 75 OPEB, Employer Financial Statement Reporting</li> <li>▪ 2024 Pension Risk Assessment Report</li> <li>▪ 2023 OPEB Valuation Report</li> <li>▪ 2023 Regulatory Reports, federal and state</li> </ul>	October 2023 December 2023  December 2023 March 2024 March 2024 May 2024 June 2024 June 2024 August 2024 Quarterly and Calendar Year-End

## **FY 24-2025 STRATEGIC GOALS AND OBJECTIVES**

### **Project Goals and Objectives**

In addition to FASD’s required annual projects referenced above, the non-routine projects listed below align with LACERA’s Strategic Priority 5: Fiscal Durability, to exercise care and prudence in managing our resources and fund assets.

Strategic Plan Objective 5.2 says that LACERA will implement and support the LACERA Investments Office in achieving the BOI’s Strategic Plan goals. Consistent with this objective, FASD will partner with the Investments Office in revising two Board policies by summer 2024:

- LACERA’s Retirement Benefit Funding Policy (Funding Policy)
- Interest Crediting Policy

FASD will also continue to support LACERA’s custodian bank, State Street Bank, in the transition of their wire transfer systems from Cash Manager to the eCash Flow Module.

Objective 5.1 also states that LACERA will develop organizational tools to support enterprise-wide fiscal responsibility. FASD, as part of a cross-functional team, will begin working on establishing the requirements for identifying and implementing a new Enterprise Resource Plan (ERP) system that aligns with this objective, as a new software

tool can be used to better manage several different processes, including accounting and human resources.

A summary of all non-routine projects is outlined below:

Non-Routine Projects	Anticipated
<ul style="list-style-type: none"> <li>▪ Retirement Benefit Funding Policy</li> </ul>	Summer 2024
<ul style="list-style-type: none"> <li>▪ Member Debit Card Program</li> </ul>	December 2024
<ul style="list-style-type: none"> <li>▪ Retiree Healthcare Lifetime Maximum Benefit</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>▪ State Street Bank, Cash Manager to eCash Flow Module</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>▪ Enterprise Resource Planning (ERP) Tool, Preliminary Assessment</li> </ul>	TBD

### Training Goals and Objectives

Budgeted funds allocated to staff training and development align with LACERA’s Strategic Priority 3: Investing in People, to recruit, motivate, hire, and retain a highly engaged and skilled workforce. LACERA is committed to providing staff with training to meet the requirements for those with certifications and to enhance the skills and knowledge of staff.

FASD managers and supervisors continuously evaluate and define staff training needs. Currently, 27 percent of FASD staff members hold a Certified Public Accountant (CPA) license. CPAs must attend qualifying training courses to meet the California State Board of Accountancy continuing professional education (CPE) reporting requirements of 20 to 40 hours every year.

All other staff are encouraged to obtain at least 10 hours of accounting-related training annually to keep current with changes in the accounting profession. Staff may attend relevant courses that cover topics such as: pension funding financial reporting, Governmental Accounting Standards Board (GASB) pronouncements, government accounting, other financial accounting courses, or ethics and fraud topics. In addition, FASD requires new and recently promoted staff members to attend the required training.

LACERA offers staff a variety of training resources, including webinars and online workshops; one or multiday in-person local conferences; and some educational and networking conferences that require travel outside of the Los Angeles area.

FASD leverages training and registration funding provided for represented staff via the negotiated Memorandum of Understanding (MOU). We are maintaining a budget of \$7,000 for training and registration, which includes funding for a CPA review course (including materials) for one staff member who is studying for the CPA exam.

In addition, FASD is requesting \$26,000 for travel-related expenses (air fare, hotel, ground transportation, and per diem) so staff can attend offsite conferences and networking events throughout the country, a decrease of \$300 from FY 2023-24.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

We are requesting three new Accountant positions be added to FASD's organizational structure in the General Accounting Section, increasing our total budgeted positions from 30 to 33, at an estimated salary cost of \$207,226 annually.

#### *Reporting and Compliance Unit (RCU)*

We are requesting to add one additional Accountant position to the Reporting and Compliance Unit. This new position will provide the Unit with an additional staff member to:

- Support building the internal compliance functions of the Unit,
- Be responsible for FASD's role in supporting the Legal Office Ethics and Compliance Officer and the enterprise-wide Ethics and Compliance Program,
- Coordinate and implement any changes to the Retiree Healthcare Program that the County of Los Angeles is currently considering, and
- Assist in implementing new GASB Statement No. 101, *Compensated Absences*, effective for LACERA's June 30, 2025 financial statements.

The RCU is responsible for completing recurring financial statement and actuarial reporting projects that demand year-round management. The RCU also assists FASD management and the Executive Office on various ad-hoc requests and special projects. These tasks have demanded the RCU's current resources, and new compliance and policy development functions have not yet been fully developed. This additional position will help expand the role of the unit.

#### *Reconciliation Unit*

We are requesting to add one additional Accountant position to the Reconciliation Unit. This new position will provide a staff member dedicated to the payment recovery duties and overpayment monitoring functions, which were included in the previous structure but changed due to FASD's focus on actuarial consulting assignments.

Overpayment cases have increased 312 percent from about 450 to 1,400 over the last decade and, correspondingly, the Reconciliation Unit's daily accounting activities have increased 225 percent over the last two decades.



The additional Accountant position requested for the Reconciliation Unit will focus on the core and potential additional duties of the Unit, which include:

- Dedicated personnel for payment recovery duties, which will use a new payment recovery monitoring system that will be implemented in the upcoming fiscal year
- Additional responsibilities to seek and recover overpayments, and account for appropriate interest as part of the revised Recovery Policy
- Process future workloads, including support for the Member Prepaid Card Program
- Provide support for the Retiree Healthcare Division for any upcoming plan structure changes to the OPEB Program and OPEB Trust

During FY 2023-24, FASD utilized a temporary staff member, in addition to the staff permanently assigned, to complete the Reconciliation Unit's workload. The unit was able to absorb multiple special projects that involved member check mailing delays and the FiServ data breach with State Street Bank.

#### *Disbursements Unit*

We are requesting to add one additional Accountant position to the Disbursements Unit. This new position will allow the unit to balance the workload, provide opportunity to establish succession planning, and provide for process improvement and cross-training over multiple workstreams. By adding this Accountant, staff will be able to analyze different work processes to reallocate amongst a larger team and distribute workloads. The Disbursements Unit has traditionally had a high workload volume, wide scope of work, and conducts processes that are significant to the organization (e.g., payment processing and tax filings). Some processes continue to be done based on legacy methods and procedures.

The new Accountant will provide the capacity for each staff member to work with the Senior Accountant and the Accounting Officer I on special projects to modernize the unit through analyzing workstreams, identifying improvements, and carrying out the implementation. Areas identified for additional focus include:

- Continue supporting member-facing operations by keeping the daily member check printing schedule to expedite benefit payments
- Transitioning the Corporate Credit Card Program from its independent platform to utilize the same workflow and platform as the newly implemented automated AP system
- Improving the travel booking and expense approval and workflow processes, including the implementation of a new system
- Partnering with Systems to link Workspace and the ERP system to transform transactions into accounting feeds
- Supporting the Retiree Healthcare Division and any upcoming changes to the OPEB Program

In FY 2023-24, FASD utilized a temporary staff, in addition to the staff permanently assigned, to assist with the workload of the Disbursements Unit.

LACERA has grown in volume and complexity over the last two decades as shown in the table below. However, our staffing levels have not necessarily increased proportionally:

<b>LACERA</b>	<b>20-Years Ago</b>	<b>Today</b>	<b>Approximate Growth</b>
Fiduciary Net Position (Net Assets)	\$26 billion	\$77 billion	196%
Membership	141,000	190,000	35%
Operating Budget	\$43 million	\$135 million	214%
LACERA Staff	250	500	100%
ACFR Pages	96	176	83%
Governmental Accounting Standards Board (GASB) Pronouncements	34	102	200%
OPEB Program Employer Reporting	1	7	700%
<b>General Accounting Section Staff</b>	<b>11</b>	<b>15</b>	<b>36%*</b>

\*There have been changes to the organizational structure within the General Accounting Section, such as moving existing staff from one unit to another, as well as reassigning one Accountant from the Investment Accounting Section to address a consultant's recommendation. One new budgeted position, Accounting Officer II, has been added to the General Accounting Section in the last 20 years. The new position was then reclassified to an Accountant as recommended in the Classification Study. For this FY 2023-24, we have been using two temporary staff to meet the current workload demands. These temporary staff are assigned to our Reconciliation and Disbursements Unit in addition to our budgeted positions, all of which are currently filled.

Additional staffing will allow us to fill resource gaps and better absorb any additional projects and strategic initiatives. We believe the core accounting and reporting responsibilities of the Division have been taken care of but the administrative and tactical efforts to improve processes can be better addressed.

### Temporary Staffing

Over the past three fiscal years, FASD's budget has included eight to 10 temporary staff positions to help with chronic vacancies. For FY 2024-25, six temporary positions are requested as follows:

- Three at the Accountant level, in the General Accounting Section
- Two at the Accountant level in the Investment Accounting Section
- One Senior Administrative Assistant

Although vacancies levels have been reduced dramatically, we currently have four vacant staff positions filled with temporary staff. Upon Board of Supervisors approval of the Classification Study, estimated in April 2024, Human Resources will need to open a series of exams to for the newly created classifications. The temporary staff requested are needed to complete the current workload assigned to vacant positions until these exams can be completed and permanent staffing placed. The new classification of Investment Accountant is expected to help attract staff with the required experience for these more specialized and technical positions. Once filled, we expect to reduce the use of temporary staff further, while maintaining some flexibility to account for unanticipated staff attrition.

## **Overtime Needs**

The overtime budget of \$62,800 reflects a decrease of \$1,900 due to improved staffing levels and operational efficiency.

Overtime is used every year to manage the additional workload related to the annual financial statement preparation and external audit process, which is the basis for preparing LACERA's Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR). In addition, staff incur overtime when preparing memos and materials to meet Board deadlines for presenting actuarial and financial reports. The overtime budget also allows for additional workload due to unforeseen special projects.

## **Interns**

FASD does not anticipate any use of interns in FY 2024-25.

## **Rehired Retirees**

FASD does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

FASD has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

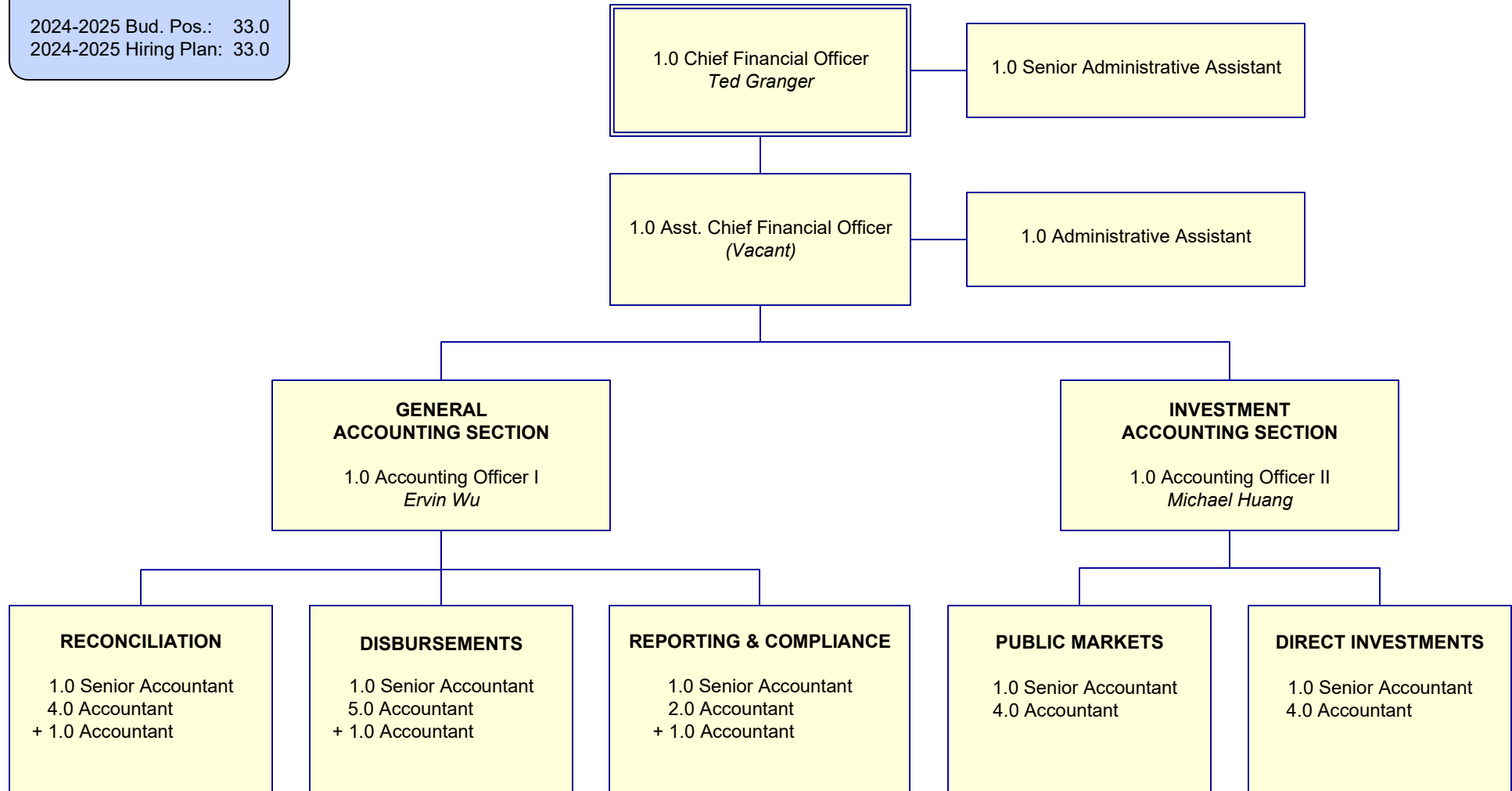
For FY 2024-25, there are no significant changes to the FASD services and supplies budget. The budget remains status quo with only a slight decrease in travel to reflect the anticipated cost for staff travel for training.

# FINANCIAL AND ACCOUNTING SERVICES DIVISION

## FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 30.0  
 2023-2024 Hiring Plan: 30.0

2024-2025 Bud. Pos.: 33.0  
 2024-2025 Hiring Plan: 33.0



+ Added position

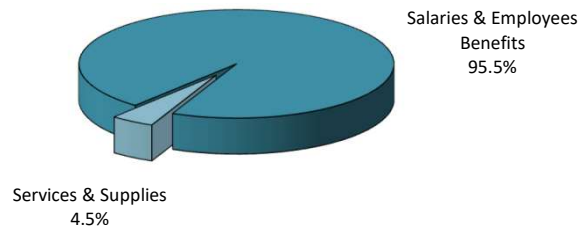
\* Classification study for all Accounting positions finalized and approved by LACERA Board of Retirement on 12/7/22 and Board of Investments on 12/14/22 (Pending Board of Supervisors' approval).

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**FINANCIAL AND ACCOUNTING SERVICES**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$5,405,426</b>	\$5,435,438	\$2,405,152	\$4,781,400	(\$654,038)	-12.0%	(\$30,012)	-0.6%
<b>Services &amp; Supplies</b>	<b>253,000</b>	253,300	128,924	226,800	(26,500)	-10.5%	(300)	-0.1%
<b>OPERATING BUDGET</b>	<b>\$5,658,426</b>	\$5,688,738	\$2,534,075	\$5,008,200	(\$680,538)	-12.0%	(\$30,312)	-0.5%

**2024 -2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**FINANCIAL AND ACCOUNTING SERVICES**

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$3,017,068</b>	\$2,752,536	\$1,300,481	\$2,640,000	(\$112,536)	-4.1%	\$264,532	9.6%
<b>Total Agency Temp Salaries</b>	<b>482,500</b>	776,700	297,706	510,400	(266,300)	-34.3%	(294,200)	-37.9%
<b>Employee Benefits (Variable)</b>	<b>1,527,291</b>	1,547,804	641,947	1,303,500	(244,304)	-15.8%	(20,513)	-1.3%
<b>Employee Benefits (Other)</b>	<b>179,562</b>	176,424	70,460	143,100	(33,324)	-18.9%	3,138	1.8%
<b>OPEB Contribution</b>	<b>116,704</b>	97,774	50,325	102,200	4,426	4.5%	18,930	19.4%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>62,800</b>	64,700	36,777	74,700	10,000	15.5%	(1,900)	-2.9%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	7,455	7,500	(4,500)	-37.5%	0	0.0%
<b>Rideshare Allowance</b>	<b>7,500</b>	7,500	0	0	(7,500)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$5,405,426</b>	\$5,435,438	\$2,405,152	\$4,781,400	(\$654,038)	-12.0%	(\$30,012)	-0.6%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$5,405,426</b>	\$5,435,438	\$2,405,152	\$4,781,400	(\$654,038)	-12.0%	(\$30,012)	-0.6%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

FINANCIAL AND ACCOUNTING SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0800	CHIEF FINANCIAL OFFICER, LACERA	1	LS12
0418	ACCOUNTING OFFICER II, LACERA	1	108L
0417	ACCOUNTING OFFICER I, LACERA	1	105D
0416	SENIOR ACCOUNTANT, LACERA	5	100K
0415	ACCOUNTANT, LACERA	17	096H
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	087K
<b>Total Filled Positions =</b>		<b>26</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0799	ASSISTANT CHIEF FINANCIAL OFFICER, LACERA	1	LS10
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
0415	ACCOUNTANT, LACERA	5	096H
<b>Total Vacant Positions =</b>		<b>7</b>	
<b>TOTAL POSITIONS =</b>		<b>33</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

LACERA

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$29,000	\$29,300	\$5,912	\$14,500	(\$14,800)	-50.5%	(\$300)	-1.0%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	451	800	(5,200)	-86.7%	0	0.0%
BANK SERVICES	200,000	200,000	114,271	195,900	(4,100)	-2.1%	0	0.0%
EDUCATIONAL EXPENSES	16,000	16,000	8,040	13,600	(2,400)	-15.0%	0	0.0%
MISCELLANEOUS	2,000	2,000	250	2,000	0	0.0%	0	0.0%
TOTAL	\$253,000	\$253,300	\$128,924	\$226,800	(\$26,500)	-10.5%	(\$300)	-0.1%

\*All amounts rounded to the nearest dollar.



**FINANCIAL AND ACCOUNTING SERVICES**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

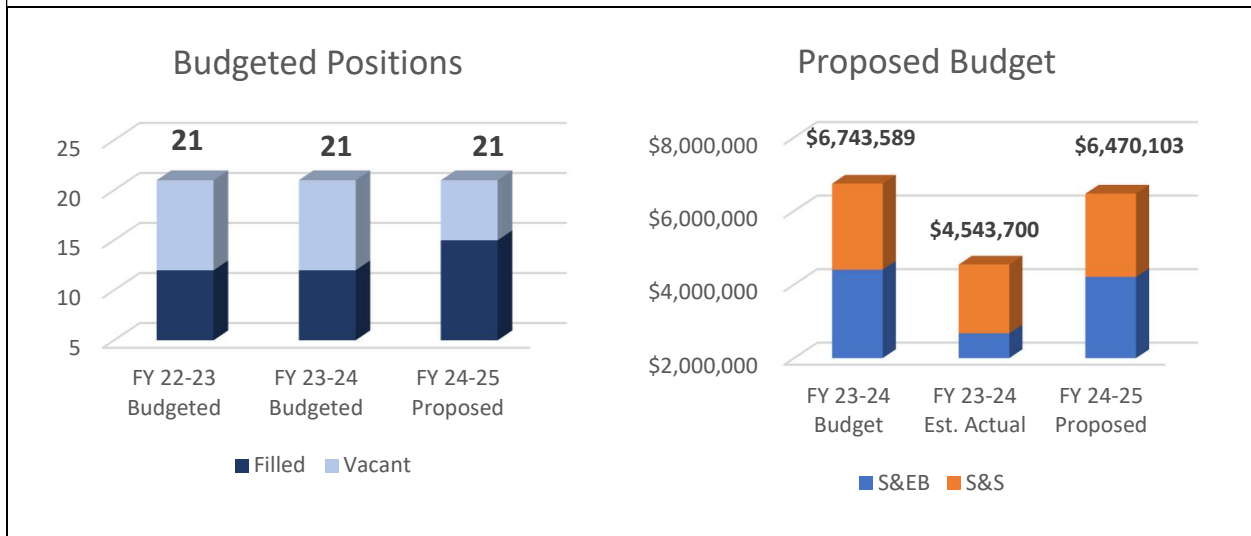
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$2,220,717	\$2,113,087	\$2,752,536	\$2,640,000	\$3,017,068
Total Agency Temp Salaries	778,100	485,257	776,700	510,400	482,500
Employee Benefits (Variable)	1,366,535	1,077,192	1,547,804	1,303,500	1,527,291
Employee Benefits (Other)	148,317	135,473	176,424	143,100	179,562
OPEB Contribution	78,710	78,207	97,774	102,200	116,704
OPEB Contribution (Budget Surplus)	0	78,710	0	0	0
Stipends	0	0	0	0	0
Overtime	65,300	45,783	64,700	74,700	62,800
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	6,200	12,000	7,500	12,000
Rideshare Allowance	7,500	80	7,500	0	7,500
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	21,800	7,473	29,300	14,500	29,000
Office Supplies & Equipment	5,000	2,338	6,000	800	6,000
Bank Services	200,500	177,789	200,000	195,900	200,000
Educational Expenses	19,000	10,205	16,000	13,600	16,000
Miscellaneous	3,000	0	2,000	2,000	2,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$4,926,478</b>	<b>\$4,217,794</b>	<b>\$5,688,738</b>	<b>\$5,008,200</b>	<b>\$5,658,426</b>

\*All amounts rounded to the nearest dollar.



### FY 2024-25 Proposed Budget

The Human Resources (HR) Division is responsible for providing high quality human resource programs and services to all LACERA employees, supervisors, and managers consistent with LACERA’s values of accountability, collaboration, inclusivity, innovation, integrity, and transparency. Our work includes recruitment, selection, performance and workforce management, classification, compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, workplace investigations, workers’ compensation, career planning and development, leave management, and disability compliance management.



### Summary of Significant Changes:

Description	Position Changes	Amount
• Agency Temporary		(\$88,500)
• Organizational Programs		(\$150,000)
• Departmental Training		\$170,000
• Computer Services and Support		\$100,000
• Recruitment		(\$215,000)
• Security Services – Sheriff transferred to Administrative Services		(\$16,000)

The Impact Team was carved out in the Human Resources organizational chart using existing positions. The two-Analyst group is tasked with special projects, administering organization-wide policy-based programs, expediting special requests, and assisting with the execution of the strategic plan. Since these duties don't clearly fall within the other established units, the Impact Team stands alone.

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

HR continues to work toward decreasing the 20 percent vacancy rate by facilitating the hiring of new staff members. From July 2023 to March 2024, the division promulgated 16 eligible lists/registers. In that same period, there were 27 hiring actions—11 promotions and 16 new hires. By executing the hiring plan, HR directly supports all divisions in decreasing their individual vacancy rates. Additionally, the hiring and promotion of staff members supports the “Investing in People” strategic priority goal. These accomplishments directly support LACERA’s goal to “attract, motivate, hire, and retain a highly engaged and skilled workforce.”

In response to LACERA’s approved strategic plan, HR staff members completed virtual and in-person professional development focused on job analysis methodology, labor relations, compensation strategies, workforce development, and culture-improving programs.

This year HR facilitated the implementation of two outstanding classification studies for the Document Processing, Staff Assistant, and Disability Retirement classification families. With the implementation of these the classification study recommendations, LACERA has no pending classification studies outstanding.

HR completed two projects led by the Systems Division Project Management Office. HR completed scanning personnel records for LACERA’s out-of-service and active staff members in December 2023 and implemented the HR Service Delivery Model in Service Now in October 2023. Through the end of FY 2023-24, HR will expand the use of its current systems to improve and simplify the hiring and onboarding processes, attract competitive candidates, and provide an improved applicant experience. These items are part of the strategic plan Objective 3.3 workplan.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The budget reflects a proposed increase for HR staff members to travel to and attend in-person professional development. New and existing staff members will need to complete platform-specific training as the division expands the use of platforms that support an enhanced applicant experience, more streamlined performance management, and new-hire onboarding. New staff members may also need to refresh skills to maximize

performance and impact at LACERA. There is a foundational list of training for staff members in each of HR's three units that new staff members must complete within the first year of hire, and existing staff members may need to take as a refresher. The increase related to professional development is reflected in the Registration Fees budget.

During the next fiscal year HR will implement various strategies, systems/platform, and programs in support of strategic plan's Objective 3.3. We are calling this an *improved candidate experience* consistent with the language used in the "Superior Member Experience" strategic priority goal related to an improved member experience and retiree healthcare experience. Specific revisions and improvements will be made to the processes that occur from the time a division wants to fill a vacancy through the end of a new staff member's probationary period.

In addition to the workplan related to Objective 3.3, during FY 23-2024 HR will begin to execute the workplan associated with Objective 3.2, related to training and development programs. Although the workplan will not begin until 2025, we anticipate new programs and initiatives to encourage employee growth and development. As LACERA grows into a \$100 billion fund, staff members must also grow. Mentoring, the Leadership Pipeline, professional coaching, supervisory and management educational tracks, and an improved performance evaluation mechanism will support employee growth.

HR efforts that will start in FY 2024 and will continue through FY 2025 include completion and implementation of the Investments job family classification study, Retiree Healthcare classification study, and labor negotiations. Of course, there will also be a sustained effort to continue decreasing the organization's vacancy rate.

Through FY 2025, LACERA will roll out the IDEA initiative—a comprehensive diversity, equity, inclusion, accessibility and belonging (DEIAB) program. For the first time, the education and training related to DEIAB have been added to the HR budget. The training component is part of the implementation of the DEIAB program, as specified in strategic Objective 3.1. The increase related to DEIAB is reflected in the Departmental Training budget.

From July through December 2024, LACERA will be engaged in the collective bargaining process with SEIU to negotiate successor agreements for bargaining units 850 and 851. This is a major undertaking that directly impacts approximately half of LACERA's staff members. As always, the goal is to agree on a clear and fair contract.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of

Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

HR is not requesting any adjustments to permanent staff for FY 2024-25.

### **Temporary Staffing**

HR completed the personnel file scanning project in December 2023 with the use of two Senior Human Resources Assistant temporary staff members. With the completion of the project, the temporary staff is no longer needed. Additionally, HR used an agency temporary staff member to replace a permanent staff member who was on long-term leave. Since the permanent staff member returned to work in December 2023, a replacement is no longer needed. Therefore, there is a decrease in the HR's temporary staffing budget from \$139,000 to \$50,500. (The FY 2024-25 budget should only include funding for one Sr. HR Assistant for six months.)

### **Overtime Needs**

HR requests overtime funds for overtime-earning staff members. These funds are in anticipation of completing time-sensitive functions related to payroll, assignment processing, onboarding, and tight deadlines for high-priority recruitments.

### **Interns**

Human Resources Division is requesting one Intern to work in the Employee and Organizational Development Unit. The Intern will work on completing remaining work on organization-wide career paths and support Objective 3.2 programs.

The HR budget includes the overall Intern budget. The Intern program is part of LACERA's DEIAB, TIDE, and succession planning programs—all parts of the "Investing In People" strategic priority. LACERA is requesting 15 Interns for use throughout the organization to work on the following special projects:

- Administrative Services: one intern to assist with a comprehensive records management project
- Communications: one intern to outline a specified social media platform rollout
- Information Security Office: one intern to work on knowledge management and the implementation of the security program projects
- Executive Office: one intern to assist with communications projects
- Investment Office: two budgeted interns and two additional interns to assist with performance attribution, market research, and investment analysis
- Legal Office: two law student interns

- Quality Assurance: one intern to assist with data consolidation in association with the annual CEM benchmarking report
- Systems: three interns to assist in Business Solutions, Infrastructure, and Project Management; and projects in workflow automation, the on-site data center, and the data lake
- Retiree Healthcare: one intern to assist in automating quality metrics.

Overall, these projects will provide students with paid, hands-on experience that increases their professional preparedness.

### **Rehired Retirees**

HR is not requesting the use of any retired rehires in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

One-time expenses related to the use of executive recruiters have been removed. A discussion is needed regarding the removal of NeoGov-related expenses from the HR budget to the Systems budget.

### **Services and Supplies Adjustments**

#### *Organization Programs*

Organizational Programs is decreasing from \$200,000 to \$50,000. The \$150,000 decrease is due to the expired Fulgent contract.

#### *Department Training*

Departmental Training is increasing from \$250,000 to \$420,000. An anticipated \$100,000 increase is due to Executive/Management coaching being paid centrally from HR instead of from the division's budget. Payment for three coaching engagements starting in FY 2024 will be due in FY 2025. Additionally, there is an increase of \$70,000 for DEIAB training and consulting services.

#### *Computer Services and Support*

Computer Services and Support will now include a consolidated cost of NeoGov (GovernmentJobs.com) services that was previously distributed across the Misc Software Packages and Recruitment budget. This, in addition to other miscellaneous software (e.g., County LMS maintenance and support, Udemy), results in an amount of \$150,000.

#### *Recruitment*

A Recruitment decrease from \$465,000 to \$250,000 is in anticipation of moving the costs of NeoGov to Misc Software Packages, as described above. At this time, there are no

anticipated executive recruitment engagements for FY 2024-25, as LACERA HR decreases its reliance on outside recruiters. The budget will be used for advertising and payment for online exams.

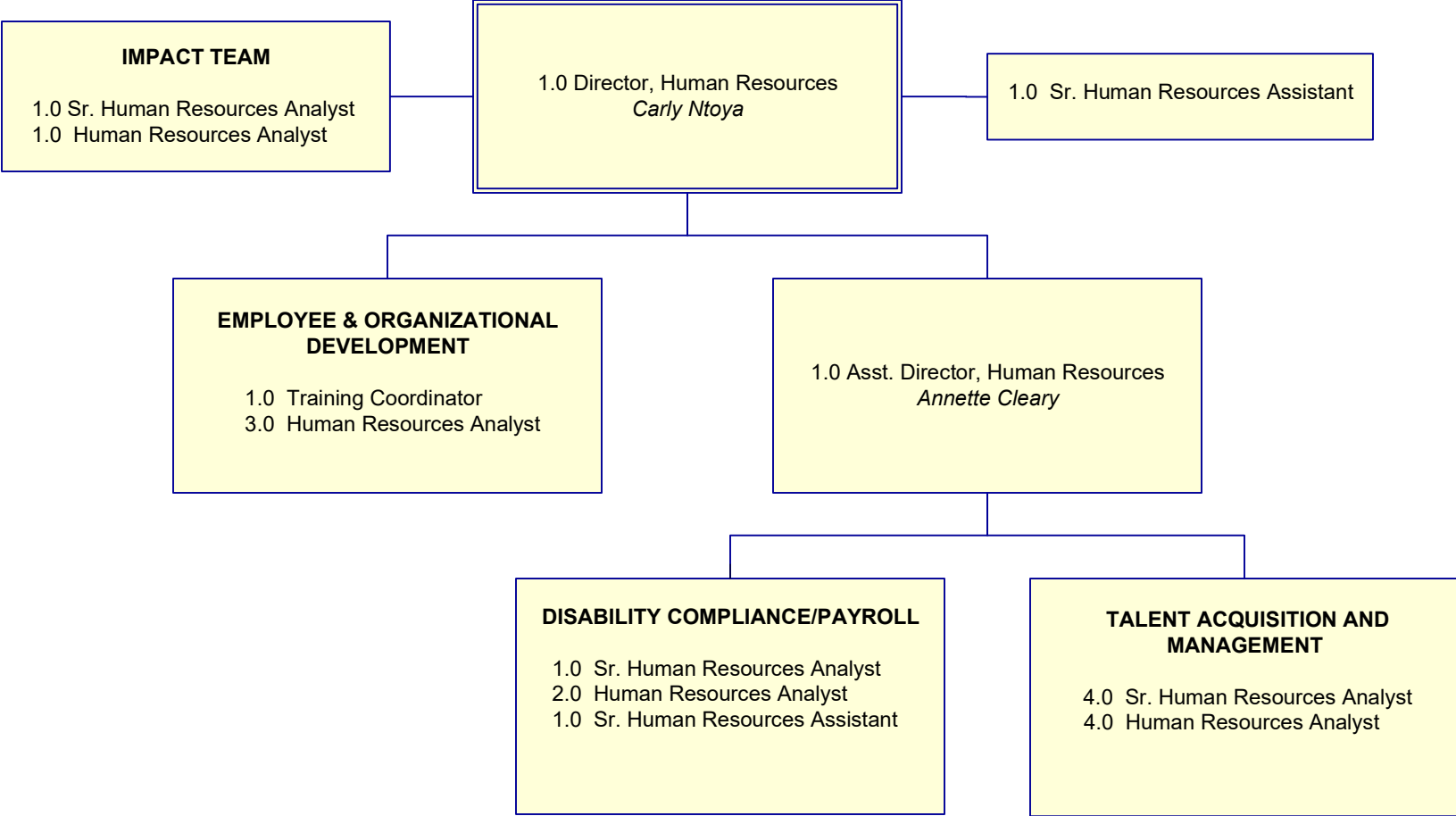
*Security Services: Sheriff*

The Security Services: Sheriff budget has been removed from the HR budget and transferred to the Administrative Services budget.

# HUMAN RESOURCES

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 21.0  
2023-2024 Hiring Plan: 21.0  
  
2024-2025 Bud. Pos.: 21.0  
2024-2025 Hiring Plan: 21.0



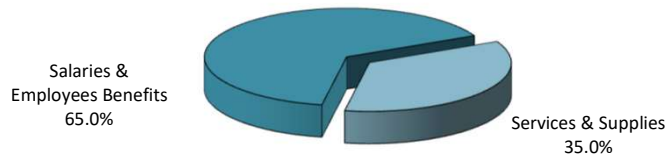


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**HUMAN RESOURCES**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$4,206,103</b>	\$4,403,989	\$1,374,759	\$2,674,000	(\$1,729,989)	-39.3%	(\$197,886)	-4.5%
<b>Services &amp; Supplies</b>	<b>2,264,000</b>	2,339,600	921,732	1,869,700	(469,900)	-20.1%	(75,600)	-3.2%
<b>OPERATING BUDGET</b>	<b>\$6,470,103</b>	\$6,743,589	\$2,296,491	\$4,543,700	(\$2,199,889)	-32.6%	(\$273,486)	-4.1%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**HUMAN RESOURCES**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$2,267,708</b>	\$2,200,574	\$692,452	\$1,405,700	(\$794,874)	-36.1%	\$67,134	3.1%
<b>Total Agency Temp Salaries</b>	<b>50,500</b>	139,000	122,900	140,000	1,000	0.7%	(88,500)	-63.7%
<b>LACERA Intern Program</b>	<b>336,000</b>	288,000	6,016	12,300	(275,700)	-95.7%	48,000	16.7%
<b>Employee Benefits (Variable)</b>	<b>1,315,694</b>	1,550,802	445,329	904,500	(646,302)	-41.7%	(235,108)	-15.2%
<b>Employee Benefits (Other)</b>	<b>138,187</b>	141,046	56,011	113,800	(27,246)	-19.3%	(2,859)	-2.0%
<b>OPEB Contribution</b>	<b>89,813</b>	78,167	40,233	81,700	3,533	4.5%	11,646	14.9%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>6,500</b>	4,700	11,817	16,000	11,300	240.4%	1,800	38.3%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>1,700</b>	1,700	0	0	(1,700)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$4,206,103</b>	\$4,403,989	\$1,374,759	\$2,674,000	(\$1,729,989)	-39.3%	(\$197,886)	-4.5%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$4,206,103</b>	\$4,403,989	\$1,374,759	\$2,674,000	(\$1,729,989)	-39.3%	(\$197,886)	-4.5%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET POSITIONS**

**HUMAN RESOURCES**

**FILLED POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0425	DIRECTOR, HUMAN RESOURCES, LACERA	1	LS12
0437	ASSISTANT DIRECTOR, HUMAN RESOURCES, LACERA	1	LS10
0436	SENIOR HUMAN RESOURCES ANALYST, LACERA	5	106F
1886	TRAINING COORDINATOR, LACERA	1	106E
0434	HUMAN RESOURCES ANALYST, LACERA	5	102F
0435	SENIOR HUMAN RESOURCES ASSISTANT, LACERA	2	095H
<b>Total Filled Positions =</b>		<b>15</b>	

**VACANT POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0435	SENIOR HUMAN RESOURCES ANALYST, LACERA	1	106F
0436	HUMAN RESOURCES ANALYST, LACERA	5	102F
<b>Total Vacant Positions =</b>		<b>6</b>	
<b>TOTAL POSITIONS =</b>		<b>21</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**HUMAN RESOURCES**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$16,200</b>	\$10,800	\$943	\$5,500	(\$5,300)	-49.1%	\$5,400	50.0%
OFFICE SUPPLIES & EQUIPMENT	<b>3,000</b>	3,000	659	3,000	0	0.0%	0	0.0%
PARKING FEES	<b>517,000</b>	482,000	308,897	529,600	47,600	9.9%	35,000	7.3%
PROFESSIONAL & SPEC. SRVCS.	<b>577,300</b>	788,300	174,278	426,100	(362,200)	-45.9%	(211,000)	-26.8%
COMPUTER SERVICES & SUPPORT	<b>150,000</b>	50,000	9,718	25,000	(25,000)	-50.0%	100,000	200.0%
EDUCATIONAL EXPENSES	<b>719,000</b>	509,000	89,429	307,000	(202,000)	-39.7%	210,000	41.3%
MISCELLANEOUS	<b>281,500</b>	496,500	337,807	573,500	77,000	15.5%	(215,000)	-43.3%
TOTAL	<b>\$2,264,000</b>	\$2,339,600	\$921,732	\$1,869,700	(\$469,900)	-20.1%	(\$75,600)	-3.2%

\*All amounts rounded to the nearest dollar.

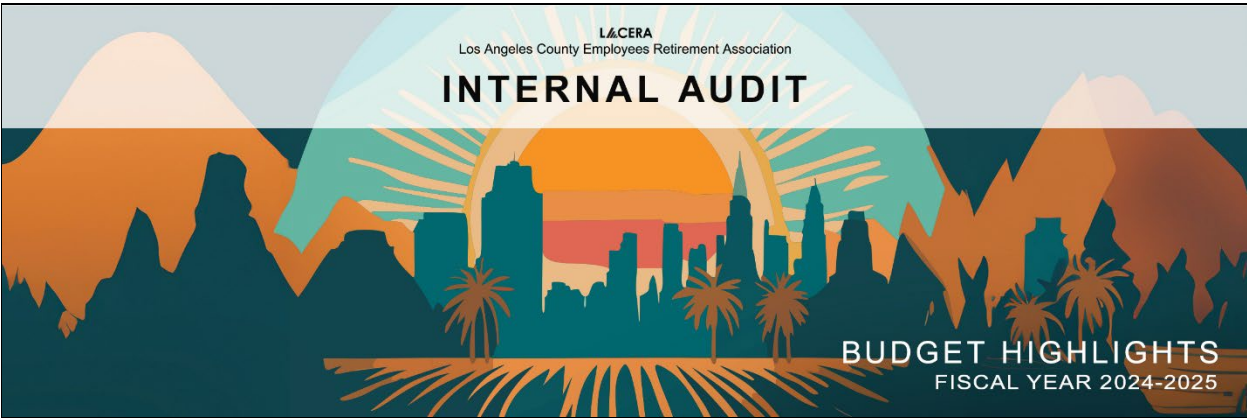
**HUMAN RESOURCES**

**BUDGET REQUEST INFORMATION**

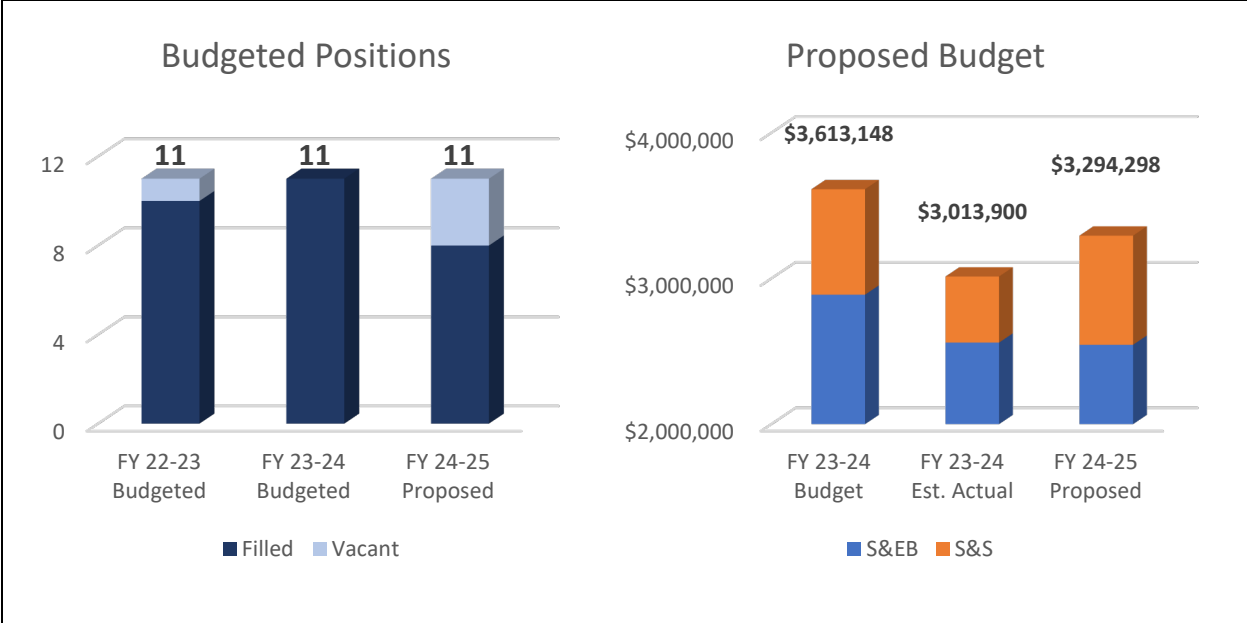
**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$1,797,569	\$1,268,276	\$2,200,574	\$1,405,700	\$2,267,708
Total Agency Temp Salaries	144,300	137,617	139,000	140,000	50,500
LACERA Intern Program	288,000	7,646	288,000	12,300	336,000
Employee Benefits (Variable)	1,199,476	784,243	1,550,802	904,500	1,315,694
Employee Benefits (Other)	123,142	111,084	141,046	113,800	138,187
OPEB Contribution	65,350	64,932	78,167	81,700	89,813
OPEB Contribution (Budget Surplus)	0	65,350	0	0	0
Stipends	0	0	0	0	0
Overtime	3,800	18,840	4,700	16,000	6,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	1,700	0	1,700	0	1,700
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	9,400	6,021	10,800	5,500	16,200
Office Supplies & Equipment	7,000	3,533	3,000	3,000	3,000
Parking Fees	437,000	456,055	482,000	529,600	517,000
Professional & Specialized Services	675,800	329,238	788,300	426,100	577,300
Computer Services & Support	55,000	75,175	50,000	25,000	150,000
Educational Expenses	509,000	96,019	509,000	307,000	719,000
Miscellaneous	523,000	474,245	496,500	573,500	281,500
<b>TOTAL OPERATING BUDGET</b>	<b>\$5,839,537</b>	<b>\$3,898,275</b>	<b>\$6,743,589</b>	<b>\$4,543,700</b>	<b>\$6,470,103</b>

\*All amounts rounded to the nearest dollar.



The Internal Audit (IA) Division enhances and protects LACERA's values by providing independent risk-based and objective assurance, consulting, and advisory services designed to add value and improve LACERA's operations. Internal Audit helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. Work is performed in conformance with the Institute of Internal Auditors (IIA) standards. Internal Audit communicates engagement results, findings, and recommendations regularly to the Audit Committee of the Boards.



**Summary of Significant Changes**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Audit Committee Consultant		\$25,000

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

Completion of the 2023-24 fiscal year Audit Plan, including the following significant engagements:

- Consulting on Records and Information (RIM)
- Consulting on Internal Controls over Financial Reporting – Cash and Treasury
- Audit of Replacement Benefit Plan (415(b))
- Audit of Procurement of Goods
- Review of One Meeting
- Consulting on Organizational Culture
- Collaborated with the Investments Office on the RFP for the actuarial consultant and auditor
- Collaborated with various stakeholders across the organization on the RFP for organizational governance software
- Obtained IIA COSO Enterprise Risk Management (ERM) Certificate for CAE and Principals

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

1. **Develop Internal Audit's Strategic Plan**, which will align with LACERA's overall strategic plan
2. **Complete the FY 2024-25 Audit Plan**, which will align with LACERA's overall strategic plan
3. **Fill vacancies**, aligned with the Investing in People strategic priority. It is essential that Internal Audit's vacancies are filled so that we can address our strategic goals and objectives.
4. **Complete Training and Development requirements**, aligned with the Investing in People strategic priority, which is budgeted against our Education Expenses. Internal Audit requires each staff member to obtain 40 continuing education hours per fiscal year. Internal Audit will use the IIA's Competency Framework to assess each staff member's competencies and divisional competencies, which will determine specific training during the year.
5. **Develop the foundation for Compliance and Enterprise Risk Management (ERM)**

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of

Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

There are currently eleven budgeted full-time positions in Internal Audit. No additional staff positions are requested currently.

### **Temporary Staffing**

Internal Audit plans to fill all open budget positions. If unsuccessful by the second quarter of the fiscal year, we will consider adding a budget for temporary staffing through the mid-year budget process.

### **Overtime Needs**

Internal Audit requested 40 hours each of overtime for the Senior Administrative Assistant and Internal Auditor positions. The overtime is necessary for the timely completion of Audit Committee meeting materials.

### **Interns**

Internal Audit does not anticipate any use of interns in FY 2024-25.

### **Rehired Retirees**

Internal Audit does not anticipate any use of rehired retirees in FY 2024-25.

If there are remaining vacancies, Internal Audit will consider this option.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Internal Audit does not have one-time expenditures that need to be removed in the FY 2024-25.

### **Services and Supplies Adjustments**

#### *Audit Committee Consultant*

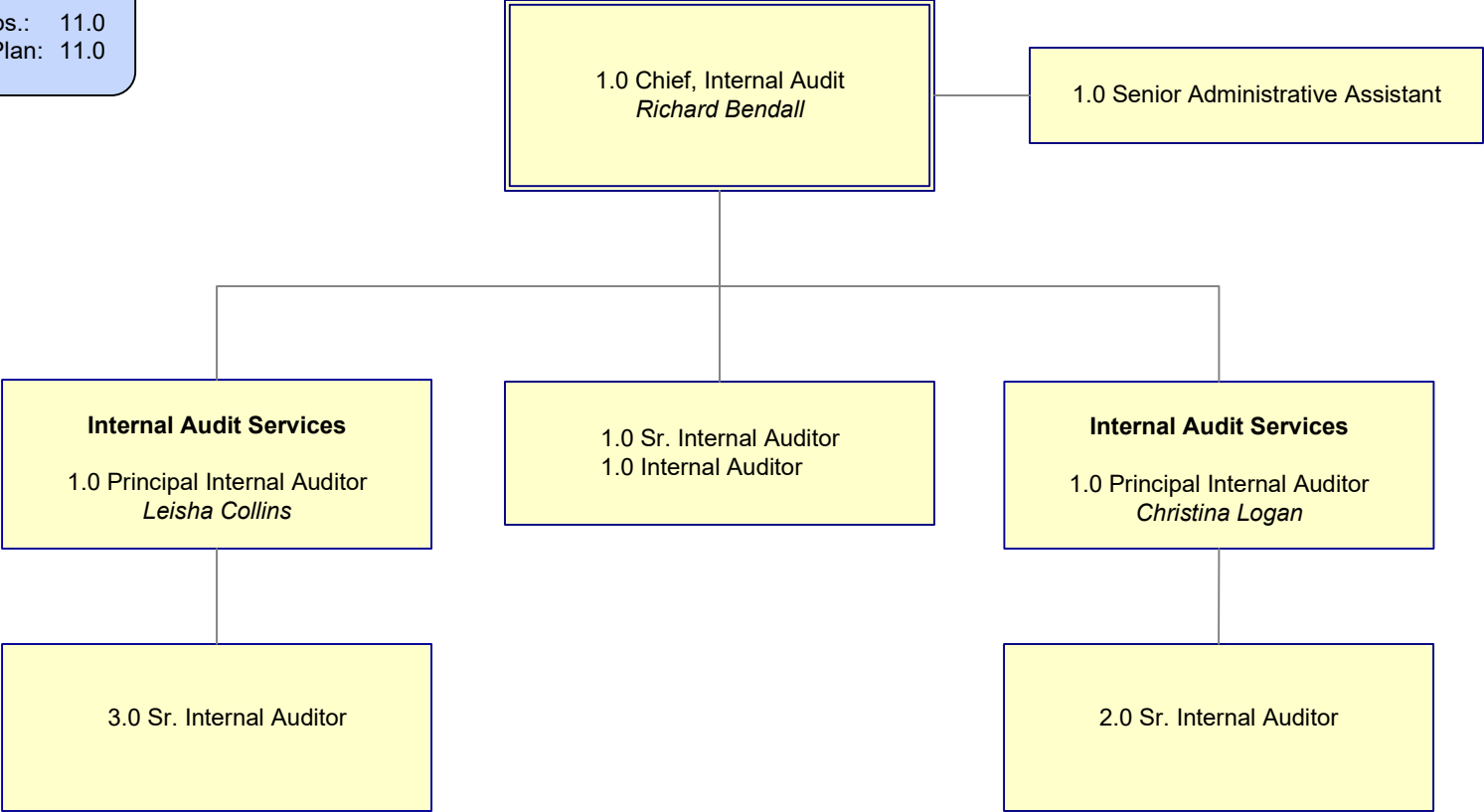
Internal Audit is requesting an additional \$25,000 for the Audit Committee consultant, for a total of \$50,000. Staff anticipates expanding the use of the consultant based on additional expertise in compliance and enterprise risk management.



# INTERNAL AUDIT

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 11.0  
2023-2024 Hiring Plan: 11.0  
  
2024-2025 Bud. Pos.: 11.0  
2024-2025 Hiring Plan: 11.0

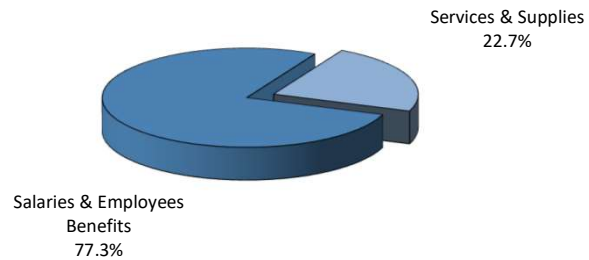


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**INTERNAL AUDIT**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024- 2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$2,545,098</b>	\$2,888,948	\$1,260,877	\$2,560,100	(\$328,848)	-11.4%	(\$343,850)	-11.9%
<b>Services &amp; Supplies</b>	<b>749,200</b>	724,200	257,238	453,800	(\$270,400)	-37.3%	25,000	3.5%
<b>OPERATING BUDGET</b>	<b>\$3,294,298</b>	\$3,613,148	\$1,518,115	\$3,013,900	(\$599,248)	-16.6%	(\$318,850)	-8.8%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2024-2025

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2024- 2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$1,557,081</b>	\$1,652,147	\$772,246	\$1,567,700	(\$84,447)	-5.1%	(\$95,067)	-5.8%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>824,465</b>	1,065,420	416,373	845,600	(219,820)	-20.6%	(240,955)	-22.6%
<b>Employee Benefits (Other)</b>	<b>94,884</b>	105,895	42,052	85,400	(20,495)	-19.4%	(11,011)	-10.4%
<b>OPEB Contribution</b>	<b>61,669</b>	58,686	30,206	61,400	2,714	4.6%	2,982	5.1%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>5,500</b>	5,300	0	0	(5,300)	-100.0%	200	3.8%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>1,500</b>	1,500	0	0	(1,500)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,545,098</b>	\$2,888,948	\$1,260,877	\$2,560,100	(\$328,848)	-11.4%	(\$343,850)	-11.9%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$2,545,098</b>	\$2,888,948	\$1,260,877	\$2,560,100	(\$328,848)	-11.4%	(\$343,850)	-11.9%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
 FISCAL YEAR 2024-2025  
 BUDGET POSITIONS

INTERNAL AUDIT

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0774	CHIEF, INTERNAL AUDIT, LACERA	1	LS12
0762	PRINCIPAL INTERNAL AUDITOR, LACERA	2	118J
0763	SENIOR INTERNAL AUDITOR, LACERA	4	112F
0439	SENIOR SECRETARY, LACERA	1	094B
<b>Total Filled Positions =</b>		<b>8</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0763	SENIOR INTERNAL AUDITOR, LACERA	2	112F
0764	INTERNAL AUDITOR, LACERA	1	106C
<b>Total Vacant Positions =</b>		<b>3</b>	
<b>TOTAL POSITIONS =</b>		<b>11</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

LACERA

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024- 2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$17,000	\$17,000	\$6,297	\$13,000	(\$4,000)	-23.5%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,200	1,200	129	500	(700)	-58.3%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	700,000	675,000	239,528	421,300	(253,700)	-37.6%	25,000	3.7%
EDUCATIONAL EXPENSES	30,500	30,500	11,284	18,500	(12,000)	-39.3%	0	0.0%
MISCELLANEOUS	500	500	0	500	0	0.0%	0	0.0%
TOTAL	\$749,200	\$724,200	\$257,238	\$453,800	(\$270,400)	-37.3%	\$25,000	3.5%

\*All amounts rounded to the nearest dollar.

**INTERNAL AUDIT**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

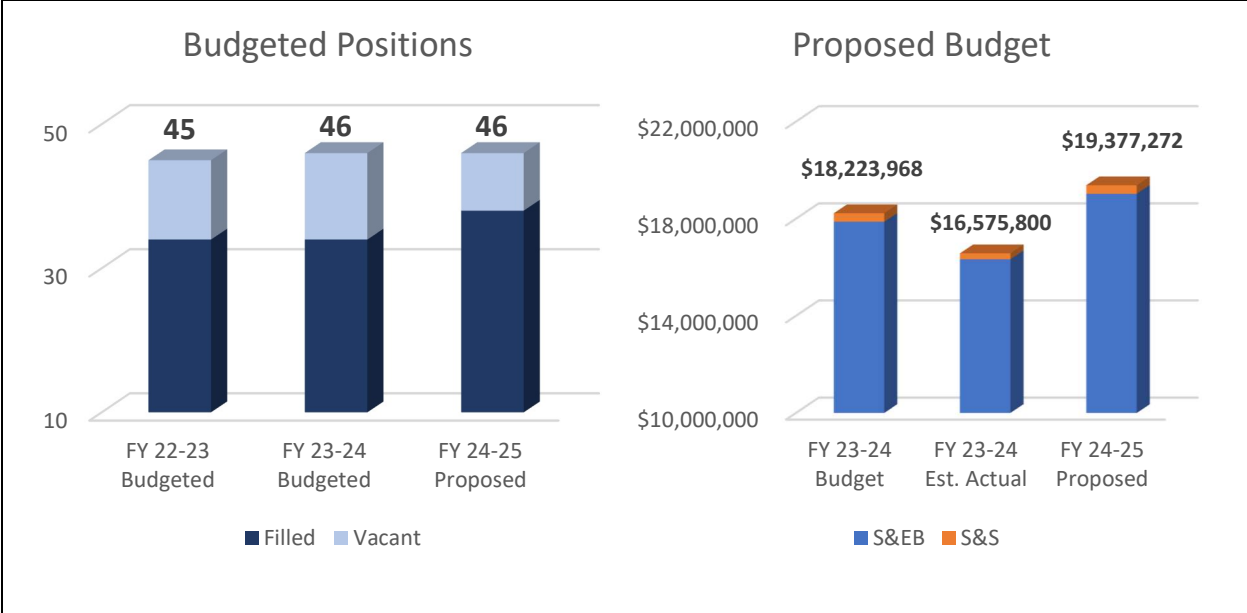
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$1,590,417	\$1,529,699	\$1,652,147	\$1,567,700	\$1,557,081
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	1,003,252	832,350	1,065,420	845,600	824,465
Employee Benefits (Other)	93,962	84,761	105,895	85,400	94,884
OPEB Contribution	49,864	49,546	58,686	61,400	61,669
OPEB Contribution (Budget Surplus)	0	49,864	0	0	0
Stipends	0	0	0	0	0
Overtime	5,000	928	5,300	0	5,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	1,500	0	1,500	0	1,500
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	17,000	5,759	17,000	13,000	17,000
Office Supplies & Equipment	1,500	388	1,200	500	1,200
Professional & Spec. Svcs.	675,000	438,980	675,000	421,300	700,000
Educational Expenses	30,500	26,185	30,500	18,500	30,500
Miscellaneous	500	0	500	500	500
<b>TOTAL OPERATING BUDGET</b>	<b>\$3,468,495</b>	<b>\$3,018,459</b>	<b>\$3,613,148</b>	<b>\$3,013,900</b>	<b>\$3,294,298</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-2025 Proposed Budget**

The Investments Office is responsible for prudently investing the trust assets to achieve the highest risk-adjusted return in accordance with the policies and decisions of the Board of Investments. This work includes developing and recommending prudent investment policies and risk management strategies to assist LACERA in achieving the return objectives established by the Board of Investments and implementing and monitoring Board-approved programs and policies, while balancing liquidity needs to ensure timely payment of promised benefits to our members.



**Summary of Significant Changes**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Add 1.0 Finance Analyst II	1	\$139,772
• Delete 1.0 Finance Analyst I	(1)	(\$96,588)

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

In the 2023-24 fiscal year, the division's major accomplishments included the successful ongoing implementation of LACERA's strategic asset allocation and the advancement of the Board's strategic initiatives. This involved optimizing asset returns through structure reviews, monitoring of investments, and enhanced due diligence on new and existing mandates, including operational due diligence. The division continued to integrate ESG and DEI considerations into its total portfolio approach while managing risks to achieve optimal returns. Key initiatives executed included the implementation of the 2021 strategic asset allocation, enhancement of emerging manager programs, and optimization of the OPEB Master Trust. The division also focused on improving risk and performance reporting, deepening the LACERA T.I.D.E. initiative, and fostering cross-asset category collaboration to strengthen investment knowledge and adapt to the challenging macroeconomic environment. The ongoing and future focus includes enhancing operational capabilities, optimizing the investment model, influencing fees, and improving outcomes through ESG and DEI efforts.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

Through the Board of Investment's approved strategic plan, "Towards Best-In-Class Investor 2024 Strategic Initiatives and Work Plan," the Investments Office focuses on five key strategic initiatives to execute on strategic asset allocation:

- 1) Enhance Operational Effectiveness
- 2) Optimize Investment Model
- 3) Maximize Stewardship and Ownership Rights
- 4) Strengthen Influence on Fees and Cost of Capital
- 5) Promote T.I.D.E. (Towards Inclusion, Diversity, and Equity)

These initiatives aim to improve investment outcomes through careful asset allocation, risk mitigation, and liquidity optimization. The approach emphasizes a principle-based investment strategy, strong governance, effective operations, and the promotion of diversity, equity, and inclusion through LACERA T.I.D.E. This comprehensive strategy aims to safeguard and grow the assets of LACERA members, adapting to an evolving investment landscape by maintaining a dynamic investment program.

The Investments Office places a strong emphasis on training and employee development. This commitment is underscored by allocating an adequate budget for these initiatives. The goal is to ensure that employees have access to the necessary resources and opportunities to enhance their skills and competencies. This includes training on applications, attendance at industry conferences, industry designations, and executive coaching. This investment in staff development is pivotal for adapting to the evolving investment landscape and maintaining a high level of expertise within the team.



## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

As we approach the FY 2025, it's important to highlight the consistent and stable approach adopted by the Investments Office. This period is characterized by a steadfast adherence to established financial strategies and operational methodologies, ensuring the continued success and sustainability of our investment objectives. Despite the dynamic nature of financial markets, our office remains committed to maintaining this steady course, ensuring that no significant changes are anticipated in our overall fiscal management and investment strategies for the upcoming year.

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

There was one change to staffing that will impact the budget. The Investments Office upgraded a Finance Analyst I position to a Finance Analyst II position within the Portfolio Analytics group. This is justified by the evolving complexity and increased responsibilities in LACERA's portfolio analysis operations. As LACERA's investment strategies and market analysis become more sophisticated, the role demands a higher level of expertise, analytical skill, and experience. The Finance Analyst II will bring deeper analytical capabilities, lead more complex projects, and provide enhanced insights for decision-making. This elevation aligns with the Board of Investments' strategic goal of enhancing analytical capabilities to support more informed investment decisions, reflecting LACERA's commitment to continual improvement and sophistication in the Fund's portfolio management.

Also, for the FY 2024-25, the Investments Office will focus on filling current vacancies. The Investments Office has 46 budgeted positions and is currently running at a 22 percent vacancy rate. After the vacancy rate is reduced, an effort will be made to align the organizational structure to better meet the objectives of the portfolio.

### **Temporary Staffing**

Investment Office does not anticipate any use of Temporary Staffing in FY 2024-25.

## **Overtime Needs**

For the upcoming FY 2024-25, the Investments Office has decided to retain the existing overtime budget allocation. This decision, despite the lack of necessity for overtime in the previous year, is a strategic measure to ensure preparedness for any unforeseen demands or urgent requirements that may arise. The dynamic nature of investment operations often presents unexpected scenarios requiring immediate attention. By maintaining our overtime budget, we equip ourselves with the flexibility to respond swiftly and effectively to any such exigencies, thereby safeguarding our operational efficiency and investment goals.

## **Interns**

Funding for interns is provided in the Human Resources Division's Budget.

In alignment with the objectives of LACERA T.I.D.E., the Investments Division is committed to continuing its internship program to further our goals in diversity, equity, and inclusion, as well as recruitment. For the FY 2024-25, there will be internship opportunities, offering four positions. This will allow us to provide more students with valuable experience in areas such as performance attribution, market research, and investment analysis. Importantly, this year, the budgetary impact is mitigated as two of these internships are generously sponsored by external organizations committed to diversity and inclusion, reflecting a collaborative effort towards our shared objectives.

## **Rehired Retirees**

The Investments Office does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Investment Office does not have one-time expenditures that need to be removed in the FY 2024-25.

### **Services and Supplies Adjustments**

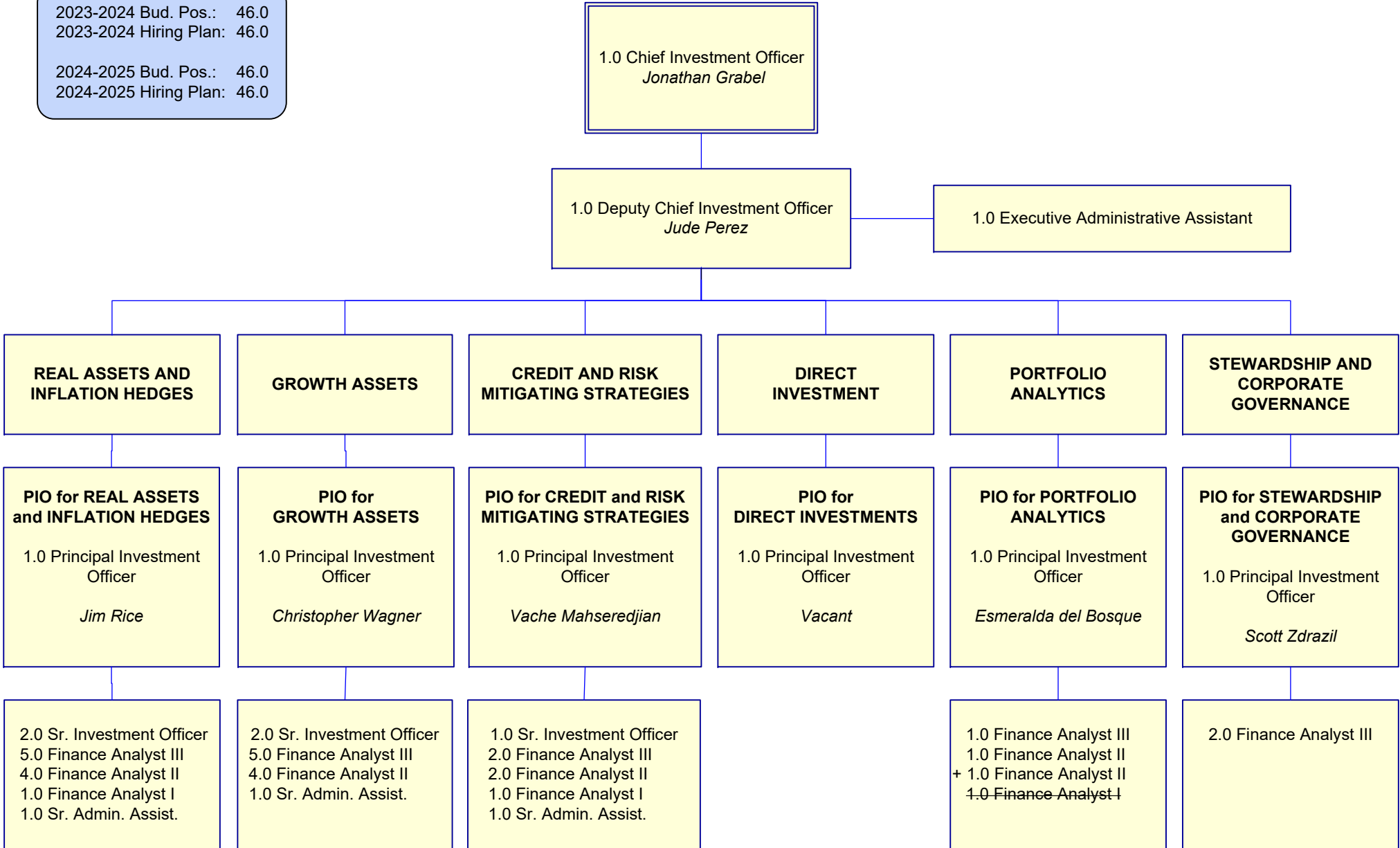
#### *Miscellaneous*

For the FY 2024-25, we propose an increase of \$1,000 in the budget for miscellaneous supplies in the Investments Office. This adjustment is primarily due to the transition back to regular office operations, post-pandemic. During the remote working period, expenditure on miscellaneous supplies was significantly reduced. However, with the return to in-office work, there is a renewed need for these supplies, aligning more closely with pre-pandemic levels.

# INVESTMENT OFFICE

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 46.0  
 2023-2024 Hiring Plan: 46.0  
 2024-2025 Bud. Pos.: 46.0  
 2024-2025 Hiring Plan: 46.0



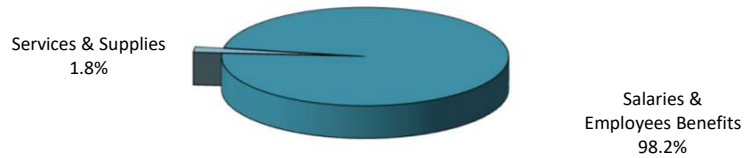
+ Added position  
 - Deleted position

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**INVESTMENT OFFICE**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$19,027,772</b>	\$17,875,468	\$8,044,147	\$16,328,500	(\$1,546,968)	-8.65%	\$1,152,304	6.4%
<b>Services &amp; Supplies</b>	<b>349,500</b>	348,500	140,510	247,300	(101,200)	-29.0%	1,000	0.3%
<b>OPERATING BUDGET</b>	<b>\$19,377,272</b>	\$18,223,968	\$8,184,657	\$16,575,800	(\$1,648,168)	-9.0%	\$1,153,304	6.3%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**INVESTMENT OFFICE**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$11,643,125</b>	\$10,865,804	\$5,268,351	\$10,694,800	(\$171,004)	-1.6%	\$777,321	7.2%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>6,193,834</b>	5,907,050	2,292,718	4,654,400	(1,252,650)	-21.2%	286,784	4.9%
<b>Employee Benefits (Other)</b>	<b>709,489</b>	696,446	276,567	561,500	(134,946)	-19.4%	13,043	1.9%
<b>OPEB Contribution</b>	<b>461,125</b>	385,968	198,711	403,400	17,432	4.5%	75,157	19.5%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>800</b>	800	0	0	(800)	-100.0%	0	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>5,000</b>	5,000	0	0	(5,000)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>14,400</b>	14,400	7,800	14,400	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$19,027,772</b>	\$17,875,468	\$8,044,147	\$16,328,500	(\$1,546,968)	-8.7%	\$1,152,304	6.4%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$19,027,772</b>	\$17,875,468	\$8,044,147	\$16,328,500	(\$1,546,968)	-8.7%	\$1,152,304	6.4%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET POSITIONS**

**INVESTMENT OFFICE**

**FILLED POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0493	CHIEF INVESTMENT OFFICER, LACERA (UC)	1	LR28
0494	DEPUTY, CHIEF INVESTMENT OFFICER, LACERA (UC)	1	LR24
0495	PRINCIPAL INVESTMENT OFFICER, LACERA	2	LR23
0496	PRINCIPAL INVESTMENT OFFICER, LACERA (UC)	3	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	1	LR20
0769	FINANCE ANALYST III, LACERA	13	LR16
0768	FINANCE ANALYST II, LACERA	12	LR12
0767	FINANCE ANALYST I, LACERA	2	109A
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	3	094B
<b>Total Filled Positions =</b>		<b>38</b>	

**VACANT POSITIONS**

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0496	PRINCIPAL INVESTMENT OFFICER, LACERA (UC)	1	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	4	LR20
0769	FINANCE ANALYST III, LACERA	2	LR16
0442	EXECUTIVE ADMINISTRATIVE ASSISTANT, LACERA	1	102C
<b>Total Vacant Positions =</b>		<b>8</b>	
<b>TOTAL POSITIONS =</b>		<b>46</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

LACERA

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	219,000	219,000	59,727	130,000	(89,000)	-40.6%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	86	500	(3,000)	-85.7%	0	0.0%
EDUCATIONAL EXPENSES	125,000	125,000	78,944	113,800	(11,200)	-9.0%	0	0.0%
MISCELLANEOUS	2,000	1,000	1,753	3,000	2,000	200.0%	1,000	100.0%
TOTAL	\$349,500	\$348,500	\$140,510	\$247,300	(\$101,200)	-29.0%	\$1,000	0.3%

\*All amounts rounded to the nearest dollar.

**INVESTMENT OFFICE**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$9,730,713	\$9,126,350	\$10,865,804	\$10,694,800	\$11,643,125
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	6,277,477	4,130,984	5,907,050	4,654,400	6,193,834
Employee Benefits (Other)	652,582	588,681	696,446	561,500	709,489
OPEB Contribution	346,317	344,025	385,968	403,400	461,125
OPEB Contribution (Budget Surplus)	0	346,317	0	0	0
Stipends	0	0	0	0	0
Overtime	1,000	0	800	0	800
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	5,000	0	5,000	0	5,000
Transportation Allowance	7,200	7,200	14,400	14,400	14,400
<b>SERVICES &amp; SUPPLIES</b>					
Auto Expense	2,400	0	0	0	0
Transportation & Travel	175,000	105,780	219,000	130,000	219,000
Office Supplies & Equipment	3,500	159	3,500	500	3,500
Educational Expenses	140,000	93,613	125,000	113,800	125,000
Miscellaneous	1,000	3,625	1,000	3,000	2,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$17,342,188</b>	<b>\$14,746,733</b>	<b>\$18,223,968</b>	<b>\$16,575,800</b>	<b>\$19,377,272</b>

\*All amounts rounded to the nearest dollar.

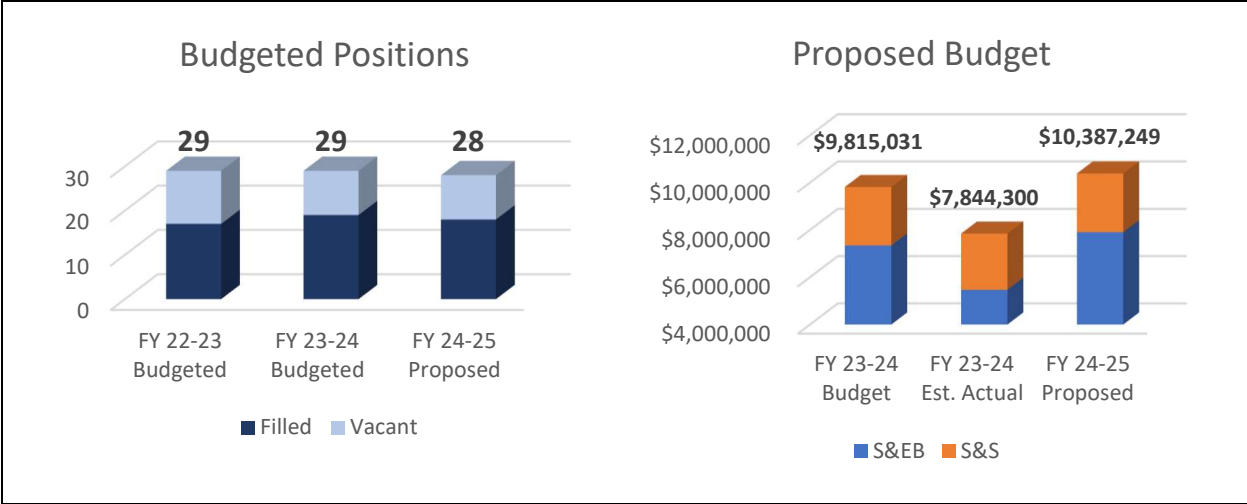




### FY 2024-25 Proposed Budget

Legal Services provides comprehensive legal services to LACERA and its Boards and staff. These services are provided through the Chief Counsel and four sections within the office (Benefits, Disability, Investments and Commercial Contracts, and Litigation and Employment). The Office also provides legal support in organizational governance and conflicts.

Legal Services will also provide administrative support to the new Ethics and Compliance Program expected to begin operations in FY 2024-25. (See Ethics and Compliance Office narrative.)



**Summary of Significant Changes:**

Description	Position Changes	Amount
• Legal Analyst for Investments	1	\$83,311
• Legislative Affairs Officer	(1)	(\$156,000)
• Legislative Consulting Fees	-	(\$280,000)
• Outside Legal Counsel Fees	-	\$200,000
• Litigation Support Costs	-	\$40,000
• Travel & Registration Fees	-	\$28,800
• Educational Materials	-	\$11,000

NOTE: The Boards authorized a Director of Compliance in FY 2021-2022 but in standing up a new Ethics and Compliance Program, the position is more appropriately titled Chief Ethics & Compliance Officer. See also Ethics & Compliance Office narrative.

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

Legal Services plays a crucial role in supporting the administrative, pension and healthcare benefits, and investment activities of LACERA. The following outlines significant projects and initiatives that the Office has engaged in during FY 2023-24:

- The Ethics and Compliance Program is a goal in the Board of Retirement's 2023-2028 Strategic Plan and substantial progress is being made in preparing to implement the Program. An ethics and compliance advisor/counsel was engaged to provide professional expertise. The staff Policy Committee was renamed as the Ethics and Compliance Committee to provide a broad-based staff resource to support the Program. The proposed Ethics and Compliance Program Charter is working its way through the Boards' governance structure for approval. Staff is pursuing Governance, Risk, and Compliance (GRC) software as a tool for the Ethics and Compliance Program and policy management, as well as other areas of LACERA's risk management system. Education and training resources on ethics and compliance were purchased and are available to staff.
- The appeal in the County litigation has been briefed and is pending oral argument. Four amicus briefs were filed in support of LACERA from RELAC, the Coalition of County Unions, the Alameda County Employees Retirement Association, and the Santa Barbara County Employees Retirement Association. The management of LACERA's outside counsel, including strategic discussions, review of legal briefs, and coordination of amicus, required a great deal of time and effort. A decision in the Court of Appeal is expected by summer 2024.
- The elimination of the Lifetime Maximum Benefits in certain RHC Program policies is being diligently pursued through a LACERA–County Working Group. The Legal Services actively participates in this group, along with the Executive Office and other LACERA staff. Progress has been made.
- The Legal Services participated in managing the successful IRS compliance letter regarding Required Minimum Distributions for members reaching the mandatory beginning age of distributions.
- Attorney vacancies were reduced in both the Benefits and Investment Sections of the Legal Services with the hiring of Senior Staff Counsels in both areas. Recruitment of Staff Counsels for Benefits and Investments is actively underway. The addition of the new attorneys has and will continue to enhance the Legal Services ability to support Board initiatives as well as the Executive Office and other LACERA divisions.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

Legal Services will undergo positive transitions in FY 2024-25 that will improve service as vacancies are filled and new personnel, with their skills and talents, are integrated into the Office's service to the Boards, management, and staff. The following outline provides planned activities in support of the Board of Retirement's and the Board of Investments' Strategic Plans:

- Successful implementation of a fully formed and effective Ethics and Compliance Program. Additional foundational steps will include: education and training regarding ethics and compliance; the Chief Ethics and Compliance Officer job description and salary; baseline risk and ethical culture assessment; implementation of GRC software; and assisting in the transition of the Chief Ethics and Compliance Officer into the organization. In addition to the Chief position, It is expected that the Ethics and Compliance Office will require two deputies and one analyst to support the work of that Office. The timing and need for and duties of these positions will be assessed by the Chief Ethics and Compliance Officer after that position is filled. (See also Ethics and Compliance Office narrative.)
- Continued effort in pursuing recognition and implementation of the Boards' independent legal authority to determine needed classifications and salaries without interference by the County of Los Angeles, including legal work following issuance of the Court of Appeal decision in the County litigation.
- Elimination of the Lifetime Maximum Benefit for affected retired members and assistance in implementation of the solution to the issue.
- Pursue implementation of LACERA's IDEA initiative with respect to organizational diversity, equity, inclusion, accessibility, and belonging in all aspects of LACERA's business.
- Filling any remaining Legal Services vacancies. Given the volume and complexity of the legal issues facing LACERA across the entire organization, there is increasing need for sophisticated lawyers, legal analysts, and secretaries in Legal Services. To meet these needs, Legal Services will continue to take the time and effort required to recruit the most experienced and skilled professionals in the market. A review of salaries is also needed to ensure that LACERA can attract and retain excellent talent; this is supported by input from LACERA's recruiters and from candidates themselves.
- Identifying and obtaining approval for a new organizational structure for Legal Services that takes into consideration appropriate spans of control, succession planning, opportunities for staff professional growth, and appropriate classification and compensation reflecting Legal Services' unique role in supporting LACERA as an investing organization as well as a provider of pension and healthcare benefits. This will include, but may not be limited to, assessing the management reporting structure to consider a new Deputy Chief Counsel in addition to the two Principal Staff Counsel positions currently pending approval from the Board of Supervisors. Currently, the Chief Counsel provides supervision and direction to seven Senior Staff Counsel positions and directly assists in handling high-level, complex legal and governance matters. The demand for the Chief Counsel's services has increased with the growing size of the organization and the complexity of the legal landscape and legal issues facing LACERA. Staff will complete its assessment and bring any recommendations to the Joint Organizational Governance Committee (JOGC), Board of Retirement, and Board of Investments. Upon Board approval, the recommendations will then be brought to the County Chief Executive Officer

(CEO) and Board of Supervisors (BOS) for approval. Any changes to positions or salaries approved by the BOS will then be incorporated into the FY 2025-26 Budget request, unless the process can be completed more quickly. In that circumstance, staff may return requesting a mid-year adjustment to the FY 2024-25 Budget.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

One new Legal Analyst position is requested to support the investment work within Legal Services. The volume and complexity of investments transactions has grown, creating unrealistic and unreasonable workload demands on support staff. One Legal Secretary is also being internally reassigned to the Investments unit.

One Legislative Affairs Officer has been transferred from Legal Services to the Executive Office.

Although no additional positions are requested as part of the FY 2024-25 Budget, Legal Services will be assessing its organizational structure and bringing forth recommendations to more appropriately align the management and address succession planning and opportunities for staff career development to the JOGC, BOR, and BOI. Upon BOR and BOI approval, LACERA's plan for our Legal Services Office will be brought to the County's Chief Executive Officer and to the Board of Supervisors for approval. It is anticipated any new positions associated with this review will be ready for Board consideration for the 2025-26 Budget, but staff may report back mid-year should progress move more quickly.

### **Temporary Staffing**

Temporary staffing is needed in FY 2024-25 to provide ongoing resources to account for vacancies in permanent legal analyst and attorney staff positions and to address pressing deadlines for investment transactions, member service, and other important needs of the organization.

## **Overtime Needs**

Overtime is needed to complete important investments as required and to assist in urgent needs in other sections of Legal Services.

## **Interns**

Funding for interns are provided in the Human Resources Division's budget. As in FY 2023-24, the Legal Services Office intends to have two law student interns in FY 2024-25. This program is important for recruiting purposes and also to introduce students to the importance of public pensions.

## **Rehired Retirees**

The Legal Services Office is not requesting any rehired retiree assistance in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Legal Services Office has no anticipated one-time expenditures for FY 2024-25.

### **Services and Supplies Adjustments**

Services and supplies are increased to account for the support needs of new attorneys and other staff joining the Legal Services Office, as detailed below.

#### *Automotive Maintenance and Repair*

Funding totaling \$3,000 is requested for automotive maintenance and repair, an increase of \$1,000 from FY 2023-24. This increase reflects the age and condition of the LACERA vehicle assigned to the Chief Counsel.

#### *Gasoline*

Funding totaling \$2,000 is requested for gasoline, an increase of \$500 from FY 2023-24. This increase is based on estimated use and inflation.

#### *Mileage and Transportation*

Funding totaling \$6,000 is requested for staff mileage and transportation, an increase of \$2,400 from FY 2023-24. This increase reflects anticipated costs associated with more staff participating in local training and development opportunities.

#### *Travel*

Funding totaling \$35,000 is requested for staff travel, an increase of \$16,800 from FY 2023-24. Travel is primarily associated with staff training and development but may also include due diligence. This increase reflects the travel needs of the fully staffed Legal Services Office.

### *Special Order Equipment*

Funding totaling \$7,500 is requested for special order equipment, an increase of \$2,500 from FY 2023-24. This increase reflects the anticipated needs of the new Attorneys who have recently joined the Legal Services Office.

### *Legislative Consulting Analyst Fees*

The legislative analysis and consulting function has been moved from the Legal Services Office to the Executive Office. No changes from the prior year budget are requested; Funding totaling \$280,000 for these services is transferred to the Executive Office.

### *Outside Legal Counsel Fees*

Funding totaling \$2.2 million is requested for outside legal counsel fees. This represents a net increase of \$200,000 from the FY 2023-24 Budget. Outside Legal Counsel are used for special circumstances where staff counsel either do not have the special expertise and/or where a conflict of interest may exist. This increase reflects the anticipated legal support required to address costs of miscellaneous non-employment litigation, general fiduciary counsel advice, tax counsel advice, and employment investigation and litigation expenses. This estimate does not include costs of settling employment cases.

### *Litigation Support*

Funding totaling \$50,000 is requested for litigation support costs, an increase of \$40,000 from FY 2023-24. Litigation support costs are expected fees and services associated with major litigation and are billed separately from outside legal counsel fees. Mediation costs are also included in this category. The proposed increase reflects anticipated costs associated with the County case, as well as well as expected mediations.

### *Memberships*

Funding totaling \$20,000 is requested for professional memberships for staff. This request represents an increase of \$2,000 from FY 2023-24 and reflects the anticipated needs for new Attorneys who have recently joined Legal Services.

### *Registration Fees*

Funding totaling \$30,000 is requested for registration fees to support the training and professional development of staff. This request represents an increase of \$12,000 from FY 2023-24, and is based on the needs for the new Attorneys who have recently joined Legal Services.

### *Educational Materials*

Funding totaling \$85,000 is requested for educational materials for staff. This request represents an increase of \$11,000 from FY 2023-2024 to address the needs of the new Attorneys who have recently joined Legal Services.

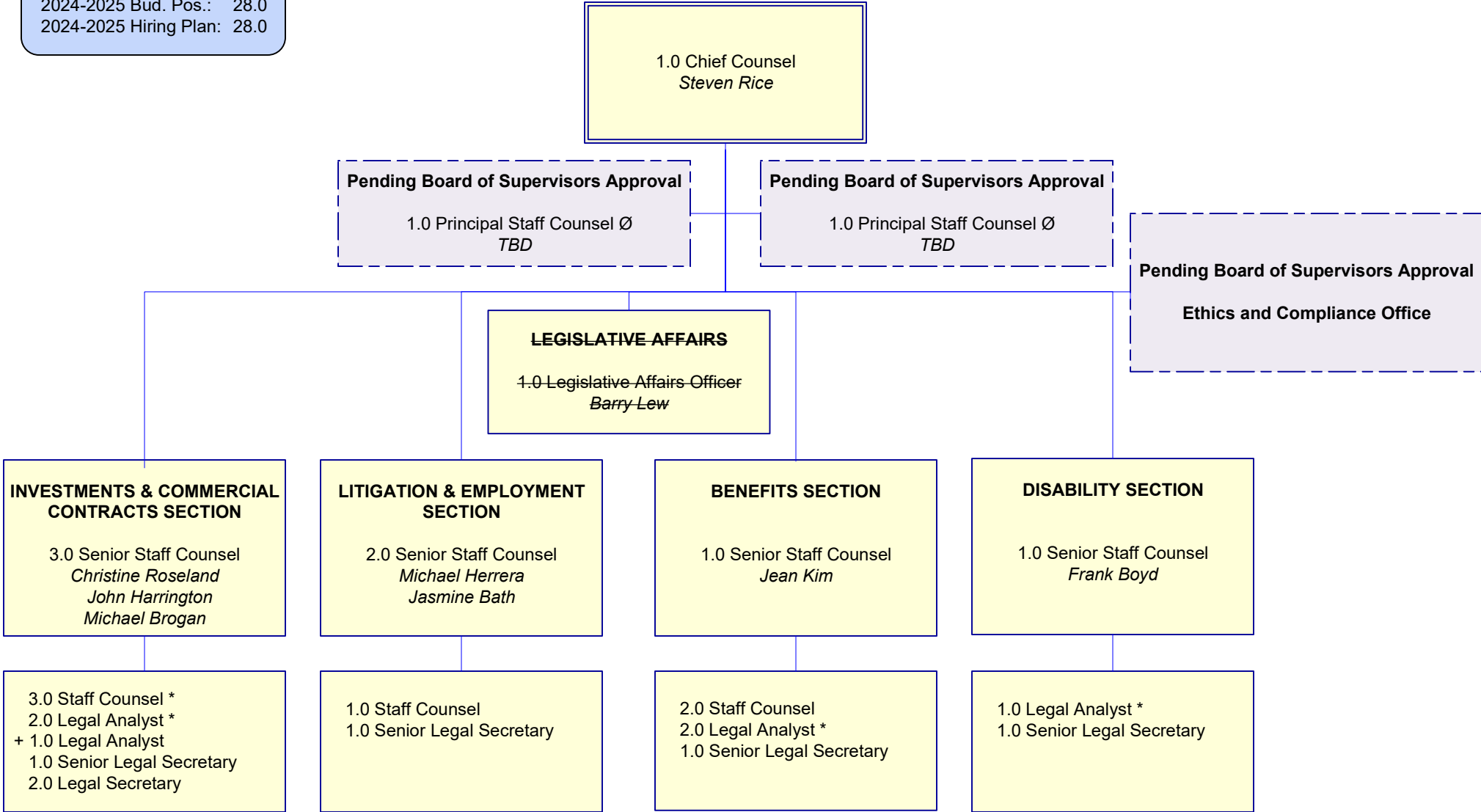
*Miscellaneous*

Funding totaling \$4,000 is requested for miscellaneous costs, an increase of \$1,700 from FY 2023-2024. This funding is provided to support team building and connectivity among the Legal Services staff.

# LEGAL SERVICES

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 29.0  
 2023-2024 Hiring Plan: 27.0  
 2024-2025 Bud. Pos.: 28.0  
 2024-2025 Hiring Plan: 28.0



+ Added position

- Deleted position

\* Classification study for the position requested

‡ Title changed from Ethics & Compliance Officer to Chief Ethics & Compliance Officer

Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments & Litigation Team, 1.0 Principal Staff Counsel in Benefits & Disability Team, and 1.0 Chief Ethics & Compliance Officer in Legal Services)

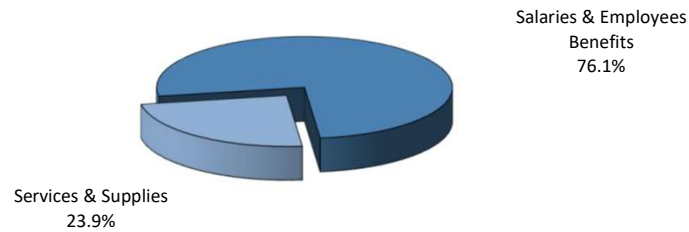


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**LEGAL SERVICES**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024- 2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$7,904,049</b>	\$7,341,731	\$2,714,546	\$5,470,200	(\$1,871,531)	-25.5%	\$562,318	7.7%
<b>Services &amp; Supplies</b>	<b>2,483,200</b>	2,473,300	1,372,050	2,374,100	(99,200)	-4.0%	9,900	0.4%
<b>OPERATING BUDGET</b>	<b>\$10,387,249</b>	\$9,815,031	\$4,086,596	\$7,844,300	(\$1,970,731)	-20.1%	\$572,218	5.8%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2024-2025

SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2024- 2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$4,767,153</b>	\$4,138,231	\$1,542,768	\$3,131,900	(1,006,331)	-24.3%	\$628,922	15.2%
<b>Total Agency Temp Salaries</b>	<b>116,700</b>	179,400	129,859	222,700	43,300	24.1%	(62,700)	-34.9%
Employee Benefits (Variable)	2,518,096	2,568,864	836,766	1,699,000	(869,864)	-33.9%	(50,768)	-2.0%
Employee Benefits (Other)	290,496	276,951	109,980	223,300	(53,651)	-19.4%	13,545	4.9%
OPEB Contribution	188,805	153,485	79,000	160,400	6,915	4.5%	35,320	23.0%
Stipends	0	0		0	0	0.0%	0	0.0%
Overtime	20,300	19,900	16,174	32,900	13,000	65.3%	400	2.0%
Bilingual Bonus	0	2,400	0	0	(2,400)	-100.0%	(2,400)	-100.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	2,500	2,500	0	0	(2,500)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$7,904,049</b>	\$7,341,731	\$2,714,546	\$5,470,200	(\$1,871,531)	-25.5%	\$562,318	7.7%
Salary Differential	-	-	-	-			-	
<b>TOTAL S&amp;EB</b>	<b>\$7,904,049</b>	\$7,341,731	\$2,714,546	\$5,470,200	(\$1,871,531)	-25.5%	\$562,318	7.7%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
 FISCAL YEAR 2024-2025  
 BUDGET POSITIONS

LEGAL SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9216	CHIEF COUNSEL, LACERA	1	LS19
9213	SENIOR STAFF COUNSEL, LACERA	7	LS16
9212	STAFF COUNSEL, LACERA	2	LS12
9235	LEGAL ANALYST, LACERA	4	103G
0441	SENIOR LEGAL SECRETARY, LACERA	1	102J
0440	LEGAL SECRETARY, LACERA	2	098D
<b>Total Filled Positions =</b>		<b>17</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9999	PRINCIPAL STAFF COUNSEL	2	LS17
9212	STAFF COUNSEL, LACERA	4	LS12
9235	LEGAL ANALYST, LACERA	2	103G
0441	SENIOR LEGAL SECRETARY, LACERA	3	102J
<b>Total Vacant Positions =</b>		<b>11</b>	
<b>TOTAL POSITIONS =</b>		<b>28</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

LACERA

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024- 2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$5,400	\$3,900	\$1,478	\$3,900	\$0	0.0%	\$1,500	38.5%
TRANSPORTATION & TRAVEL	\$41,000	21,800	9,605	19,400	(2,400)	-11.0%	19,200	88.1%
OFFICE SUPPLIES & EQUIPMENT	\$7,500	5,000	925	2,000	(3,000)	-60.0%	2,500	50.0%
PROFESSIONAL & SPEC. SRVCS.	\$300	280,300	181,455	280,800	500	0.2%	(280,000)	-99.9%
LEGAL FEES & SERVICES	\$2,290,000	2,050,000	1,115,963	1,954,100	(95,900)	-4.7%	240,000	11.7%
EDUCATIONAL EXPENSES	\$135,000	110,000	61,350	111,600	1,600	1.5%	25,000	22.7%
MISCELLANEOUS	4,000	2,300	1,274	2,300	0	0.0%	1,700	73.9%
TOTAL	\$2,483,200	\$2,473,300	\$1,372,050	\$2,374,100	(\$99,200)	-4.0%	\$9,900	0.4%

\*All amounts rounded to the nearest dollar.

**LEGAL SERVICES**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

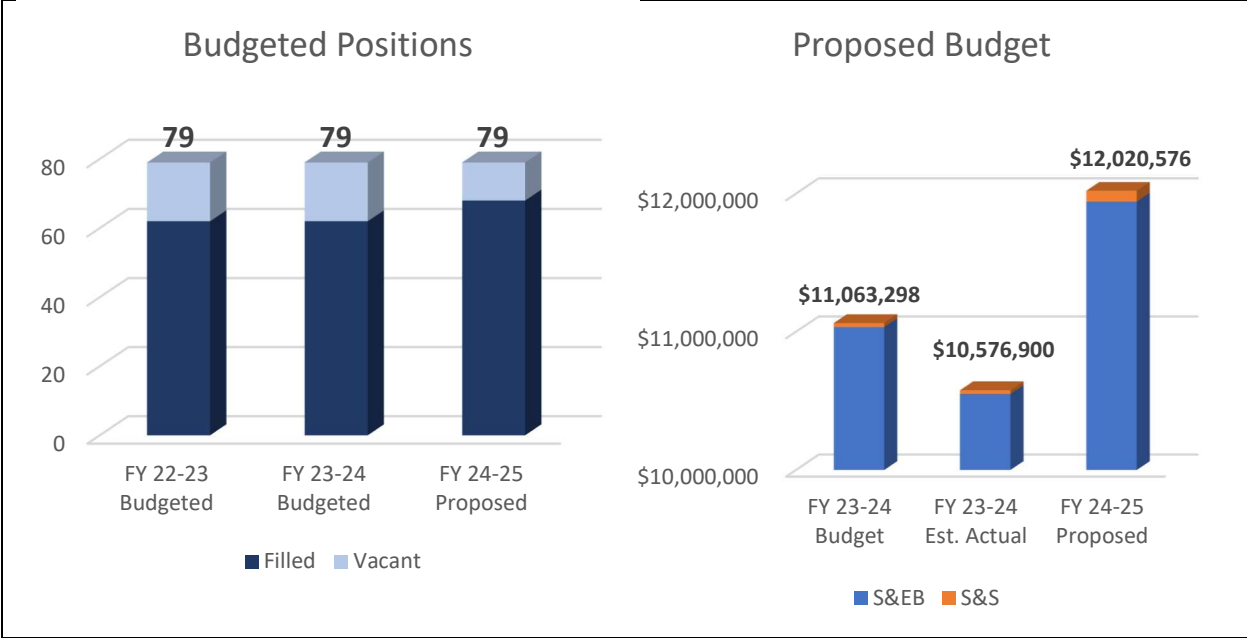
	FYE 2023		FYE 2024		Proposed Budget
	Budget	Actual	Budget	Projection	
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$3,853,589	\$3,233,961	\$4,138,231	\$3,131,900	\$4,767,153
Total Agency Temp Salaries	196,600	132,911	179,400	222,700	116,700
Employee Benefits (Variable)	2,555,301	1,705,027	2,568,864	1,699,000	2,518,096
Employee Benefits (Other)	261,912	236,266	276,951	223,300	290,496
OPEB Contribution	138,993	138,104	153,485	160,400	188,805
OPEB Contribution (Budget Surplus)	0	138,993	0	0	0
Stipends	0	0	0	0	0
Overtime	18,400	20,668	19,900	32,900	20,300
Bilingual Bonus	2,400	0	2,400	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	2,500	0	2,500	0	2,500
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Auto Expenses	4,400	1,067	3,900	3,900	5,400
Transportation & Travel	17,800	11,103	21,800	19,400	41,000
Office Supplies & Equipment	6,000	1,772	5,000	2,000	7,500
Professional & Specialized Services	252,300	156,729	280,300	280,800	300
Legal Fees & Services	3,040,500	3,550,049	2,050,000	1,954,100	2,290,000
Educational Expenses	104,500	104,577	110,000	111,600	135,000
Miscellaneous	2,000	756	2,300	2,300	4,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$10,457,195</b>	<b>\$9,431,984</b>	<b>\$9,815,031</b>	<b>\$7,844,300</b>	<b>\$10,387,249</b>

\*All amounts rounded to the nearest dollar.



**FY 2024-25 Proposed Budget**

Member Services is dedicated providing a Superior Member Experience across all channels. We provide full-service support—from assisting members with My LACERA technical issues and general account maintenance to providing in-depth retirement counseling through phone, in-person, virtual, and online channels to assisting survivors when a member passes away. We are committed to providing service while also educating members so they can understand and access the benefits available to them.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Travel		\$9,000
• Special Orders (Outreach promotional items)		\$10,000
• Registration Fees		\$51,000

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

The Member Services Division's focus continues to be improving and streamlining our capabilities for delivering high-quality services to our members and beneficiaries, reducing call wait times, and expanding our virtual and in-person appointments. As part of our engagement with Strategic Planning Priority 1: Superior Member Experience, Member Services is building a Member Experience Council, initiating the development of member journeys, and identifying all the tasks needed to accomplish our goals in alignment with the Strategic Plan.

We began developing our standardized omnichannel retirement counseling model alongside our Benefits Division, working with Systems to roll out the online retirement application. This is the pilot program that will guide us in building dependable, consistent, and accurate interactions with members through any channel the member chooses.

Our Call Center multifactor authentication (MFA) was rolled out in November 2023. The benefits of having MFA are to protect member accounts by adding a multiple layer of security to access My LACERA, while reducing the need for members to type in answers to security questions and allowing them to reset their own passwords at any time.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

Our focus will continue to be building a strong and effective Superior Member Experience by collaborating with subject matter experts to map the member's journey, seek and incorporate member feedback, and develop all tasks and needs for each specific journey that a LACERA member will have—from the start of their County career to pre-retirement decisions, life-changing events, post-retirement, and death journeys. We remain focused on creating an omnichannel experience that is highly responsive and efficient. We continue looking for opportunities to develop online tools for members' self-service needs and provide different options for our members to reach out to us.

Both Strategic Plan goals of 1) ensuring a consistent omnichannel member experience at every stage of the member's journey and 2) improving and enhancing the retiree healthcare experience will continue to be worked simultaneously, as Member Services has already begun integrating healthcare in the standardized retirement planning counseling session. The knowledge gained by our Member Services staff will ensure that our members are receiving proper information and instructions, and it will also continue to help staff identify when a more advanced discussion is needed and should be managed by our partners in the Retiree Healthcare Division. It is our goal to train our Call Center staff on the basic Retiree Healthcare benefits to align their knowledge with our Member Services Center staff (Outreach).

We are also working closely with our Disability Retirement Services Division to ensure that the pre-retirement counseling for members applying for disability retirement and salary supplement benefits provides them all the knowledge they need to make an informed decision.

We are also invested in developing our AI-assisted Secure Validation with the goal of allowing callers to validate their identity prior to reaching a specialist. This process will streamline and reduce the total average handling time by specialists. To be in line with providing an omnichannel member experience, those who wish to be validated in person by the specialist will continue to have that option.

We plan to improve our Member Experience Communication Platform, which will enhance member interaction capabilities in our Call Center and allow us to evaluate AI-assisted chat support on our website. The RFP process is already underway. ,.

Another Member Services goal is to develop a training curriculum targeting the unique and diverse needs of our units and staff. Planning for succession at all staff levels is guiding us to review and analyze our staff skills and personal goals so we can invest and develop our team. This is in alignment with our other Strategic Plan priority of Investing in People.

As we continue our Strategic Plan priorities, we'll continue to focus on our Superior Member Experience; develop and enhance the omnichannel member experience, journeys, and educational content; standardize counseling, procedures, and communications; and work on the development, implementation, and deployment of a digital strategy to better serve our members.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024 and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

No new permanent positions are requested at this time. Our current Core Benefits class (FY 2023-24) is expected to graduate in May 2024, and we will be using those graduates to fill Retirement Benefits Specialist II vacancies in our Call Center and Member Services Center. A new training class will also begin near the end of FY 2023-24, which will help ensure a continuous pipeline of trained staff as staff promote and retire in the future.

As progress continues on filling our critical vacancies, staff will assess the current staffing levels to ensure they are adequate for the current and future needs of the organization.



## **Temporary Staffing**

Member Services currently has one agency temporary staff member filling the Senior Administrative Assistant position and seeks to add one additional temporary staff member to support workforce management for our Call Center and Member Services Center.

## **Overtime Needs**

Member Services is requesting a 20 percent increase in staffing hours in the overtime budget for FY 2023-24 to:

- Cover calls and in-person and virtual appointments that go beyond staff's working hours, in keeping with our focus on quality service to our members
- Continue to assist with the Benefits Division's backlog projects
- Assist with the development of the strategic planning goals, standardized journeys, staff training, and omnichannel commitment to members
- Prepare for the March Rush

In addition, due to the Core Benefits class, there is a constant need for live monitoring and review of mock calls, and the hiring process can be time consuming and prevent staff members from performing their regular duties during working hours.

## **Interns**

Member Services is not requesting any intern positions.

## **Rehired Retirees**

Member Services is not requesting any rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

Member Services does not have one-time expenditures for FY 2024-25 that need to be removed.

### **Services and Supplies Adjustments**

#### *Travel and Registration Fees*

The Services and Supplies budget requests are in line with previous years and based on actual and historical expenditure trends. We will need to increase our budget for travel, conferences, and training, as our goal is to continue to invest in staff development. We plan to continue attending SACRS, CALAPRS, CEBS, and ICMI conferences, as well as IFEPB, NCPERS, and other relevant conferences for our business needs. We will also be seeking conferences and training related to workforce management. A training curriculum is being developed with HR to allow our staff to gain knowledge and improve

morale. We are also looking into the supervisors' and managers' current training needs to ensure they have attended the Los Angeles County training academy courses and are able to attend refresher courses and other relevant training.

*Special Orders/Minor Equipment*

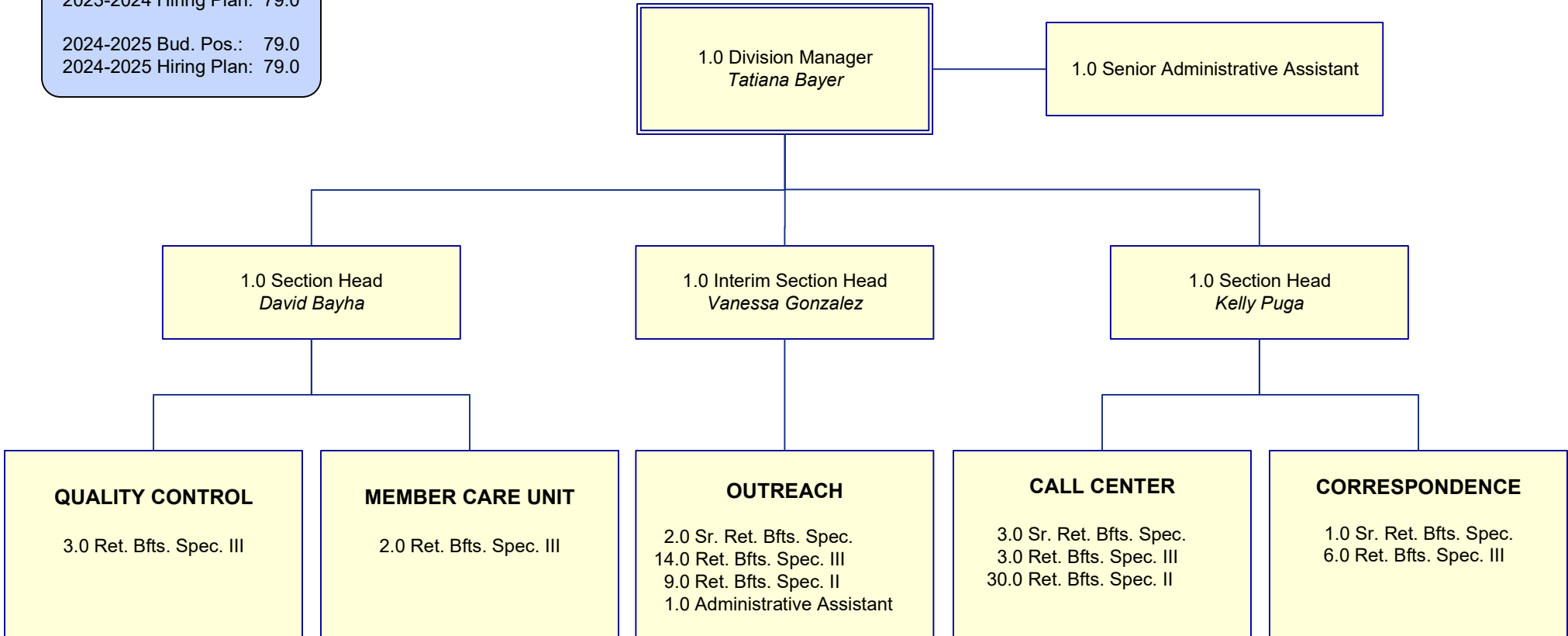
We are requesting \$10,000 in Special Orders/Minor Equipment, including Outreach promotional items. As we look to increase our in-person field events, we believe it is beneficial to offer LACERA-branded promotional items as a way to encourage members to seek education about their benefits. Most of our peers provide these types of promotional items at their events.

# MEMBER SERVICES DIVISION

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 79.0  
2023-2024 Hiring Plan: 79.0

2024-2025 Bud. Pos.: 79.0  
2024-2025 Hiring Plan: 79.0

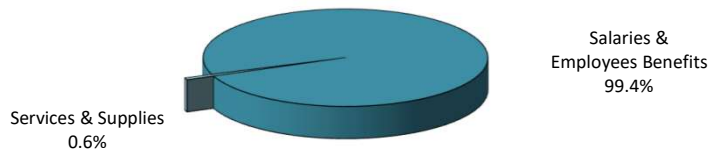


**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**MEMBER SERVICES**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$11,942,576</b>	\$11,034,098	\$5,208,590	\$10,550,100	(\$483,998)	-4.4%	\$908,478	8.2%
<b>Services &amp; Supplies</b>	<b>78,000</b>	29,200	13,937	26,800	(2,400)	-8.2%	48,800	167.1%
<b>OPERATING BUDGET</b>	<b>\$12,020,576</b>	\$11,063,298	\$5,222,526	\$10,576,900	(\$486,398)	-4.4%	\$957,278	8.7%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**MEMBER SERVICES**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$6,674,163</b>	\$6,158,776	\$3,131,656	\$6,357,300	\$198,524	3.2%	\$515,387	8.4%
<b>Total Agency Temp Salaries</b>	<b>295,800</b>	72,600	16,149	27,700	(44,900)	-61.8%	223,200	307.4%
<b>Employee Benefits (Variable)</b>	<b>3,994,893</b>	3,925,974	1,565,238	3,177,700	(748,274)	-19.1%	68,919	1.8%
<b>Employee Benefits (Other)</b>	<b>406,694</b>	399,401	159,707	324,300	(75,101)	-18.8%	7,293	1.8%
<b>OPEB Contribution</b>	<b>264,326</b>	221,347	113,928	231,300	9,953	4.5%	42,979	19.4%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>264,900</b>	214,200	197,234	400,400	186,200	86.9%	50,700	23.7%
<b>Bilingual Bonus</b>	<b>16,800</b>	16,800	5,200	10,600	(6,200)	-36.9%	0	0.0%
<b>Sick Leave Buyback</b>	<b>15,000</b>	15,000	19,477	20,800	5,800	38.7%	0	0.0%
<b>Rideshare Allowance</b>	<b>10,000</b>	10,000	0	0	(10,000)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$11,942,576</b>	\$11,034,098	\$5,208,590	\$10,550,100	(\$483,998)	-4.4%	\$908,478	8.2%
<b>Salary Differential **</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$11,942,576</b>	\$11,034,098	\$5,208,590	\$10,550,100	(\$483,998)	-4.4%	\$908,478	8.2%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

MEMBER SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0772	SECTION HEAD, LACERA	3	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	4	105B
1311	RETIREMENT BENEFITS SPECIALIST III	26	099H
1310	RETIREMENT BENEFITS SPECIALIST II	34	093B
<b>Total Filled Positions =</b>		<b>68</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	2	105B
1311	RETIREMENT BENEFITS SPECIALIST III	2	099H
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
1310	RETIREMENT BENEFITS SPECIALIST II	5	093B
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	087K
<b>Total Vacant Positions =</b>		<b>11</b>	
<b>TOTAL POSITIONS =</b>		<b>79</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**MEMBER SERVICES**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$13,300</b>	\$11,500	\$6,476	\$11,200	(\$300)	-2.6%	\$1,800	15.7%
OFFICE SUPPLIES & EQUIPMENT	<b>10,000</b>	4,000	3,422	6,900	2,900	72.5%	6,000	150.0%
EDUCATIONAL EXPENSES	<b>52,200</b>	11,200	2,789	6,000	(5,200)	-46.4%	41,000	366.1%
MISCELLANEOUS	<b>2,500</b>	2,500	1,250	2,700	200	8.0%	0	0.0%
TOTAL	<b>\$78,000</b>	<b>\$29,200</b>	<b>\$13,937</b>	<b>\$26,800</b>	<b>(\$2,400)</b>	<b>-8.2%</b>	<b>\$48,800</b>	<b>167.1%</b>

\*All amounts rounded to the nearest dollar.

**MEMBER SERVICES**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$5,973,287	\$5,442,189	\$6,158,776	\$6,357,300	\$6,674,163
Total Agency Temp Salaries	37,000	0	72,600	27,700	295,800
Employee Benefits (Variable)	3,639,900	2,703,061	3,925,974	3,177,700	3,994,893
Employee Benefits (Other)	383,245	350,820	399,401	324,300	406,694
OPEB Contribution	203,383	202,082	221,347	231,300	264,326
OPEB Contribution (Budget Surplus)	0	203,383	0	0	0
Stipends	0	0	0	0	0
Overtime	174,000	268,449	214,200	400,400	264,900
Bilingual Bonus	16,800	9,500	16,800	10,600	16,800
Sick Leave Buyback	15,000	17,636	15,000	20,800	15,000
Rideshare Allowance	10,000	0	10,000	0	10,000
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	8,000	7,533	11,500	11,200	13,300
Office Supplies & Equipment	5,000	1,650	4,000	6,900	10,000
Educational Expenses	11,300	1,365	11,200	6,000	52,200
Miscellaneous	2,500	893	2,500	2,700	2,500
<b>TOTAL OPERATING BUDGET</b>	<b>\$10,479,414</b>	<b>\$9,208,561</b>	<b>\$11,063,298</b>	<b>\$10,576,900</b>	<b>\$12,020,576</b>

\*All amounts rounded to the nearest dollar.



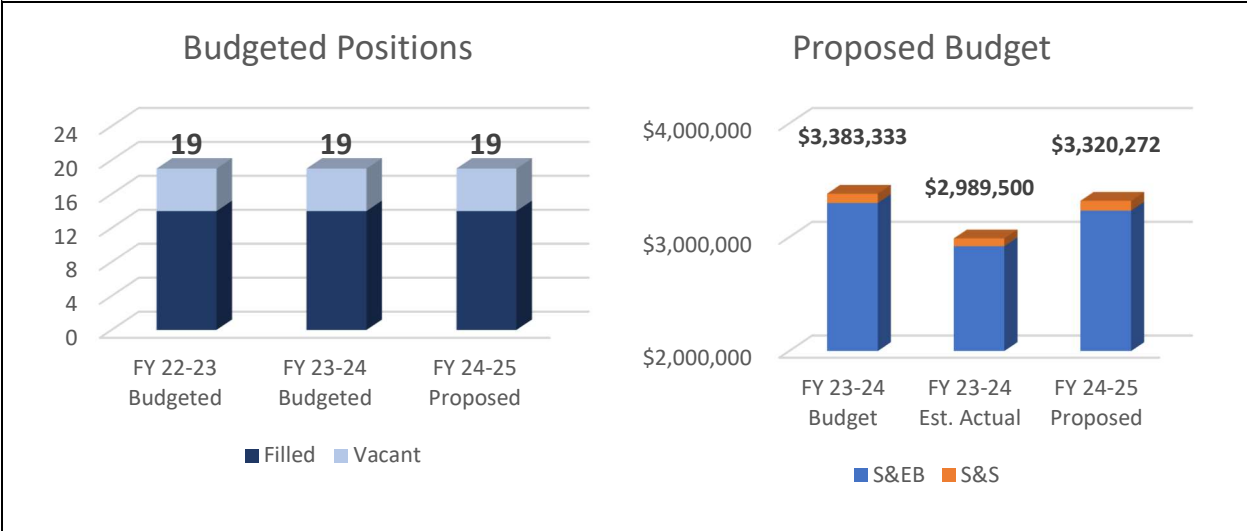


**FY 2024-2025 Proposed Budget**

The Quality Assurance Division (QA) performs three main functions on behalf of LACERA’s Member Operations Group (MOG), which are those divisions that provide retirement benefit services to LACERA’s members. QA’s services consist of:

- Independent transactional audits of work processed by MOG staff for our members
- Technical benefits training for MOG staff, from new hires to veterans
- Special projects as assigned by the Executive Office and consistent with QA’s independent quality assurance function

The Quality Assurance Division reports to the Assistant Executive Officer (AEO) who oversees the MOG.



**Summary of Significant Changes**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
Cost Effective Management (CEM)	---	\$4,000

## **STATUS OF FY 2023-24 PROJECTS AND INITIATIVES**

The Quality Assurance Division worked on the following initiatives during the 2023-24 fiscal year:

- Redesigned the Core Benefits Training Program for new Retirement Benefit Specialists to prepare the new hires to perform both Core Benefits Division processes and Call Center processes. The new program has been renamed the Specialist Basic Training Program and will graduate its first batch of trainees in April 2024.
- The Quality Assurance Division continues to participate in MOG special projects, of which the following are most noteworthy from the 2023-24 fiscal year:
  - Alameda Court Decision
  - PEPRA FAC reporting
  - Temporary Time reporting
  - Account Settlements Process Redesign

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

QA will continue to expand its audits coverage of Member Services processes through Call Monitoring and Member Surveys. QA also hopes to expand its audit scope to include more processes, especially advanced processes normally handled by Retirement Benefit Specialist IIIs and Senior Retirement Benefit Specialists.

QA will continue to enhance the training provided to MOG staff through the greater use of advanced technology like online learning, multimedia tools, and artificial intelligence. QA hopes to expand the training content to include more processes, especially advanced processes normally handled by Retirement Benefit Specialist IIIs and Senior Retirement Benefit Specialists.

The QA Division looks forward to implementing a formal standardized training program for QA Staff based on the dual pillars of:

- Benefits-specific legal and institutional knowledge and
- IIA training for Audit professionals

QA will collaborate with the MOG Divisions on ongoing and new special projects, such as the implementation of LACERA's updated Collections Policy, implementation of the Case Management System throughout the MOG, and collaborative process improvement projects between LACERA and L.A. County.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

Historically, the most qualified candidates for Quality Auditor positions are highly experienced Retirement Benefit Specialists from the Benefits and Member Services divisions. To avoid exacerbating an existing staffing shortage in the Benefits and Member Services divisions, LACERA has elected to fill the three vacant Senior Quality Auditor Positions and two vacant Quality Auditor II positions after sufficient numbers of vacancies in the Benefits and Member Services Divisions are filled with adequately trained staff, which normally takes a year from the date of hire. Accordingly, we anticipate that the QA Division staff vacancies will not be filled before the second half of the FY 2024-25, if not later. All salary and employee benefit costs, as well as services and supply costs related to these vacancies, will also be postponed until these positions are filled. If these positions are filled sooner than expected, we may request a mid-year adjustment to impacted budget items.

### **Temporary Staffing**

The Quality Assurance Division does not intend to request agency temporary staff for the fiscal year 2024-2025.

### **Overtime Needs**

A total of \$11,900 in Overtime is requested for a Staff Assistant II (100 hours, or \$6,100) and a Senior Administrative Assistant (100 hours, or \$5,800) to support the following:

- 1) Assist with peak season work (e.g., audits and surge in training needs)
- 2) Anticipated special projects (e.g., database cleanup, implementation of major business rules changes, etc.)
- 3) CEM survey

## **Interns**

Funding for interns is provided in the Human Resources Division's Budget. The Quality Assurance Division provides coordination and data consolidation services in association with the compilation of the annual CEM (Cost Effective Management) Benchmarking report. This process currently uses Microsoft Excel worksheets and a manual workflow that requires participants from across LACERA's divisions to spend at least 120 hours across several months, under strict deadlines, to extract, compute and transmit to QA, and ultimately CEM, a wide range of statistical data. QA wishes to assign a qualified intern to develop an application, probably using Sharepoint and Microsoft Power Platform applications, which will help manage this process more efficiently while increasing the value of the resulting data through improved analytics and data visualization tools. Depending on the qualifications of the selected intern, this project may require six to nine months. The cost for the LACERA intern program resides in the HR Division budget and the intern's work will most likely be overseen by the Systems Division.

## **Rehired Retirees**

The Quality Assurance Division does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Quality Assurance Division does not have one-time expenditures that need to be removed in the FY 2024-25.

### **Services and Supplies Adjustments**

There are no significant changes requested in the Services and Supplies budget. If vacant positions are filled sooner than anticipated, QA may request a mid-year adjustment to increase related costs, such as training, memberships, and services and supplies.

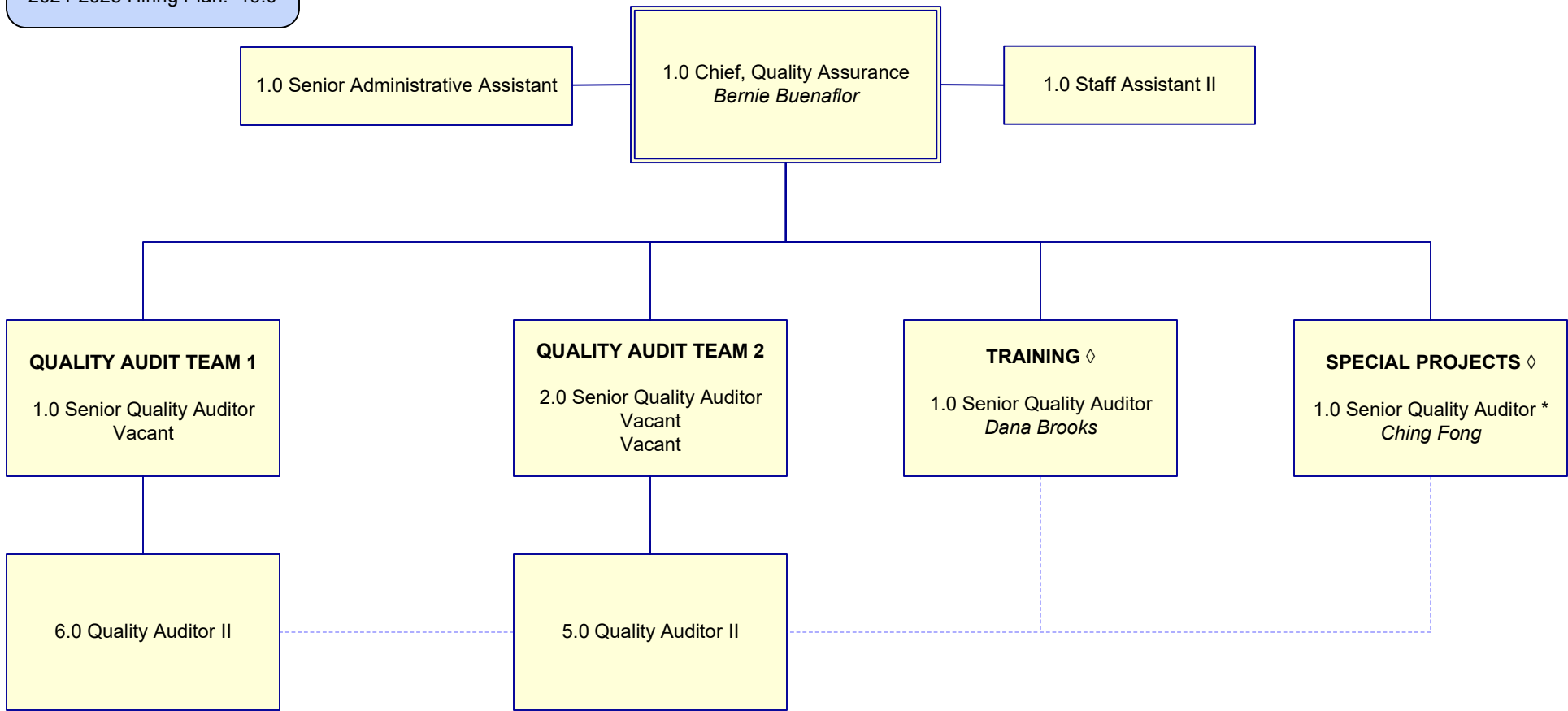
#### *Cost Effective Management (CEM)*

The Cost Effective Management (CEM) Benchmarking report cost increased from \$55,000 to \$59,000 for FY 2024-25 as reflected in the current contract.

# QUALITY ASSURANCE DIVISION

## FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 19.0  
 2023-2024 Hiring Plan: 19.0  
 2024-2025 Bud. Pos.: 19.0  
 2024-2025 Hiring Plan: 19.0



\* Classification study for the position requested.

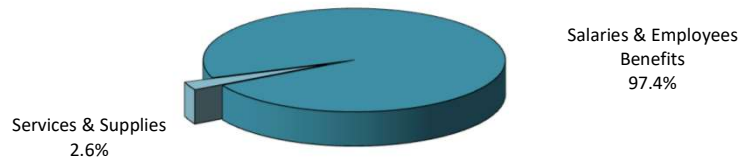
◇ In addition to the quality audit, QA Auditors conduct training and work on special projects, which are coordinated by the QA Sr. Auditor for Training and the QA Sr. Auditor for Special Projects, respectively.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**QUALITY ASSURANCE**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$3,234,172</b>	\$3,301,233	\$1,438,762	\$2,921,300	(\$379,933)	-11.5%	(\$67,061)	-2.0%
<b>Services &amp; Supplies</b>	<b>86,100</b>	82,100	5,245	68,200	(13,900)	-16.9%	4,000	4.9%
<b>OPERATING BUDGET</b>	<b>\$3,320,272</b>	\$3,383,333	\$1,444,007	\$2,989,500	(\$393,833)	-11.6%	(\$63,061)	-1.9%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**QUALITY ASSURANCE**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$1,965,306</b>	\$1,885,279	\$865,903	\$1,757,800	(\$127,479)	-6.8%	\$80,027	4.2%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>1,056,170</b>	1,213,449	489,144	993,400	(220,049)	-18.1%	(157,279)	-13.0%
<b>Employee Benefits (Other)</b>	<b>119,760</b>	120,837	47,986	97,500	(23,337)	-19.3%	(1,077)	-0.9%
<b>OPEB Contribution</b>	<b>77,837</b>	66,968	34,469	70,000	3,032	4.5%	10,869	16.2%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>11,900</b>	11,500	1,260	2,600	(8,900)	-77.4%	400	3.5%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>1,000</b>	1,000	0	0	(1,000)	-100.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>2,200</b>	2,200	0	0	(2,200)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$3,234,172</b>	\$3,301,233	\$1,438,762	\$2,921,300	(\$379,933)	-11.5%	(\$67,061)	-2.0%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$3,234,172</b>	\$3,301,233	\$1,438,762	\$2,921,300	(\$379,933)	-11.5%	(\$67,061)	-2.0%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
 FISCAL YEAR 2024-2025  
 BUDGET POSITIONS

QUALITY ASSURANCE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0780	CHIEF, QUALITY ASSURANCE	1	LS12
0798	SENIOR QUALITY AUDITOR	2	109H
0797	QUALITY AUDITOR II	9	104F
0439	SENIOR ADMINISTRATIVE ASSISTANT	1	094B
0427	STAFF ASSISTANT II	1	096A
<b>Total Filled Positions =</b>		<b>14</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0798	SENIOR QUALITY AUDITOR	3	109H
0797	QUALITY AUDITOR II	2	104F
<b>Total Vacant Positions =</b>		<b>5</b>	
<b>TOTAL POSITIONS =</b>		<b>19</b>	

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.



**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**QUALITY ASSURANCE**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		YTD			OVER/(UNDER)		OVER/(UNDER)	
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	<b>\$9,600</b>	\$9,600	\$0	\$3,600	(\$6,000)	-62.5%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>1,000</b>	1,000	290	500	(500)	-50.0%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	<b>59,000</b>	55,000	0	55,000	0	0.0%	4,000	7.3%
EDUCATIONAL EXPENSES	<b>16,300</b>	16,300	4,955	8,900	(7,400)	-45.4%	0	0.0%
MISCELLANEOUS	<b>200</b>	200	0	200	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>\$86,100</b>	<b>\$82,100</b>	<b>\$5,245</b>	<b>\$68,200</b>	<b>(\$13,900)</b>	<b>-16.9%</b>	<b>\$4,000</b>	<b>4.9%</b>

\*All amounts rounded to the nearest dollar.

**QUALITY ASSURANCE**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

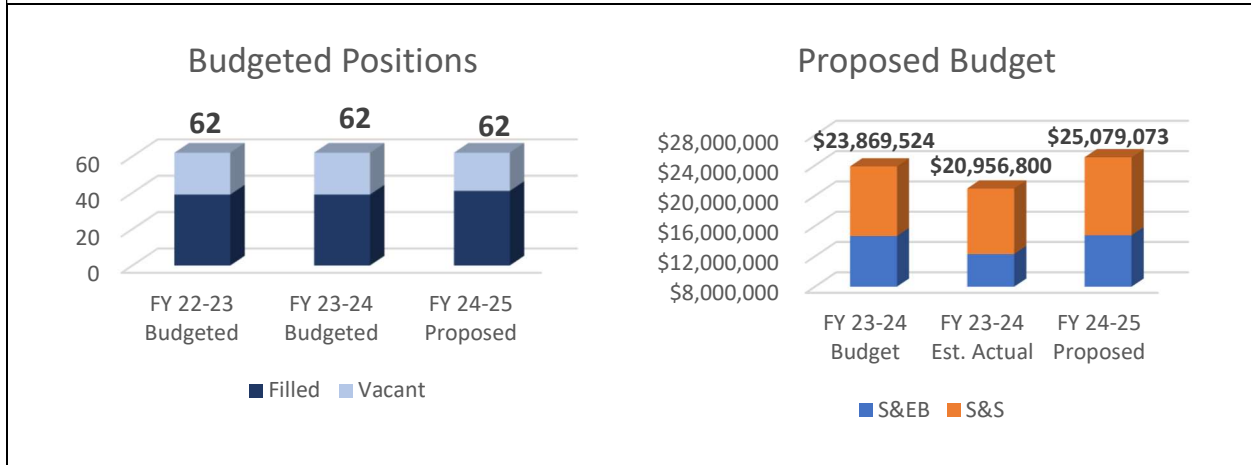
	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$1,607,869	\$1,548,769	\$1,885,279	\$1,757,800	\$1,965,306
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	1,009,017	886,007	1,213,449	993,400	1,056,170
Employee Benefits (Other)	123,397	111,314	120,837	97,500	119,760
OPEB Contribution	65,485	65,066	66,968	70,000	77,837
OPEB Contribution (Budget Surplus)	0	65,485	0	0	0
Stipends	0	0	0	0	0
Overtime	21,500	803	11,500	2,600	11,900
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	1,000	0	1,000	0	1,000
Rideshare Allowance	2,200	0	2,200	0	2,200
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	12,000	2,017	9,600	3,600	9,600
Office Supplies & Equipment	1,000	268	1,000	500	1,000
Professional & Specialized Services	50,000	55,000	55,000	55,000	59,000
Educational Expenses	24,500	4,787	16,300	8,900	16,300
Miscellaneous	400	0	200	200	200
<b>TOTAL OPERATING BUDGET</b>	<b>\$2,918,368</b>	<b>\$2,739,515</b>	<b>\$3,383,333</b>	<b>\$2,989,500</b>	<b>\$3,320,272</b>

\*All amounts rounded to the nearest dollar.



### FY 2024-25 Proposed Budget

The Systems Division (Systems) oversees all aspects of information technology for LACERA. Systems provides technology support services and creates innovative application solutions to assist the organization in meeting its mission. The Division is made up of three primary sections: the Business Solutions Unit, which develops and implements software solutions to support the organization’s business needs; the Infrastructure Unit, which implements and supports the organization’s and staff’s hardware and telecommunications needs; and the Project Management Office, which innovates new technology with subject matter experts to address new business needs and, after initial implementation, passes projects off to the other units for ongoing maintenance and support.



### Summary of Significant Changes:

Description	Position Changes	Amount
• Completion of uninterruptible power supply (UPS) upgrade		(\$150,000)
• Completion of keycard reader upgrades		(\$100,000)
• Completion of Great Plains integration		(\$100,000)
• Member Experience Communication Platform (MECP)		\$600,000
• Enterprise resource planning consultant		\$250,000
• Secure Access Service Edge (SASE) (NetSkope replacement)		\$235,000
• Member identity verification solution		\$220,000
• Digital Mailroom		\$100,000
• Human Resources Recruitment Module (Neogov)		\$71,000
• Policy, GRC, and Audit solution		\$70,000

## STATUS OF FY 2023-24 PROJECTS AND INITIATIVES

The Systems Division has continued to modernize LACERA's technology infrastructure and implement automated business solutions for greater efficiency. Our three information technology sections—Business Solutions, Project Management Office, and Infrastructure—are engaged, working effectively, and making an impact on the organization. The following are the projects we have completed so far this year.

**Automated Accounts Payable Solution:** LACERA implemented Emburse Certify, a new accounts payable system. This system will take the place of the Adobe Sign payment request and special supply request workflow processing. This new system automates the accounts payable, procurement, and purchasing processes and introduces the following improvements:

- Approval workflows
- Digital invoices
- Electronic payments
- Electronic purchase orders
- Expense tracking and management
- Optical character recognition (OCR)
- Policy compliance checks
- Integration with LACERA's general ledger software
- Invoice to purchase orders matching
- Realtime reporting

The Administrative Services, Financial and Accounting Services (FASD), and Systems divisions collaborated to successfully implement this solution in January 2024.

**Automated Budget Solution:** LACERA implemented Questica Budget, a modern budget management solution, in November 2023. Questica automates and streamlines budget creation and tracking, replacing the outdated email-based communication and spreadsheet-driven approach. This dynamic system offers real-time access to centralized and shared budget and financial data, ensuring efficiency, accuracy, and transparency, which allows for better decision-making. In addition, Questica integrates with other enterprise systems including our general ledger system, Great Plains, and our Enterprise Contract Lifecycle Management System, Cobblestone. The system is operational and was used successfully to develop the FY 2024-25 budget.

**Avaya Retirement:** LACERA used an on-premises enterprise phone system from Avaya for over a decade. It provided voice and messaging services to LACERA's staff and members. To support a hybrid workforce, LACERA pivoted to using Microsoft Teams for corporate communications and an Amazon WebServices (AWS) call center solution for member communications. In October 2023, LACERA removed the traditional handset phones from LACERA offices and officially decommissioned all Avaya software and hardware. Note: Each division retained one landline phone for emergency use.

**Cloud Migration:** One of the most significant accomplishments for FY 2023-24 was the completion of our cloud migration project. In September 2021, the Infrastructure and Business Solutions teams began an effort to migrate all mission-critical systems from on-premises software and hardware to hosted solutions. This phased migration was successfully completed in January 2024. We migrated 40 applications to hosted solutions and retired 20 physical servers and 106 virtual servers, reducing our onsite technology footprint from three onsite data centers to one onsite data center.

**Data Lake:** LACERA has created a data lake to provide a single source of accurate and accessible enterprise data and a process for using this data. LACERA currently leverages multiple systems to create reports for data analysis. These reporting systems follow a traditional reporting process: A user requests information from Systems, and a report is prepared and scheduled for them. While traditional reporting will continue to be supported, the new data lake will facilitate the creation of dashboards to replace most traditional reports and provide data to power users so that they can create their own dashboards. The data lake will continue to expand and will become the cornerstone of LACERA's Business Intelligence Strategic Initiative.

**Documentum Retirement:** LACERA previously used Documentum, an Enterprise Content Management System that no longer fits our strategic IT architecture. We migrated the data and documents in Documentum in phases to two other document repositories that match our architecture and decommissioned the Documentum hardware and software in October 2023.

**Human Resources (HR) Digitization:** LACERA has converted all paper Human Resources' personnel, payroll, medical, and classification files to electronic files to allow quick retrieval of documents by a hybrid workforce, shared access to information, and an audit trail of document access. All paper-based human resource records have been scanned, indexed, and securely stored in a hosted solution. This project was completed in November 2023.

**Human Resources (HR) Case Management:** In October 2023, LACERA implemented Human Resources Service Now (HRSN), a powerful tool to streamline Human Resources operations. The features of this solution include *Case Management*, where incoming HR requests become cases in HRSN, providing more transparency and improved tracking of requests; *Automation*, where routine HR tasks are automated, saving time and reducing the likelihood of errors; *Knowledgebase*, a centralized repository of HR information that promotes employee self-service; and *Data Insights*, analytics and reporting tools that provide insights into HR operations, enabling data-driven decision-making. HRSN went live on October 5, 2023, with three processes: New Hire Checklist, Bonus Requests, and Onboarding/Offboarding. We plan to add more modules to the solution in future phases.

**Knowledgebase (KBase) Modernization:** In September 2023, LACERA launched a modernized Knowledgebase solution using SharePoint. This new solution used the content of our legacy KBase solution but provides a modern interface, greater search

capabilities, and a hosted solution. This upgraded solution is an interim measure, providing functionality until the Knowledge Management Strategic Initiative team chooses and deploys a permanent enterprise solution.

**Microsoft (MS) Teams Rooms Conversions:** The Telco team completed the conversion of eight traditional conference rooms to MS Teams rooms. These rooms seamlessly support hybrid meetings on MS Teams for greater collaboration and staff participation.

**Multifactor Authentication for Incoming Member Calls:** In November 2023, LACERA provided a multifactor authentication solution for the Member Services Call Center, allowing members and payees to authenticate more securely and quickly.

**My LACERA Home Page Redesign:** In January 2024, LACERA launched a redesigned home page for My LACERA. The new design is customized for each member or payee based on their status and recent interactions with LACERA.

**Online Retirement Election:** In January 2024, LACERA implemented an online retirement election process to allow members to retire quickly and securely at any time they choose and from almost anywhere in the world.

**PPOA Data Exchange:** LACERA implemented an automated data exchange process with the Public Peace Officers Association (PPOA) to replace a paper-based, manual process. LACERA is currently reaching out to other associations to implement solutions similar to the one we have in place with PPOA.

**Rehired Retiree Process (previously 120-Day Retirees):** In January 2024, LACERA implemented a process to track the hours worked by rehired retirees to enforce the policy that they cannot exceed 120 days (or 960 hours) in a fiscal year. The project involved getting a new data feed from the Los Angeles Auditor/Controller, implementing automated correspondence with rehired retirees, adding rehired retiree data to Workspace, and displaying rehired retiree work hours on the My LACERA dashboard.

**Retiree Healthcare Data on My LACERA:** In January 2024, LACERA enhanced the Retiree Healthcare data displayed on My LACERA to include more detailed plan descriptions, Medicare Part B Reimbursement amounts, and dependent information.

**Seventh Floor Remodel:** The Infrastructure team supported the seventh floor remodel project from inception to completion. As staff members from FASD, the Information Security Office, and Systems Division moved back to the seventh floor in December and January, the team set up the monitors, docking stations, and printers for them.

**Sol Case Management Phase 1:** In May 2022, the BOR approved LACERA's recommended vendor, Eccentex, to partner with LACERA to develop our case management system. Eccentex was selected after an extensive review of 13 vendor proposals received from our RFP. The solution that they developed for LACERA is named Sol. The first phase of Sol includes Disability Retirement Services, the Disability Litigation Office, and Benefits' First Payment process. Both the Disability Retirement Services and

the Disability Litigation Office's case management solutions were implemented in October 2023, improving both process efficiency and transparency. We expect the First Payment process to be completed by May 2024.

**Windows 11 Upgrade:** In September 2023, Windows 11 was pushed to all LACERA devices that are managed by Intune.

**Uninterruptible Power Supply (UPS) Replacement:** In November 2023, LACERA replaced the UPS that supports LACERA's boardroom and onsite data center.

We also have the following projects in progress and expect to complete them during FY 2023-24:

**CEO Dashboard:** In April 2024, the CEO Report that is included in the Board of Retirement agenda package and displayed on LACERA Connect will be replaced by a Power Business Intelligence (Power BI) dashboard generated using data in LACERA's data lake. This new dashboard will automate the creation of the CEO report and eliminate the current tedious, manual process.

**Disaster Recovery (DR):** In April 2024, LACERA will transfer the responsibility of disaster recovery from the Systems Division Project Management Office to the Information Security Office within the Executive Office. The success of the disaster recovery plan developed and executed by the Project Management Office and supported by both the Infrastructure and Business Solutions teams over the past three years cannot be overstated. When the PMO took on the responsibility of DR, LACERA had not completed a DR drill in six years. Within six months, LACERA executed a successful DR drill of *all systems supporting member operations*. Within the following year, LACERA executed a successful DR drill of *all systems* with the participation of all divisions. The transfer of responsibility will happen during our annual DR drill. Information Security will conduct annual DR drills as well as quarterly tabletop exercises from that point forward. The Systems management team, as well as the Infrastructure and Business Solutions teams, will continue to participate and support the drills and exercises, but Information Security will plan and drive them.

**eDiscovery:** In October 2023, the Information Technology Coordination Council approved a project to securely capture and archive organizational communications such as email, instant messages, voice messages, and mobile text messages using a new eDiscovery solution. A midyear budget adjustment was made to accommodate the cost of this new solution, which will give the Legal Services autonomy for eDiscovery and public records requests, ensure proper chain of command for eDiscovery, and increase the integrity of LACERA archives. The eDiscovery team is currently reviewing potential vendors. We expect a vendor to be selected and implemented by June 2024.

**Enterprise Contract Lifecycle Management (ECLM):** LACERA has procured an ECLM solution from Cobblestone. This solution will automate the development, approval, and management of contracts and RFPs at LACERA. This solution will replace a legacy

system that was developed in-house and will give LACERA the opportunity to centralize vendor management. We expect the implementation to be completed in June 2024.

**LACERA Incident Response Team (LIRT) Incident Management Solution:** In December 2022, the Information Technology Coordination Council approved a LIRT incident management solution project to automate the tracking of LACERA incidents. The LIRT project team decided to leverage a product that is already implemented at LACERA: ServiceNow Information Technology Service Management (ITSM). LACERA is currently meeting with a business partner to customize the incident workflow of ServiceNow ITSM to support LACERA's process. We expect this project to be completed in June 2024.

**Policy Management Solution:** In September 2022, the Information Technology Coordination Council (ITCC) approved a policy management project to automate the creation, review, approval, and maintenance of LACERA policies as well as track the versions and acknowledgment of policies. Funding for this project was included in the FY 2023-24 budget. While the policy management project team was reviewing possible vendors, they realized that many companies offering policy management solutions also provide an entire suite of governance products that integrate with their solution. The team believes that the policy solution should not be selected in a vacuum, but instead, should be evaluated for its features as well as the additional modules provided by the vendor. The team is currently revising the requirements for the project and will be presenting the change in scope to the ITCC for approval. If approved, the team will issue an invitation to bid (ITB) with the new requirements to vendors. We hope to select a vendor and implement the policy management solution by June 2024.

**Sol Case Management Display on My LACERA:** In February 2024, members that have cases managed by Sol will be able to see the detailed status of their case on My LACERA. Currently, Disability Retirement and Disability Litigation cases are live in production. We expect First Payment cases to be live in production in May 2024.

## **FY 2024-25 STRATEGIC GOALS AND OBJECTIVES**

The Systems Division will support LACERA's Strategic Initiatives in FY 2024-25 as outlined below:

### **1. Superior Member Experience**

*Enhance the Retiree Healthcare Experience:* The Business Solutions team will support the Superior Member Experience initiative by developing a self-serve, online retiree healthcare enrollment process. This process will be simple, user-friendly, and efficient. Clear instructions, an intuitive interface design, real-time feedback, and the ability to easily navigate through the steps will streamline the process and enhance the overall user experience.



*Member Experience Communication Platform:* The Project Management Office will implement a new Call Center solution that will streamline the authentication process and improve the experience of calling LACERA for members and payees.

*Sol Case Management:* The Project Management Office will continue with Phase 2 of the case management project by implementing the following processes in Sol: Account Settlement, Disability handoff to First Payment, Death Processing and Seamless Survivor, and Post Process Auditing.

## **2. Innovation through Technology**

*Knowledge Management:* The Project Management Office will support the Knowledge Management initiative during FY 2024-25 as LACERA seeks to digitally capture, document, organize, and access critical business knowledge and information.

*Business Intelligence:* The Systems Division will be leading the advancement of LACERA's business intelligence. Our data lake will serve as the foundation for this effort as we implement Power Business Intelligence (BI) dashboards, optical character recognition, and artificial intelligence solutions.

*Cloud Optimization:* Now that LACERA's cloud migration has been completed, the Systems Division will focus on cloud optimization. We will evaluate resource usage and right size instances, optimize storage, and implement best practices to ensure optimal performance while minimizing expenses. In preparation for this effort, three staff members are upscaling their skills by obtaining Financial Operations (FinOps) certifications to gain expertise in managing cloud costs effectively.

*Mainframe Strategy:* LACERA currently maintains a batch COBOL system, IRIS, that runs on a mainframe computer. While the Systems Division migrated all online transactions running on the mainframe to a more modern platform and retired 1.5 million lines of COBOL code in 2017, there are still mission-critical batch programs running on our mainframe. During FY 2024-25, the Business Solutions team will develop a three-year strategy for these programs to ensure they are seamlessly migrated to another technology.

## **3. Investing in People**

*Staff Training and Development:* The Systems Division has prioritized developing technical mastery and building professional relationships for FY 2024-25. Staff will be offered training to further develop their skills, knowledge, and abilities as well as conferences to exchange information with their peers at other associations. With the implementation of new technology, we will also train staff to administer and support the new solutions as needed. While we have leaned heavily on online, virtual training during the pandemic and understand the efficiencies of this training model, we plan to take advantage of in-person opportunities going forward to make sure LACERA is in touch with our peers and is not advancing our technology in isolation.

#### **4. Compliance and Enterprise Risk Management**

*Governance Automation:* The Project Management Office will work with the Legal Services and Internal Audit divisions to select and implement Governance, Risk, and Compliance (GRC) and Audit Management solutions.

#### **5. Fiscal Durability**

*Enterprise Automation:* The Systems Division will support the new implementations of Questica (budget automation), Cobblestone (ECLM), and Certify AP (automated accounts payable) as well as work with FASD to plan for replacing our legacy general ledger system with a modern solution that leverages cloud technology, automation, and advanced analytics.

### **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

#### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25

#### **Adjustments to Permanent Staffing**

The Systems Division is continuing to evaluate and make the appropriate staffing adjustments necessary to ensure we have the proper resources to meet our commitments, support LACERA's mission, and to create the most efficient, productive, and secure enterprise.

Systems is not requesting any adjustments to permanent staffing at this time.

#### **Temporary Staffing**

The Systems Division uses temporary staffing for two reasons: to fill a temporary gap in skillsets for a limited amount of time, and to acquire essential technical resources on a temporary basis while waiting for competitive exams to be opened. Most of our current temporary staff fall into the second category. They are performing work that will be performed by permanent staff members once the positions are filled. These temporary staff members have the technical skills needed to support our IT operations, and we hope they will apply for the positions when they open.

The Human Resources Division is currently recruiting for five IT Specialist II positions. The hiring of these five permanent staff members will allow us to decrease the number of temporary staff members that we employ. To that end, we are decreasing our budget for temporary staffing next year from \$2,811,700 to \$2,140,100.

LACERA's hiring plan has four additional exams scheduled which will result in filling 13 additional vacancies over the course of FY 2024-25

### **Overtime Needs**

We are requesting the same budget for overtime in FY 2024-25 that we requested in FY 2023-24. This overtime budget is primarily allocated for:

- After-hour system maintenance and upgrades
- Emergency system support
- Support for Saturday Member Services and Benefits operations
- Support for extended office hours during peak months
- Development and implementation support for Phase 2 of Sol

### **Interns**

The Systems Division is requesting three interns, one for each of our major information systems sections. The Business Solutions intern will join the Workflow Automation Team to work on optical character recognition (OCR) initiatives and automated testing solutions; the Infrastructure intern will join the engineering team to support and learn about LACERA's onsite data center; and the Project Management Office intern will join the data lake team to help categorize LACERA's enterprise data and implement a data cataloging tool. Our goals for hiring interns are to provide meaningful work to students who are studying Information Technology, obtain energetic resources with a new perspective for short-term projects, and find qualified candidates to permanently join our division.

Funding for interns is provided in the Human Resources Division's Budget.

### **Rehired Retirees**

The Systems Division is requesting two rehired retirees to continue to fill critical, specialized skill gaps until the IT Specialist I positions are filled with permanent staff members.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

The Systems Division has removed the following one-time expenditures totaling \$350,000 for FY 2024-25 due to completion of these projects:

<b>Project</b>	<b>Cost</b>
• Completion of uninterruptible power supply (UPS) upgrade	<b>\$150,000</b>
• Completion of keycard reader upgrades	<b>\$100,000</b>
• Completion of Great Plains integration	<b>\$100,000</b>

### **Services and Supplies Adjustments**

The Systems Division has requested four new budget accounts this year to separate the procurement and support of infrastructure software, as well as software solutions developed and supported in-house, from the procurement and subscription costs of Software as a Service (SaaS). The four new budget accounts are:

- Divisional Software (New): This account is for new SaaS solutions that support a specific division.
- Divisional Software (Existing): This account is for existing SaaS solutions that support a specific division.
- Enterprise Software (New): This account is for new SaaS solutions that support more than one division.
- Enterprise Software (Existing): This account is for existing SaaS solutions that support more than one division.

### **Divisional Software: New**

<b>Project</b>	<b>Total Cost</b>	<b>Description</b>
Secure Access Service Edge (SASE) Solution	\$235,000	To support LACERA's strategic objective of Innovation Through Technology, the Systems Division and Information Security Office seeks to implement an SASE solution that will enable the organization to better support our remote and hybrid workforce automatically by connecting them to nearby cloud gateways for better performance. This project will replace the organization's current Netskope solution with a more simplified system that is easier to manage and troubleshoot and provides consistent, secure access to all applications, while allowing the engineering and information security teams to have full visibility and inspection across all network ports and protocols.

Member Identity Verification Solution	\$220,000	To support LACERA's strategic objective of Superior Member Service and as part of our commitment to protecting the promised benefits, the organization seeks to improve our member identity verification processes. This project will ensure the organization can leverage identity verification and/or authentication services that adhere to the highest standards of data privacy and protection while enhancing the user experience and member satisfaction, reducing operational costs, and improving compliance and security requirements.
Facilities Management Solution	\$150,000	The Administrative Services Division seeks to implement an enterprise facilities management software solution to replace the current tediously manual and labor-intensive processes. The new system will seek to implement automation to ensure that the organization can properly manage the health and safety of our work environment while enhancing our ability to improve facilities-type requests. The same amount for this project was requested during the FY 2023-24 budget; however, this project was deferred due to resource constraints and to focus on higher priority initiatives.
Benefits PBI Upgrade	\$100,000	To support LACERA's strategic objective of Superior Member Service, the Benefits Division seeks to replace their current end-of-life member/beneficiary research system. The new system will ensure that the organization can quickly and accurately identify deceased members and locate or identify the beneficiary to fulfill our fiduciary responsibilities and pay out the owed benefits. The same amount for this project was requested during the FY 2023-24 budget; however, this project was deferred due to resource constraints and in lieu of the vendor extending support in the current system.

Digital Mailroom	\$100,000	LACERA seeks a virtual mailroom to ensure business continuity by providing efficient and secure management of incoming mail. The virtual mailroom would use an outsourced solution to provide uninterrupted document processing and remote accessibility. During FY 2024-25, LACERA would like to complete a pilot project for the digital mailroom to ensure that the solution would be effective and provide business continuity and seamless disaster recovery.
Human Resources Recruitment Module (Neogov)	\$71,000	LACERA seeks to expand our use of Neogov to include the “Attract” talent acquisition modules, expand the use of the “Perform” modules to include performance evaluations for represented staff members, and add the “Learn” module as an organization learning management system.

**Enterprise Software: New**

Project	Total Cost	Description
Member Experience Communication Project (MECP)	\$600,000	LACERA seeks to modernize our existing telecommunications infrastructure for servicing our members. This funding is requested to support LACERA’s telecommunications strategy to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and pension administration system. Initial funding for this project was requested during the FY 2023-24 budget to support both the Pasadena office and Member Service Contact Center; however, the member servicing portion was deferred to focus on updates to the corporate telecommunications infrastructure.

<p>Member Case Management</p> <p>(Phase 1: Enhancements)</p> <p>(Phase 2: Implementation)</p>	<p>\$500,000</p>	<p>Case management continues to be a top priority for LACERA in the upcoming fiscal year. During FY 2023-24, LACERA will complete the implementation of Phase 1 of the project, which includes the Disability Retirement, Disability Appeals, and First Payment processes. The estimate in this current fiscal year is for continuous enhancements to the implemented Phase 1 processes as those workflows mature and to begin implementation of Phase 2. Phase 2 will focus on the insurance enrollment and member appeals resolution processes, which include legal review, insurance appeals and escalation, insurance enrollment, and administrative appeals and escalation. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources.</p>
<p>Enterprise Knowledge Management Solution</p>	<p>\$250,000</p>	<p>To support LACERA’s strategic objective of Innovation Through Technology, the organization seeks to implement an enterprise knowledge management solution that stores and organizes the knowledge and information of the organization into a single robust solution. We currently maintain this critical enterprise content in multiple formats and on disparate systems. This project will improve the efficiency of processes and operations by reducing the time and effort required to access and use relevant knowledge and information, preserve intellectual assets by capturing and storing knowledge of subject matter experts or retirees and support learning and development of staff by providing a resource to acquire and update their knowledge and skills.</p>
<p>Policy, Governance Risk and Compliance (GRC), and Audit Solution</p>	<p>\$70,000</p>	<p>LACERA seeks to implement a comprehensive GRC solution that includes the following modules: Policy Management, IT Governance Risk and Compliance, Enterprise Risk Management, Ethics and Compliance, and Audit.</p>

## Audio/Visual Equipment Replacements

Project	Total Cost	Description
Teams Room Conversion	\$125,000	The Systems Division is converting all LACERA conference rooms to Microsoft Teams-enabled meeting rooms. This project is being implemented in three phases, with Phases 1 and 2 completed during the FY 2023-24 budget. Funding for Phase 3 is being carried forward from the FY 2023-24 budget, and once completed, each conference room will provide a rich and collaborative Teams meeting experience that is simple to use and supports LACERA's flexible hybrid work environment.

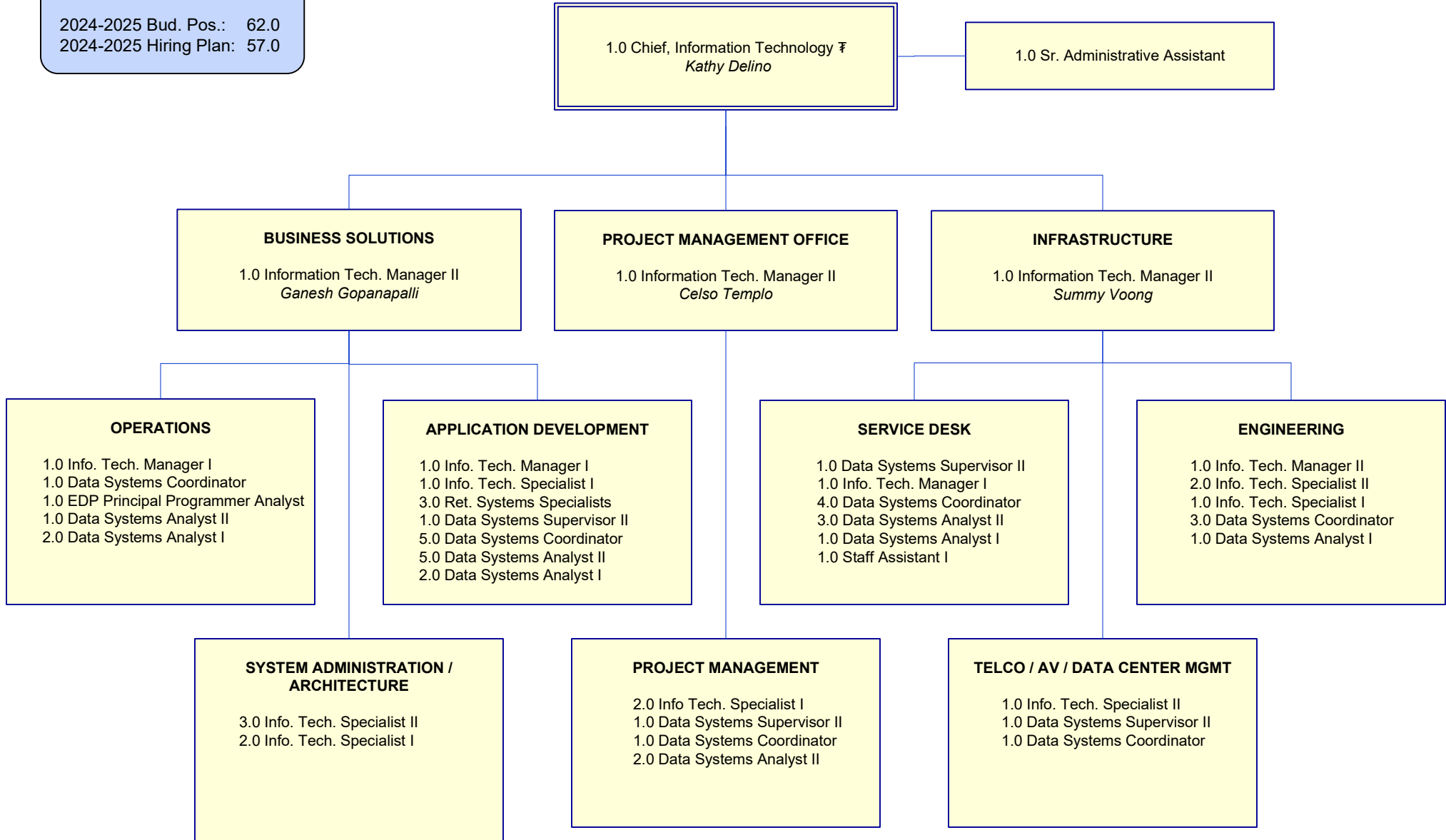


# SYSTEMS DIVISION

FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 62.0  
2023-2024 Hiring Plan: 54.0

2024-2025 Bud. Pos.: 62.0  
2024-2025 Hiring Plan: 57.0



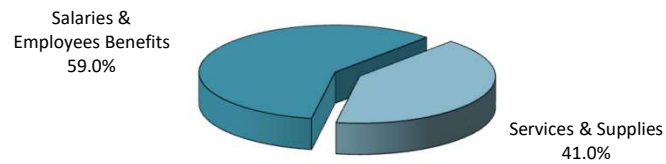
‡ Title changed from Chief, Information Technology Officer to Chief, Information Technology (Board of Supervisor approved and effective 1/1/2022).

**LACERA**  
**FISCAL YEAR 2024-2025**  
**BUDGET SUMMARY**

**SYSTEMS DIVISION**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	PROPOSED BUDGET 2024-2025	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-24)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$14,784,573</b>	\$14,681,724	\$6,297,041	\$12,311,000	(\$2,370,724)	-16.1%	\$102,849	0.7%
<b>Services &amp; Supplies</b>	<b>10,294,500</b>	9,187,800	3,947,434	8,645,800	(542,000)	-5.9%	1,106,700	12.0%
<b>OPERATING BUDGET</b>	<b>\$25,079,073</b>	\$23,869,524	\$10,244,475	\$20,956,800	(\$2,912,724)	-12.2%	\$1,209,549	5.1%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**SYSTEMS DIVISION**

	<b>PROPOSED BUDGET 2024-2025</b>	<b>CURRENT YEAR 2023-2024</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(01-31-24)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$7,720,737</b>	\$6,950,188	\$2,867,593	\$5,821,300	(\$1,128,888)	-16.2%	\$770,549	11.1%
<b>Total Agency Temp Salaries</b>	<b>2,140,100</b>	2,881,700	1,452,019	2,489,200	(392,500)	-13.6%	(741,600)	-25.7%
<b>Employee Benefits (Variable)</b>	<b>3,890,171</b>	3,907,382	1,516,520	3,079,100	(828,282)	-21.2%	(17,211)	-0.4%
<b>Employee Benefits (Other)</b>	<b>470,481</b>	445,474	177,103	359,600	(85,874)	-19.3%	25,007	5.6%
<b>OPEB Contribution</b>	<b>305,784</b>	246,880	127,070	258,000	11,120	4.5%	58,904	23.9%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>229,200</b>	229,200	136,054	276,200	47,000	20.5%	0	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	16,782	20,400	8,400	70.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>8,900</b>	8,900	0	0	(8,900)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>7,200</b>	0	3,900	7,200	7,200	0.0%	7,200	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$14,784,573</b>	\$14,681,724	\$6,297,041	\$12,311,000	(\$2,370,724)	-16.1%	\$102,849	0.7%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$14,784,573</b>	\$14,681,724	\$6,297,041	\$12,311,000	(\$2,370,724)	-16.1%	\$102,849	0.7%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA  
FISCAL YEAR 2024-2025  
BUDGET POSITIONS

SYSTEMS DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0805	CHIEF, INFORMATION TECHNOLOGY, LACERA (UC)	1	LR14
0804	INFORMATION TECHNOLOGY MANAGER II, LACERA	3	LS12
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	2	127C
0460	DATA SYSTEMS SUPERVISOR II, LACERA	2	120F
2644	RETIREMENT SYSTEMS SPECIALIST, LACERA	2	119L
0453	EDP PRINCIPAL PROGRAMMER ANALYST, LACERA	1	119J
0469	DATA SYSTEMS COORDINATOR, LACERA	13	114K
0458	DATA SYSTEMS ANALYST II, LACERA	10	109G
0457	DATA SYSTEMS ANALYST I, LACERA	6	106G
0426	STAFF ASSISTANT I, LACERA	1	089A
<b>Total Filled Positions =</b>		<b>41</b>	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0804	INFORMATION TECHNOLOGY MANAGER II, LACERA	1	LS12
0803	INFORMATION TECHNOLOGY MANAGER I, LACERA	3	LS11
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	4	127C
0801	INFORMATION TECHNOLOGY SPECIALIST I, LACERA	6	122A
0460	DATA SYSTEMS SUPERVISOR II, LACERA	2	120F
2644	RETIREMENT SYSTEMS SPECIALIST, LACERA	1	119L
0469	DATA SYSTEMS COORDINATOR, LACERA	2	114K
0458	DATA SYSTEM ANALYST II, LACERA	1	109G
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
<b>Total Vacant Positions =</b>		<b>21</b>	

**TOTAL POSITIONS =** **62**

Non-Represented positions shown in black.  
 Represented positions shown in blue.  
 Salary schedule as of 01/01/2024.

**LACERA**  
**FISCAL YEAR 2024-2025**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**SYSTEMS DIVISION**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
COMMUNICATIONS	<b>\$440,000</b>	\$570,000	\$203,974	\$495,200	(\$74,800)	-13.1%	(\$130,000)	-22.8%
TRANSPORTATION & TRAVEL	<b>53,000</b>	41,600	6,519	26,500	(15,100)	-36.3%	11,400	27.4%
POSTAGE	<b>450,000</b>	450,000	0	400,000	(50,000)	-11.1%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>355,000</b>	763,000	120,695	714,000	(49,000)	-6.4%	(408,000)	-53.5%
EQUIPMENT MAINTENANCE	<b>425,000</b>	730,000	338,113	662,800	(67,200)	-9.2%	(305,000)	-41.8%
PROFESSIONAL & SPECIALIZED SERVICES	<b>1,145,000</b>	1,340,000	280,699	1,222,100	(117,900)	-8.8%	(195,000)	-14.6%
COMPUTER SERVICES & SUPPORT	<b>7,358,000</b>	5,229,600	2,985,730	5,070,000	(159,600)	-3.1%	2,128,400	40.7%
EDUCATIONAL EXPENSES	<b>66,500</b>	63,100	11,049	54,500	(8,600)	-13.6%	3,400	5.4%
MISCELLANEOUS	<b>2,000</b>	500	654	700	200	40.0%	1,500	300.0%
<b>TOTAL</b>	<b>\$10,294,500</b>	<b>\$9,187,800</b>	<b>\$3,947,434</b>	<b>\$8,645,800</b>	<b>(\$542,000)</b>	<b>-5.9%</b>	<b>\$1,106,700</b>	<b>12.0%</b>

\*All amounts rounded to the nearest dollar.

\*\* Corrections are anticipated that will result in the projected expenses being consistent with the approved budget.

**SYSTEMS DIVISION**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

	FYE 2023		FYE 2024		Proposed
	Budget	Actual	Budget	Projection	Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$5,534,330	\$5,374,005	\$6,950,188	\$5,821,300	\$7,720,737
Total Agency Temp Salaries	4,576,300	2,941,429	2,881,700	2,489,200	2,140,100
Employee Benefits (Variable)	3,212,254	2,627,666	3,907,382	3,079,100	3,890,171
Employee Benefits (Other)	410,601	370,881	445,474	359,600	470,481
OPEB Contribution	217,901	216,507	246,880	258,000	305,784
OPEB Contribution (Budget Surplus)	0	217,901	0	0	0
Stipends	0	0	0	0	0
Overtime	150,000	215,349	229,200	276,200	229,200
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	17,170	12,000	20,400	12,000
Rideshare Allowance	8,900	0	8,900	0	8,900
Transportation Allowance	0	0	0	7,200	7,200
<b>SERVICES &amp; SUPPLIES</b>					
Communications	535,000	507,934	570,000	495,200	440,000
Transportation & Travel	4,200	7,459	41,600	26,500	53,000
Postage	390,000	0	450,000	400,000	450,000
Office Supplies & Equipment	469,000	792,949	763,000	714,000	355,000
Equipment Maintenance	405,000	415,215	730,000	662,800	425,000
Professional & Specialized Services	1,359,600	1,255,275	1,340,000	1,222,100	1,145,000
Computer Services & Support	5,049,600	4,989,506	5,229,600	5,070,000	7,358,000
Educational Expenses	36,500	16,342	63,100	54,500	66,500
Miscellaneous	500	221	500	700	2,000
<b>TOTAL OPERATING BUDGET</b>	<b>\$22,371,686</b>	<b>\$19,965,810</b>	<b>\$23,869,524</b>	<b>\$20,956,800</b>	<b>\$25,079,073</b>

\*All amounts rounded to the nearest dollar.

**PROJECTED NON-ADMINISTRATIVE EXPENSES**  
**For the Fiscal Year Ended June 30, 2025**

	Current Year		Prior Year ACTUAL FOR FY 2022-2023
	EXPENSES AS OF 12/31/2023	PROJECTED FOR FY 2024-2025	
<b>Pension Trust Fund:</b>			
<b>Investment Management Fees</b>			
U.S. Equity	\$ 3,347,409	\$ 6,694,818	\$ 5,768,839
Non-U.S. Equity	11,045,073	22,090,146	20,573,332
Fixed Income	7,694,694	15,389,387	(10,278,771)
Cash and Short-Term	144,822	289,645	269,176
Mortgage Loan Services	11,299	22,598	24,559
Private Equity	4,629,591	9,380,091	8,711,127
Real Assets	2,261,130	4,522,260	3,606,854
Real Estate	9,710,122	25,448,081	23,259,141
Hedge Funds	680,214	1,360,429	778,342
Commodities	1,048,713	2,097,427	2,408,892
<b>Total Investment Management Fees</b>	<b>40,573,068</b>	<b>87,294,882</b>	<b>55,121,491</b>
<b>Other Investment Expenses</b>			
<b>Consultants</b>			
General Investment Portfolio-Meketa Investment Group	126,175	504,700	497,350
Private Equity	512,500	975,000	803,931
Real Estate	97,313	388,788	390,141
Other Consulting Fees	364,042	728,083	935,125
	<b>1,100,029</b>	<b>2,596,571</b>	<b>2,626,547</b>
<b>Custodians</b>			
Investment Custodian and Banking Fees	1,702,208	2,769,706	3,489,685
Mortgages	1,250	5,000	5,000
	<b>1,703,458</b>	<b>2,774,706</b>	<b>3,494,685</b>
<b>Performance and Other Fees</b>	<b>69,458,428</b>	<b>132,646,122</b>	<b>124,849,824</b>
<b>Investment Management Data Services</b>	<b>1,067,545</b>	<b>2,206,035</b>	<b>1,543,032</b>
<b>Investment Legal Counsel</b>	<b>925,270</b>	<b>1,427,000</b>	<b>1,848,254</b>
<b>Total Other Investment Expenses</b>	<b>74,254,729</b>	<b>141,650,434</b>	<b>134,362,342</b>
<b>Total Management Fees and Other Investment Expenses</b>	<b>\$ 114,827,797</b>	<b>\$ 228,945,316</b>	<b>\$ 189,483,833</b>
<b>Actuarial Consulting Services</b>	<b>207,473</b>	<b>296,000</b>	<b>457,778</b>
<b>Total Pension Fund Non-Administrative Expenses</b>	<b>\$ 115,035,270</b>	<b>\$ 229,241,316</b>	<b>\$ 189,941,611</b>
<b>Retiree Health Care (RHC) Program Funds:</b>			
Fixed Income Management Fees	\$ 55,752	\$ 111,505	\$ 104,498
Short-Term Management Fees	3,392	6,783	13,157
Custodian Fees	15,000	30,000	30,000
<b>Total RHC Program Non-Administrative Expenses</b>	<b>\$ 74,144</b>	<b>\$ 148,288</b>	<b>\$ 147,655</b>
<b>Other Post Employment Benefits (OPEB) Trust Fund:</b>			
Enhanced Cash Management Fees	\$ 13,322	\$ 26,645	\$ 22,416
Commodities Management Fees	101,937	203,875	153,718
Global Equity Management Fees	252,895	350,646	244,370
Fixed Income Management Fees	281,941	399,894	258,716
Real Estate Management Fees	120,768	177,880	130,224
Private Assets Management Fees	-	1,470,500	-
General Investment Portfolio Consultant	43,775	87,550	86,273
Custodian Fees	51,098	200,294	216,618
<b>Total OPEB Trust Non-Administrative Expenses</b>	<b>\$ 865,737</b>	<b>\$ 2,917,284</b>	<b>\$ 1,112,334</b>

**L//CERA**



**BUILDING  
A BETTER  
TOMORROW**

**Board of Retirement  
2023-2028 Strategic Plan**

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Los Angeles County Employees Retirement Association



# Board of Retirement

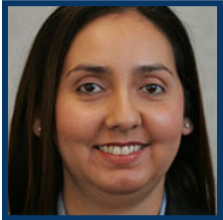
Thank you to the Board of Retirement Trustees for their service and guidance in shaping LACERA's strategic priorities and objectives.



**Shawn R. Kehoe**  
**Chair**  
*Elected by Safety Members*

**Alan J. Bernstein**  
**Vice Chair**  
*Appointed by Board of Supervisors*

**Vivian H. Gray**  
**Secretary**  
*Elected by General Members*



**Elizabeth B. Ginsberg**  
Chief Deputy County Treasurer And Tax Collector  
*Acting Ex-Officio Trustee\**

**Jason E. Green**  
*Elected by Safety Members*

**Elizabeth Greenwood**  
*Appointed by Board of Supervisors*



**James P. Harris**  
*Elected by Retired Members*

**Keith Knox**  
County Treasurer and Tax Collector  
*Ex-Officio Trustee*

**Ronald Okum**  
*Appointed by Board of Supervisors*



**Les Robbins**  
*Elected by Retired Members*

**Antonio Sanchez**  
*Appointed by Board of Supervisors*

**Herman B. Santos**  
*Elected by General Members*

We also want to recognize the following former Board of Retirement Trustees: Wayne Moore, William Pryor, and Gina Zapanta.

\* When ex-officio trustee is absent

# A Message From the CEO



I'm pleased to present the LACERA 2023-2028 Strategic Plan on behalf of the Board of Retirement. This plan covers the strategic priorities, goals, and objectives that we will implement during the next five years. It is the result of an extensive and broadly inclusive process of review, recommendations, discussion, and collaboration among LACERA's Trustees, executive and managerial teams, active and retired members, and employees from all divisions.

First, a little background about how we got here: When I started as CEO at LACERA in November 2019, LACERA divisions were working on several strategic goals that had been set by the Board of Retirement, but a formal strategic planning process had not been conducted for several years.

In March 2020, COVID-19 forced LACERA to close most of its onsite operations, and we pivoted to a largely remote workforce nearly overnight. We were able to quickly transform the organization thanks to the decisive leadership and full support of our Board Trustees; the groundwork already completed on our existing goals; and the dedicated, all-hands-on-deck efforts of the entire LACERA staff. Together we quickly developed, implemented, and adopted new technological tools to conduct our daily operations; interact with members, colleagues, and stakeholders; and continue uninterrupted service.

In early 2022, LACERA reopened for onsite work and in-person service, and we initiated a comprehensive strategic planning process as directed by the Board of Retirement. The multiple phases of the process took place throughout the year, informed by our recent experiences and advancements and incorporating input from our various stakeholders.

In addition to catalyzing our evolution, the pandemic strengthened LACERA's commitment to our mission and our members, whose heroic efforts saved lives and maintained the social fabric during this prolonged public health emergency. Throughout this plan, you will see how our strategic priorities reflect our "member first" commitment—from developing a comprehensive member experience and benefits education program, to ensuring the stability, security, and sustainability of our infrastructure and trusts, to developing and retaining our workforce and fostering internal leadership.

Consistent with our commitment to transparency and accountability, we are publicly sharing this Strategic Plan, which will serve as our road map for enhancing the member experience while strengthening our organization from within. This plan is a living document that will continually evolve to meet shifting challenges and opportunities. Along the way, we will maintain open, responsive relationships with all of our stakeholders and encourage their input.

On behalf of everyone at LACERA, we respect the trust placed in us to serve the employees of L.A. County and other districts. We will honor that trust as we set an ambitious path of constant improvement, building a stronger LACERA for today and the years to come.

Santos H. Kreimann  
Chief Executive Officer

# Our Strategic Planning Process

## Initiation and Assessment Stage

The strategic planning process kicked off in January 2022. LACERA conducted an assessment of our strengths, weaknesses, opportunities, and threats (SWOT assessment) as part of the May 2020 100-Day Management Report. Working with the Board of Retirement, we identified short-term priorities to focus on. This strategic plan is designed to build on that work to date and define the strategic priorities, goals, and objectives for the next five years.

We also incorporated input from recent audits, including the September 2021 Eide Bailly Recruitment Audit and August 2022 Weaver Organizational Maturity Audit.

## Stakeholder Engagement

**Members:** To get an accurate picture of our members' expectations and communications preferences as part of the member experience strategic priority, in summer 2022 we surveyed all members to learn about how they want to interface with LACERA in a variety of scenarios. This survey was the first of its kind in LACERA's history. We conducted an extensive print and digital campaign utilizing an omnichannel outreach approach to engage members across all plan types and age groups and provided print and electronic survey options to encourage maximum participation, an approach that proved to be successful based on our high response rate. (See more about the survey results under Gaining Insight on page 9.)

**Employees:** We held four kick-off meetings so that all LACERA employees could learn about the process. We also surveyed all LACERA employees to solicit their input.

We formed cross-divisional teams of LACERA employees to work on each strategic priority, including what we should do and how we should monitor progress to signal success of desired outcomes.

**Trustees:** We conducted a strategic-planning kick-off with Trustees. As we honed our options, we surveyed Trustees for their input. We also created an ad hoc committee of Trustees and key staff members to provide guidance during the process. Finally, we devoted a day of our February 2023 Board Offsite Meeting for Trustees to provide feedback and continued progressively refining the plan up to the approval stage.



## Who We Are

In 1937, the County of Los Angeles established a pension trust fund to provide defined retirement and death benefits to eligible County employees. In 1938, the Los Angeles County Employees Retirement Association (LACERA) was introduced to administer it.

Today, LACERA is an independent governmental entity, separate and distinct from the County. It is the largest county retirement system in the United States.

LACERA is governed by two Boards:

- The Board of Retirement (BOR) is responsible for the overall management of the retirement system and the LACERA-administered retiree healthcare program.
- The Board of Investments (BOI) is responsible for establishing LACERA's investment policy and objectives; overseeing the management of the fund; overseeing pension actuaries and assumption-setting; and setting employer and employee contribution rates.

Together, the BOR and BOI are primarily responsible for LACERA's budget and personnel (classification and compensation). The Boards have a fiduciary duty to LACERA's stakeholders.

## Our Membership

- 187,000 members, including 71,000 benefit recipients<sup>1</sup>
- 54,600 member participants in our retiree healthcare benefit program<sup>2</sup>

## Our Funds

- Pension Fund value: \$70 billion<sup>1</sup>
- Other Post-Employment Benefits Trust value: \$2 billion<sup>1</sup>

<sup>1</sup>2022 Annual Comprehensive Financial Report

<sup>2</sup>March 2023 CEO Report

## Our Plan Sponsors

In addition to the County of Los Angeles, LACERA administers and manages the retirement fund for four outside districts: Little Lake Cemetery District, Local Agency Formation Commission (LAFCO), Los Angeles County Office of Education (LACOE), and South Coast Air Quality Management District (SCAQMD).

**LACERA's staff of 426 employees deliver retirement pension and healthcare benefits to our members, and oversee the prudent investment of funds.**

# LACERA's Strategic Plan takes into consideration our diverse stakeholders and audiences.

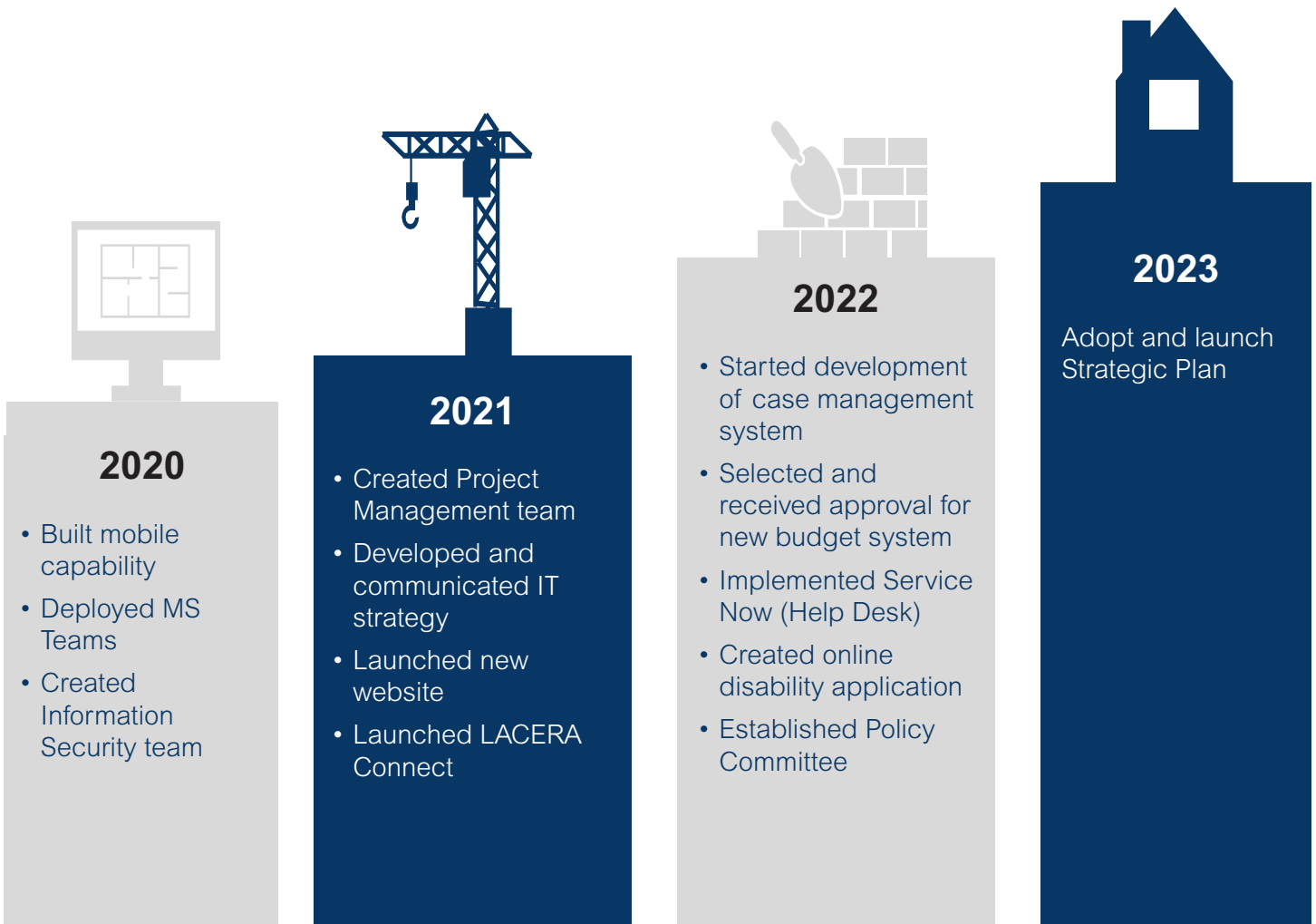


<sup>1</sup> County of Los Angeles, Local Agency Formation Commission (LAFCO), Los Angeles County Office of Education (LACOE), South Coast Air Quality Management District (SCAQMD), Little Lake Cemetery District

<sup>2</sup> Service Employees International Union (SEIU) Local 721, Association for Los Angeles Deputy Sheriffs (ALADS), Professional Peace Officers Association (PPOA), Coalition of County Unions, International Association of Fire Fighters (IAFF) Local 1014

# Accomplishments to Date

In our current quest to build a better tomorrow, we have embarked on a number of initiatives to continuously improve our workflows and business processes.



Continuously improving workflows and business processes

# Strategic Priorities

## Strategic Priority Goals



### 1 Superior Member Experience

Innovate and continuously improve the member experience



### 2 Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity



### 3 Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce



### 4 Compliance and Enterprise Risk Management

Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance



### 5 Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

## Objectives

- 1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey
- 1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan
- 1.3 Develop, implement, and deploy a digital strategy to better serve our members
- 1.4 Improve and enhance the retiree healthcare experience

- 2.1 Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform
- 2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information

- 3.1 Develop and implement a framework aimed at promoting and embracing diversity, equity, and inclusion (DEI)
- 3.2 Develop enterprise-wide training and development programs designed to support and encourage employee growth and development
- 3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning

- 4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations
- 4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management

- 5.1 Develop organizational tools to support enterprise-wide fiscal responsibility
- 5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals



# Strategic Priority 1: Superior Member Experience

Innovate and continuously improve the member experience

## Background

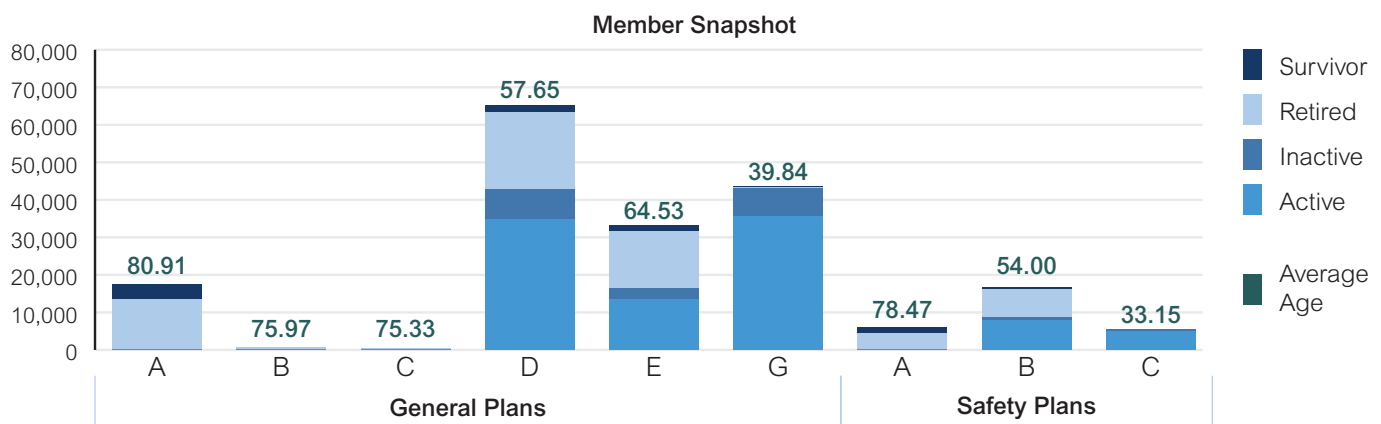
The LACERA member experience is not a one-time occurrence but a lifetime relationship—from the beginning of that member’s career through the legacy they leave their survivors. It is defined by every interactive touch-point they have with LACERA, everything they hear about LACERA, and how they feel about LACERA throughout their lives.

From planning for retirement to helping members use their healthcare benefits, LACERA is proud of our long history of providing highly personalized service. Our members’ demographics and expectations for service delivery, however, are changing, and are combined with increasing demand for LACERA customer service. In response, we must create innovative solutions for conducting member outreach and guiding our members to consistent, actionable information and modern, interactive tools for self-service.

LACERA has adopted a “member journey” approach that is tailored to the various stages of our members’ lives to shape and deliver a superior experience that meets our members’ needs.

## Understanding Members Is Key

The following graph provides a high-level snapshot of our membership.



Source: March 2023 CEO Report  
Data as of 2/15/23; average ages pending verification

Considering our members’ ages, generations, and preferences is foundational when conducting outreach and developing a member experience program. For example, we know Gen X and Millennials are highly competent in using computers and mobile apps, are extremely active social media users, and like to choose between self-service and in-person interactions. Other generations (Greatest Generation and Baby Boomers) are increasingly adopting mobile applications and are also active in social media, but they still tend to prefer traditional interaction points, such as mail, email, phone, and in-person service when conducting business transactions.





# Strategic Priority 1: Superior Member Experience

Innovate and continuously improve the member experience

## Gaining Insight

To develop a sustainable member experience program, we need a deeper understanding of our members' communications preferences, both in general and during specific member journeys.

To gain greater insight, in 2022 we conducted a member survey and directly asked our members about their comfort levels with technology and online self-services, how they want to interact with LACERA in a variety of scenarios, and how they prefer to receive information. We conducted an extensive outreach campaign (including enlisting our L.A. County plan sponsor) and distributed the survey electronically and by mail to get the highest possible response rate and input from active and retired members. The data we collected will be vital as we develop member journeys.

Here are a few key insights from the survey:

- Responses were heavily skewed toward retired members and active members in their mid- to late-career stages.
- Response rates were lower from new hires in Plan G and Safety Plan C, which gives us vital information regarding levels of engagement with LACERA and differences in communication methods for future outreach efforts.
- The majority of respondents still prefer a mailed newsletter for general news and information (62 percent on average and 77 percent for those age 65 and over). In addition, an average of 50 percent of respondents indicated they liked receiving general news and information via email.
- The majority of our survey respondents indicate they use computers, tablets, and smartphones to complete financial transactions.

Among other takeaways, we know we need to conduct extensive outreach to engage with our younger demographic while focusing on an omnichannel approach for interacting with all age groups. An omnichannel approach integrates the various ways that our members can interact with LACERA (virtually, in person, by phone, email, and My LACERA) and the ways LACERA provides information (lacera.com, YouTube, email, print, SMS, My LACERA, and mailed materials). Given our members' high comfort level with receiving digital information and conducting business online for all age groups, we know we are on the right track with expanding our digital footprint and building more online applications as we develop our member journey program.



# Strategic Priority 1: Superior Member Experience

Innovate and continuously improve the member experience

## Developing Member Journeys

There are multiple journeys a member takes during their life with LACERA. Journeys include a member's life events (e.g., marriage, birth of a child), career and service milestones (e.g., reaching the retirement minimum age for their plan). Each member's journey is unique, but each stage of their journey is defined and mapped so we can ensure that the member has everything they need when they need it and that services are delivered based on their preferences.

The member journey is a highly personalized, high-touch, comprehensive care approach to serving our members.



Developing an in-depth understanding of a member's preferences and needs along their journey is a key component of a sustainable member experience program.

This approach requires:

- A sustainable system to evaluate each journey to ensure a continual superior member experience
- A Member Experience Council to provide coordinated focus to all involved divisions
- Defined member journeys
- Holistic focus on journey development
- Consistent omnichannel service
- A digital strategy for instant, on-demand service
- Measurable results, with consistent dashboard metrics and reports to the Operations Oversight Committee (OOC)



# Strategic Priority 1: Superior Member Experience

Innovate and continuously improve the member experience

## Objectives

- 1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey
- 1.2 Enhance member educational content at every stage in their journey and launch LACERA's Communication Plan
- 1.3 Develop, implement, and deploy a digital strategy to better serve our members
- 1.4 Improve and enhance the retiree healthcare experience



## STEPS TO ACHIEVING OUR OBJECTIVES



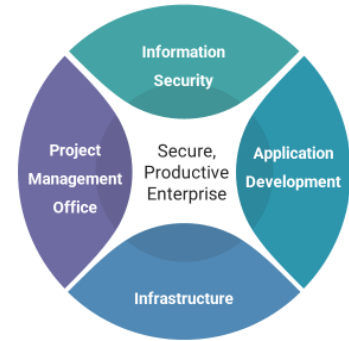


# Strategic Priority 2: Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

## Background

LACERA's Systems Division and Information Security teams' joint mission is to continually innovate safe, secure, and productive enterprise information technology (IT) solutions that support the LACERA mission and facilitate exceptional service to staff and LACERA members. In its Information Technology and Information Security Strategic Plan (July 2021), LACERA outlined the key components of a secure, productive enterprise.



### Identity & Access Management

Ensuring the proper people have the appropriate access to technology resources



### End-Point Management

Securing all enterprise access points—mobile phones, laptops, servers, desktops, and tablets



### Infrastructure Management

Supporting all hosted and on-premises systems to minimize downtime and maintain business productivity



### Data Management

Following best practices to ensure the availability and reliability of enterprise data



### Application Development

Implementing modern solutions that support the enterprise



### Operations Management

Optimizing change management and incident resolution through a standardized service management methodology

A secure production enterprise provides multiple interwoven benefits by building trust, promoting collaboration, supporting mobility, and providing intelligence data for better decision-making.



### Trust

Protecting LACERA's enterprise data and resources



### Collaboration

Creating a productive workplace



### Mobility

Enabling staff to get things done from anywhere



### Intelligence

Providing insights to drive faster, better business decisions



## Strategic Priority 2: Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

Information technology (IT) is an invaluable tool. When well designed and implemented, it supports effective and efficient accomplishment of an organization's goals, objectives and strategies. LACERA's Information Technology and Information Security Strategic Plan supports the strategic priorities in this Strategic Plan by helping to:

- Improve the member experience, communication, and education to align with the members' journey
- Establish the structure and approach for optimal efficiency, compliance, risk management, and service delivery
- Optimize talent management and staffing planning
- Establish tools and capacity to support evidence-based decision-making
- Provide purpose, guidance, and inspiration for "One LACERA" to succeed in achieving the objectives in this Strategic Plan

### Projects In Development

LACERA is currently advancing many new technology-driven projects, such as Phase 1 of the case management system and e-signature implementation. It is rethinking the roles of end-users, business operations, and system maintenance by developing Enterprise Contract Lifecycle Management (ECLM). The system is designed to enable "power users" (who are not IT staff) to develop reports and system functionality to meet their division's specific needs and expectations.

LACERA continues to strive to improve data accuracy through consistent interpretation of laws and rules, refinements of historic data added to our pension administration system since 1990, and formatting of information provided from our members, third parties, plan sponsors, and LACERA divisions.

### Future Direction

To achieve our technology vision, LACERA plans to both modify or enhance existing applications and acquire, integrate, and support new ones. Systems' staff will need a different mix of required skill sets, including:

- Project management related to acquisition and implementation of information technologies
- Information security assessments
- System integration
- Database management
- Network planning
- System administration
- Programming in various languages, thereby reducing our dependency on specific vendors' technical coding to make the systems work
- User training and support



# Strategic Priority 2: Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

LACERA is keenly aware that our ideas and needs outstrip our current capacity to undertake all of them. Therefore, through strategic planning, LACERA will:

- Set priorities through our IT Coordination Council (ITCC)
- Evaluate decisions to internally develop versus buy off-the-shelf technology solutions
- Integrate end-users into the successful selection, implementation, and support of new systems so that the technology works for them
- Develop an IT succession plan to ensure we leverage the efficiencies offered by technology and customer and member service enhancements

## Objectives

- 2.1 Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform
- 2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information



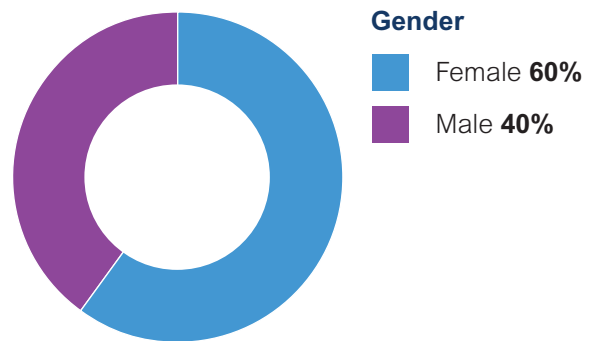
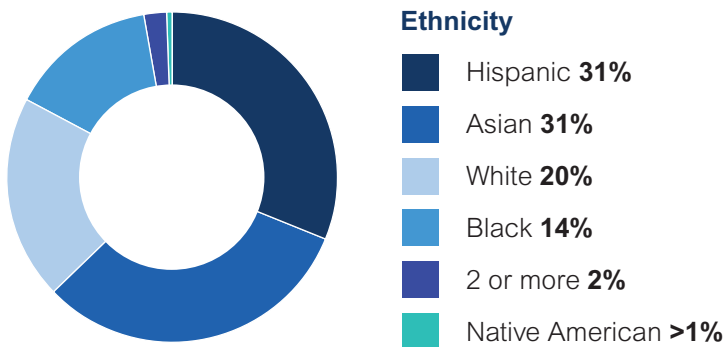


# Strategic Priority 3: Investing in People

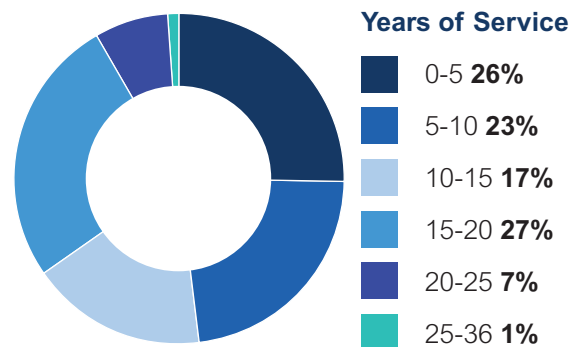
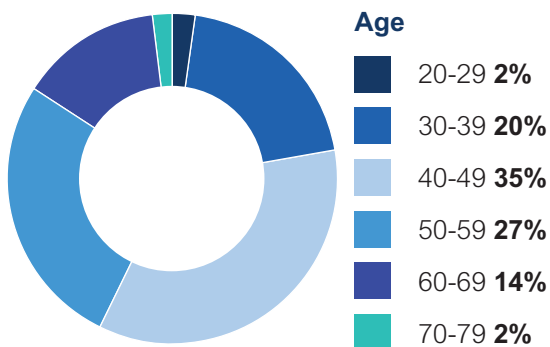
Recruit, motivate, hire, and retain a highly engaged and skilled workforce

## Background

LACERA has a long-standing commitment to diversity, equity, and inclusion (DEI), as reflected in our investment strategies and diverse staff. As of our January 2023 employment records, approximately one-third of our LACERA staff identify as Hispanic, one-third as Asian, and the balance as White, Black, Native American, or two or more races. Approximately 60 percent of our workforce, as reported by the County, identifies as female.



We have a professionally experienced, stable workforce. More than one-half of our employees are between the ages of 30 and 49, while nearly three-quarters of our staff members have worked at LACERA for five years or longer.





# Strategic Priority 3: Investing in People

Recruit, motivate, hire, and retain a highly engaged and skilled workforce

## Internal and External DEI Efforts

In March 2021, the Board of Investments approved the Toward Inclusion, Diversity, and Equity (TIDE) initiative, which focused on DEI principles for investments, including internal practices, due diligence, active ownership, capital formation, and industry advocacy.

LACERA has now developed the LEAD initiative (see graphic below) to complement TIDE. The purpose of LEAD is to establish a positive and welcoming work culture, provide our members with exceptional service in an inclusive manner, and engage our business and community partners. We believe LEAD will:

- Build a sense of inclusiveness for employees and aid in recruitment and retention
- Provide superior member service by better understanding our members’ unique and diverse needs
- Involve our business partners in delivering better results that meet LACERA’s mission
- Engage and support our community in a shared vision for diversity, equity and inclusion

## Objective

### 3.1 Develop and implement a framework aimed at promoting and embracing diversity, equity, and inclusion (DEI)

<b>Lead Effectively</b>	<b>Ensure Equity</b>	<b>Achieve Inclusivity</b>	<b>Drive Diversity</b>
Integrate the LEAD initiative into our work culture and how we engage with our members and convey the LEAD initiative to our business and community partners.	Commit to fair treatment and access to promotional opportunities and member resources.	Practice diversity by welcoming, supporting, respecting, and valuing individuals and groups.	Seek representation of different and unique identities, characteristics, experiences, and perspectives.





# Strategic Priority 3: Investing in People

Recruit, motivate, hire, and retain a highly engaged and skilled workforce

## Talent Management: Recruitment, Training, and Retention

Similar to challenges of other organizations today, LACERA faces staffing vacancies with a long lead time to hire, train, and fill. LACERA is working to make the recruitment and hiring processes and procedures more transparent, efficient, and collaborative while complying with the County’s civil service requirements. Human Resources (HR) is partnering with LACERA divisions to develop solutions that meet LACERA’s and its divisions’ hiring goals.

LACERA is also working to strengthen its talent management program for new hires and current staff members, including better onboarding, internal promotional opportunities, mentoring, and training, as well as supervisory, management, and leadership development. At the same time, we need to stay current on and/or develop changes in HR policy, processes, and procedures.

## Objectives

3.2 Develop enterprise-wide training and development programs designed to support and encourage employee growth and development

3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning





## Strategic Priority 4: Compliance and Enterprise Risk Management

Adopt and implement compliance and enterprise risk frameworks aimed at mitigating risk and vulnerabilities

### Background

According to the Institute of Internal Auditors (IIA) Standards Glossary, risk is “the possibility of an event occurring that will have an impact on the achievement of objectives.” Risk is measured in terms of impact and likelihood. LACERA has various kinds of risks, including:

- Operational risks pertaining to internal policies, processes and systems, which can be affected by our employees or triggered by external events, such as the recent COVID-19 pandemic, floods, or earthquakes
- Fiduciary risks emphasizing the importance of acting in the best interest of our members
- Compliance risks relating to adequacy of internal controls to prevent violation of laws, regulations, and policies

Enterprise Risk Management (ERM) encompasses the methods and processes that organizations use to manage risks and seize opportunities related to the achievement of their objectives. LACERA's current risk governance structure includes a variety of organization-wide and divisional efforts and controls, including:

- LACERA Incident Response Team
- Policy Committee
- IT Coordinating Council
- Process Management Group
- Operations Oversight Committee and Board Reporting
- Internal Audit and Audit Committee Reporting
- Business Continuity and Disaster Recovery
- Cyber Liability Insurance

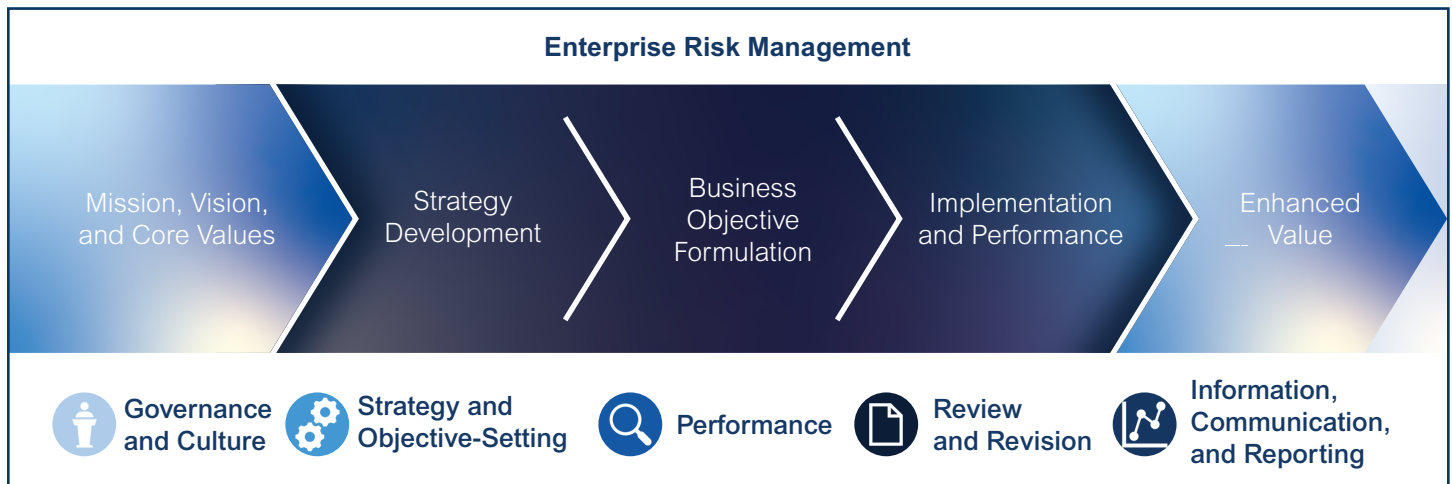
We are currently working on further formalizing the information security program, including the hiring of an Information Security Officer (ISO) and implementing this Strategic Plan.



## Strategic Priority 4: Compliance and Enterprise Risk Management

Adopt and implement compliance and enterprise risk frameworks aimed at mitigating risk and vulnerabilities

LACERA will enhance and elevate our risk governance structure through the establishment of formal compliance and ERM programs that will facilitate management's efforts in regard to compliance and risk management. These efforts are continuous because risks constantly change.



Source: COSO 2017 ERM Framework

### Objectives

- 4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations
- 4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management

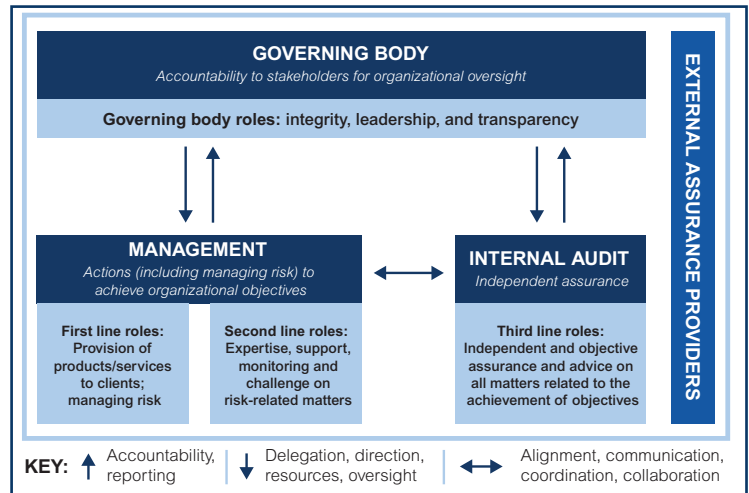


# Strategic Priority 4: Compliance and Enterprise Risk Management

Adopt and implement compliance and enterprise risk frameworks aimed at mitigating risk and vulnerabilities

To achieve these objectives, we will generally follow these seven steps:

1. Form working groups across divisional lines to develop compliance and ERM charters
2. Establish dedicated compliance and risk leadership with accountability, starting with a Compliance and Ethics Officer in the Legal Office and ERM leadership in the Executive Office and Internal Audit Division
3. Identify compliance and risk champions in each division to assist with compliance and risk assessments, registers, and areas for focus
4. Conduct staff training for the organization on compliance and risk management, including new employee orientation supplemented by targeted training in specific compliance/risk areas
5. Develop divisional compliance and risk action plans
6. Integrate the results of compliance and ERM efforts into an organizational structure and plan
7. Monitor, report, and update the compliance and risk assessments, registers, and plans as part of a commitment to continuous improvement



Source: ISO 31000 Framework





# Strategic Priority 5: Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

## Background

LACERA has two equally critical responsibilities when it comes to managing resources and fund assets. We must:

- Ensure prudent and durable fiscal management of LACERA's budget and resources expended to administer the benefits, and
- Ensure the Board of Investments' strategic initiatives to manage LACERA's investment portfolio are implemented and supported to maximize the performance of our funds.

In pursuit of meeting of these responsibilities the following two objectives have been defined to focus our efforts.

## Objectives

**5.1 Develop organizational tools to support enterprise-wide fiscal responsibility**

**5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals**





## Strategic Priority 5: Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

### Objective 5.1

#### Develop organizational tools to support enterprise-wide fiscal responsibility

LACERA must be fiscally responsible while fulfilling our commitment to continuously meet member expectations by delivering a superior member experience. Key to this goal is maintaining our dedication to sustainable benefit delivery while employing a cost-conscious approach to efficient utilization of resources.

Some of these fiscal elements involve improvements in:

1. Financial and budgeting systems that support LACERA's ability to make, monitor, and ensure prudent and strategic expenditure decisions
2. Technology, both member facing and internal, that may reduce unnecessary or repetitive work efforts
3. Systems and processes that can be simplified and made end-user friendly to increase staff efficiency and effectiveness
4. Staffing levels that are sufficient to complete our work, meet standards, and reflect anticipated changes from technology

These improvements will enable managers and staff to plan for, manage, and track the impact of the changes that are being implemented in the other parts of the Strategic Plan.

### Objective 5.2

#### Implement and support the LACERA Investment Office in achieving the BOI's Strategic Plan goals

Strategic Priority 5 incorporates the BOI's key strategic investment initiatives and objectives to:

1. Share information with the BOI to promote understanding of the BOI's needs and objectives.
2. Assure availability of the operational resources necessary for the BOI to implement its strategic initiatives.
3. Assist the BOI as needed in achieving its defined priorities as well as being prepared to facilitate the BOI's ability to execute a flexible response to any unforeseen circumstances.

# Strategic Plan Participants

This Strategic Plan would not have been possible without the dedication and focus of our leadership and employees in developing the action plans.

## **Spark Advisory Team**

James P. Harris, BOR Trustee  
Keith Knox, BOR/BOI Trustee  
Antonio Sanchez, BOR Trustee  
Herman Santos, BOR/BOI Trustee  
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Luis Lugo, Deputy Chief Executive Officer  
Laura Guglielmo, Assistant Executive Officer  
JJ Popowich, Assistant Executive Officer  
Jon Grabel, Chief Investment Officer  
Steven Rice, Chief Counsel  
Carly Ntoya, Human Resources Director  
Vache Mahseredjian, Principal Investment Officer  
Kathy Delino, Information Systems Manager

## **Action Planning Teams**

### **Vision**

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Iveta Brecko (SYS-PMO)  
Stephanie Kawai (PMG)  
Persian (Percy) Petrov (MS-MSC-OUT)  
Fabio Ramirez (BEN-BPU-AMU)  
Martin Sandoval (ADM)  
Inga Tadevosyan (INV)  
Elizabeth Tirado (LEG)  
Letha Williams-Martin (RHC)

### **Performance Management**

Gerald Bucacao (MS-CC-CC)  
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Eugenia Der (DLO)  
Louis Gittens (PMG)  
John Kim (INV)  
Amy Lim (ADM-DPC)  
Maggie Luong (PMG)  
Sevan Simonian (BEN-CORE)  
Kristina Sun (IA)

### **Member Experience**

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Allan Cochran (MS)  
Stephanie Kawai (PMG)  
Laura Magallanes (BEN)  
Cynthia Martinez (COM)  
Maritza Perez (MS-MSC-OUT)  
LaTonya Robinson (BEN)  
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### **Workforce/Talent**

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Diana Luong (DLO)  
Kelly Puga (MS-CC-CC)  
Julia Ray (HR)  
Niki Webb (MS-CC-COR)

### **Technology**

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John Chuang (BEN-CORE)  
Alex Ochoa (PMG)  
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Christian Pieratt (RHC)  
Celso Templo (SYS)  
Valerie Quiroz (MS-CC)  
Jason Waller (DLO)

### **Culture**

Marilyn Bretado (DRS)  
Esme Del Bosque (INV)  
Vincent Lim (DLO)  
Roxanne Martin (ADM-PRO)  
Valery Ptacek (MS-CC-COR)  
Sarah Robles (DRS)  
Ana Ronquillo (HR)  
Roberta Van Nortrick (ADM)

### **Risk / Compliance**

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Tom Cohen (COM)  
Renee Copeland (MS-CC-CC)  
Laura Gonzalez (DRS)  
Barry Lew (Legal)  
Christina Logan (IA)  
Antonio Ramos (MS-CC-CC)  
Gloria Rios (FASD)  
Bob Schlotfeldt (EXEC-ISO)

### **Other APTs**

Ian Duggan (COM)  
John Louie (MS-CC-COR)

## **Strategic Planning Idea Review and Implementation Team (SPIRIT)**

### **Goal No. 1: Member Journey and Experience**

JJ Popowich (EXEC), Facilitator  
Frank Boyd (LEG)  
Allan Cochran (MS)  
Cassandra Smith (RHC)  
Fern Billingsy (LEG)  
Tamara Caldwell (DRS)

Vanessa Gonzalez (MS)  
Carlos Barrios (BEN)  
Kathy Delino (SYS)  
Cynthia Martinez (COM)

### **Goal No. 2: Embracing Technology**

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Kathy Delino (SYS)  
JJ Popowich (EXEC)  
Bob Schlotfeldt (EXEC-ISO)  
Celso Templo (SYS)  
Summy Voong (SYS)

### **Goal No. 3: Compliance and ERM Responsibility**

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Richard Bendall (IA)  
Barry Lew (LEG)  
Christina Logan (IA)  
Roberta Van Nortrick (ADM)

### **Goal No. 4: Fiscal Responsibility**

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Kaelyn Ung (ADM)  
Roberta Van Nortrick (ADM)

### **Goal No. 5: Human Resources**

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Jasmine Bath (LEG)  
Laura Guglielmo (EXEC)  
Carly Ntoya (HR)

### **Goal No. 6: Culture**

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Laura Guglielmo (EXEC)  
Jon Grabel (INV)  
Luis Lugo (EXEC)  
JJ Popowich (EXEC)  
Carly Ntoya (HR)  
Steven Rice (LEG)  
Scott Zdrasil (INV)

### **Goal No. 7: Accountability and Metrics**

Luis Lugo (EXEC), Facilitator  
Eugenia Der (DLO)  
Louis Gittens (BEN)  
Maggie Luong (BEN)



The main purpose of this Strategic Plan is to build a better tomorrow for our members by outlining what we must do internally in terms of technology, staffing, and processes—particularly enterprise risk management, compliance, and fiscal durability—to support both the member services and investment sides of LACERA.

This document does not authorize expenditure of funds or commitment of resources.

LACERA  
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# **Towards Best-In-Class Investor**

## **2024 Strategic Initiatives and Work Plan**

### **Investments Division**

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Board of Investments Meeting  
January 10, 2024

# 2024 Work Plan Recommendation and Overview



## Recommendation

---

Approve the 2024 BOI Strategic Initiatives and Work Plan

## Overview

---

The 2024 Strategic Initiatives and Work Plan aims to:

1. Provide **visibility** into current and upcoming initiatives
2. Reflect and **synthesize** Board-approved projects and input, recent Board meetings, and Offsite discussions into a cohesive action plan
3. **Align** resources and priorities to remain resilient and adaptable to unforeseen circumstances

Objectives

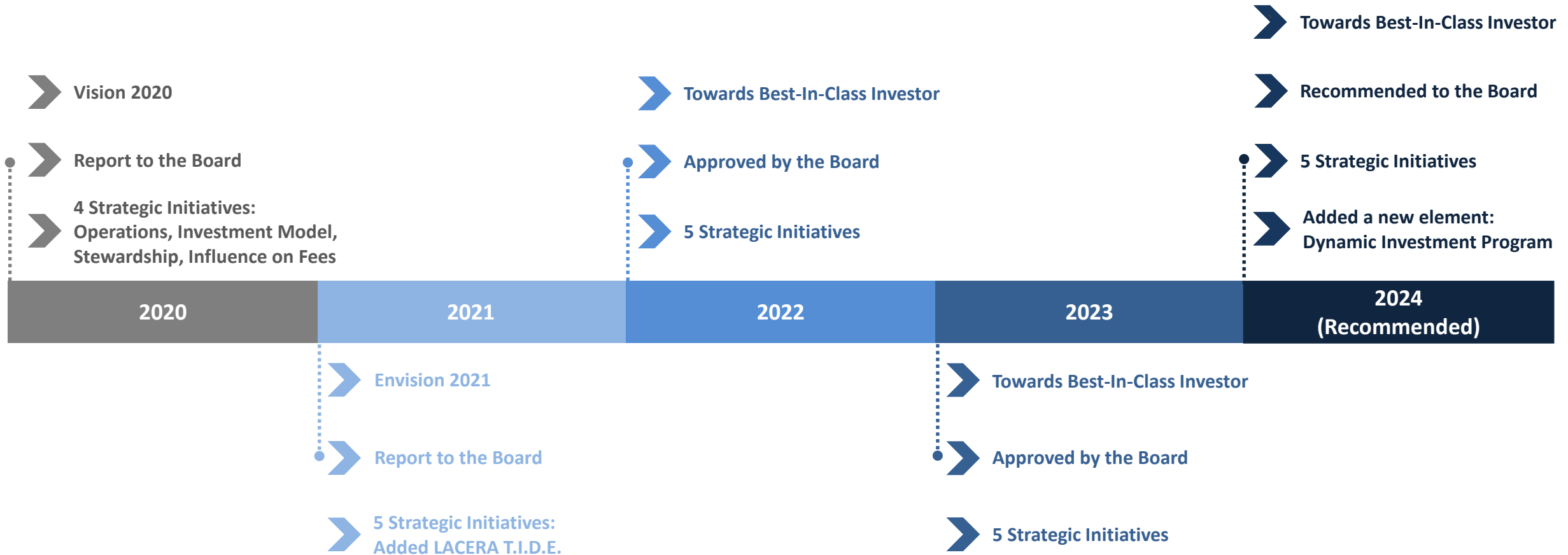
Progress

Aspirations



# Strategic Initiatives and Work Plan Timeline

Components of the Strategic Initiatives and Work Plan have been refined over several years with the steady goal of improving portfolio outcomes

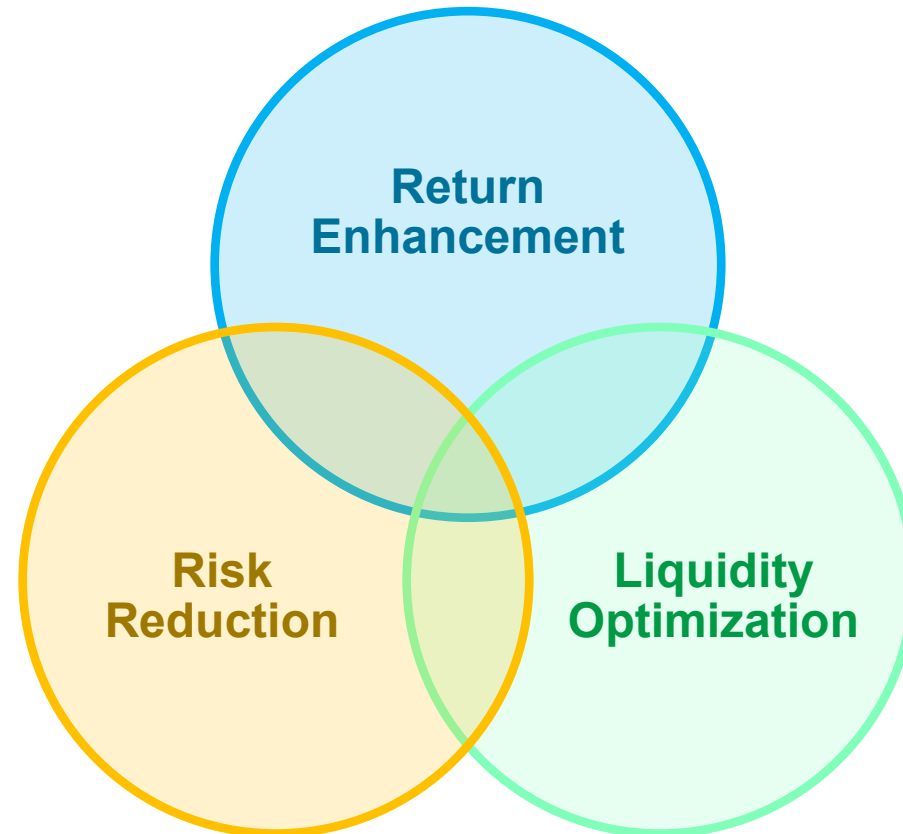
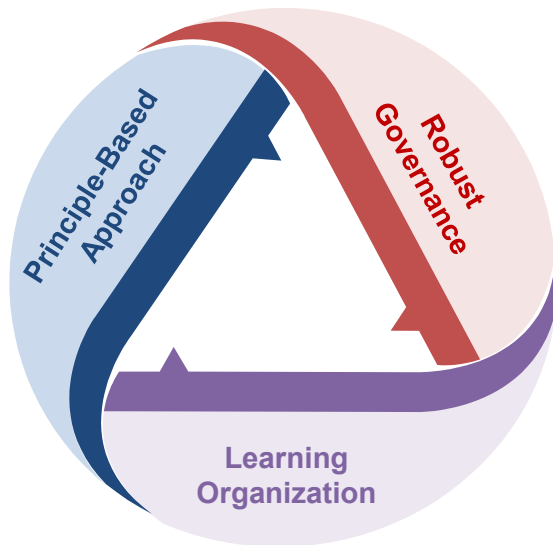


# 2024 Work Plan: Execute Strategic Asset Allocation Towards Best-In-Class Investor



## Execute Strategic Asset Allocation

### Dynamic Investment Program



### Strategic Initiatives



**Mission: To produce, protect and provide the promised benefits to our members**

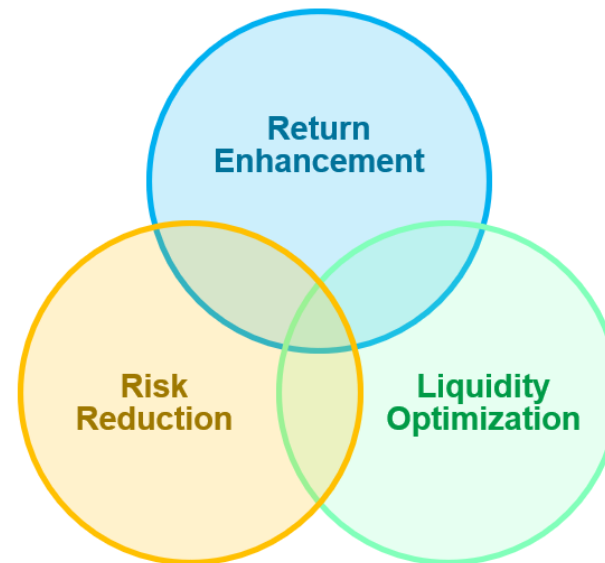
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# Execute Strategic Asset Allocation



## Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives

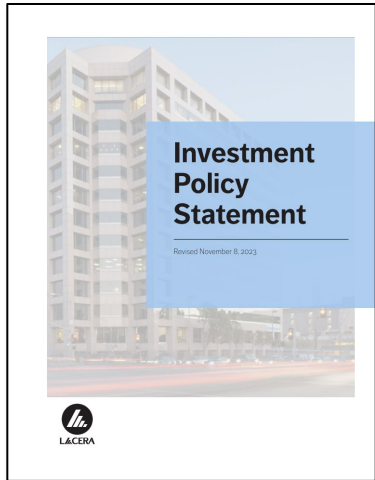


**Mission: To produce, protect and provide the promised benefits to our members**

# 2024 Work Plan: Objectives of the Investment Program



LACERA's Investment Policy Statement emphasizes Produce, Protect, and Provide objectives, mirrored in its Strategic Asset Allocation strategy focusing on Return Enhancement, Risk Mitigation, and Liquidity Optimization



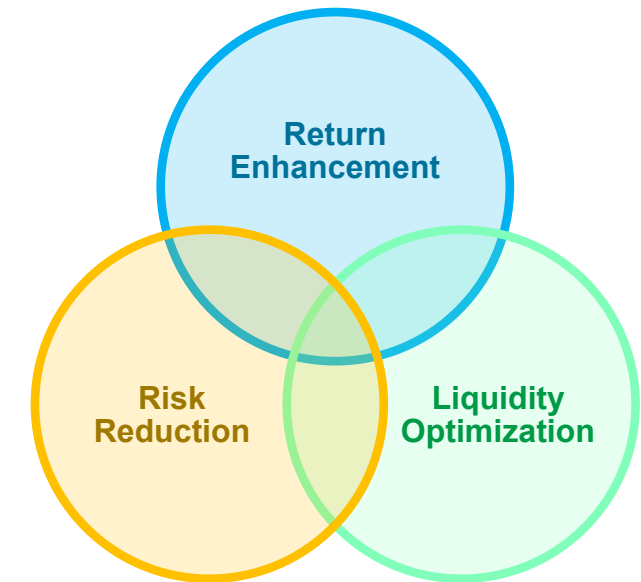
## Objectives of the Investment Program

LACERA follows a carefully planned and executed strategic investment program in order to:

- I. **Produce** the promised benefits for LACERA members and beneficiaries by achieving the Fund's assumed rate of return on a total return basis over the long-term, consistent with LACERA's mission;
- II. **Protect** the promised benefits on behalf of LACERA members and beneficiaries by mitigating investment risks through Fund diversification and other means, consistent with LACERA's mission; and
- III. **Provide** the promised benefits for LACERA members and beneficiaries, in part by ensuring adequate liquidity, consistent with LACERA's mission



## Execute Strategic Asset Allocation



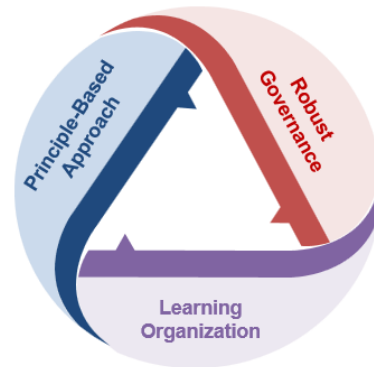
**Mission: To produce, protect and provide the promised benefits to our members**

# Dynamic Investment Program



## Execute Strategic Asset Allocation

### Dynamic Investment Program



### Strategic Initiatives



*Mission: To produce, protect and provide the promised benefits to our members*

# Dynamic Investment Program: Robust Governance

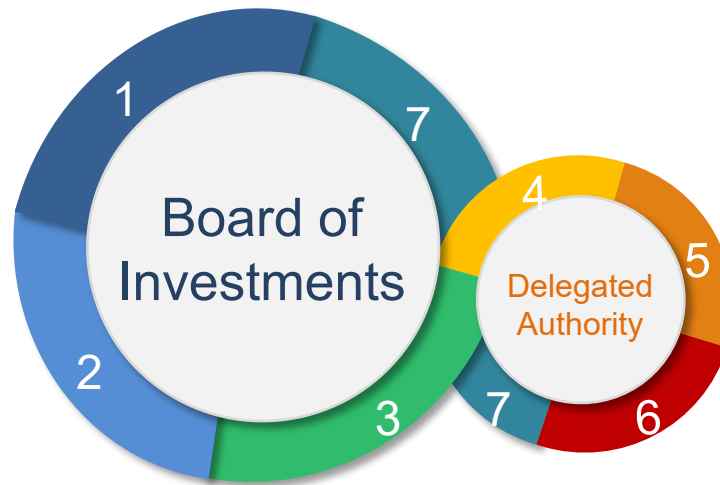


Board-requested governance review in Spring of 2023 led to a comprehensive, multi-stage assessment of LACERA's policies, procedures, and investment decision-making processes and documents

Given LACERA's total Fund size, its leadership, and market position, the Board voted unanimously to elevate governance via delegated authority while simultaneously enhancing its oversight and monitoring capabilities

## Delegated Authority Framework<sup>1</sup>

1. Investment Policy Statement
2. Strategic Asset Allocation
3. Asset Class Structure Reviews
4. Staff-Led Sourcing and Due Diligence
5. Internal Committee Approval and Consultant Concurrence
6. CIO Approval
7. Continuous Board Oversight and Monitoring



## Strategic Initiative Alignment



Nimble and efficient execution of BOI-approved work plan and SAA



Elevates Board resources to focus on long-term strategic goals



Continued exercise of ownership rights over investments



Timelier negotiations of costs, fees, and terms



Elevates the role of LACERA T.I.D.E through programmatic BOI updates

<sup>1</sup> As further articulated in the "Proposed Delegated Authority Framework" Board of Investments presentation meeting report November 8<sup>th</sup> 2023



# Dynamic Investment Program: Learning Organization



**LACERA's dedication to being a learning organization inspires an ongoing pursuit of self-improvement, adaptation, and evolution**

**Continuous Board  
Education Elevates  
Investment Division**

**Updated Investment  
Beliefs**

**Improved Board Reports**

**Formalized BOI  
Oversight and  
Processes of Delegated  
Authority**

**Standardized Structure  
Review Guidelines**

**Commenced Harmonizing  
Governing Policies**

**Bolstered Internal  
Investment Committees**

**Enhanced Operational Due  
Diligence Capabilities**

**Derived Insights from  
Investment Experiences**

**Expanded Templated  
Investment Analyses**

# Dynamic Investment Program: Principle-Based Approach



LACERA evolved from a rules-based investment approach to a principle-based structure, providing a robust and flexible framework to adapt and evolve to changing macro environment, technological advancements, and workforce composition

## Comprehensive Due Diligence

Encompasses ESG, DEI, investment and operational considerations

## Portfolio Insights

Increased total Fund risk monitoring, performance reporting, and exposure awareness

## Ownership Rights

Ownership rooted in corporate governance and stewardship principles

## Functional Asset Categories

Define the role of investments by return, risk, and liquidity considerations

## Portfolio and Structure

Principle-based structure reviews guide portfolio objectives, framework, and guidelines

## Investment Beliefs

Guiding beliefs set the direction and goals of the investment department

# Strategic Initiatives



## Execute Strategic Asset Allocation

Dynamic Investment Program

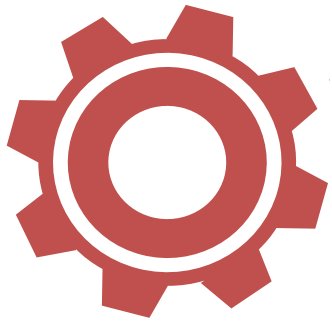


Strategic Initiatives



*Mission: To produce, protect and provide the promised benefits to our members*

# 2024 Work Plan Strategic Initiatives



Enhance  
Operational  
Effectiveness

## Objective:

To maximize the efficiency of our resources (internal and external, human and technological) and mitigate varied investment and enterprise risks, which can improve future outcomes

## Progress:

- Evolved LACERA's policies, governance, and investment making decision structure
- Completed hire of deputy chief investment officer
- Implemented a digital platform to evaluate questionnaires and other diligence materials
- Completed operational due diligence review covering investment processes and controls
- Increased influence and reduced operational risk via single-investor vehicles
- Established annual private markets valuation reconciliation process

## Aspirations:

- Optimize presentation and quality of information available to the Board
- Consider OPEB structure evolutions
- Search for a consolidated public and private markets investment analytics platform
- Explore technological opportunities and maximize value from adoption
- Elevate operational due diligence function, including hiring a dedicated professional

# 2024 Work Plan Strategic Initiatives



## Optimize Investment Model

### Objective:

To leverage our competitive advantages through deliberate investment models and structures that harness technology, cost effectiveness, and human capital to maximize risk-adjusted returns

### Progress:

- BOI increased delegated authority improving LACERA's investment competitiveness
- Advanced OPEB Trust strategic asset allocation: approved investment beliefs and public markets passive investment manager search, completed first private markets investment
- Documented investment processes, increasing department-wide consistency and accountability
- Deployed co-investment and secondary capital across several asset categories
- Hedging and overlays implemented to dynamically balanced asset category targets
- Active monitoring and quarterly portfolio-wide discussion of risk management
- Launched new manager intake portal

### Aspirations:

- Continue cultivating a dynamic investment program
- Further optimize internal staff investment committees and due diligence practices
- Continue to refine rebalancing practices
- Adopt complexity where well-rewarded and limit unrewarded complexity
- Organize effective educational sessions and orientations

# 2024 Work Plan Strategic Initiatives



Maximize  
Stewardship  
and Ownership  
Rights

## Objective:

To steward our investments – including legal rights associated with them – in a manner that promotes and safeguards our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy

## Progress:

- Updated Corporate Governance and Stewardship Principles
- Increased proxy voting authority to about 96% of equity portfolio by value in past five years
- Expanded ESG in real assets with restated Responsible Contractor Policy (RCP) and Global Real Estate Sustainability Benchmark (GRESB) affiliations
- Incorporated analytics to model financial impacts from climate change and energy transition for climate-aware strategic asset allocation modeling
- Expanded engagements on board diversity, climate, investor voting rights, public policy

## Aspirations:

- Update climate modeling to inform Board's 2024 strategic asset allocation decision
- Expand ESG and climate reporting and data coverage in private asset classes
- Integrate GRESB and RCP in entire Real Assets
- Assume voting rights in OPEB separate account structure
- Amplify progress and leadership in governance and ESG initiatives

# 2024 Work Plan Strategic Initiatives



Strengthen  
Influence on  
Fees  
and Cost of  
Capital

## Objective:

To strengthen our influence on fees and cost of capital with the goal of maximizing returns by minimizing cost across all investment strategies and structures in a manner that promotes durable investment returns

## Progress:

- Re-negotiated terms for several legacy mandates improving future outcomes
- Made co-investments across asset categories to drive fee savings
- Established dedicated managed accounts to enable broad term negotiations
- Instituted annual total Fund fee analysis and review, including BOI reporting
- Invested with early-stage emerging managers while achieving future capacity rights and revenue sharing agreements where possible

## Aspirations:

- Continue being “term-makers” as opposed to “term-takers” on fee, legal, and other terms
- Foster creativity when designing terms and account structures to both limit risks and enhance expected return outcomes
- Communicate progress towards optimizing implementation costs through improved expense and fee analytics and reporting

# 2024 Work Plan Strategic Initiatives



LACERA T.I.D.E.  
Towards Inclusion,  
Diversity, and  
Equity.

## Objective:

To improve outcomes through comprehensive, total Fund efforts that encourage constructive, inclusive, and equitable talent management at investment partners, industry, and internally

## Progress:

- Focused on career development for existing team and onboarding new hires
- Engaged strategic private equity partners on portfolio board recruitment and DEI practices
- Continued increase in manager reporting responsiveness, granularity, and candor
- Reviewed Real Assets managers' responsible contracting provisions, including DEI practices
- Expanded allocation opportunities for emerging managers
- Formally affiliated to CFA Institute DEI Code
- Supported expanding due diligence and standardized templates at industry associations to facilitate DEI reporting availability and reliability in financial services industry

## Aspirations:

- Be an employer of choice at all levels from internships through management
- Inspire LACERA's managers to adopt DEI programs to increase risk-adjusted returns
- Utilize wider data sets to inform manager DEI benchmarking and progress
- Integrate takeaways from private equity portfolio company board DEI review into fund underwriting and monitoring
- Continue to enhance insights on firm ownership demographics, where available

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# Remaining Items

## Remaining Presentation Components

1. Tentative 2024 Calendar
2. Board of Investments Reporting
3. 2024 Work Plan Recommendation



# Tentative 2024 Calendar

	January 1/10/24	February 2/14/24	March 3/13/24	April 4/10/24	May 5/8/24	June 6/12/24	July 7/10/24	August 8/14/24	September 9/10/24 - 9/11/24	October 10/9/24	November 11/13/24	December 12/11/24
Board of Investments									BOI Offsite			
Corporate Governance Committee												
Credit and Risk Mitigation Committee												
Equity: Public/Private Committee												
Real Assets Committee												

## Work Plan Calendar Expectations

- Two Committee Meetings per Calendar Year
- Consultant Request for Proposals
- Funding Policy
- BOI Reporting (See Following Slide)
- Investment Guest Speaker(s)
- Board of Investments Offsite
- Asset Category Structure Reviews

*Additional meetings or topics would be added on an as-needed basis*



# Board of Investments Reporting<sup>1</sup>

The Board will receive reporting on total Fund performance, implementation, compliance, and investments decisions executed via delegated authority

Report	Frequency	Report	Frequency
Chief Investment Officer Report	Monthly	Corporate Governance and Stewardship Update	Annually
Chief Investment Officer-Authorized Investments <sup>2</sup>	Monthly	Investment Consultant Performance Reviews	Annually
Performance Reporting <sup>3</sup>	Monthly and Quarterly	LACERA Towards Inclusion Diversity and Equity (TIDE)	Annually
Risk Reporting <sup>3</sup>	Monthly and Quarterly	Overlay and Hedges Report	Annually
Delegated Authority Compliance Monitor	Quarterly	Private Markets Performance Reporting	Annually
General Consultant Performance Report	Quarterly	Proxy Voting Reports and Trendlines	Annually
Manager Scorecards	Quarterly and Annually	Responsible Contractor Compliance Update	Annually
Actuarial Valuation of Retirement Benefits	Annually	Asset Category Structure Reviews	Biennial
Asset Manager (7514.7) Fee Analysis	Annually	Strategic Asset Allocation Review	Three to Five Years
Chief Investment Officer Performance Review	Annually		

<sup>1</sup> Reporting excludes other BOI functions including budgeting, actuarial analyses, and audit reviews

<sup>2</sup> Investments made under delegated authority reported to Board monthly, except if timing conflicts, reports available following month. Months without such investments may occur

<sup>3</sup> The OPEB Master Trust will provide monthly and quarterly reporting

# 2024 Work Plan Recommendation



## Recommendation

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Approve the 2024 Strategic Initiatives and Work Plan

## Context (If Approved)

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Execute Strategic Asset Allocation Towards Best-In-Class Investor

1. The Board of Investments 2024 Work Plan and Strategic Initiatives is a component of LACERA's strategic plan
2. This Work Plan will evolve as circumstances warrant

Objectives

Progress

Aspirations

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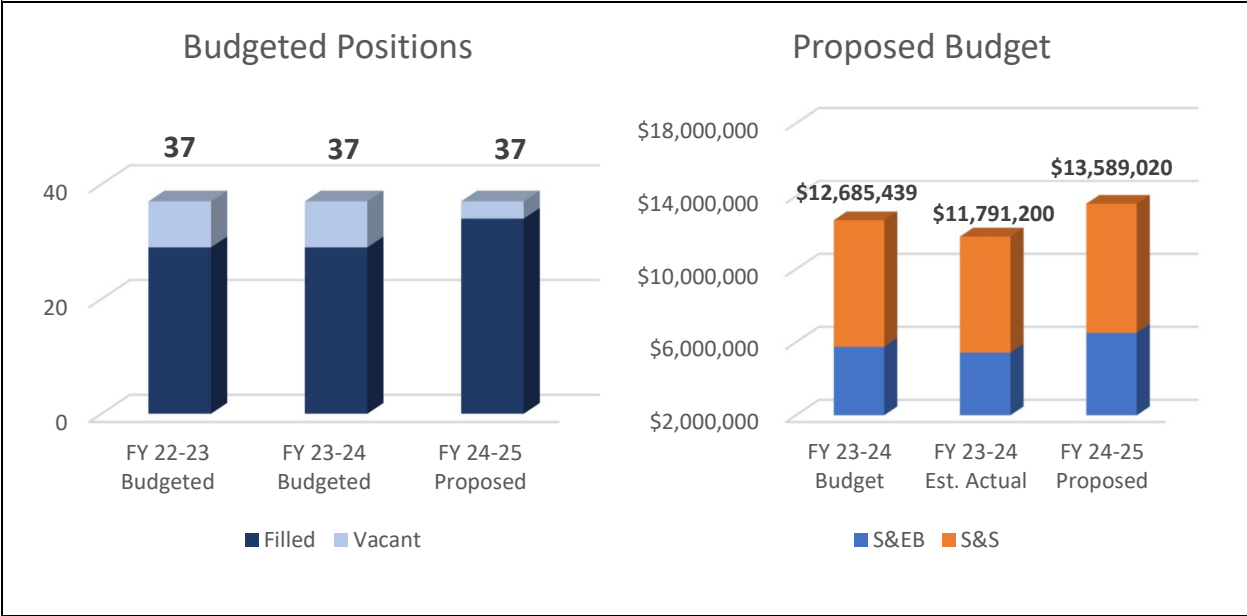
#### Budget History

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**FY 2024-25 Proposed Budget**

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program for eligible LACERA members, survivors, and their eligible dependents. This activity includes providing a healthcare program of the highest quality at an affordable cost and educating members about their promised healthcare benefits, including how they intersect with federal and state programs such as the Affordable Care Act (ACA), Medicare, and Social Security.



**Summary of Significant Changes:**

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
Outside Legal Counsel		\$50,000
Member Verification (SSA)		\$90,000
Special Retiree Mailings		\$25,000
Removal of Triannual Audit Cost		(\$279,500)
OPEB Valuation Cost		(\$54,500)

## STATUS OF FY 2023-24 PROJECTS AND INITIATIVES

- **Healthcare enrollment and Medicare 101 video** (supports Superior Member Experience strategic priority): We continue to partner with Communications in creating the healthcare enrollment and Medicare 101 video to be published on the lacera.com website. We anticipate this project will be completed by June 30, 2024.
- **Electronic file submission to carriers** (supports Innovation Through Technology priority): We continue to collaborate with Systems to implement a process for submitting member eligibility files electronically to our health plan carriers, beginning with the Kaiser plan. We anticipate the Kaiser plan submission to be completed by June 2024.
- **RHC dependents' information on member portal** (supports Superior Member Experience priority): We collaborated with Systems to enhance the RHC member information on the member portal by including data points such as dependent information, coverage dates, and health plan enrollments. We anticipate this project will be completed by June 30, 2024.

## FY 2024-25 STRATEGIC GOALS AND OBJECTIVES

- **Social Security data exchange** (supports Fiscal Durability priority): This goal will allow LACERA access to Social Security information to help streamline members' and their eligible dependents' enrollment in Medicare Part A and B upon turning age 65 and help decrease staff workload. We anticipate this project will be completed by June 2026.
- **Self-service healthcare enrollment in member portal** (supports Fiscal Durability and Superior Member Experience priorities): The self-service member healthcare enrollment using the member portal will help streamline and automate the enrollment process, helping decrease our workload while enhancing the member experience. We anticipate implementing this goal in FY 2025-26.
- **Automation of Medicare Part B Verification Review** (supports Innovation Through Technology and Superior Member Experience priorities): We are partnering with Systems to automate and streamline the review of incoming Part B verifications received from members by using optical character recognition (OCR) and auto-updating the Part B amounts. This will help decrease our workload tremendously and improve member experience. We anticipate this project will be completed by June 2026.
- **RHC CORE Benefits Training Enhancement** (supports the Investing in People priority): This goal is to enhance the current RHC RBS I/County Temp training by including a refresher course for current staff regarding the RHC Benefits Program as well as enrollments processing to help improve their skills and knowledge. We anticipate a completion date of June 2026.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SALARIES & EMPLOYEE BENEFITS (S&EB)**

### **Non-Discretionary Salary Adjustments**

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2024, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2024-25.

### **Adjustments to Permanent Staffing**

We are not proposing any adjustments to our permanent staffing in FY 2024-25.

### **Temporary Staffing**

We are requesting one temporary agency staff at the level of Senior Clerk to assist with the annual Medicare Part B verifications project.

### **Overtime Needs**

We are requesting overtime to manage the workload due to the anticipated high volume of enrollment forms for the March Rush, processing of Medicare Part B premium verifications, and for any unanticipated special projects and special mailings. There are no changes to the number of overtime hours.

### **Interns**

We are requesting one intern who will assist in our collaboration with the Member Operations Group Audit Platform (MOGAP) in standardizing and automating the quality metrics and enrollment forms' verification in the Quality Control Section. The LACERA Intern Program resides in the Human Resources budget; therefore, funding for the intern is included Human Resources budget.

### **Rehired Retirees**

Retiree Healthcare does not anticipate any use of rehired retirees in FY 2024-25.

## **SUMMARY OF PROPOSED BUDGETARY CHANGES: SERVICES & SUPPLIES (S&S)**

### **Removal of One-Time Expenditures**

#### *Audits/OPEB Valuation*

Funding totaling \$225,000 has been removed for the triennial audit and \$54,400 from the



OPEB Valuation. This work was performed in FY 2023-24 and will not be required in FY 2024-25.

### **Services and Supplies Adjustments**

#### *Travel*

Funding totaling \$24,700, an increase of \$1,500 is requested for staff travel. Travel is required for training and development as well as to stay abreast of changes and trends occurring in the healthcare industry.

#### *Special Retiree Mailings*

We are requesting \$325,000, an increase of \$25,000 in our Special Retiree Mailing Account to cover the potential increase in postage and printing costs as well as other unanticipated member special mailings.

#### *Rent*

Funding totaling \$217,600, an increase of \$6,400 is requested for rent.

#### *Audits & OPEB Valuation*

We have budgeted \$527,000, a decrease of \$279,500, to cover the cost of conducting the following program audits for this fiscal year:

OPEB Audit	\$123,000
OPEB Valuation Report	\$404,000

Internal Audit is adding an SOC 1 Type 2 audit for OPEB data, the OPEB Trust Financial Statement Audit, and the cost of GASB 75 work as relates to the RHCBP for this fiscal year. An external auditor will conduct the OPEB valuation report for this fiscal year. The costs associated with the triennial audit are not require in FY 2024-25 as the triennial audit was performed in FY 2023-24.

#### *Healthcare Consulting*

Funding totaling \$762,000, an increase of \$12,000 is requested for healthcare consulting services. This increase is in line with inflationary adjustments.

#### *Member Verification*

New funding totaling \$90,000 is requested to cover the cost of Social Security Administration (SSA) member verification services.

#### *Outside Legal Counsel Fees*

New funding totaling \$50,000 are requested for outside legal counsel to assist in the potential creation of a Tier 3 under consideration by the County and subject to collective bargaining.

## FUNDING AND OPERATING EXPENSES

The program must fund the RHCBP's operating expenses, and its operations cannot be subsidized by the funds used to operate the retirement benefit trust. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, an RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

In FY 2022-23, LACERA's Boards increased the annual administrative fee to \$10 per member per plan per month because actual costs were projected to rise above \$8. However, that fee increase did not account for the significant surplus in the administrative account for the years where actual costs were below the amount collected. For this reason, a \$2 per member, per plan, per month credit was applied in FY 2023-24, and the Boards reduced the rate back to \$8 for FY 2023-24. For FY 2024-25, the annual administrative fee is recommended to remain at \$8.00 per member, per plan, per month. Staff believes sufficient surplus remains to fully cover the actual administrative expenses throughout FY 2024-25 and will recommend an increase to the fee in a future year, possibly as soon as FY 2025-26.

Please note that administrative fees are held in a separate account, where they are collected and used to fund the Retiree Healthcare Division's operating expenses (i.e., the RHC budget). Over time, administrative fees collected have exceeded actual administrative expenses, resulting in an accumulated surplus balance within the account of \$13,855,846 as of June 30, 2023. This accumulated surplus funds shortfalls between the actual fees collected and administrative expenditures.

Please see the chart below showing RHC Administrative Fees and Administrative Revenue and Expenses for the last ten years.

**RHC ADMINISTRATIVE REVENUE AND EXPENSES FOR THE  
LAST 10 YEARS**

Fiscal Year Ending	Fee	Admin Revenue	Admin Expenses	Over / (Under)
FYE 2023	\$8.00	\$10,766,371	\$10,893,224	\$126,853
FYE 2022	\$8.00	\$10,710,527	\$9,236,963	(\$1,473,564)
FYE 2021	\$8.00	\$10,245,895	\$8,099,102	(\$2,146,793)
FYE 2020	\$8.00	\$10,076,876	\$6,828,067	(\$3,248,809)
FYE 2019	\$8.00	\$9,823,062	\$6,118,267	(\$3,704,794)
FYE 2018	\$8.00	\$9,559,745	\$5,681,953	(\$3,877,792)
FYE 2017	\$8.00	\$9,631,327	\$5,326,190	(\$4,305,137)
FYE 2016	\$5.00	\$5,984,986	\$5,279,617	(\$705,369)
FYE 2015	\$5.00	\$5,578,149	\$5,424,333	(\$153,816)
FYE 2014	\$5.00	\$5,466,487	\$5,006,498	(\$459,989)

<sup>1</sup>LACERA billed the RHC Administrative Fee of \$10 and collected \$8 from the County.

<sup>2</sup>Administrative fee account accumulated surplus of \$13.9 million was used to absorb the FYE 2023 over expenditure of \$126,853.

# RETIREE HEALTH CARE BENEFITS PROGRAM

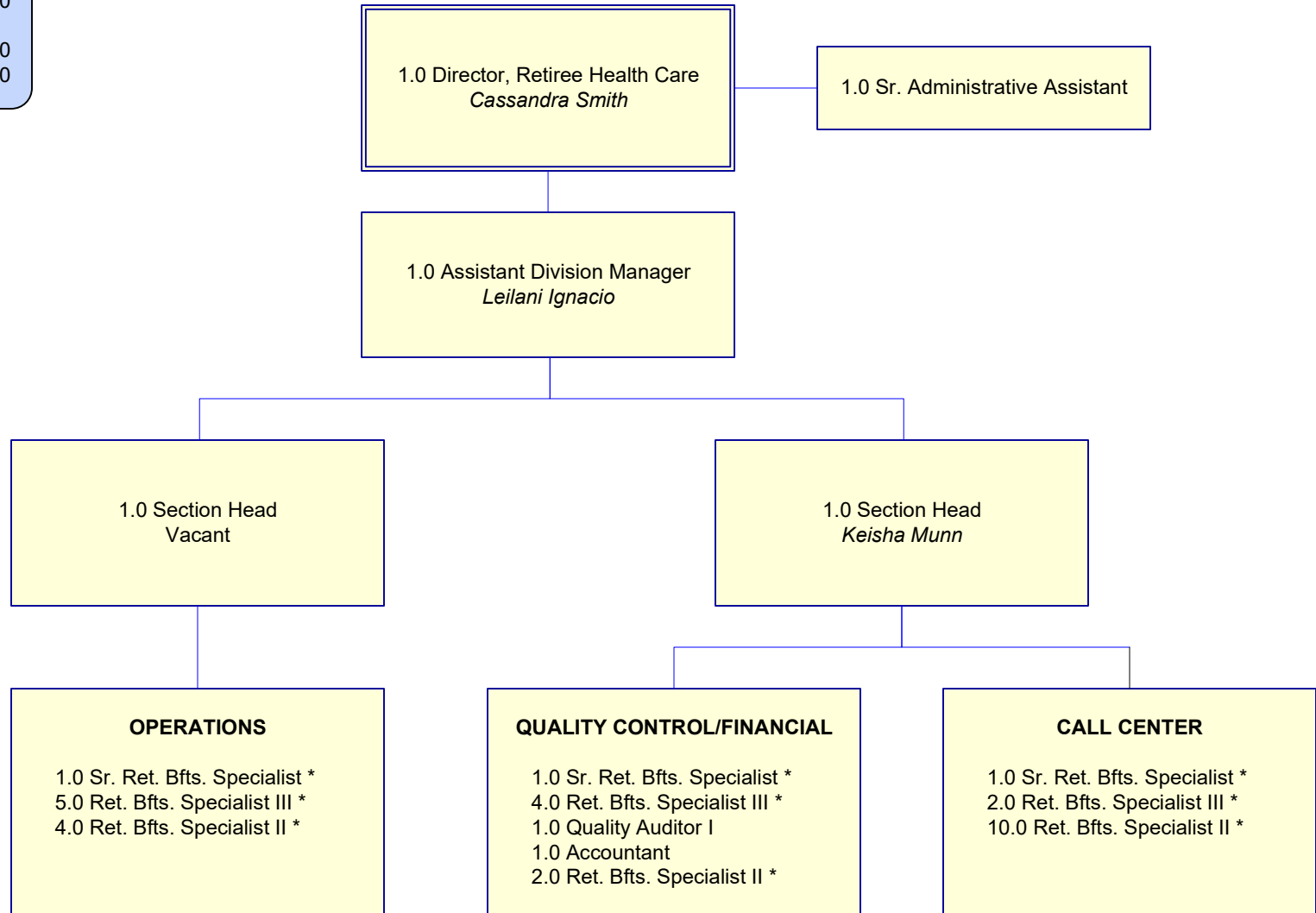
FISCAL YEAR 2024-2025

2023-2024 Bud. Pos.: 37.0

2023-2024 Hiring Plan: 37.0

2024-2025 Bud. Pos.: 37.0

2024-2025 Hiring Plan: 37.0



\* Classification study for the position requested.

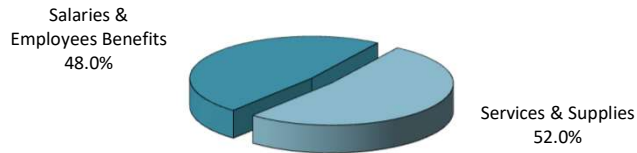
**RETIREE HEALTHCARE BENEFITS PROGRAM**

**FISCAL YEAR 2024-2025**

**BUDGET SUMMARY**

	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		(01-31-24)	PROJECTION	BUDGET	% CHANGE			
<b>Salaries &amp; Employees Benefits</b>	<b>\$6,519,686</b>	\$5,752,105	\$2,692,672	\$5,435,500	(\$316,605)	-5.5%	\$767,581	13.3%
<b>Services &amp; Supplies</b>	<b>7,069,334</b>	6,933,333	3,692,845	6,355,700	(577,633)	-8.3%	136,001	2.0%
<b>OPERATING BUDGET</b>	<b>\$13,589,020</b>	\$12,685,439	\$6,385,516	\$11,791,200	(\$894,239)	-7.0%	\$903,581	7.1%

**2024 - 2025 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**RETIREE HEALTHCARE BENEFITS PROGRAM**  
**FISCAL YEAR 2024-2025**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$3,322,077</b>	\$3,216,641	\$1,717,549	\$3,486,700	\$270,059	8.4%	\$105,436	3.3%
<b>Total Agency Temp Salaries</b>	<b>71,100</b>	165,200	66,509	114,100	(51,100)	-30.9%	(94,100)	-57.0%
<b>Employee Benefits (Variable)</b>	<b>2,838,839</b>	2,097,973	830,091	1,685,600	(412,373)	-19.7%	740,866	35.3%
<b>OPEB Contribution</b>	<b>131,570</b>	118,991	61,194	124,300	5,309	4.5%	12,579	10.6%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>138,900</b>	134,900	5,160	10,500	(124,400)	-92.2%	4,000	3.0%
<b>Bilingual Bonus</b>	<b>3,600</b>	4,800	1,950	4,000	(800)	-16.7%	(1,200)	-25.0%
<b>Sick Leave Buyback</b>	<b>10,000</b>	10,000	10,219	10,300	300	3.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>3,600</b>	3,600	0	0	(3,600)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$6,519,686</b>	\$5,752,105	\$2,692,672	\$5,435,500	(\$316,605)	-5.5%	\$767,581	13.3%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-		-	
<b>TOTAL S&amp;EB</b>	<b>\$6,519,686</b>	\$5,752,105	\$2,692,672	\$5,435,500	(\$316,605)	-5.5%	\$767,581	13.3%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/24, with the exception of Agency Temp Salaries, which are as of 01/31/24.

LACERA

FISCAL YEAR 2024-2025

BUDGET POSITIONS

RETIREE HEALTHCARE BENEFITS PROGRAM

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0793	DIRECTOR, RETIREE HEALTH CARE, LACERA	1	LS14
0771	ASSISTANT DIVISION MANAGER, LACERA	1	LS10
0772	SECTION HEAD, LACERA	1	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	3	105B
1311	RETIREMENT BENEFITS SPECIALIST III	11	099H
0415	ACCOUNTANT, LACERA	1	096H
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	094B
1310	RETIREMENT BENEFITS SPECIALIST II	15	093B
Total Filled Positions =		34	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0772	SECTION HEAD, LACERA	1	LS09
0796	QUALITY AUDITOR I, LACERA	1	099D
1310	RETIREMENT BENEFITS SPECIALIST II	1	093B
Total Vacant Positions =		3	
TOTAL POSITIONS =		37	

Non-Represented positions shown in black.

Represented positions shown in blue.

Salary schedule as of 01/01/2024.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**AGENCY TEMPORARY STAFFING  
HISTORY OF EXPENDITURES**

<b>DIVISION</b>	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FYE 2025</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
Retiree Healthcare	\$511,700	\$251,294	\$149,800	\$155,507	\$165,200	\$114,100	\$71,100
<b>GRAND TOTAL</b>	<b>\$511,700</b>	<b>\$251,294</b>	<b>\$149,800</b>	<b>\$155,507</b>	<b>\$165,200</b>	<b>\$114,100</b>	<b>\$71,100</b>

\*All amounts rounded to the nearest dollar.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**OVERTIME  
HISTORY OF EXPENDITURES**

<b>DIVISION</b>	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FYE 2025</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
Retiree Healthcare	\$118,500	\$121,935	\$121,800	\$140,072	\$134,900	\$10,500	\$138,900
<b>GRAND TOTAL</b>	<b>\$12,834</b>	<b>\$121,935</b>	<b>\$121,800</b>	<b>\$140,072</b>	<b>\$134,900</b>	<b>\$10,500</b>	<b>\$138,900</b>

\*All amounts rounded to the nearest dollar.



**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**VACANT POSITIONS  
SUMMARY**

<b>Division</b>	<b>Budgeted Positions FY 2023-2024</b>	<b>Vacancy (as of 03/31/24)</b>	<b>%</b>	<b>Budgeted Positions FY 2024-2025</b>	<b>Vacancy</b>	<b>%</b>
Retiree Healthcare	37	3	8%	37	3	8%
<b>TOTAL</b>	<b>37</b>	<b>3</b>	<b>8%</b>	<b>37</b>	<b>3</b>	<b>8%</b>

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**FISCAL YEAR 2024-2025**

**SERVICES & SUPPLIES ACCOUNT SUMMARY**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023-2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$26,200	\$24,700	\$16,566	\$24,600	(\$100)	-0.4%	\$1,500	6.1%
POSTAGE	325,000	300,000	29,747	51,000	(249,000)	-83.0%	25,000	8.3%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	1,107	1,900	(3,100)	-62.0%	0	0.0%
OPERATIONAL COSTS	5,243,534	5,006,533	2,919,204	5,006,500	(33)	0.0%	237,001	4.7%
PROFESSIONAL AND SPECIALIZED SERVICES	1,379,000	1,556,500	698,098	1,223,100	(333,400)	-21.4%	(177,500)	-11.4%
BANK SERVICES	21,500	21,500	10,707	18,400	(3,100)	-14.4%	0	0.0%
LEGAL FEES AND SERVICES	50,000	0	11,215	19,300	19,300	0.0%	50,000	0.0%
EDUCATIONAL EXPENSES	18,800	18,800	5,976	10,600	(8,200)	-43.6%	0	0.0%
MISCELLANEOUS	300	300	224	300	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>\$7,069,334</b>	<b>\$6,933,333</b>	<b>\$3,692,845</b>	<b>\$6,355,700</b>	<b>(\$577,633)</b>	<b>-8.3%</b>	<b>\$136,001</b>	<b>2.0%</b>

\*All amounts rounded to the nearest dollar.

**RETIREE HEALTH CARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**HISTORY OF EXPENDITURES**

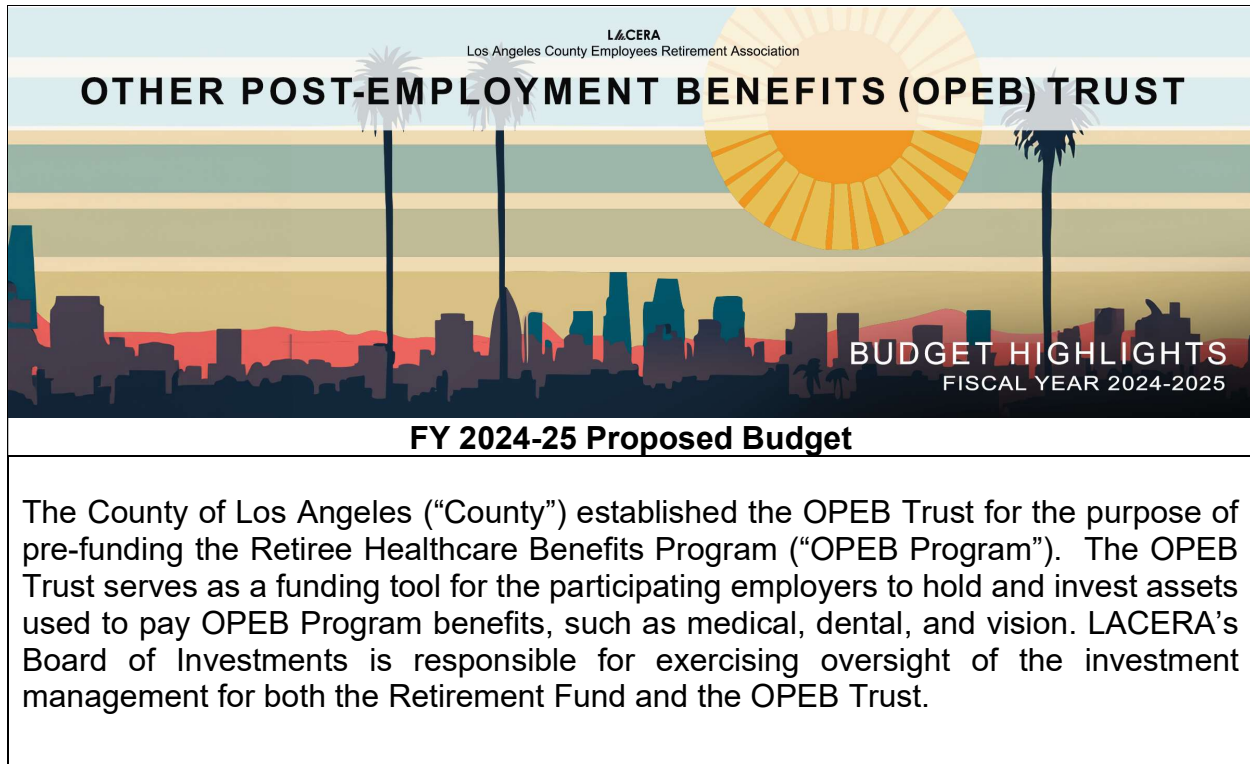
	FYE 2023		FYE 2024		Proposed Budget
	Budget	Actual	Budget	Projection	
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>					
Total LACERA Salaries	\$3,006,805	\$3,040,866	\$3,216,641	\$3,486,700	\$3,322,077
Total Agency Temp Salaries	149,800	155,507	165,200	114,100	71,100
Employee Benefits (Variable)	1,775,266	1,463,955	2,097,973	1,685,600	2,838,839
Employee Benefits (Other)	0	0	0	0	0
OPEB Contribution	100,853	100,283	118,991	124,300	131,570
OPEB Contribution (Budget Surplus)	0	100,853	0	0	0
Stipends	0	0	0	0	0
Overtime	121,800	140,072	134,900	10,500	138,900
Bilingual Bonus	4,800	3,600	4,800	4,000	3,600
Sick Leave Buyback	10,000	10,163	10,000	10,300	10,000
Rideshare Allowance	3,600	0	3,600	0	3,600
Transportation Allowance	0	0	0	0	0
<b>SERVICES &amp; SUPPLIES</b>					
Transportation & Travel	24,700	39,409	24,700	24,600	26,200
Postage	300,000	269,969	300,000	51,000	325,000
Office Supplies & Equipment	4,500	836	5,000	1,900	5,000
Operational Cost	4,540,999	4,358,739	5,006,533	5,006,500	5,243,534
Professional & Specialized Services	1,229,400	1,148,352	1,556,500	1,223,100	1,379,000
Bank Services	21,500	18,021	21,500	18,400	21,500
Legal Fees and Services	0	15,684	0	19,300	50,000
Educational Expenses	19,300	26,816	18,800	10,600	18,800
Miscellaneous	300	0	300	300	300
<b>TOTAL OPERATING BUDGET</b>	<b>\$11,313,622</b>	<b>\$10,893,125</b>	<b>\$12,685,439</b>	<b>\$11,791,200</b>	<b>\$13,589,020</b>

\*All amounts rounded to the nearest dollar.

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### Other Post-Employment Benefits (OPEB) Trust

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### **Cost Allocation: The Need for Separate Accounting of the OPEB Trust**

LACERA administers a Retiree Healthcare Program for members that is funded through the employer plan sponsors. Historically, these plan sponsors have paid the monthly premium costs for current eligible retirees on a pay-as-you-go basis. In FY 2012-13, the County of Los Angeles (County) and LACERA established a trust to begin to prefund the program and address its long-term liability. LACERA’s Board of Investments is the trustee and investment manager for the trust.

In FY 2016-17, the Superior Court joined the program. Beginning in FY 2017-18, the costs of administering the program were required to be reported separately on financial statements, based on the size of the participating agencies.

The trust agreements between the County, Superior Court, and LACERA stipulate that “...the Trustee (LACERA) shall be entitled to payment or reimbursement of all its reasonable and appropriate expenses incurred in administering or investing the Trust...” In other words, LACERA will not expend its principal or operating allocation to administer the trusts. Instead, the trust agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB Trust.

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.

## **A Method for Tracking OPEB Trust Expenses**

Only the LACERA 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, Human Resources, Internal Audit, Investments, Legal Services, Systems, and Retiree Healthcare.

Each division utilizes staff and resources to administer the OPEB Trust. In estimating the costs to administer the trust, LACERA considers 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.

### **Cost Methodology**

There are four categories of expenses applicable to our cost methodology as follows:

#### *Direct Costs of Salaries and Employee Benefits*

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. Those “hours spent” are converted into a percentage of annual hours. The salaries and benefits totals of each staff member are then multiplied by the percentage of annual hours devoted to OPEB.

#### *Indirect Services and Supplies*

These costs were estimated by taking the overall cost of services and supplies for LACERA and dividing it by the total number of employees. This provides LACERA with a “per employee cost,” which is then multiplied by the overall percentage of hours worked on OPEB.

#### *Indirect Salaries and Employee Benefits*

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these divisions are added up, then divided by the number of LACERA employees to determine a per employee cost. This total is then multiplied by the overall percentage of hours worked on OPEB.

#### *Direct Services and Supplies*

Direct Services and Supplies costs are based on actual payment requests that are applicable to OPEB.

### **Allocation of Costs**

The total overhead cost is divided among the County, LACERA, and Superior Court. The shared cost is allocated in a hybrid method that considers fund size, effort, and resources to approximate a fair and equitable allocation. These allocations are scheduled to be reviewed every two years. The current allocation is:

- County: 75 percent
- LACERA: 5 percent
- Superior Court: 20 percent

### **Reconciliation of Actual Costs**

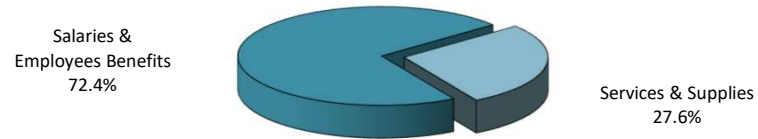
At the close of each fiscal year, the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.

## OPEB TRUST COST ALLOCATION

**FISCAL YEAR 2024-2025**

PROPOSED BUDGET 2024-2025	CURRENT YEAR 2023 - 2024			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET		
	YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE	
	BUDGET	(01-31-24)	PROJECTION	BUDGET	% CHANGE			
<b>Salaries &amp; Employees Benefits</b>	<b>\$825,111</b>	\$521,881	\$304,430	\$490,568	(\$31,313)	-6.0%	\$303,230	58.1%
<b>Services &amp; Supplies</b>	<b>\$314,357</b>	210,788	122,960	198,141	(12,647)	-6.0%	103,569	49.1%
<b>OPERATING BUDGET</b>	<b>\$1,139,468</b>	\$732,669	427,390	688,709	(43,960)	-6.0%	\$406,800	55.5%

### 2024 - 2025 PROPOSED BUDGET





## LACERA BUDGET POLICY

**Responsible Manager:** Laura Guglielmo, Assistant Executive Officer

**Original Effective Date:** 05/20/2009

**Last Updated:** 06/01/2023

**Mandatory Review:** June 2024 (Annually)

**Approval Level:** Board of Retirement and Board of Investments

### 1. PURPOSE

This document sets forth the fiscal policy to ensure LACERA's budgeting practices are in accordance with prudent fiscal management for the allocation and utilization of resources to meet the organization's Mission and Vision and to support the goals of LACERA's Board of Retirement Strategic Plan and Board of Investments Strategic Plan. The policy also serves to increase the transparency of the budgeting process, which ensures stakeholders and members have insight into how LACERA manages their funds and meet fiduciary obligations.

LACERA's budget encompasses three components: The Administrative Budget, the Retiree Healthcare (RHC) Budget, and the Other Post-Employment Benefits (OPEB) Trust.

The objective of this policy is to set out the budgeting principles and timeline for the preparation of the budget and the process and responsibilities for the review, approval, and implementation of all three components of the budget.

### 2. LEGAL AUTHORITY

[Government Code Section 31580.2](#) of the County Employees Retirement Law (CERL) requires a budget covering the entire expense for the administration of the retirement system, shall be adopted by the Boards annually, and shall be charged against the earnings of the retirement fund. The expense incurred in any year may not exceed twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system.

[Government Code Section 31596.1](#) provides that the expenses of investing its moneys, securing custodial bank services, securing actuarial services for the annual valuation and triennial experience study, and securing attorney services to assist with investment matters shall not be considered a cost of administering the system. As

## 2. LEGAL AUTHORITY (Continued)

such, these costs are not included in the Administrative Budget and are identified as “non-administrative expenses.”

Section 31596.1 also provides that the cost of internal legal representation secured by the Board of Retirement and Board of Investments under Government Code Section 31529.1 for services previously performed by County Counsel are not administrative costs and under Government Code Section 31607 for services to assist the Board of Investments in carrying out its investment powers and duties. [Section 31529.1](#) provides that legal representation within its scope is limited to one-hundredth of 1 percent of system assets in any budget year; investment legal expenses under [Section 31607](#) are not limited.

Government Code Section 31580.2(b) provides that expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products.

Government Code [Sections 31691](#) and [31694](#) provide that the expenses of administering the RHCBP program and OPEB Trust may not be made from assets of the retirement fund. Therefore, such costs should not be part of the pension system’s administrative budget.

## 3. SCOPE

This Policy applies to the development, preparation, and implementation of all three components of LACERA’s budget in accordance with County Employees Retirement Law (CERL).

Any exceptions to this Policy must be approved by the Board of Retirement and Board of Investments.

## 4. DEFINITIONS

**Administrative Budget:** LACERA’s annual Administrative Budget consists of two components: Salaries and Employee Benefits, and Services and Supplies.

**Appropriation:** Funds set aside for specific purposes outlined in the Adopted Budget.

**Budget:** The annual financial plan that outlines the resources and revenue needed to achieve LACERA’s work plan to meet its Mission and Vision and LACERA’s Board of Retirement Strategic Plan and Board of Investments Strategic Plan.

#### 4. DEFINITIONS (Continued)

**Fiscal Year:** LACERA's fiscal year begins on July 1<sup>st</sup> and concludes on June 30<sup>th</sup>. LACERA shall follow a naming convention referencing the fiscal year ending date, for example, FY23 for the fiscal year ending June 30, 2023.

**Information Technology Coordination Council (ITCC):** Oversight body responsible for significant technology and system recommendations for incorporation into the Proposed Budget. Established to ensure the efficient and effective use of technology, collaboration across the organization, and to ensure that strategic plan goals are achieved.

**Non-Administrative Expenses:** Expenses excluded from the Administrative Budget as specified in Government Code Section 31596.1.

**Other Post-Employment Benefits (OPEB) Trust:** Trust funds established by Los Angeles County, LACERA and the Superior Court to pre-fund their Retiree Healthcare Benefit Program.

**Retiree Healthcare Benefits Program (RHCBP) Budget:** The RHCBP Budget reflects the resources and revenue required to administer retiree healthcare benefits to eligible members. These costs are funded through a monthly administrative fee via healthcare premiums, charged to program participants, or the plan sponsor if the member's benefit is fully subsidized.

**Statutory Appropriation Limit:** The limit of the Boards' authority to appropriate funds to administer the retirement system established by Government Code Section 31580.2. currently twenty-one hundredths (.21) of one percent, of the Actuarial Accrued Liability of the retirement fund.

**Unallocated Statutory Appropriation Balance:** The difference between the funds appropriated to meet the organization's operational needs and the statutory appropriation limit established by Government Code Section 31580.2.

#### 5. POLICY STATEMENT

This document sets forth the fiscal policy for the administration of LACERA's budget to ensure that the budgeting practices of the organization maintain a fiscally sustainable balanced budget that recognizes the fiduciary duty owed to LACERA's members. LACERA's budget encompasses three components: The Administrative Budget, the Retiree Healthcare (RHC) Program Budget and the Other Post-Employment Benefits (OPEB) Trust.

## **5. POLICY STATEMENT (Continued)**

The objective of this policy is to set out the principles and timeline for the preparation of the budget and the process and responsibilities for the preparation, review, approval, and implementation of all three components of the budget.

### **5.1 Administrative Budget**

The Administrative Budget reflects the resources needed to achieve the organization's work plan, each Board's Strategic Plan and goals, and operational activities in support of pension administration and investment of plan assets required to deliver retirement benefits for LACERA members and beneficiaries. It consists of two primary components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S).

S&EB costs consist of ongoing personnel costs for the organization, including salaries for permanent and temporary staff, overtime, and variable benefits. Variable benefits include retirement costs (pension, 457, and 401K plan costs), health insurance, OPEB contributions and other employee benefits.

S&S costs reflect the daily operational needs of the organization. Some examples include building expenses (rent, maintenance, insurance), information technology needs, professional and specialized services, legal fees, office supplies and equipment, education, travel, and insurance.

### **5.2 Retiree Healthcare (RHC) Benefits Program Budget**

The Retiree Healthcare Benefits Program provides health care benefits to LACERA membership on behalf of the fund's Plan Sponsors. The insurance premiums are born solely by the participants of the plan, or the Plan Sponsor if the employee is eligible for such benefit. LACERA trust funds are not used for premium payments or for the administration of the Program. The direct costs and variable overhead costs associated with the administration of the RHC Benefits Program are charged to the plan sponsors and participating members via an administrative fee. These administrative fees are added to the monthly premium costs and are not included in the Administrative Budget.

There are four categories of expenses for the RHC Benefits Program:

- Direct Costs of Salaries and Employee Benefits
- Direct Services and Supplies
- Indirect Salaries and Employee Benefits
- Indirect Services and Supplies.

## **5. POLICY STATEMENT (Continued)**

Indirect Salaries and Employee Benefits and Indirect Services and Supplies reflect the program's pro-rata share of internal LACERA support functions such as Administrative Services, Information Technology and Human Resources.

### **5.3 Other Post-Employment Benefits (OPEB) Trust Budget**

The County of Los Angeles (County), LACERA, and the Superior Court (Court) utilize an OPEB Trust to pre-fund the Retiree Healthcare Program benefits. In FY 2012-2013, the County and LACERA established a trust to fund their program and the Court established its trust in FY 2016-17. Each agency's trust funds are reported separately in their financial statements. The Board of Investments of LACERA serves as the trustee and investment manager for the trusts.

The Trust Agreements stipulate that "... *the Trustee (LACERA) shall be entitled to payment or reimbursement of all of its reasonable and appropriate expenses incurred in administering or investing the Trust...*" As such, LACERA seeks payment directly from the County and the Court to fund the OPEB Trust. To avoid the OPEB Trust assets being co-mingled with retirement fund assets, LACERA maintains separate accounting of the costs associated with administering the OPEB Trust. The costs of the OPEB Trusts are not part of LACERA's Administrative Budget.

There are four categories of expenses of the OPEB Trust: Direct Costs of Salaries and Employee Benefits; Direct Services and Supplies; Indirect Salaries and Employee Benefits; and Indirect Services and Supplies. These expenses are allocated between the County, LACERA and the Court based on an agreed upon methodology. At the close of each fiscal year, actual costs are reconciled, and variances are credited or debited to each entity.

## **6. PROCESS**

The budget process consists of activities that encompass the development, implementation, and evaluation of the annual financial plan for the allocation of resources to support and accomplish goals and strategic initiatives.

### **6.1 Budget Preparation and Development**

It is the responsibility of LACERA management to develop and prepare an annual budget in accordance with responsible fiscal management for the

## 6. PROCESS (Continued)

allocation and utilization of resources to meet the organization's Mission, Vision, and Values and each Board's Strategic Plan.

### 6.2 Criteria

LACERA Management develops the annual proposed budget reflecting the enterprise priorities established through each Board's Strategic Plan. Criteria used by the organization to prioritize resources for the budget include, but are not limited to:

- Alignment with each Board's Strategic Plan
- Mitigating risk
- Compliance with legally mandated requirements
- Technological advancements to support staff and improve service and offerings to LACERA's members
- Identifying opportunities for cost efficiencies
- Identifying opportunities to improve service to members
- Staff development and succession planning
- Direction of the LACERA Board of Retirement and/or Board of Investments

### 6.3 Alignment with Each Board's Strategic Plan

The first step in developing a budget is to consider what the organization expects to achieve in the upcoming fiscal year. Each Board's Strategic Plan lays out its strategic goals, objectives, and action plans toward achieving the LACERA's Mission, Vision, and Values. Those goals and objectives identify responsibilities, timelines, and the metrics that will be used to determine if the goal or objective has been met. As part of the budget development process, it is the responsibility of LACERA Trustees and Management to ensure that the organization's budget, or financial plan, allocates the appropriate resources to achieve its strategic goals and objectives within the specified time frame.

### 6.4 Annual Budget Development and Approval Calendar

<i>Date</i>	<i>Activity</i>
By November 30	<ul style="list-style-type: none"><li>• Executive Office and Management will review each Board's Strategic Plan initiatives for alignment with the upcoming Fiscal Year budget development cycle.</li></ul>

	<ul style="list-style-type: none"> <li>Administrative Services Division will provide each Division Manager a budget package with instructions for completing their proposed budget for the upcoming fiscal year, a budget preparation timetable with specific deadlines, and a schedule of meeting dates with the Budget Unit and a schedule of meeting dates with the Executive Office.</li> </ul>
December	The Budget Unit with a representative from Human Resources, meets with Division Managers to provide guidance in the development of their budget requests.
By January 15	Division Managers will submit their proposed budget to the Budget Unit.
By February 15	The Executive Office will meet with each Division Manager to discuss the Division's needs and provide direction to the Division Managers and Budget Unit.
February	Audit Committee review of Internal Audit Proposed Budget
By Mid-April	The Budget Unit will prepare and distribute the preliminary Administrative, RHC, and OPEB Trust Budgets to all Trustees and Division Managers.
April and May	Present preliminary budget to JOGC for review and input
By June 30	Board of Retirement and Board of Investment approve final budget

## 6.5 Budget Adoption

The Board of Retirement and Board of Investment (“Boards”) have the joint responsibility to approve the enterprise-wide budget and resource allocations for all funds by June 30. The Boards have created the Joint Organizational Governance Committee (JOGC), to provide oversight over the budget preparation and planning. The Preliminary Budget is presented to the JOGC in April for its review. Staff incorporates direction from the JOGC and the JOGC’s recommendations are presented to both Boards during annual Budget Hearings in May. Staff incorporates additional Board direction into a Proposed Budget. The Boards independently take action to approve and adopt a Final Adopted Budget by June 30th.

## 6.6 Budget Appropriation

The Final Adopted Budget reflects the funds appropriated, or set aside, for specific purposes. For LACERA, funds are appropriated for two primary purposes, Salaries and Employee Benefits, and Services and Supplies.

## **6. PROCESS (Continued)**

Government Code Section 31580.2 states the annual budget for administrative expenses of a retirement system established under CERL may not exceed twenty-one hundredths (.21) of one percent of the Actuarial Accrued Liability (AAL) of the retirement system. Each year, LACERA's statutory appropriation limit is identified in the Adopted Budget.

To the extent funding appropriated as part of the budget is less than the statutory appropriations limit, the Boards may, take specific action at any point during the fiscal year, to appropriate additional funds, not to exceed the maximum amount established by statute. LACERA's budgeting process includes a Mid-Year Budget Adjustment proposal to facilitate changes in priorities, goals, or economic conditions. The difference between the funds appropriated to meet the organization's operational needs and the statutory appropriation limit shall be referred to as the "Unallocated Statutory Appropriation Balance."

### **6.7 Budget Monitoring and Reporting**

Budget Unit staff monitor and analyze Division and enterprise-wide expenditures throughout the year, consult with Division Managers to identify planned expenditures and project full year under/over expenditures by Division and compare those estimates against the Adopted Budget. Significant budgetary variances are discussed and explained.

Budget Control Reports are prepared and provided to all Trustees and Management Staff on an outlined schedule within the fiscal year. These reports include year to date expenditures and projected expenditures compared to the budget. Budget adjustments impacting staffing levels or exceeding the CEO's authority shall be approved by the Boards.

This budget monitoring and control activity occurs concurrently while the Proposed Budget for the upcoming fiscal year is being developed.

### **6.8 Mid-Year Budget Review**

By December 1, LACERA Executive Management will assess and evaluate the adequacy of the personnel and other resources included in the Final Adopted Budget and make recommendations to the JOGC for adjustments, if necessary. JOGC recommendations shall be considered for approval by the Boards. Executive Management may also, as part of the mid-year budget



## **6. PROCESS (Continued)**

review, address the progress and status of achieving the Boards' respective Strategic Plan.

### **6.9 Mid-Year and Year-End Adjustments Within the Administrative Budget**

As part of LACERA's budget monitoring and reporting activities, it may become necessary to amend the Final Adopted Budget. Amendments may take the form of transferring appropriations between line items within a major account, transferring appropriations between major accounts, or increasing total appropriations within the statutory limits established by Government.

### **6.10 Transferring Appropriations**

LACERA's Administrative Budget has two major accounts, Salaries and Employee Benefits (S&EB), and Services and Supplies (S&S).

Within each major account are several line items with individual appropriations. The CEO has the authority to transfer appropriations not to exceed \$1 million across major accounts and has full discretion and authority to transfer appropriations between line items within each major account. The CEO shall notify all Trustees of such actions at the next meeting of the Board and as part of the routine Budget Control Reporting.

### **6.11 Pre-funding OPEB with Budgetary Savings**

LACERA participates in the OPEB Trust as a "contributing employer" and funds its employees' program benefits on a pay-as-you-go basis, funding actual monthly premium costs. It also makes a quarterly contribution to paydown the future OPEB liability at a rate equal to that of Los Angeles County. It is LACERA's objective to fund these program benefits within the working lifetime of the program beneficiaries so as to maintain intergenerational equity. To achieve intergenerational equity more quickly, some or all year-end budgetary savings may, at the discretion of the LACERA CEO, be used to make an additional OPEB contribution by June 30 of the year in which the funds were budgeted. Such additional OPEB contributions may be up to but may not exceed that year's budgeted OPEB contribution.

## **6. PROCESS (Continued)**

### **6.12 Increasing Total Appropriations**

Should unanticipated expenditures be required during the fiscal year beyond the total Adopted Budget amount, the Unappropriated Statutory Appropriation Balance is available. This balance represents the difference between the total statutory appropriation limit established under CERL and the Final Adopted Budget. To utilize these unappropriated funds, both Boards must approve a budget amendment, increasing the total annual appropriation.

## **7. Audit Committee Oversight of Internal Audit**

LACERA's Internal Audit Division provides independent and objective assurance services and consulting services to assist the organization to achieve its Mission, Vision, and Values and each Board's Strategic Plan by improving LACERA's effectiveness of governance, risk management and control processes. To protect its independence, the Internal Audit Division reports to the Audit Committee of the Boards with functional reporting to the Chief Executive Officer. The Audit Committee reviews and approves Internal Audit's Proposed Budget in February, which is then incorporated into LACERA's Administrative Proposed Budget reviewed by the JOGC in April.

## **8. HISTORY (Update will follow approval)**

### **8.1 Approvals**

- 8.1.1 Updated and approved by the Board of Retirement and Board of Investments on June 7, 2023 and June 14, 2023, respectively. Prior versions are superseded and of no effect as of the stated approval date.

### **8.2 Current Status**

Annual review scheduled for June 2024.

### **8.3 Versions**

- 8.3.1 This policy was last updated on June 1, 2023
- 8.3.2 This policy was previously approved by the Board of Retirement on June 1, 2022 and Board of Investments on June 9, 2022