



2016-2017

Administrative and Retiree Healthcare Benefits Budgets

LACERA

FISCAL YEAR 2016-2017

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MISSION STATEMENT

We Produce, Protect, and Provide the Promised Benefits



LACERA exists to:

- **Produce** the highest quality of service for our members and sponsors;
- **Protect** the promised benefits through prudent investment and conservation of plan assets;
- **Provide** the promised benefits.

What is the purpose of a corporate Mission Statement?

It explains why we are in business; it's the corporate mandate - in as few words as possible. The Mission Statement should be brief so every employee can remember it. New LACERA employees will receive the Mission Statement and immediately understand why we exist.

How does the Mission Statement differ from our corporate objectives?

Our objectives state how we will achieve our Mission. Our Objectives list our priorities - some are long-term and some short-term. Each Objective is well defined and includes the steps (goals) we must take to accomplish it. Our Objectives define how we conduct our business.

Our Vision and Values Statements Are Our Guiding Principles.

Our Vision is our pledge to be the premier retirement association through Excellence in retirement law; Commitment to teamwork; Trust to safeguard assets; and Service to members that is courteous, professional, and 100 percent accurate.

Our Values guide our personal behaviors - Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork. We will reach our Vision through our shared Values.



LACERA VISION

Excellence—Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law, pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

Commitment—we are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

Trust—Our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

Service—Our members deserve the best.

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us reaches deep into our strengths and lends a hand. Our strengths are individual; collectively they are unstoppable.



Because members deserve the best,
LACERA will be the best.

LACERA VALUES

Professionalism

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

Respect

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

Open Communications

Our frank and straightforward expression of ideas fosters a common understanding of purpose — quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

Fairness

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

Integrity

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

Teamwork

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

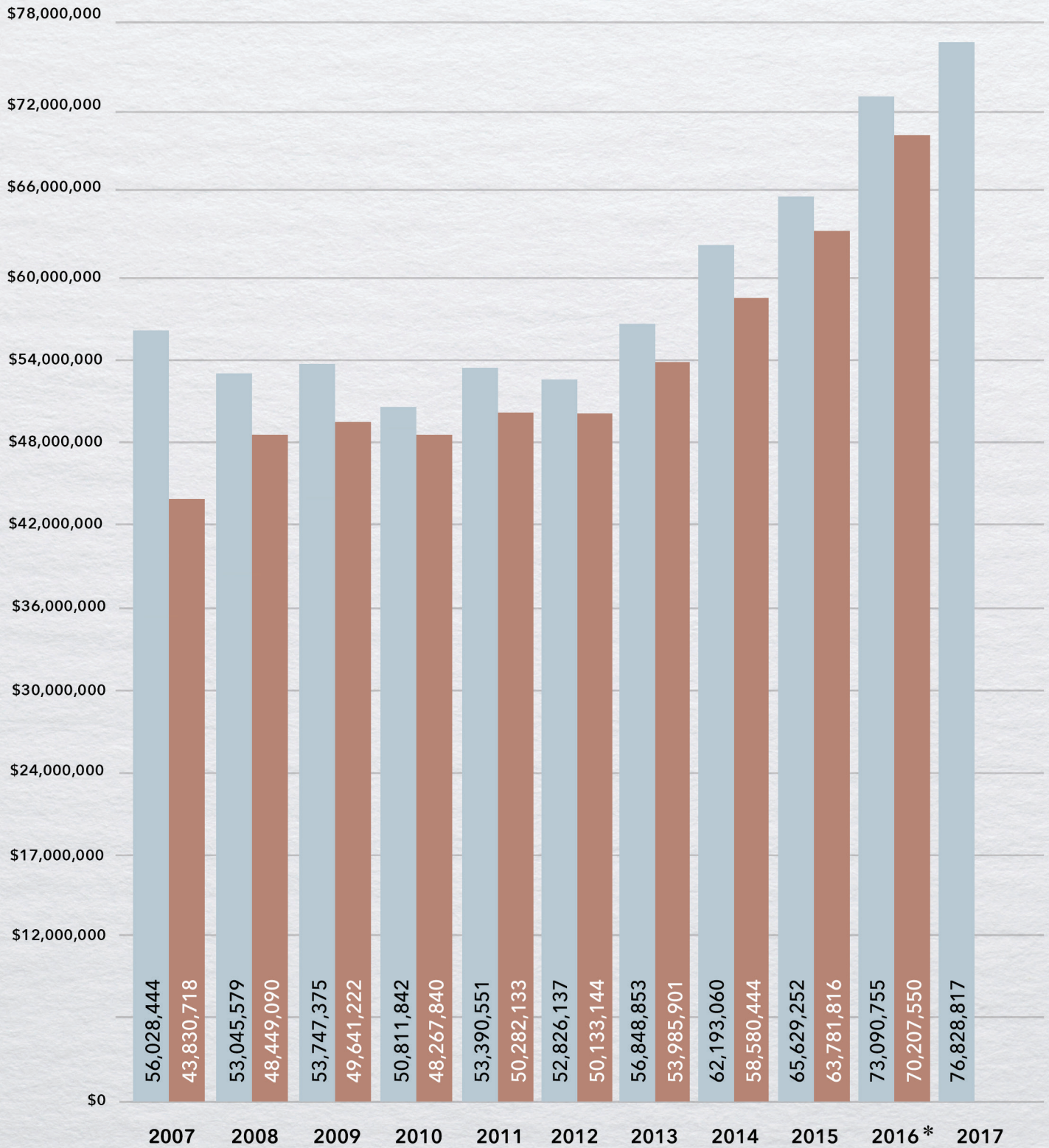


Achieving our MISSION through
shared VALUES and a collective VISION.

HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

[2007-2017]



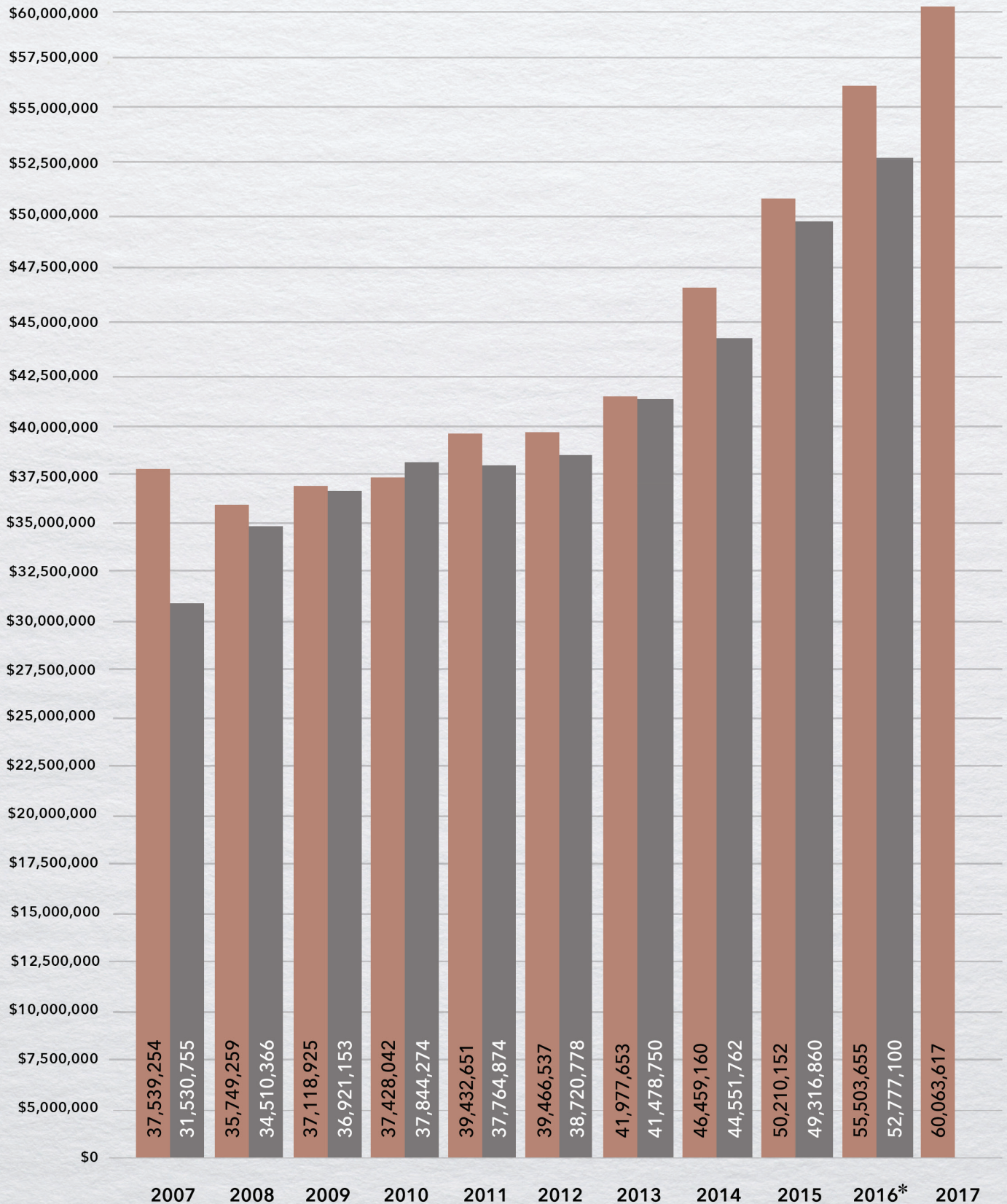
*The totals for the budget year ending 2016 are projected expenditures based on YTD figures through 2-29-16.

- Approved Budget
- Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

[2007-2017]



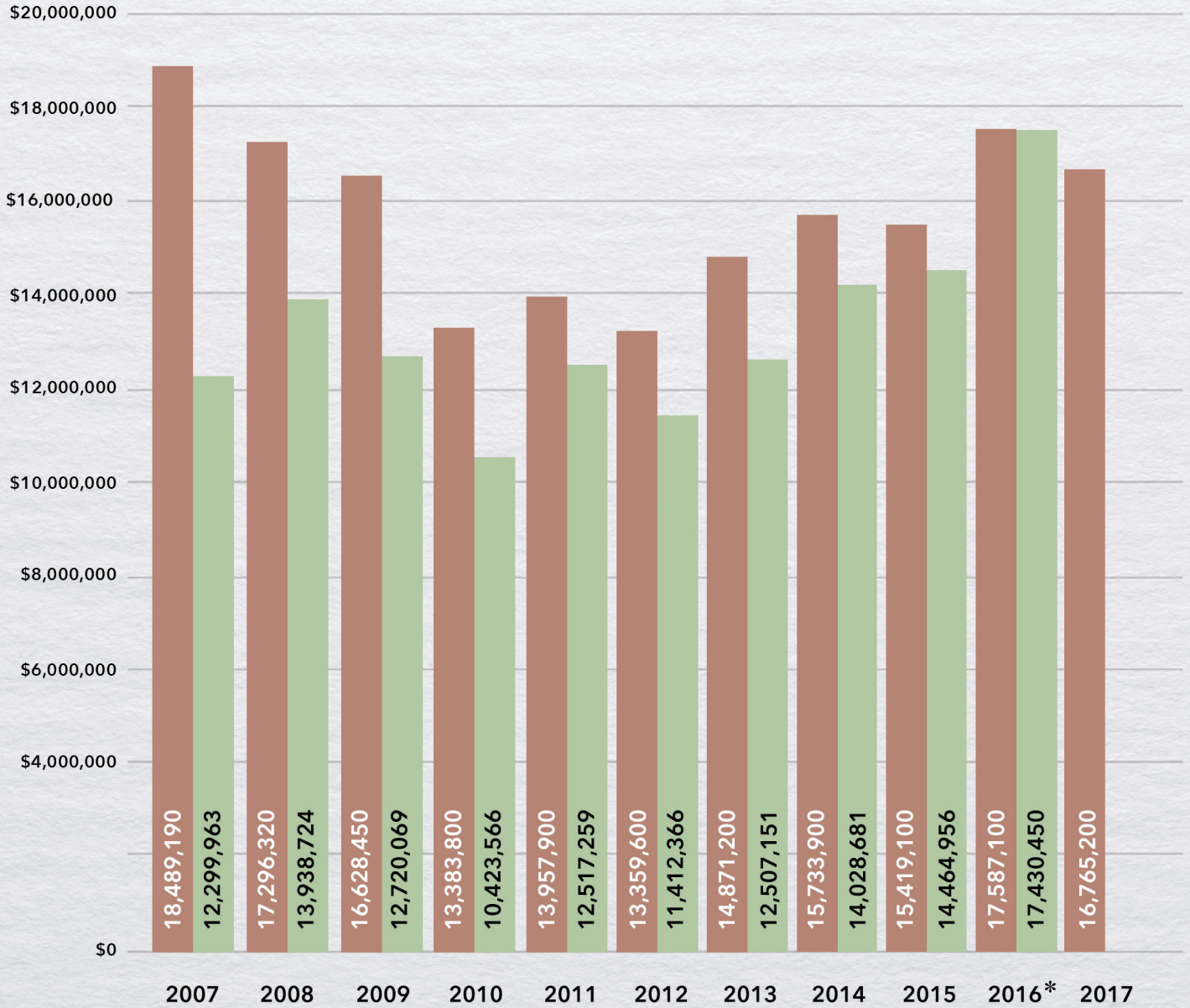
*The totals for the budget year ending 2016 are projected expenditures based on YTD figures through 2-29-16.

- Approved Budget
- Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Services and Supplies

[2007-2017]

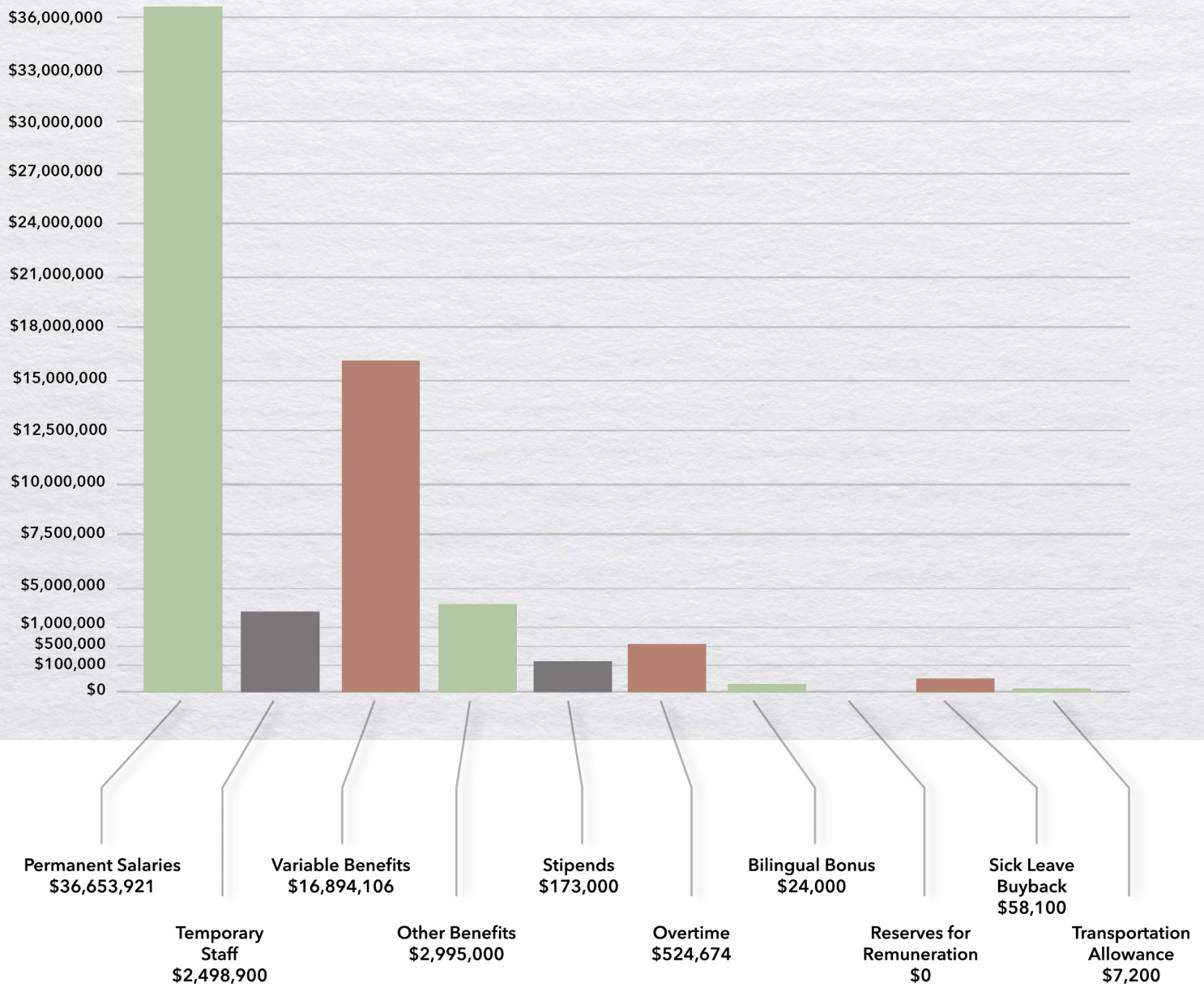


*The totals for the budget year ending 2016 are projected expenditures based on YTD figures through 2-29-16.

- Approved Budget
- Actual Expenditures

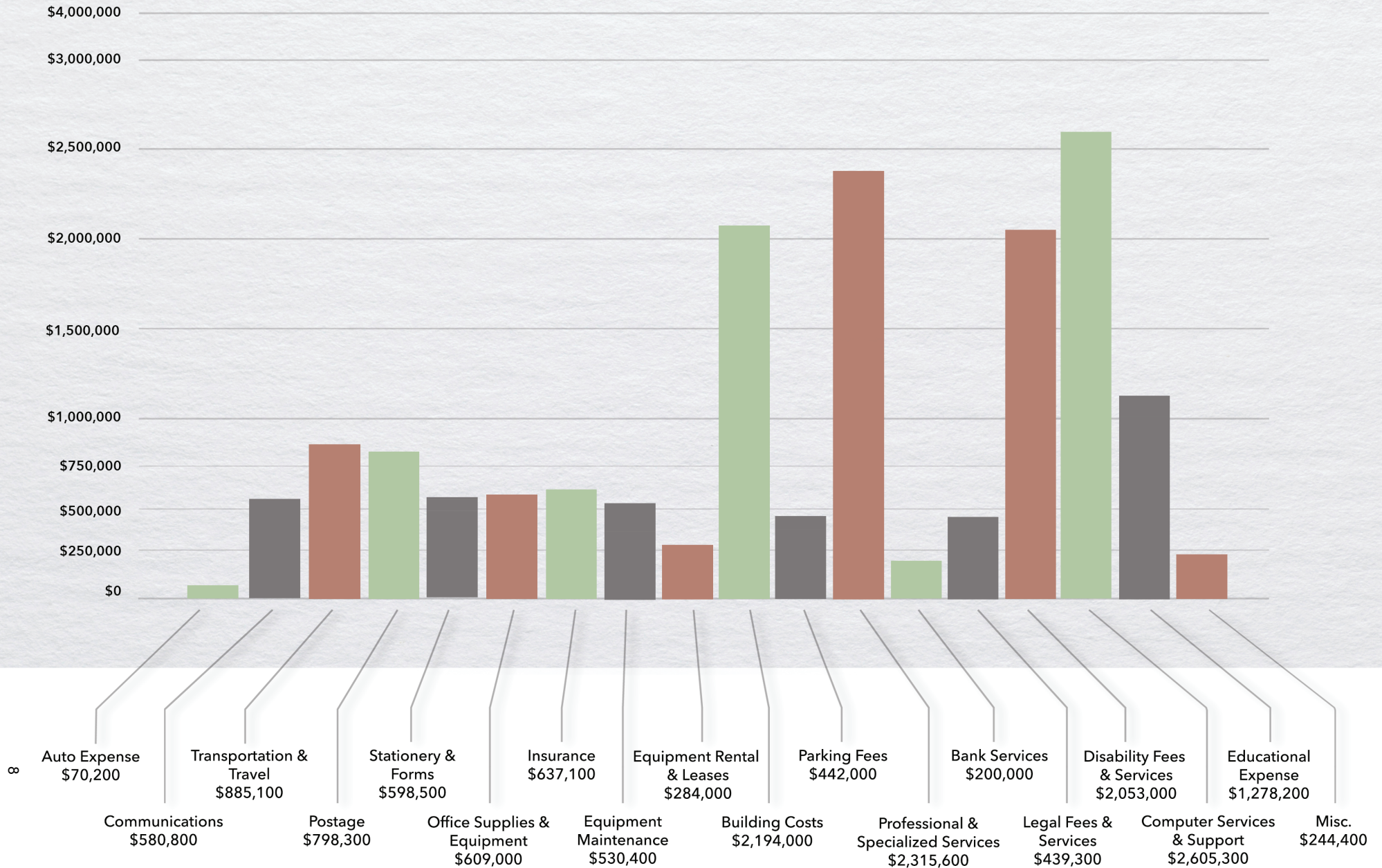
SALARIES AND EMPLOYEE BENEFITS

[Fiscal Year 2016-2017]



SERVICES AND SUPPLIES

[Fiscal Year 2016-2017]



EXECUTIVE SUMMARY

Budget Request Highlights

[Fiscal Year 2016 - 2017]

LACERA is charged with the duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled this duty into the following mission statement:

We Produce, Protect, and Provide the Promised Benefits

LACERA members expect and deserve quality service in the administration of the plan benefits – a level of service that rivals the best in the industry. Making informed financial decisions and entering retirement with confidence is our goal for our members. To meet this, we strive to achieve our vision of:

“One Contact - One Response - Accuracy 100% of the Time”

This vision is the driving force of our efforts and expenditures and provides us with a clear view of how we measure improvement. “One Contact” means the members get the information they need with one phone call. “One Response” means that the members get a concise and consistent answer. And, of course, “Accuracy 100% of the Time” means that the members get good, solid information – information they can rely on.

Better Service Through Innovation & Enhancement

With your Board’s support, we continue to make great strides towards meeting our vision. We recognize that being a world class organization is not a static exercise and that the best organizations are able to adapt to changing environments and circumstances.

Over the years, we have seen success with various initiatives to provide quality service to our members that is timely, accessible, and reliable. Our efforts include a commitment to providing members the ability to access a wide variety of retirement information through a variety of channels round the clock including printed brochures, seminars, workshops, website materials and videos. Our efforts include continuously monitoring business processes via member satisfaction surveys to ensure members receive quality service that exceeds their expectations.

The proposed budget is LACERA's strategic plan expressed in financial terms. We believe enhancing service delivery is paramount to our future success and foresee the need to further develop our operations as our staff, systems, and processes evolve.

The proposed budget reflects increased spending by approximately 5.1%, up from \$73 million in FY 2015-2016 to \$76.8 million in FY 2016-2017. The increase is primarily due to the requested staffing additions highlighted below.

Administrative Services:

(1) Document Processing Assistant

The Document Processing Center is experiencing a steady increase in the volume of member documents and other internal documents that are processed for scanning and archiving purposes. During this fiscal year the unit assumed responsibility for digitizing limited types of Disability Retirement Services' records. In some cases the files received are already in an electronic format, but still require significant work to index correctly and commit to the member's official document file. It is estimated that this trend will continue throughout the next several years. In order to ensure timely processing of member records staff is recommending the addition of one Document Processing Assistant.

Benefits:

(2) Sr. Retirement Benefits Specialist

(1) Retirement Benefits Specialist III

In December 2015, the Benefits Division (Benefits) began developing and piloting a new team called the Benefit Protection Unit (BPU). The BPU is now coordinating LACERA's death verification and member identity verification functions. These functions had previously been performed by various other divisions. Their primary responsibility of the BPU is to resolve issues which place members' benefits at risk because:

- their identity has been compromised,
- they cannot be located, or
- their ability to manage their retirement affairs is in question.

Centralizing these functions into one unit allows LACERA to reduce costs, reduce risks, and increase the services we provide to our members at arguably the most critical times of their lives or their survivor's lives. The pilot stage has already demonstrated beneficial impacts for our members and the fund. The team has been able to restore benefits to members who have had their benefit payment suspended due to returned mail and lost contacts.

In light of these gains, the Benefits Division is requesting to permanently establish the Benefit Protection Unit by reassigning a Retirement Benefit Specialist II from the Core Team I and adding one new Senior Retirement Benefit Specialist to this unit. These two positions will be classified by LACERA's Human Resources Division based on the duties now assigned to the team.

Benefits is also proposing the addition of one Senior Retirement Benefit Specialist to the Process Management Section. The Process Management section is responsible for documenting all Benefit processes, business rules, and procedures. The unit also coordinates with several other divisions that service our members to ensure that all impacted divisions are aware of policies and procedures which helps to ensure we are providing a coordinated member services experience.

Benefits is also requesting the addition of a Retirement Benefit Specialist III in the Death Legal Unit. As our plan demographics mature we have noticed an increase in the number of death related claims and cases involving legal issues (such as dissolutions). Benefits believe the addition of a RBS III will allow us to continue to provide the high level of service expected by our members and their survivors.

Human Resources:

Student Worker – Internship Programs

Human Resources are not asking to add additional staffing this fiscal year. However, they are pleased to announce that they are working with individual divisions to assess opportunities to utilize student workers or interns in place of temporary employees beginning with this fiscal year.

You may notice throughout the budget that the temporary staff line item has remained for those divisions who have the need for short term help. Upon submitting a request for temporary assistance, the Human Resources division will meet with the requesting division to discuss the possibility of using student workers or interns. This will be the first year we have made a commitment to this new business model and we hope it will be a successful venture. We believe this approach has the benefit of developing members of our community and could be a future source of increased recruitment success for filling permanent full-time positions. The Human Resources Division is requesting \$20,000 be budgeted for development of this program and additional recruiting activities.

Investments Office:

(1) Principal Investment Officer (Risk & Performance)

(1) Finance Analyst III (Investment Officer)

(3) Finance Analyst II

The Principal Investment Officer (Risk and Performance) will serve to champion the developing and implementing the Board's risk management strategy and serving as the centralized team for performance reporting. Specific tasks may range from identifying material individual, aggregate risks and emerging risks to ongoing monitoring of risk-taking and risk exposures to reporting to the Board, Risk Committee, or management, as appropriate, on all these items, including but not limited to proposing appropriate risk-mitigating actions.

Staff is proposing adding one Finance Analyst III as an Investment Officer position which will add senior leadership resources to the Public Equities team, which oversees 40-50% of LACERA assets. The addition of Activist Managers further supports the need for this position. Primary duties include preparing Board recommendations regarding investment policy, risk management, portfolio investment strategies, new investment vehicles, and managers' trading practices. This position will also have a key role in enhancing the risk management capabilities of the Global Equities team.

Staff is proposing adding three Finance Analyst II positions across several units in the Investments office.

Staff is proposing adding Finance Analyst II position which will be responsible for Private Equity manager fee verification project by coordinating external resources and assisting with developing a long-term compliance strategy. The position fulfills a recent internal audit recommendation that management evaluates the current private equity program and add staff, if needed, to provide fee verification on an ongoing basis. This position will also support the hedge fund team by overseeing the hedge fund-of-fund

managers' fee calculation process, assisting with the preparation of quarterly performance reports, and guideline compliance.

Staff has determined that additional staff capacity at the level of Finance Analyst II is required in order to prudently underwrite new real estate investment opportunities and to monitor activity within the existing real estate portfolio.

Staff is also proposing adding a Finance Analyst II (Hedge Funds) position. This position will assist with implementing and managing the 5% strategic allocation to "Other Opportunities," that was approved as part of the 2015 Asset Liability Study. Staff has determined that an additional position is necessary to implement the Board of Investments' directive regarding the new "Other Opportunities" investment category and its entrance into Risk Parity investing.

Legal Services:

- (1) Staff Counsel**
- (1) Senior Management Secretary**
- (1) Legal Analyst**

The volume and complexity of LACERA's investment transactions continue to increase. We expect this trend will continue with the fund's growth and new programs, such as direct hedge funds. The Legal Services supports the Investments Division on a number of important processes including; working with and coordinating outside investment counsel, ensuring compliance with new rules and regulations, reviewing and drafting commercial contracts, and a variety of special projects. Additionally Legal Services coordinates the response for all California Public Records Act requests (many of which are investment related).

Legal Services is requesting the addition of one Staff Counsel and one Senior Management Secretary to ensure we are able to meet the current and future demands of the Investments Division.

Over the last several years Disability Retirement Services has worked hard to decrease the processing time for Disability applications, which has resulted in an increase in the number of cases processed on an annual basis. Each of the cases processed is reviewed by Legal Services before going to the Board of Retirement. In the last four years the number of cases reviewed by Legal Services increased from 280 to 475. Legal Services also prepares approximately 75 disability legal memos for the Board per

year, provides Board education on disability issues, and responds to writs filed regarding appeals of the Board of Retirement's disability decisions.

This very heavy volume of work is currently handled by one Senior Staff Counsel and one Senior Management Secretary. Legal Services is proposing adding one Legal Analyst to work in the Legal Services' Disability Section. This will allow staff in this section to keep a manageable workload and maintain the quality of their disability analysis and service to the Board of Retirement and staff, notwithstanding the growth in the Section's work. On average Legal Services processes seven writs a year.

Member Services:

(1) Retirement Benefits Specialist III

(2) Retirement Benefits Specialist II

Member Services is requesting an additional three positions be added for the FY 2016-2017 budget year.

Member Services Quality Control (MSQC)

The Member Services Quality Control unit is a vital part of our quality ecosystem. Staff in this unit oversees the Call Monitoring process which helps measure how well our Call Center staff are serving members as well as providing the same staff with recognition for a job well done and invaluable feedback on ways to continually improve our service to members. The unit also manages our critical Member Services Escalation process; ensuring members who need assistance beyond what our frontline staff can provide receive the proper attention. On top of that the unit also coordinates the Administrative Appeal process, performs Ad Hoc audits on a variety of service related processes, processes all incoming customer service surveys, and writes and maintains the Member Service Operating Instructions (the Member Services knowledge management system).

The section is currently staffed with one Section Head and three Retirement Benefit Specialists III (RBS III). This small but critical unit has been under significant workload stress due to staff absences resulting from medical leaves which are likely to continue for some time. This has prevented the unit from updating the knowledge management system in a timely fashion and developing further services such as data analysis to determine root causes of member questions and concerns. Since the MSQC is continually operating short staffed they are requesting the addition of one Retirement Benefits Specialist III.

Member Service Center (MSC)

We continue to focus on improving our service levels in the Member Services division's Member Service Center. This fiscal year we modified our business model; transitioning to an appointment based model. However, we still expect to have a significant number of walk-in members who choose to come in at the last minute. Our past budgets included the plan to rotate a Retirement Benefit Specialist II to staff the front counter to welcome members, answer questions, handle drop off requests, and help prepare the member for their one-on-one counseling meeting.

Staff has observed and measured the MSC traffic patterns and determined there is a demand for at least two individuals at the front counter at all times. The MSC counter is the first interaction a member has when visiting LACERA and we owe it to our members to give them the very best service by the best staff. Staffing the front counter with knowledgeable staff ensures our members are assisted quickly and allows us to take advantage of opportunities to answer questions that will either alleviate the need for one-on-one counseling, or help prepare the member for their meeting. With this in mind, Member Services has determined it is better to assign two Retirement Benefits Specialist II (RBS II) to this position at all times, and are requesting two additional RBS II positions to staff the MSC counter.

Systems Division:

(1) Staff Assistant

Systems' is requesting to add one Staff Assistant to assist with the ever growing administrative functions in order to sustain the operation of the Systems Division. As the volume of continual capabilities and services increases, the need to increase staffing resources are equally necessary to uphold a sound and unfailing environment.

Our Systems Division continues to oversee an ever expanding technology portfolio that is complex and diverse. Supporting this technology requires specialized skills. Systems has maintained a relatively modest staffing count by hiring individuals that can operate across platforms and be sufficiently adaptable to new and emerging technologies. LACERA has a long standing commitment to hiring full time staff with these capabilities, rather than rely on temporary employees or contractors. However, as we have discussed over the last few years we are increasingly experiencing gaps in our staffing resources due to the challenging technology labor market. Increasing salaries and

continued demand for top notch talent has continued to create difficulty for our Human Resources staff to recruit and hire qualified candidates.

Our Systems Division plans to continue the current approach to develop competitive permanent positions. They continue to work with our Human Resources division on a wide ranging classification study which we expect to be completed in the current fiscal year. In addition, Systems will continue to hire temporary employees where it is necessary and appropriate. This plan includes utilizing temporary employees as 1) a one-time project resource, 2) a method to recruit and hire qualified individuals during difficult times, and 3) a path to identify capable candidates for permanent hire. This approach offers the combination of operational agility and the very important process of evaluating individuals' technical abilities. For FY 2016-2017, we request to maintain our temporary employee budget of \$1.9 million, so that we can continue our efforts to recruit the resources to adequately maintain our operation.

Classification studies

Civil Service requires a classification specification be developed and maintained for each job classification necessary to meet the business needs of a department. Each classification specification should properly describe and define the nature and scope of work responsibilities, activities, qualifications and other defining characteristics of the classification.

Classifications, and jobs within them, evolve for many reasons and under many influences. As business needs change a classification may undergo gradual or rapid growth resulting in changes or additions to job duties and responsibilities. A classification should be studied when significant change in job duties, level of responsibilities, or work assignment(s) occur. The classification study shall then be used to determine whether a classification specification requires any changes or whether a position should be reclassified to an existing classification or a new classification needs to be developed.

The following is a listing of classification studies completed during the Fiscal Year 2015-2016, currently in progress, and scheduled to begin in the Fiscal Year 2016-2017.

Classification Studies completed during the Fiscal Year 2015-2016

Division / Position	Staff	Result
Administrative Services		
Administrative Services Analyst III in Facilities Mgmt & Procurement	1.0	Division retracted study request
Document Processing Coordinator	1.0	Division retracted study request
Document Processing Assistant	8.0	No Change
Senior Typist-Clerk	1.0	Division retracted study request
Financial & Accounting Services		
Senior Secretary	1.0	No Change
Internal Audit		
Senior Internal Auditor	1.0	No Change
Retiree Health Care		
Retirement Benefits Specialist III	2.0	Division retracted study request

Classification Studies currently in progress

Division / Position	Staff	Result
Administrative Services		
Administrative Services Analyst III – Business Continuity	1.0	In Progress
Financial & Accounting Services		
Senior Accountant	1.0	On hold pending Division wide study for 2016-2017
Human Resources		
Human Resources Analyst in Talent Acquisition and Management	1.0	In Progress
Management		
Various Management and Professional Positions	29.0	In Progress
Systems		
Information Systems Technical Positions	47.0	In Progress

Classification Studies scheduled to begin in the Fiscal Year 2016-2017

Division / Position	Staff	Result
Benefits		
Retirement Benefit Specialist – Benefit Protection Unit	2.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Senior Retirement Benefit Specialist – Benefit Protection Unit	1.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Senior Retirement Benefit Specialist – Process Management	1.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Communications		
Senior Media Artist	1.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Disability Retirement Services		
Word Processors	3.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Financial & Accounting Services		
Division wide Study (excluding Secretary positions)	27.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval

Division / Position	Staff	Result
Investments Office		
Principal Investment Officer – Risk & Performance Management	1.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Legal Services		
Legal Analyst assigned to the Investments and Benefits Sections	2.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval
Management Secretary assigned to the Benefits Section	1.0	Scheduled for the 2016-2017 Fiscal Year upon budget approval

Anticipated Major Initiatives and Goals

Recurring Expenses vs. One-Time Projects

Recurring expenses are annual operating costs of running the organization day-to-day. The recurring expenses comprise \$16.7 million of the recurring services and supplies budget, which does not include the one-time project costs of \$585,000. This year the total operating budget of services and supplies which includes recurring expenses and one-time projects is approximately \$16.7 million.

It is important to distinguish between recurring expenses and one-time projects. Recurring expenses include labor, insurance, fuel, maintenance, etc. and are expensed annually. Operating costs can be organized as variable or fixed. Variable costs can include monthly electricity bills, telephone bills, travel expenses, etc. Fixed costs could include rent, insurance, business leases, etc. Expenses that are not required for the continual up keep of the organization on an annual basis can be classified as one-time projects.

Budgeting of one-time projects involves the arrangement of adequate funds to pay for the development and operation of a clearly defined project. In some cases it is also necessary to increase budgets to cover maintenance and operation of one-time projects. One-time expenses are expenditures or obligations that aren't recurring in nature. Examples include the occasional replacing of long-lasting, durable goods like computers, product implementation or renovation. These expenses can't always be as easily controlled as recurring expenses, nor can they be as easily forecasted. The key to looking at recurring expenses and one-time expenses is looking at them differently.

Details of one-time projects can be found in the "Budget Request Summary" tab and the "Services & Supplies" tab. Currently one-time projects will take place in Administrative Services and Systems for FY 2016-2017. \$585,000 contributes to the total operating budget of \$16.7 million dollars in Services and Supplies. Without one-time projects the recurring operating budget for Services and Supplies is \$16.1 million dollars.

For FY 2016-2017 the cost for one-time projects has decreased by 79% from FY 2015-2016. This decrease is attributable to the overall nature of project lifecycles in the Systems Division, which can vary dramatically. Key aspects of project lifecycles are setting reasonable expectations, estimating costs, performing a functional requirement study, and in some instances the creation and testing of a prototype. One-time projects can be expensive in terms of both time and money and can take years to complete. The Systems Division is undertaking fewer one-time project initiatives in this budget year in order to better complete the lifecycle of current projects underway.

Renovation: \$400,000

We are recommending the renovation of the 7th floor areas currently assigned to the Financial and Accounting Services Division (FASD) and the Systems Division. Due to the complex nature of this project, we will be phasing the renovation over two fiscal years. FASD will be completed in FY 2016-2017 and Systems in FY 2017-2018.

Both FASD and Systems were last renovated approximately 14 years ago. The recommended renovations will provide adequate space for the division's current hiring plan, as well as a 5-year hiring projection. The project will include a comprehensive space plan, enhanced technology as needed and utilize "green" technologies in support of the overall LEAD rating for Gateway Plaza.

Therefore, we are seeking funding to renovate FASD in FY 2016-2017 as Phase I of a two phase renovation of the 7th floor.

Our hiring plan, outlined above, has necessitated a review of our current footprint in Gateway Plaza. Several of the divisions are at capacity in terms of available space, and reconfiguring work areas will no longer open up additional space. Working with the building manager, CBRE, we have identified approximately 8,000 square feet of available space on the second floor, which is considered an undesirable floor in terms of leasing the space. Staff toured the space and as a result we have taken on the additional square footage to support the Systems Division project to replace employee workstations. We are currently working on developing a 10-year growth projection, by division that will identify projected space requirements including the best use of the additional space on the second floor. As a result of obtaining this additional square footage, coupled with increased utility costs, we project an increase of approximately 20% to building operational costs.

Systems: One-time Projects for FY 2016-2017 - \$185,000

- **Customer Feedback System - \$40,000:** Improving our Call Center member survey capabilities, this system provides for a more flexible and effective automated survey collection process.
- **Enterprise Accounting System upgrade - \$40,000:** Major version upgrade for the general ledger and accounting system. This is a manufacturer mandated upgrade in order to maintain support and patch updates.
- **Redundant Enterprise Internet Connection - \$30,000:** Provides a backup Internet connection to LACERA if the primary Internet connection fails. As more hosted, “cloud” solutions are leveraged, the backup connection will help to prevent business interruptions.
- **Filenet Upgrade - \$75,000:** Major version upgrade for the Filenet imaging and workflow system. This is a manufacturer mandated upgrade in order to maintain support and patch updates.

Other Notable Changes

Human Resources

Human Resources is proposing an increase of \$70,000 for additional consulting needs. Human Resources has staff trained and experienced in conducting classification and salary studies. However, from time to time the scope of a study or the number of pending studies necessitates contracting with a consultant to complete the study. This fiscal year Human Resources will be doing a classification study for the Financial Accounting Services Division to help ensure LACERA remains competitive in the labor market. Additionally, during this fiscal year we will be entering into our next scheduled round of labor negotiations for represented employees. Human Resources is proposing to add \$28,000 for the services of a negotiator to assist us with this process. Finally, Human Resources is partnering with an outside law firm to help update and redesign our Employee Handbook. The consultant services will ensure we remain in compliance with state and federal laws as well as best practices in the industry. Our goal is to ensure our employees have the best possible resources available to understand all of the various programs available, regulations, policies, and expectations that go along with working at LACERA.

Internal Audit

Internal Audit is proposing an increase of \$272,100 in their budget for outside consultant and auditing services. This increase will assist the Internal Audit team with meeting the robust schedule outlined in the Fiscal Year 2016-2017 Audit Plan. The team is planning on completing three to five audits in the areas of Financial Accounting Services Division, the Investment Office, and the Systems Division. The consultant services will increase coverage of audits performed throughout the organization and will result in the better use of internal resources in the completion.

Retiree Healthcare Benefits Program

The Retiree Healthcare Division (RHC) is responsible for administering the healthcare benefits program for retired employees of LA County and their eligible dependents. This budget request for the Fiscal Year 2016-2017 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many changes in Federal and State Programs (i.e., Medicare and the provisions of Health Care Reform applicable to the LACERA-administered health care program) in addition to the general health care landscape. This budget will provide our division with the support needed to

deliver timely quality service to our members.

STAFFING

Retiree Healthcare is not seeking to add any additional staff this year. Currently they have one Call Center staff participating in the CORE benefits training with a scheduled graduation date in October 2016.

While they do not plan on adding any staff this fiscal year, they are seeking \$68,400 for agency temp funding at the Intermediate Typist Clerk level for Fiscal Year 2016-2017 to support the division until this individual completes the training and to assist with heavy workloads during March madness, unanticipated projects, and/or during the period an incoming Retirement Benefit Specialist (RBS) participates in the CORE training in order to comply with LACERA's RBS new hire policy.

SERVICES AND SUPPLIES

Retiree Healthcare is requesting \$565,000 to cover the cost of several planned audits for the Fiscal Year 2016-2017. RHC plans to continue the Medicare Part D (Retiree Drug Subsidy Program) Audit program and the Anthem/Cigna claims audits. They will be adding a Pharmacy Benefit Management audit to review the accuracy and timeliness of CVS Health's administration of the pharmacy benefits program. LACERA has not completed this audit since 2009. Additionally, RHC will be undertaking our first Dependent Eligibility Audit. This audit could potentially reduce future health care liabilities by ensuring only eligible dependents receive benefits.

Retiree Healthcare has a number of annual mailings that we routinely send to members. In addition, RHC is planning for the possibility of additional mailings in the event the Board of Retirement determines it implement new programs such as the Employer Group Waiver Plan (EGWP). We have seen a trend of annual postage cost increases. Therefore staff is requesting we increase our postage budget from \$350,000 to \$550,000.

OPEB Trust Fund

The County's 2015 budget-approved pre-funding plan addresses the County's portion of the OPEB liabilities and utilizes a multi-year strategy to phase in the pre-funding portion of the retiree healthcare benefits while continuing to make the pay-as-you-go

contributions. The Board of Retirement determined it was in LACERA's best interest to join the County in pre-funding is portion of OPEB liabilities.

The County allocates costs using an active employee methodology to determine LACERA's pro-rata share of the costs, which are billed to LACERA on a monthly basis just like County departments. LACERA's current annual pay-as-you-go contribution is \$2 million, which is paid through our administrative operating budget and approved by both governing LACERA Boards.

The County provides the annual estimate of LACERA's pre-funding portion of the Retiree Healthcare unfunded liability. The pre-funding plan uses a multi-year approach to increase the LACERA retiree health payment each year in a consistent manner. The Fiscal Year 2016-2017 contribution is \$245,000 (\$234,716 and \$10,284 for the LACERA Administrative Budget and the Retiree Healthcare Budget respectively). The financial impact of pre-funding LACERA OPEB benefits is minimal. LACERA's participation in the County's initiative is critical in reducing the unfunded liability associated with the retiree healthcare benefits by pre-funding this benefit.

Seeking Your Support

We look forward to meeting with you to discuss the proposed budget. We feel it reflects our continuing efforts to achieve LACERA's goals to improve our member services and takes us one-step further in achieving our Mission and Vision. Staff will be available to respond to any questions you may have concerning our collective request at the 2016 Budget Hearings.

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2017-2019



L//CERA

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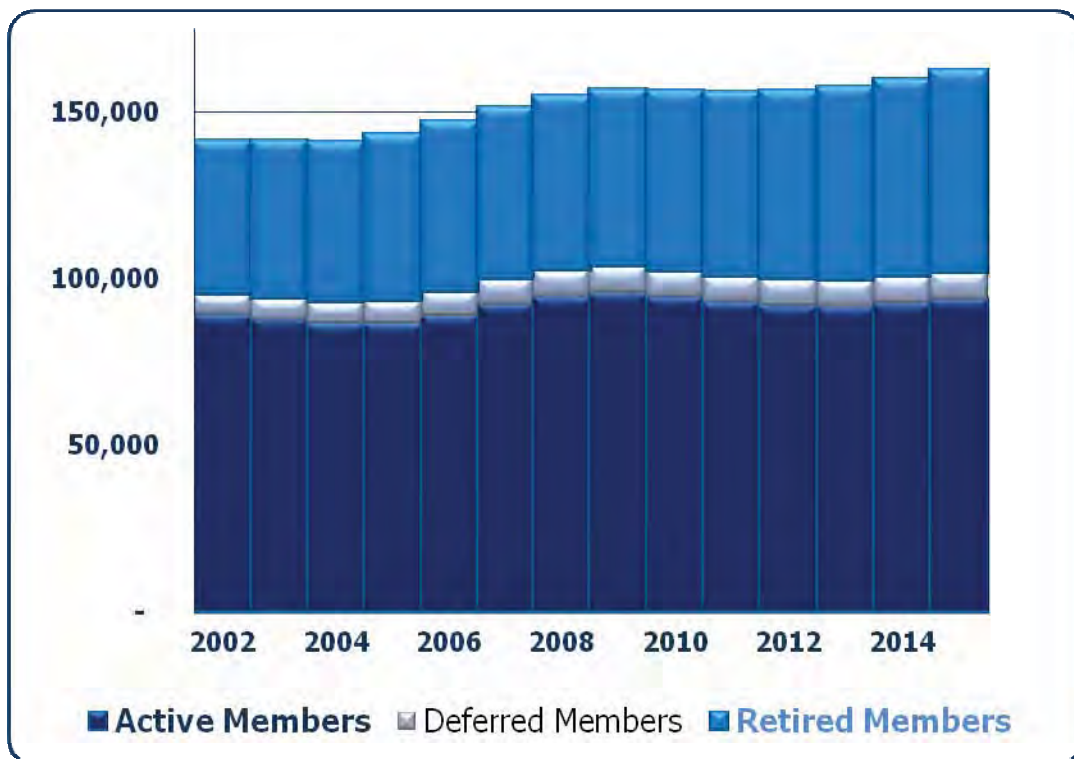
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To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

• QUALITY WORKFORCE •

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

• MANAGE GROWTH AND CHANGE •

To manage growth and change through planning, innovation, and the maximum use of available technology.

STRATEGIC INITIATIVES



Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy.

• Disability Retirement •

We are focusing our organizational energy on modernizing our disability investigation and appeal processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2014-15
Disability Process Management	FY 2015-16
Board and Management Metrics Reporting	FY 2016-17
Case Management	FY 2016-17
Digital Appeal Packages	FY 2016-17
Planning Writ Process Management	FY 2016-17
Implement Writ Process Management	FY 2017-18
Appeal Process Management	FY 2017-18
Retire Legacy System: Tracker	FY 2017-18

• Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system.

Task	Implementation
Job Ticket 1.0 – Planning	FY 2013-14
Job Ticket 1.0 – Prototyping	FY 2014-15
Job Ticket 1.0 – Production	FY 2015-16
Replace Green Screens	FY 2015-16
Retire CICS	FY 2015-16
Update Estimate Program	FY 2016-17
COBOL Program Replacement – Planning	FY 2016-17
Job Ticket 2.0 – Reporting	FY 2016-17
Member Service Center Queue System – Planning	FY 2016-17
Call Recording – Benefits Division – Planning	FY 2016-17
Call Recording – Disability Division – Planning	FY 2016-17
Replace Call Recording System	FY 2017-18
Multiple Plan Streams	FY 2017-18
Reengineer 1st Payment – Planning	FY 2017-18
Job Ticket 3.0 – Case Management	FY 2017-18
Job Ticket 4.0 – Audit Version	FY 2018-19

• Electronic Board Package Delivery •

Provide Board members and staff an option to receive their meeting materials in a secure electronic format.

Task	Implementation
E-Board Packages – Board of Retirement	FY 2012-13
E-Board Packages – Board of Investments	FY 2013-14
E-Board Package – Disability Investigation Report	FY 2014-15
E-Board Package – Disability Medical Cases	FY 2015-16
E-Board Package – Disability Appeal Cases	FY 2017-18

• LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Process	Implementation
Security Log-In	FY 2011-12
Direct Deposit	FY 2011-12
Tax Withholding	FY 2012-13
Beneficiary Update	FY 2013-14
Portal Redesign	FY 2015-16
Intranet Redesign	FY 2016-17
On-Line Pension Verification	FY 2016-17
On-Line Form – Service Credit Purchase	FY 2016-17
On-Line Form – Disability Application	FY 2017-18
Secure Message Center	FY 2015-16
LACERA.com Redesign	FY 2017-18
Retirement Election	FY 2017-18

• Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation
Digital Archive – BOR Back file - Implement	FY 2011-12
Digital Archive – BOI & BOR Committee Back file – RFP	FY 2013-14
Disability Medical Document Portal – Infrastructure	FY 2014-15
Disability Medical Document Portal – Training	FY 2015-16
Board Package Web Posting	FY 2015-16
Digital Archive: BOI Back file – Implement	FY 2015-16
Digital Archive: BOR Committee – Implement	FY 2015-16
Digital Archive – Disability Case Back file – Evaluate	FY 2016-17
Digital Archive – RFP	FY 2017-18
Digital Archive – Actuary Reports	FY 2018-19
Digital Archive – Accounting Reports	FY 2018-19
Digital Archive – Brochures	FY 2018-19
Digital Archive – Summary Plan Descriptions	FY 2018-19
Digital Archive – Retiree Healthcare Program	FY 2018-19

• Retiree Healthcare Program •

In 1987 we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and more recently our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation
Develop Needs Assessment	FY 2016-17



Quality Ecosystem

Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes and services transform. Our plan includes multiple initiatives to feed, care and grow our quality ecosystem.

• In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place.

Task	Implementation
Develop In-Line Quality Program	FY 2012-13
Standardize and Test Audit Program	FY 2012-13
Train In-Line Auditors	FY 2012-13
Implement In-Line Audits	FY 2012-13
Increase the In-Line Audit ratio to 60%	FY 2015-16
Increase the In-Line Audit ratio to 75%	FY 2016-17
Assess Program Resource Requirements	FY 2016-17

• **Advanced CERL Education (ACE) Certification** •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

Task	Implementation
Develop ACE Program	FY 2016-17
Implement	FY 2017-18
Graduate Inaugural Class	FY 2018-19

• Succession Planning •

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

Task	Implementation
Employee Survey – Planning	FY 2016-17
Employee Survey – Conduct	FY 2017-18

• Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation
Outreach Web Video – Retirement	FY 2011-12
Outreach Web Video – New Member	FY 2014-15
Active Member Benefit Statement	FY 2016-17
Retirement Estimate Document	FY 2016-17
Retirement University – Course 1	FY 2016-17
Retirement University – Course 2	FY 2017-18
Member Survey – Customer Needs	FY 2017-18

• Student Internship Program •

The purpose of the LACERA Student Internship Program is to employ students at the graduate and undergraduate levels, in fields of study that will be beneficial to LACERA while providing the students with challenging work experience and exposure to the public pension industry and the business operations of a governmental entity. Through this program, LACERA hopes to increase awareness of the positive community impact made by public defined benefit plans and encourage students to pursue LACERA careers.

Task	Implementation
Develop Program	FY 2016-17
Present Program for Board Approvals	FY 2016-17
Implement Program	FY 2016-17

• Member Centric Process Management •

Benefits Division has developed a Process Management Group (PMG) that has successfully managed its business rules, documentation and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

Task	Implementation
Develop Coordinated Procedures	FY 2016-17
Monitor and Harmonize Procedures	FY 2017-18
Audit Program	FY 2017-18
Develop Requirements for Knowledge System	FY 2018-19



Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year strategic plan places a high priority in scrubbing our legacy data.

• Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation
Employee 1996 Contribution – 7,200	FY 2010-11
eHR Rate Change – 900	FY 2011-12
New Member Plan Elections – 7,400	FY 2011-12
Multiple Sworn Statements – 2,800	FY 2014-15
MOU Retroactive Salary Adjustments – 26,000	FY 2014-15
Missing Service Credit – 1,000	FY 2015-16
Back Contributions Uncollected – 1,000	FY 2015-16
Service Contract not Resident – 1,000	FY 2015-16
Recalculate Contracts Uncompleted – 4,000	FY 2016-17
Data Certification System	FY 2018-19



Implementing PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to take a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation
PEPRA Implementation Needs Assessment	FY 2015-16
PEPRA Implementation Tactical Plan	FY 2016-17

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Strategic Plan Retirement Benefits 2017 Committee Proposal January 2016.docx

STRATEGIC PLAN

Investments
FOR FISCAL YEARS ENDING 2015-2017

L//CERA

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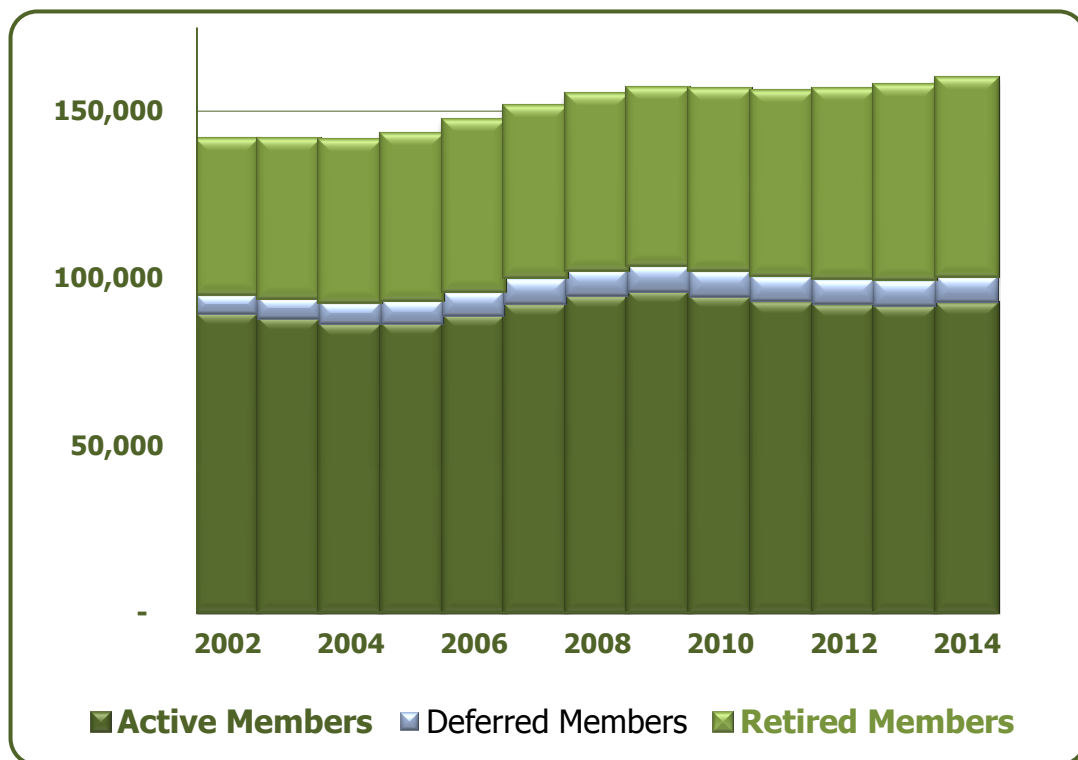
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STRATEGIC REVIEW

Asset Allocation

One of the most important decisions made relating to an investment program is Asset Allocation. One component of Asset Allocation is performing an Asset/Liability analysis. Essentially this analysis uses actuarial methods to determine the growth of Fund liabilities, and then attempts to find an Asset Allocation which will, at a minimum, maintain the current funded status without taking on undue risk. The most recent Asset/Liability study was completed in 2012, resulting in the following Asset Allocation:

Asset Class	Policy Adopted August, 2012
U.S. Equity	22.8%
Non-U.S. Equity Developed Markets (Hedged)	25.7%
Fixed Income	22.5%
Private Equity	11.0%
Real Estate	10.0%
Commodities	3.0%
Hedge Funds	3.0%
Cash	2.0%

It is LACERA's policy to conduct an Asset/Liability analysis at least every three years. The next study is currently scheduled for 2015. However, implementing the decisions arising from the study can take some time. As noted in the chart below, the 2012 study resulted in some significant changes to Fund exposures, particularly within Fixed Income and Private Equity. Due to the illiquid nature of Private Equity, and the slow pace at which funds are drawn by general partners (typically a 4-5 year horizon) it takes time to increase actual portfolio exposure. Since LACERA's policy is to remain fully

invested at all times, other asset classes will, by default, be overweight until capital is drawn. As of December 31, 2014, the Asset Allocation is as follows:

Asset Class	Asset Allocation Policy Weights As of 9/30/2012	Asset Allocation Policy Weights As of 12/31/12	Asset Allocation Policy Weights As of 12/31/2013	Asset Allocation Policy Weights As of 12/31/2014	12/31/2014 Estimated % of MV	12/31/2014 ESTIMATED MV (In Millions) ^{1,2,3,4}
U.S. Equities	24.0%	24.0%	24.0%	25.5%	26.6%	\$ 12,610.60
Non-U.S. Equities (Hedged)	27.0%	26.0%	25.0%	23.0%	24.6%	\$ 11,650.83
Total Equity	51.0%	50.0%	49.0%	48.5%	51.2%	\$ 24,261.43
Private Equity	7.0%	10.0%	11.0%	11.0%	8.6%	\$ 4,076.79
Fixed Income		24.0%	23.0%	22.5%	22.7%	\$ 10,677.48
MHLP and WLP		0.0%	0.0%	0.0%	0.0%	\$ 71.05
Total Fixed Income	26.0%	24.0%	23.0%	22.5%	22.7%	\$ 10,748.53
Cash	2.0%	2.0%	2.0%	2.0%	2.8%	\$ 1,347.61
Real Estate	10.0%	10.0%	10.0%	10.0%	11.3%	\$ 5,326.69
Commodities	3.0%	3.0%	3.0%	3.0%	2.2%	\$ 1,023.94
Hedge Funds	1.0%	1.0%	2.0%	3.0%	1.2%	\$ 545.58
Total	100.0%	100.0%	100.0%	100.0%	100.0%	\$ 47,330.57

Notes:

- 1 Private Equity Updated MV as of 12/31/2014
- 2 MHLP and WLP MV as of 12/31/2014
- 3 Real Estate MV as of 11/31/2014
- 4 Hedge Funds MV is one month in arrears

Staff and Consultant anticipate the following schedule for completing the Study in 2015:

- March - BOI Education on development of assumptions
- April - Approve Assumptions; BOI Education on modeling process
- May - Approve scenarios for liability monitoring
- July - Approve new asset allocation recommendation
- September - Provide implementation plan to BOI
- November - Incorporate into Investment Policy Statement

Assumed Rate of Return

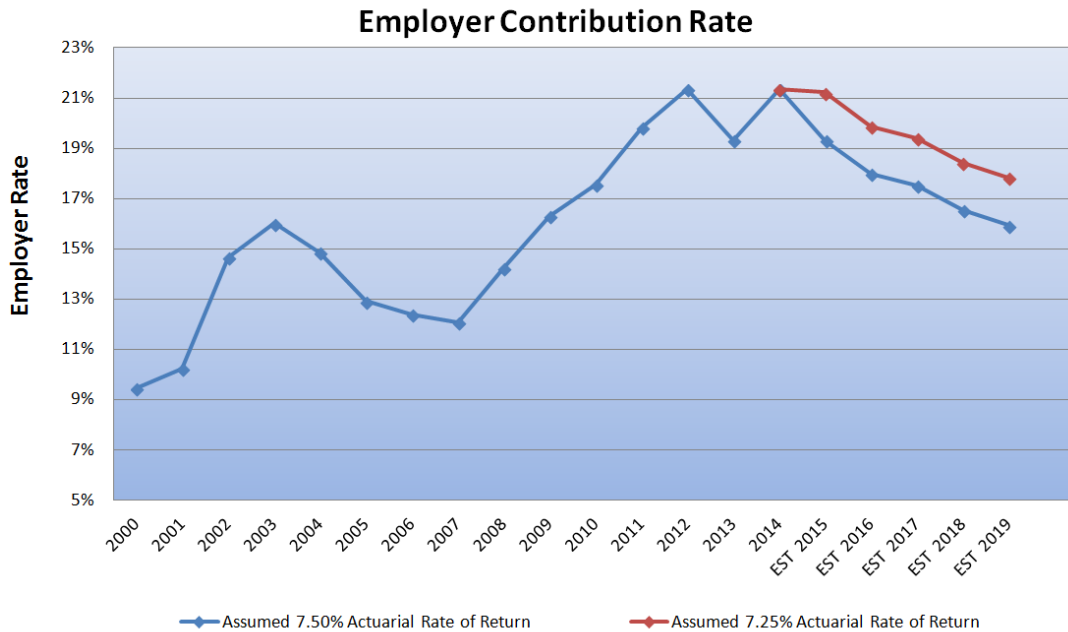
At the December 8, 2013 meeting, the Board of Investments reaffirmed the assumed rate of return used by the actuary in determining funded status at 7.5%. It should be noted that a review of the assumed rate of return will occur in conjunction with the Asset Allocation Study to be conducted in 2015. As currently constructed, based on the estimates from Wilshire Associates, LACERA's General Consultant, the Fund will not achieve the 7.5% assumed rate of return.

The following table highlights the construction of the assumed rate:

	Target Allocation	Assumed Return	Expected Excess Return (Low End)	Expected Excess Return (High End)	Total Asset Class Return (Low End)	Total Asset Class Return (High End)	Component of Fund Return (Low End)	Component of Fund Return (High End)
	A	B	C	D	E (B+C)	F (B+D)	(A*E)	(A*F)
US Equities	25.50%	6.75%	0.00%	0.20%	6.75%	6.95%	1.72%	1.77%
Intl Equities	23.00%	7.00%	0.00%	0.20%	7.00%	7.20%	1.61%	1.66%
Fixed Income	22.50%	3.80%	0.00%	1.25%	3.80%	5.05%	0.86%	1.14%
Commodities	3.00%	3.95%	0.00%	1.00%	3.95%	4.95%	0.12%	0.15%
Hedge Funds	3.00%	5.85%	0.00%	0.00%	5.85%	5.85%	0.18%	0.18%
Real Estate	10.00%	5.90%	0.00%	1.50%	5.90%	7.40%	0.59%	0.74%
Private Equity	11.00%	8.75%	0.00%	5.00%	8.75%	15.00%	0.96%	1.65%
"Other"	0.00%	7.50%	0.00%	5.00%	7.50%	12.50%	0.00%	0.00%
Cash	2.00%	1.25%	0.00%	0.25%	1.25%	1.50%	0.03%	0.03%
Total	100.00%						6.06%	7.31%

Given recent assumptions provided by Wilshire Associates, Staff asked the Actuary to provide an approximation of the impact of reducing the assumed rate by 0.25%. As noted in the Actuarial Analysis provided the Board at the December 10, 2014 meeting, Employer contribution rates are expected to move lower over the next several years. As shown in the following graph, a reduction in the assumed rate from 7.5% to 7.25% will

still allow reduced contribution rates, albeit not as much of a reduction as if the rate of return were to remain unchanged.



Actuarial Rate of Return	2011	2012	2013	2014	Est. 2015	Est. 2016	Est. 2017	Est. 2018	Est. 2019
7.50%	19.82%	21.34%	19.33%	21.34%	19.33%	17.99%	17.51%	16.54%	15.93%
7.25%					21.22%	19.88%	19.40%	18.43%	17.82%

As depicted above¹, based in information received from LACERA's actuary, should the Board lower the rate of return expectation from 7.5% to 7.25%, the employer contribution rate would drop from the current 21.34% to 17.82% during the next five years.

¹ Source: Milliman estimates

New Investment Opportunities

During the past few years, numerous investment opportunities have been presented to Staff that do not fit squarely into the categories LACERA utilizes for allocating investments. Many of these opportunities are attractive at the Fund level on a risk-adjusted basis, but are hybrid in nature or display risk and return characteristics that are not in keeping with the standard asset class definitions and operating parameters. As a result, Staff believes adding a new category to our Asset Allocation to accommodate such opportunities may make sense.

Such opportunities may be sourced in a number of ways. Often, current LACERA managers in various asset classes present new ideas that are attractive but are not acted upon given our current structure. In other cases, managers with unique ideas seek out investors with a reputation for being "leading edge" who have the ability to invest in different approaches.

Examples of such opportunities include:

Frontier Markets

Preliminary analysis indicates that the sheer size of a LACERA commitment to Frontier Markets equities would overwhelm the capacity of the few managers that appear to have capabilities in this area. Staff has identified managers that have the ability to invest in both equity and debt within the Frontier Markets, although they remain capacity constrained. Conversations with these managers lead Staff to believe that further analysis is warranted for a balanced account approach (i.e., combining both debt and equity in a single account), with guidelines as to how large or small either could be in the account (for example, not allowing either type of asset to be less than 30% or more than 70% of the portfolio).

Currently, there is not a place in the Fund's structure to house this type of investment. Additionally, Staff and the Board would have to agree upon benchmarks, operating guidelines, and evaluation procedures.

Starwood Opportunities Fund

LACERA currently utilizes funds managed by Starwood Capital Group within the high-return component of the Real Estate portfolio. Starwood recently marketed the Starwood Distressed Opportunity Fund IX, designed to invest in global distressed real estate through the purchase of non-performing loans, single assets, portfolios of assets, and companies. The risk profile of this investment was too great for the Real Estate portfolio, while the expected return (low to mid-teens) is at the low end for Private Equity. Further, the Private Equity portfolio does not contemplate Real Estate related investments. With these conflicting objectives within our portfolios, LACERA could evaluate this with teams from both Private Equity and Real Estate working together, while holding the investment at the Fund level.

Infrastructure and Natural Resources

Currently, LACERA does not have exposure to Infrastructure investments and only limited exposure to Natural Resources. As infrastructure investing has matured, more commingled funds are focusing less on toll roads or bridges and more on energy generation, transmission and pipelines, and transportation linked investments. While LACERA has exposure to some transportation linked assets in the Real Estate portfolio (Industrial Real Estate generally falls in this category), recent investment opportunities reviewed by Staff include funds incorporating some or all of these categories. When reviewing these opportunities, Staff observes that they do not fit "squarely in the box" of the current structure, yet many of these opportunities present attractive risk and return characteristics at the Fund level.

In the Energy space, LACERA has limited exposure to Natural Resource commodity producers (primarily Oil and Gas). Although prices have fallen recently, these types of opportunities historically generate solid cash yields to the investor. Additionally, Staff

anticipates some distressed selling in this area in the near to intermediate future. As such, searching for a manager well positioned to take advantage of this distress may be beneficial in the long run.

While these and similar opportunities would not be allocated to a specific asset class, LACERA Staff maintains the expertise to evaluate these different approaches. Virtually all investment opportunities presented to LACERA fall within a single or multiple asset classes already within the organization's capabilities. As such, the teams from the respective asset classes may work together to evaluate an opportunity from the asset class or structural perspective. Should an investment be made, these same teams would have responsibility for overseeing the investment, while the allocation of the investment and its return would be a Fund level responsibility.

In order to take advantage of these opportunities, a new category will need to be created at the Fund level. Staff, working with the Fund's General Consultant (Wilshire Associates) will present a recommendation to the Board regarding these types of investments in conjunction with the Asset Allocation Study to be conducted during 2015.

Asset Class Structure Reviews

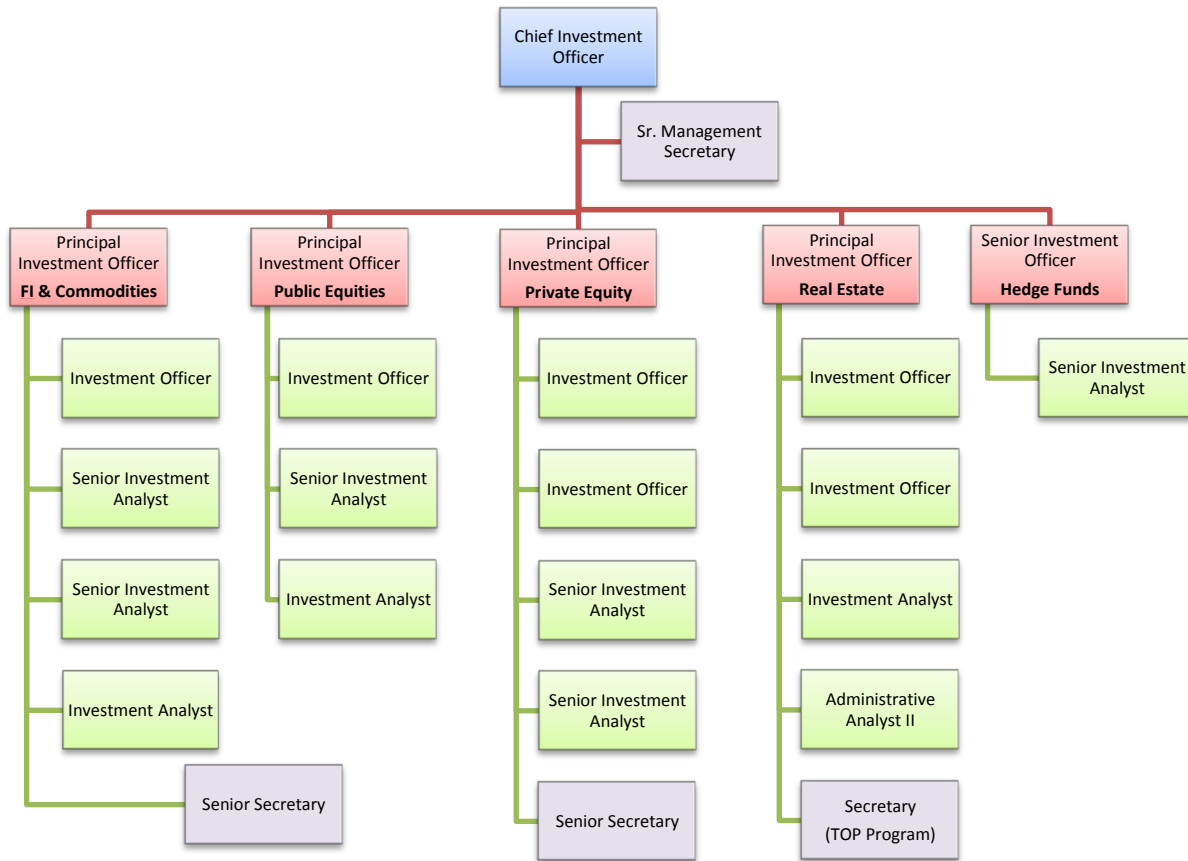
In addition to the broad Asset Allocation study performed every three years, Staff performs periodic reviews of the structure within each asset class. For example, the U.S. Equity structure was reviewed with the Board in December, 2012. The following schedule outlines the review cycle for each asset class:

Asset Class	Last Review	Next Scheduled Review
U.S. Equity	Dec., 2012	2q 2015
Non-U.S. Equity	Mar., 2014	2q 2016
Fixed Income	Sep., 2012	4q 2015
Private Equity	Dec., 2014	Annual
Real Estate	June, 2014	Annual
Commodities	May, 2012	3q 2015
Hedge Funds	Dec., 2012	Annual
Cash	N/A	N/A

Staffing Structure/Recruitments

As the organization grows in size and scope, adding increasingly complex investments, the need for senior level, experienced investment management oversight increases. Combined with the desire for increased outreach to and communication with other investors and stakeholders, additional demands are made on the Chief Investment Officer. As these demands increase, assistance is needed in maintaining the day to day operation of the Investment Office, continuing to develop new investment approaches and fund management capabilities, and ongoing development of Staff.

Currently, LACERA's Investment Office structure is as follows:

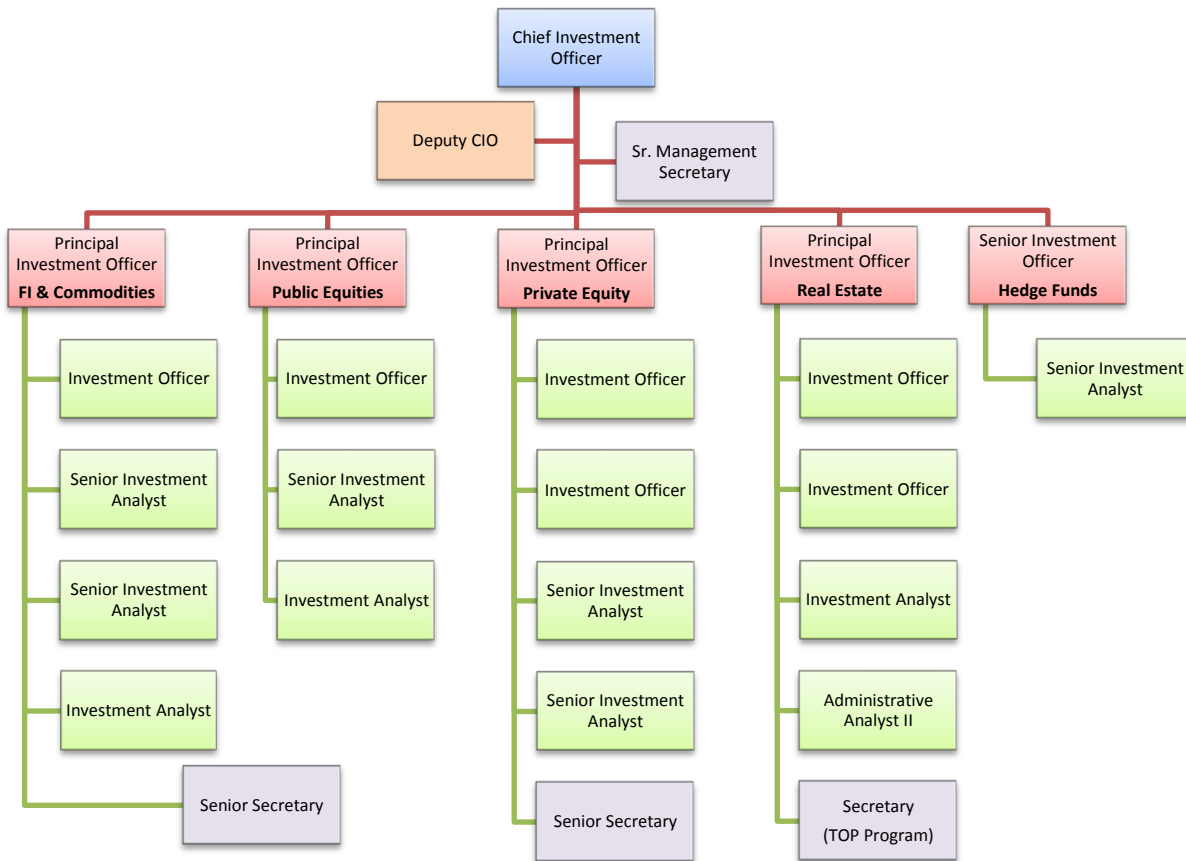


This structure limits the Asset Class leaders in their ability to review new ideas, existing investments or operational issues specific to their asset classes with senior management. While this has not been a problem to date, as the Fund grows and more complex investment opportunities present themselves, it is anticipated that timely access to senior decision making will become more critical. Additionally, the current structure does not provide for cross-asset class investments as contemplated above, nor does it provide a career path beyond overseeing an asset class.

There are two possible solutions Staff is evaluating to address these needs.

The first would be to create a position for a **Deputy Chief Investment Officer (DCIO)**. Such a position would place one individual in a leadership capacity having many of the same characteristics an organization might seek for a Chief Investment

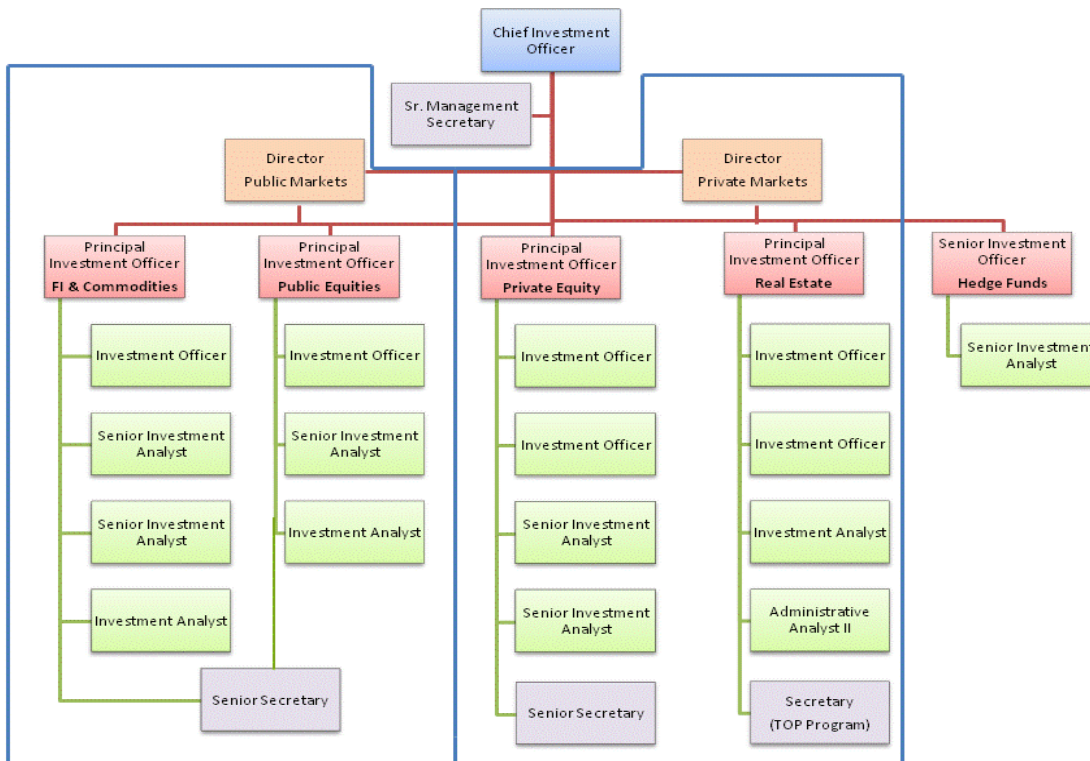
Officer (CIO), though likely with somewhat less experience. As currently contemplated, the role of the DCIO would overlap substantially with that of the CIO, assisting in the oversight and management of the Investment Office, stepping into the role of the CIO when necessary, and providing mentoring and learning opportunities to Staff. Such an individual may also provide additional expertise when considering new or different approaches to management and investment of Trust assets. This type of structure might look as follows:



The primary benefit would be to free up the CIO's time to focus on policy and other initiatives on behalf of LACERA. A DCIO would provide increased access to senior leadership, reduce organizational reliance on one individual, and provide a natural succession opportunity. Additionally, the DCIO could have signatory authority, leading to decreased processing time. A key consideration would be deciding which functions the CIO currently performs would be delegated to the DCIO, and how this might impact the organization, both operationally and from a morale standpoint.

However, this type of structure has a number of drawbacks. The primary drawback is finding one individual with sufficient expertise in all asset classes who could quickly establish credibility with Investment Staff. To be truly effective, asset class leaders would report to the DCIO, who in turn would report to the CIO. In addition to creating a "vertical" organizational structure, this added layer of management potentially creates confusion over the roles and responsibilities of the two individuals. On the surface, it also appears that this structure primarily benefits the CIO, reduces Staff access to the CIO and creates the appearance of hierarchy that could restrict the free flow of ideas. It also implies a reduced level of seniority for the Principal investment Officers, who currently report directly to the CIO, and does little to alleviate the desire of investment staff to "bounce ideas around" before expending significant time reviewing new opportunities.

The second possibility is to create two senior level positions, tentatively called **Director of Public Markets** and **Director of Private Markets**. The organization chart for such a structure may look like this:



Creation of two such positions allows a number of benefits, including those listed above for a Deputy CIO. The main benefit of this structure is increased detailed knowledge of the underlying investment programs within the purview of each, while also providing senior level exposure to the operations and intricacies of the "other side" of the investment program (i.e., public markets oversight interacting regularly with private markets oversight), allowing a broadening of knowledge on the part of both individuals to include all Fund operations. The addition of experienced professionals with specific expertise provides supplementary opportunity to further develop the skills of subordinate staff, providing even more growth opportunities and reducing organizational reliance on a single individual within each asset class as well as at the Fund level. From a succession planning point of view, this structure provides two individuals with the ability to "step into" the CIO role should the need arise.

The Director of Markets would be responsible for developing policies and directing asset management activities within their respective areas. These individuals could also be tasked with the administrative functions of their underlying asset classes as appropriate. As the organization grows in scope and complexity, these individuals could be tasked with sharing of responsibility for new investment approaches that cross asset class boundaries.

One concern with this approach is potential confusion over roles and responsibilities, particularly in the absence of the CIO. Strong communication and working relationships is the best way to overcome this hurdle. Additionally, there is concern that Investment Staff may feel more removed from the CIO; again, communication is the key to resolving this difficulty should it arise.

Currently, the **Risk Management** function occurs within asset classes. This creates a need within each asset class to utilize resources to compile data, run and analyze reports, and provide information to the Principal Investment Officer. As systems capabilities improve and become integrated, moving this function out of the asset class serves two purposes. First, there is an independent analysis provided to the respective

asset class heads as well as to the CIO and Board, ensuring compliance with Board approved parameters as well as recommendations for change if and when necessary. Secondly, taking this function away from the asset class will allow analysts to focus more on their respective markets and managers, hopefully providing better insight into portfolio and manager performance and characteristics.

The Investment Division currently has one budgeted open position. During the past year, recruitments for the Private Equity asset class have resulted in the addition of two individuals. Staff expects to utilize the remaining position to begin staffing a Risk Management function within the Investment Office².

In addition to a Risk Management function, the growth of the Fund and the increasing complexity of investment activities create the need for additional compliance and operational oversight. Similar to Risk Management, the compliance process currently resides within asset classes. In addition to freeing up analyst time, a **Compliance Analyst/Officer** would allow reporting of manager and Fund level guideline compliance violations independent from the asset class, and would also allow more frequent and comprehensive reviews of contract compliance. Contract compliance includes not only ensuring receipt and review of required documentation (i.e., insurance certificates, ADV and other regulatory filings, and personnel change notifications), but should also include a systematized means of ensuring appropriate due diligence documentation and adherence to contract terms. Additionally, an individual with this background could also be responsible for interfacing with accounting and managers to resolve pricing or valuation discrepancies, and handle other compliance related operational aspects of the Investment Office. The Investment Office expects to work with the Board, the Executive Office, and Human Resources to develop a Job Description and characteristics for this position during the 15-16 Fiscal Year. Should this be successfully completed, Staff will request supplementary budgetary approval to begin a recruitment to fill the position.

² This is discussed further in the "Risk Management" Section of this document.

As LACERA increases investment activities outside the U.S., there is a growing need to stay aware of and participate in **Corporate Governance** activities. LACERA recently joined both the Asia Corporate Governance Association (ACGA) and the International Corporate Governance Network (ICGN). These two organizations focus on corporate governance activities in Asia and Europe respectively.

Similar to participation in the Council of Institutional Investors (CII), becoming actively involved in these organizations allows a more comprehensive understanding of the issues investors face in these regions, as well as providing the potential to influence development of corporate governance activities in these regions. Staff expects to engage with the Corporate Governance Committee in 2q 2015 to discuss this growing area and receive direction on level of involvement. Should LACERA choose to become more active in this area, consideration must be given to creating a dedicated Corporate Governance function within the Investment Office.

Major Service Providers

There are currently five major service providers utilized by LACERA's Board of Investments:

Custodian

General Consultant

Private Equity Consultant

Real Estate Consultant

Actuary³

Generally, it is good practice to review these relationships at least every five years. This review may consist of issuing a Request for Proposals (RFP), Request for Information (RFI), or Request for Quotes (RFQ). The purpose of such issuance is to determine:

³ LACERA utilizes two actuarial firms – one is the Consulting Actuary, the other is the Audit Actuary. These searches are conducted by Internal Audit and are therefore not a part of this planning process.

Firms willing to bid on LACERA business

Services and support needed to effect the Investment Program

Services offered but not currently utilized by the Investment Program

Pricing for services

While time consuming and complex, conducting such searches on a regular basis ensures that new products and services may be evaluated, Staff and Board remain informed of best practices in the industry, and that pricing remains competitive. Additionally, this practice ensures there is an open and transparent process to the selection of service providers. Prior to initiation of a search, Staff expects to work with the Board to memorialize the roles and responsibilities, as well as the qualities and qualifications, for each of these service providers. This will ensure that, when issued, the RFP/RFI/RFQ reflects the current thinking of both Board and Staff as to the needs of the organization.

Staff intends to follow the process below in the selection of each Service Provider:

1. Review existing contract requirements for services to be provided
2. Review additional services LACERA currently receives from the service provider
3. Review additional services desired by LACERA
4. Present the above information to the appropriate Committee for additional input as to services and characteristics desired
5. Present this information to the Board of Investments for discussion and approval
6. Issue a Request for Proposal/Information/Quote
7. Present findings from the process to the Board of Investments

Engagement with the Board is imperative to ensure alignment of interest and all concerns and requests are addressed in an appropriate manner. As this is a comprehensive and detailed process, Staff believes accomplishing one RFP per year is reasonable.

Custodian

LACERA completed a search for Global Custody Services during FY 2013, resulting in the selection of State Street Bank as Master Custodian for LACERA assets. Staff continues to evaluate the services available, transitioning services where it is either cost effective, or where the State Street platform provides enhanced management capabilities. For example, after reviewing the capabilities of the State Street offering, Staff completed the transition of administrative and accounting capabilities for Private Equity to the State Street platform. Additionally, during the 2014-15 Fiscal Year, Investment and Accounting Staff will determine the feasibility of moving administration of the Real Estate portfolio assets onto the custodial system.

General Consultant

Currently, LACERA utilizes the services of Wilshire Associates as General Consultant. Staff will work with the Board of Investments to identify the services and capabilities desired. Current services include:

1. Conduct Asset-Liability Study once every 3-5 years
2. General Consulting Services
3. Strategy Research
4. Provide Independent Reviews
5. Research Investment Ideas
6. Educate Board of Investments
7. Attend 4 to 6 meetings, including the annual off-site
8. Quarterly Performance Reports
9. Above services related to OPEB Trust, as necessary

Private Equity Consultant

Currently LACERA utilizes the GCM - Customized Fund Investment Group (GCM-CFIG) for both consulting and administrative purposes in Private Equity. Consulting and Administrative Services include:

1. Annually review, together with Staff, the Private Equity Objectives, Policies and Procedures and Investment Plan
2. Sourcing of new investments and review of investments sourced by staff
3. Independent due diligence of investment opportunities presented to the BOI for approval
4. Assessment of secondary purchase opportunities
5. "Back office" administration of the asset class
6. Periodic reporting to the BOI. These reports include:
 - a. Compliance with policies and procedures as set forth in the various policy documents governing the asset class and fund
 - b. Compliance with the Investment Plan approved by the BOI
 - c. Performance reporting
 - d. Information allowing comparison of LACERA's portfolio and returns to other institutional investors

With the recent transition of administrative functions to the State Street platform, Staff will run in parallel for a period of time to ensure functionality. Should the State Street platform meet the organization's needs, Staff will likely recommend elimination of duplicative services.

The needs of the Private Equity Program have changed significantly since GCM-CFIG was initially retained by LACERA. LACERA is now engaged in a multitude of activities, from Emerging Managers (J.P. Morgan) to Co-Investment (Morgan Stanley), in addition to the ongoing sourcing of new opportunities and maintenance of existing investments. With administration of the program moving to the State Street platform, the scope of services for the Private Equity Consultant has changed. As a result of these changes, Staff anticipates conducting a search for a Private Equity Consultant during 2015.

Real Estate Consultant

The Townsend Group (TTG) is LACERA's Real Estate Consultant. The Consulting Agreement was last bid in July 2005. Consulting and Administrative Services include:

1. Annually review, together with Staff, the Real Estate Objectives, Policies and Procedures and Investment Plan
2. Assist Staff with manager searches
3. Provide independent analysis of commingled fund opportunities
4. Produce research and consulting advice on general real estate matters, changes in the investment management industry, trends, major events and capital markets
5. Performance measurement reports are prepared on a quarterly basis
6. Special projects as needed

During the 2014-2015 Fiscal Year, Investment and Accounting Staff will investigate the feasibility of moving the administration and performance measurement functions for real estate to the State Street platform. Should that effort prove viable, a reduction in the scope of work from the Real Estate Consultant may be achievable.

Risk Management

"Risk" may be defined in many different ways. The greatest risk any plan faces is the inability to pay benefits when they become due. The Board adopted a Funding Policy to assist in mitigating this risk.

In addition to funding risk, there are many types of risks inherent to the investment of Trust assets. Some can be measured, monitored and managed; others cannot be anticipated. Due to the different types of risks found within different asset classes and investment strategies, methodologies for assessing and/or mitigating asset class specific risks are discussed within the plan for each asset class.

Staff has developed the following matrix to determine:

- A. the Plan's exposure to various risk factors, and whether it is believed the exposure is high, medium or low,

- B. the degree to which such risk can be measured; and if it can be measured,
- C. the degree to which such risk can be managed.

Additionally, the matrix identifies those risks that appear to be measurable using State Street's TruView Risk Management System. The definitions of these risk factors appear as **Appendix A**.

	Total Plan	Domestic Equities	Int'l Equities	Fixed Income	Real Estate	Hedge Funds	Commodities	Private Equity	TruView
EXPOSURE									
"Benefit shortfall" risk	H	NA	NA	NA	NA	NA	NA	NA	
Compliance	M	L	L	L	L	H	L	M	
Counterparty	L	L	M	L	L	M	M	L	
Credit	M	L	L	M	L	M	L	M	
Currency	M	L	M	L	L	L	L	L	
Deflation	M	M	M	L	H	L	H	M	
Equity Market Beta	H	H	H	L	L	M	L	M	
"Fat tail"	M	M	M	L	L	H	H	M	
Geographic	L	L	L	L	L	L	M	M	
Industry concentration	L	L	L	L	L	M	L	M	
Inflation	L	M	M	M	L	L	H	M	
Interest Rate	M	L	L	M	L	L	L	M	
Leverage	L	L	L	L	L	M	L	M	
Liquidity	L	L	L	L	H	M	L	H	
Strategy/Style Risk	M	M	M	H	L	M	L	M	
Transparency	L	L	L	L	L	M	L	H	
Volatility	M	H	H	L	L	M	H	L	
ABLE TO MEASURE									
"Benefit shortfall" risk	L	NA	NA	NA	NA	NA	NA	NA	Y
Compliance	H	H	H	H	H	M	H	L	Y
Counterparty	M	H	H	H	H	M	H	L	Y
Credit	M	M	M	H	M	M	L	L	Y
Currency	H	H	H	H	H	M	H	H	Y
Deflation	M	M	M	M	M	M	M	L	Y
Equity Market Beta	H	H	H	H	L	H	H	L	Y
"Fat tail"	L	M	M	H	L	L	L	L	Y
Geographic	M	H	H	H	H	M	L	H	Y
Industry concentration	M	H	H	H	M	M	L	H	Y
Inflation	M	M	M	M	L	L	M	M	Y
Interest Rate	M	M	M	H	H	M	L	L	Y
Leverage	M	M	M	M	M	M	H	L	Y
Liquidity	H	H	H	H	L	M	M	M	Y
Strategy/Style Risk	M	H	H	M	L	M	M	H	Y
Transparency	H	H	H	M	L	M	M	L	N
Volatility	H	H	H	H	M	M	M	L	Y
ABLE TO MANAGE									
"Benefit shortfall" risk	L	NA	NA	NA	NA	NA	NA	NA	
Compliance	H	H	H	H	H	M	H	M	
Counterparty	M	H	H	H	H	L	H	L	
Credit	L	L	L	H	L	M	L	L	
Currency	H	H	H	H	M	M	H	M	
Deflation	L	L	L	H	L	L	L	L	
Equity Market Beta	M	L	L	H	L	M	M	L	
"Fat tail"	L	L	L	M	L	L	L	L	
Geographic	M	H	H	H	H	M	L	H	
Industry concentration	M	M	M	M	L	M	L	M	
Inflation	M	L	L	H	L	M	L	L	
Interest Rate	M	M	M	H	H	M	L	L	
Leverage	M	M	M	M	H	M	M	L	
Liquidity	M	H	H	H	M	M	M	M	
Strategy/Style Risk	M	H	H	M	L	M	M	M	
Transparency	H	H	H	H	L	M	M	L	
Volatility	M	M	M	M	L	M	L	L	

With the retention of State Street as Master Custodian, Staff has moved accounting and custody for all assets except Hedge Funds and Real Estate to the State Street Platform. The feasibility of moving Real Estate accounting will be reviewed early in 2015. With the

addition of a second Hedge Fund of Funds manager utilizing State Street as the third party administrator, Staff will have the ability to assess the ease with which information required for risk management functions can be accessed. Should this integration prove effective, the State Street TruView Risk Management System becomes a viable option for fund and asset class level risk analytics. Staff has already moved the Fixed Income risk reporting function onto the TruView system, and is in the process of creating a useful reporting mechanism. As more assets become available on the State Street platform, Staff continues to identify what uses may be beneficial to LACERA within other asset classes and at the total fund level.

As noted above, during the 2nd calendar quarter of 2015, Staff expects to work with Human Resources to create a job description and classify a position focused on Risk Management. It is expected the initial position will be at the Sr. Investment Officer level, which is already contemplated in the existing budget. Upon approval of the job description and classification, Staff will utilize standard recruitment processes to fill the position.

Environmental, Social and Governance (ESG)

Many investors, for a variety of reasons, are increasingly taking Environmental, Social and Governance issues into consideration in their investment programs. In 2008, the Board approved a recommendation by the Corporate Governance Committee (Committee) to become a signatory to the Principles for Responsible Investment (PRI). Since that time, Staff's ongoing involvement with the PRI has centered on participating in webinars and completing the PRI Reporting and Assessment Survey (Survey), which can take 30-50 hours to complete. The Survey grades the participant's level of implementation of the PRI's six Principles. Listed below are the Principles and suggested implementation guidance from the PRI to increase LACERA's participation

from its current level. At this time, LACERA's existing resources are insufficient to effectively incorporate any of the suggested implementation guidance.

Principle 1 - We will incorporate Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes. Suggested Actions: 1) Move beyond addressing Responsible Investing (RI)/ESG issues only within specialized ESG mandates and/or Socially Responsible Investing (SRI) and/or ethical funds. Ensure that, whenever material, ESG issues are considered across all actively managed assets. 2) Address ESG integration not only in listed equities but other asset classes too.

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices. Suggested Actions: 1) Establish voting and engagement policies that address ESG issues. Policies should outline expectations for companies and how active ownership responsibilities will be carried out. Policies should also outline how voting and engagement policies vary for the different asset classes. 2) Ensure portfolio companies are monitored by internal staff, external investment managers, or an external engagement service provider, and engaged with when appropriate. When undertaking engagement, objectives should be set beforehand, and the outcomes of engagement efforts should be measured against these objectives. If engagement activities are externalized through investment managers and service providers, ask for periodic reports on the number of engagements, intensity of dialogue and measurable outcomes.

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest. Suggested Actions: 1) Encourage companies to disclose ESG policies, practices and performance, either in regular financial reports or standalone reports. Independently from where they are reported, highlight that ESG issues can have a direct impact on financial performance. 2) Seek information from companies regarding their practices related to norms, standards, code of conduct or international initiatives / declarations / conventions related to ESG issues.

Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry. Suggested Actions: 1) Assess the ESG capabilities when searching for, selecting and retaining external investment managers and third party providers (e.g. investment consultants, proxy voting service providers, external engagement service providers or investment research providers). Assessment should be formalized and integrated into existing assessment criteria. 2) Incorporate ESG issues into contractual relationships, thereby ensuring ESG expectations are not only communicated, but are a requirement of the professional relationship.

Principle 5 - We will collaborate with others to enhance our effectiveness in implementing the Principles. Suggested Actions: 1) Where possible, exercise leadership in collaborative engagement initiatives and/or industry associations through the preparation of position papers, joint statements and active participation at meetings. As a signatory, leverage on the PRI Clearinghouse tool provided by the Secretariat to lead and/or join a collaborative engagement. 2) Cooperate with industry peers in working groups on specific issues, and contribute to the organization or content of events organized by the group.

Principle 6 - We will report on our activities and progress towards implementing the Principles. Suggested Actions: 1) Provide an overview of your investment process and approach to considering ESG issues. Release your RI/ESG investment policy and procedures, together with implementation reporting of these policies and procedures on your website. This could be comprehensive, i.e. cover multiple asset classes or different geographical contexts. 2) Disclose your voting and engagement activities. Reporting could be public, include all votes, and provide guidance explaining why voting decisions were made. Engagement reporting could provide background information on the engagement issues at hand, the nature of the engagement and its outcomes, as well as issues to be engaged on in the future.

In addition to the suggestions above, the PRI encourages collaboration with other PRI signatories on issues through its Clearinghouse. However, a significant number of the

PRI sponsored engagements and collaborations focus on very specific issues across the globe. Some of the more recent initiatives include banning cluster munitions, water risks in the agricultural supply chain, and sustainable palm oil. Generally, these are not areas where LACERA has focused its corporate governance efforts.

Initially, the PRI asked organizations to withdraw as a signatory if the organization did not improve on their rankings from year to year. However, as the mandated fees and the Survey process evolved, they have since backed off this effort. Nevertheless, the PRI will be publicly disclosing portions of individual signatory's survey results and that could indirectly pressure signatories to leave.

For LACERA to meaningfully increase its implementation of the Principles and improve its ranking would require a significant boost in resources (personnel and financial). Each asset class would be impacted to varying degrees (private markets relative to public markets) but Staff in each asset class would be required to manage, monitor, and report their investment activities in the spirit of the Principles. Furthermore, the resources (internal and external) required for collaboration with other investors and engagement with portfolio companies could be significant. Generally, only the largest pension funds in the US who are signatories to the PRI have the resources to effectively implement the Principles.

OPEB Trust

At the June 13, 2012 meeting, the Board authorized LACERA's Chief Executive Officer to execute a Trust and Investment Services Agreement between the Board and the Los Angeles County Board of Supervisors for the primary purpose of holding and investing assets to fund the Retiree Healthcare Program (the OPEB Investment Trust or "Trust").

The County continues to fund the benefits on an ongoing basis from the current budget. However, the Plan Sponsor retains the right to withdraw assets at anytime to pay bills related to the Retiree Healthcare Program. In June, 2013 the County CEO's

office shared a proposal to request the Board of Supervisors approve using excess fund balances at year-end book closing for the rainy day fund and the OPEB Trust. While this was adopted on June 24, 2013, it appears unlikely this will result in additional funding in the near future.

Based on its June 30, 2012 Actuarial Valuation, the Trust has a liability of approximately \$45 billion, while assets at December 31, 2014, stood at approximately \$475 million. As the liability is so large relative to the assets, it is not possible to perform the traditional Asset Liability Modeling (ALM) process utilized every three years by the Retirement Trust. As the plan sponsor requested \$100 million be set aside for potential access, Staff and Consultant consider this to be a "Reserve Pool"⁴, with the balance of the assets invested in long-only liquid assets with a higher expected return than cash.

At this time, it is not feasible to utilize the alternative asset classes of Private Equity, Real Estate, or Hedge Funds as potential investments. Staff, working with LACERA's General Consultant, Wilshire Associates, determined that investing directly in these alternative asset classes would not be cost effective at this time given the size of the OPEB Trust.

At the December 11, 2013 meeting, The Board of Investments approved a recommendation to invest 100% of the "Strategic Pool" assets in the MSCI All Country World Index – Investable Market Index (ACWI-IMI) index fund managed by Blackrock. Staff expects to retain this asset allocation until such time as there is a clearly identifiable and consistent source of funding. In the interim, Staff will continue to explore cost effective means of accessing the full range of investment opportunities.

⁴ The Reserve Pool will be invested in the Enhanced Cash portfolio currently managed by J.P. Morgan

Fees

A significant component of cost for the Fund is the fees paid for management and administration of Trust assets. These fees may be broken into two components: explicit and implicit. Explicit fees are those paid directly by the Trust. Typically, a manager or service provider provides an invoice, which is verified by both investment and accounting staff, and paid directly from Trust assets.

Implicit fees are those deducted from a commingled fund's assets. These may include fees paid to managers in commingled funds, and fees netted out of distributions to the Trust from investment gains (carried interest and performance fees). Typically, when funds are netted from distributions, the calculations take place at the fund level, and are verified through the annual audited financial statements provided by the manager.

As structures and types of exposure differ by asset class, i.e., active vs. passive and separate account vs. commingled fund, fees are discussed within the framework of the Strategic Plan for each asset class. Fees paid by LACERA are compared against the median for each category as provided by CEM Benchmarking⁵. In order to provide a fair representation of LACERA's fees vs. the benchmark median, Staff weighted the benchmark for LACERA's actual active/passive and management style exposures. It should be noted that the benchmark provided by CEM is as of December 31 of each year, while the asset weightings and fees paid by asset class are for the Fiscal Year End (June 30). This is the most comparable data available for these comparisons, and Staff does not believe there would be material differences if the time and effort were taken to standardize on calendar year end data.

The table below summarizes explicit asset management fees paid by the Trust for the 2014 Fiscal Year.

⁵ CEM has been providing cost benchmarking solutions since 1991. The 2013 survey universe is comprised of 182 funds representing \$3.3 trillion in assets.

FY 2014

	AUM	Fees - \$	Fees - bps	CEM BM*
Domestic Equity	\$12,250,024,963	\$15,266,874.49	13.4	16.05
Int'l Equity	\$12,637,666,822	\$21,446,550.69	18.3	26.53
Fixed Income	\$10,788,239,214	\$18,590,718.91	18.3	25.56
Cash	\$839,439,177	\$840,613.59	6.4	10.5
Commodities	\$1,319,498,670	\$4,063,066.84	32.3	73.3
RE	\$4,727,672,628	\$53,162,911.00	120.3	89.1
PE	\$3,936,407,730	\$43,116,693.92	112.5	165
HF	\$542,078,069	\$10,340,986.78	199.7	211.6
Total	\$47,041,027,273	\$166,828,416.22	35.5	

***Weighted for Asset Allocation at 12/31/13**

In addition to the asset management fees paid, the Trust also pays for administration of the assets. These include custody, banking and consulting services. Staff anticipates that custody fees will continue to increase during the 14-15 and 15-16 Fiscal Years with the addition of services not used or available in the past. However, there is an expectation in most cases that the addition of a service through State Street may allow savings in other areas of the organization. An example is the more efficient means of monitoring manager investment guideline compliance reducing need for additional staff.

Risk Definitions

Benefit Shortfall Risk: The risk that a pension plan sponsor will not have enough money to pay all its pension obligations when its employees ultimately retire.

Compliance Risk: The risk of loss due to violation of guidelines, policies, or regulations. Monitoring compliance can be challenging for investments with limited transparency.

Counterparty Risk: The risk that a counterparty to a contract fails to meet the terms of its obligation. This risk occurs when a counterparty fails to make a payment or is delinquent in making its payment.

Credit Risk: The risk of loss due to a borrower's failure to pay its financial obligation. Examples: 1) in the fixed income portfolio, the risk that a bond issuer gets downgraded or defaults; 2) in the real estate portfolio, the risk that a tenant fails to make a lease payment.

Currency Risk: The risk of poor performance due to fluctuations in foreign exchange rates. For a U.S. investor, the value of an investment denominated in a foreign currency depends on: 1) the change in price of the investment in its local currency, and 2) the exchange rate between the foreign currency and the U.S. dollar. The foreign investment could generate a negative return if the currency depreciates versus the dollar, even if the asset's price (denominated in its home currency) increases.

Deflation Risk: The risk that a general decrease in prices will lead to lower growth and higher unemployment. Asset classes such as equities that depend on broad economic growth perform poorly in a deflationary environment.

Equity Market Beta Risk: Beta measures the sensitivity of a given investment's return to changes in the return of the overall market. The comparison is typically made to the equity market, as measured by an index such as the S&P 500. A beta greater than 1 indicates the investment in question is more volatile than the market, whereas a beta less than one indicates the investment's returns fluctuate less than the market. Beta is calculated by dividing the return covariance between the investment and the market, by the variance of the market return.

"Fat-Tail" Risk: The risk of large loss. The name derives from the left tail (negative outcomes) of a probability distribution. This risk is typically measured relative to a normal distribution. For example, in a normal distribution, the probability that a return will be within two standard deviations of the mean is 95%. Therefore, the probability of a return beyond two standard deviations is 5% (2.5% for large losses and 2.5% for

large gains). In a fat-tailed distribution, the risk that a loss will be worse than two standard deviations from the mean will be greater than 2.5%.

Geographic Risk: The risk that a portfolio has a sizable exposure to a single geographic region, which could cause the portfolio to perform poorly if that geographic region encounters an economic downturn due to political or military unrest, a natural disaster, or an accident. A well diversified portfolio will not have outsized exposure to a single industry, sector, geographic region, or currency.

Industry Concentration Risk: The risk that a portfolio has a sizable exposure to a single industry, which could cause the portfolio to perform poorly if that industry suffers a setback. A well diversified portfolio will not have outsized exposure to a single industry, sector, geographic region, or currency.

Inflation Risk: The risk that inflation will erode the purchasing power of fixed cash flows received in the future. Some securities offset this risk by adjusting future cash flows to account for inflation.

Interest Rate Risk: The risk that the value of an asset will decline due to a change in interest rates. A typical bond declines in value as interest rates rise. The magnitude of loss is determined by the bond's sensitivity to interest rates (measured by duration) and by the amount of the interest rate shift.

Leverage Risk: The risk that the loss on an investment will be magnified either because the investment was made with borrowed money, or because the investment was made via a derivative instrument which increased the exposure to a multiple of the capital invested.

Liquidity Risk: The risk of loss due to the inability to sell an asset in a timely manner. The name derives from the difficulty in exchanging an asset for cash which is "liquid." Measured by the difference between the price at which an asset can be purchased, versus the price at which it can be sold, or the bid/ask spread. The wider the bid/ask spread, the less liquid the investment.

Strategy Risk: The degree to which active managers underperform at the same time. Even though active managers may have different mandates, if their factor exposures are similar, they will likely underperform their respective benchmarks concurrently. This risk can be measured by the correlation of excess returns generated by the active managers.

Style Exposure Risk: Style exposure is the classification of an individual investment or a strategy based on its fundamental characteristics. For example, equity investments may be classified as value versus growth, or large versus small. Similarly, bond investments may be characterized by sector (corporate versus mortgage) or rating

(investment grade versus high yield). Style exposure risk is the degree to which a portfolio tilts toward a particular style, which would cause the portfolio to perform poorly if that style is out of favor.

Transparency Risk: Risk due to the lack of timely information about a specific investment or an investment strategy. This risk can be caused by the complexity of an investment, a reporting lag, or limited information disclosure.

Volatility: A measure of uncertainty in an outcome; synonymous with investment risk. Volatility is commonly measured by the standard deviation of return.

RETIREE HEALTHCARE PROGRAM

Strategic Plan

Yesterday, Today, Tomorrow

FYE 2017-2019

OVERVIEW

LACERA's Board of Retirement administers the Los Angeles County Retiree Healthcare Program. LACERA staff, external consultants, and advisors assist the Board of Retirement's Insurance, Benefits & Legislative Committee in overseeing the Los Angeles County Retiree Healthcare Program.

In 1961 the County Employees Retirement Law of 1937 (CERL) was amended to allow pension systems to provide healthcare to retirees in two ways:

- Board of Supervisors can pay all or part of the cost
- Board of Retirement can pay via excess earnings.

OUR MISSION

To efficiently administer the Healthcare Benefits Program for retired association members and beneficiaries and provide a healthcare program of the highest quality at an affordable cost.

OUR CORE VALUES

PROFESSIONALISM * We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT * Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS * Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS * Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY * We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK * We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

PRUDENT FIDUCIARY

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

RESPONSIVE AND QUALITY SERVICES

To provide responsive and consistent quality service using integrated cost effective procedures.

COMMUNICATION

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

QUALITY WORKFORCE

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

MANAGE GROWTH AND CHANGE

To manage growth and change through planning, innovation, and the maximum use of available technology.

OUR HISTORY

The 1970s

In January 1971, with the assistance of its healthcare consultant, Johnson & Higgins, LACERA first offered a hospital-medical plan and subsidized the retiree's premium by using excess earnings. At that time, the Board of Retirement offered retirees the choice of remaining in Blue Cross, Kaiser, or Ross-Loos from an active employment status. For those electing not to stay with their "active" plan carrier, Occidental or Kaiser Permanente was made available to them.

The indemnity dental/vision plan became a part of the Los Angeles County Retiree Healthcare Benefit Program effective January 1, 1977; with July 1, 1996, the first offering of the CIGNA Dental Health Plan - pre-paid – HMO plan.

The 1980s

In April 1982, the Board of Retirement negotiated an agreement with the County obligating the County to fund the healthcare program so long as the County provided a healthcare program for active employees

The administration of the Los Angeles County Retiree Healthcare Program has gone through several evolutionary organizational changes. Initially, the insurance processing was handled as a function of the Retiree Member Unit as part of the retirement payroll function. Subsequently, at the recommendation of an independent auditor, the function was decentralized to several benefits processing units (team concept).

The 1990s

In early 1992, a determination was made that the health and dental/vision staff support provided to our members was at an unacceptable level; thus, in May 1992, LACERA established the Insurance Services Section (now known as the Retiree Healthcare Division) to centralize the administration of the healthcare program.

With the establishment of the Retiree Healthcare Division in 1992, came the addition of LACERA's first Medicare Advantage plans (Kaiser Health Pledge, now Senior Advantage; Secure Horizons; FHP Golden Healthcare-*terminated 6/30/94*) and Medicare Supplement plan (Provident III), along with a Medicare Part B Reimbursement Program. This complimented the five medical plans (Kaiser, Blue Cross Prudent Buyer, CIGNA Network Model, Provident I, and Provident II) and one dental/vision plan with Provident already offered to retirees.

Effective August 1994, the 1982 agreement was amended to guarantee the County's obligation to continue providing a program even if the County terminated their health program for active employees.

The Twenty-First Century

Our progression to the future is necessarily focused on our primary goal of providing efficient, accurate and friendly service to members. We want to utilize and develop the skills and expertise of our staff to achieve the highest quality service possible. We continue to explore ways to ensure that we capitalize our human and technological resources to maximum effect.

Prior to 2009, all enrollment forms, correspondence, etc. were delivered directly to the Retiree Healthcare Division. In March 2009, we began scanning enrollment forms and correspondence via the CIB (Client In-Basket) document management system, which provided us the ability to better track and monitor workflow. When scanning of healthcare work objects began, an average of 950 forms were received monthly. With Baby Boomers reaching retirement eligibility, that average has climbed to 1,260 enrollment forms per month, while the number of staff processing those enrollments has decreased due to restructure of the Division and additional staff responsibilities.

In 2013, we reorganized the Division to capitalize on the skills and strengths of staff and to ensure that we provide efficient and effective customer service to our Members. Our Division is currently divided into four

specialized units: Call Center, Operations, Financial/Special Projects and Audits.

OUR STRATEGIC INITIATIVES

Successful Implementation of 2014 RHC Program Changes

In January 2014, Los Angeles County (plan sponsor) informed LACERA of a proposed plan to lower the employer costs for the Retiree Healthcare Program changes for new employees hired on or after July 1, 2014. The adopted plan has been named Los Angeles County Retirees Healthcare Program -Tier 2 (Tier 2). We worked closely with other Divisions, including Communications, Member Services, Claims Processing, and Systems to update processes, information and procedures. Retiree Healthcare staff is in the process of revising our *Exploring Your Healthcare Benefits Through LACERA* booklet and information packet. We are also working with Systems with programming Workspace to calculate the County subsidy at the retiree only premium level to support the new benefits structure and mandated Medicare enrollment for Tier 2 members. The only outstanding item is Modify Information Systems – Enrollment, which is targeted by Systems for completion in FY2015-2016. All staff from our RHC Units (Call Center, Operations, Audits, and Quality Assurance/Special Projects) are fully trained on all aspects of the new healthcare benefits so our members can continue to receive excellent and accurate service.

GOAL	IMPLEMENTATION DATE
Modify Information Systems – Enrollment	FY 2015-2016

Continued Integration of Information Technology

Information technology continues to play a vital role in Retiree Healthcare’s ability to serve our retirees and their dependents. For the past few years, all enrollment processing functions have been integrated into Workspace. This has helped increase the efficiency of our Operations staff and helped the overall member experience. We continue working toward providing our members more electronic options to download forms, carrier-related documents, receive education, and complete enrollment. Already in place is the ability for members to input information into enrollment forms online which can then be printed and submitted for processing. The ultimate goal is for members to complete the enrollment process online, with no need to print or mail forms. We are moving forward with anticipated informational and training videos to be included in the Retiree Healthcare section of LACERA.com that will be produced with the help of the Communications Division. The first of these videos were originally intended to be ready by the end of the 2014-2015 fiscal year, but were delayed due to the reallocation of staff resources to prepare for the implementation of Tier 2 to assist with RDS and ERRP audits, and process an increased number of enrollments.

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GOAL	IMPLEMENTATION DATE
Explanation of Federal Excise Tax	FY 2015-2016
Retiree Wellness Program web video	FY 2016-2017
RHC Enrollment web video	FY 2016-2017
Medicare 101 web video	FY 2016-2017
RHC members' electronic submission of enrollment	FY 2017-2018

Workspace

The focus began with improving the tools available to Retiree Healthcare Specialists by changing the 1960s era computer input screens (Green Screens) with user friendly Windows based input screens. We have fully transitioned to all enrollment functions being processed through Workspace. We are also still looking toward automating transmittal of members' enrollment information to the carriers. We have been working with Systems to create an efficient process to automate the population of imputed income in 1099 forms for affected members. We are now re-evaluating the need for such a system. With the legalization of same sex marriage, the number of members requiring 1099 forms has dropped significantly. It may prove to be a better use of resources to handle the approximately one-hundred forms manually.

GOAL	IMPLEMENTATION DATE
Streamline generation and mailing of confirmation letter upon member election via Workspace	FY 2015-2016
Automate monthly premium reconciliation process	FY 2016-2017
Electronic submission to carriers	FY 2016-2017

Member Interaction and Communication

It is our responsibility to educate our members and assist them while making healthcare choices suitable for their needs. With so many changes in the world of healthcare today coupled with the various options available for our members to choose, our plan is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials and videos. We have made significant strides forward in

automating correspondence to members and continue to look toward making the member's experience as consistent, informative, and efficient as possible.

GOAL	IMPLEMENTATION DATE
Implement new seminar for members becoming Medicare eligible	FY 2015-2016
Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website	FY 2016-2017
Develop Medicare 101 Packet	FY 2016-2017
Administrative Guideline Update	FY 2016-2017
Certify member Medicare coverage	FY 2017-2018

Quality Assurance & Special Projects Section

The Quality Assurance and Special Projects Section is responsible for identifying, creating and implementing new efficiencies. They build upon the quality assurance practices we have already put in place to assess needs such as staff training or task allocation. This section will also coordinate and conduct quality control of staff work (both Operations and Call Center) to ensure accuracy and will be responsible for working audits of our insurance carriers. Finally, this section will handle higher level tasks and projects such as Medicare RDS research, EGWP implementation, Affordable Care Act implementation, and accounting and monthly financial reconciliation. Development of guidelines for higher-level functions listed below is in progress.

GOAL	IMPLEMENTATION DATE
Create RHC Billing, Legal Hold, and Death Guidelines	FY 2015-2016
Create RHC Reconciliation Guidelines	FY 2015-2016
Dependent database audit RFP	FY 2016-2017
RHC Consultant RFP	FY 2016-2017
LTC Implementation	FY 2016-2017
RHC Operating Information	FY 2017-2018
Dependent database audit completion	FY 2017-2018

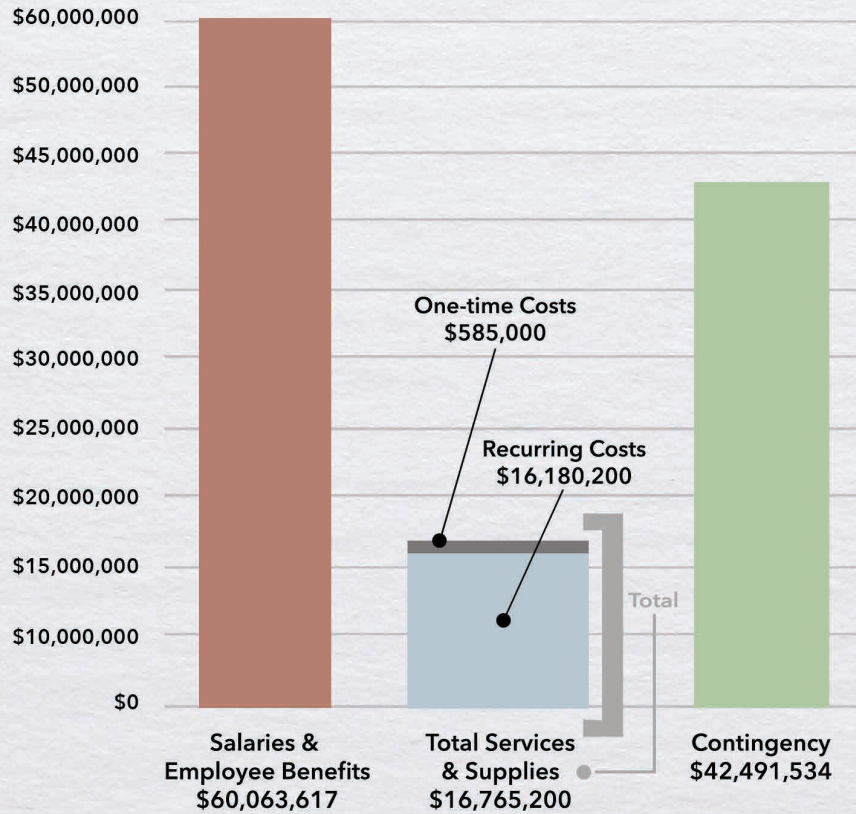
Audits Section

The Audits Section is responsible for generating and conducting audits that are both generated based on internal needs (such as the Code 19 project) or based on reports received from different carriers (Kaiser, Cigna and United Healthcare). The staff assigned to this Section is responsible for researching and updating discrepancies found between member's account on LACERA and carrier's systems, including processing of complex premium adjustments and Medicare Part B retrievals. Part of the process is to notify other Divisions at LACERA for eligibility updates for member and beneficiaries. The staff is also responsible for notifying members of any premium adjustments or eligibility changes and will be the ultimate point of contact for any future calls or correspondences regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year.

GOAL	IMPLEMENTATION DATE
Create RHC Audits training and Guidelines	FY 2015-2016

TOTAL BUDGET REQUEST CATEGORY SUMMARY

[Fiscal Year 2016-2017]



	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	BUDGET	YTD (02-29-16)	PROJECTION	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$60,063,617	\$55,503,655	\$30,254,982	\$52,777,100	\$7,286,517	13.8%	\$4,559,962	8.2%
RECURRING SERVICES & SUPPLIES	\$16,180,200	\$14,802,100	\$8,732,036	\$14,660,450	\$1,519,750	10.4%	\$1,378,100	9.3%
+ One-time costs	\$585,000	\$2,785,000	\$40,996	\$2,770,000	(\$2,185,000)	-78.9%	(\$2,200,000)	-79.0%
TOTAL SERVICES & SUPPLIES	\$16,765,200	\$17,587,100	\$8,773,032	\$17,430,450	(\$665,250)	-3.8%	(\$821,900)	-4.7%
GRAND TOTAL	\$76,828,817	\$73,090,755	\$39,028,014	\$70,207,550	\$6,621,267	9.4%	\$3,738,062	5.1%
CONTINGENCY	\$42,491,534	\$42,288,397	\$0	\$0	\$42,491,534	100.0%	\$203,137	0.5%

LACERA

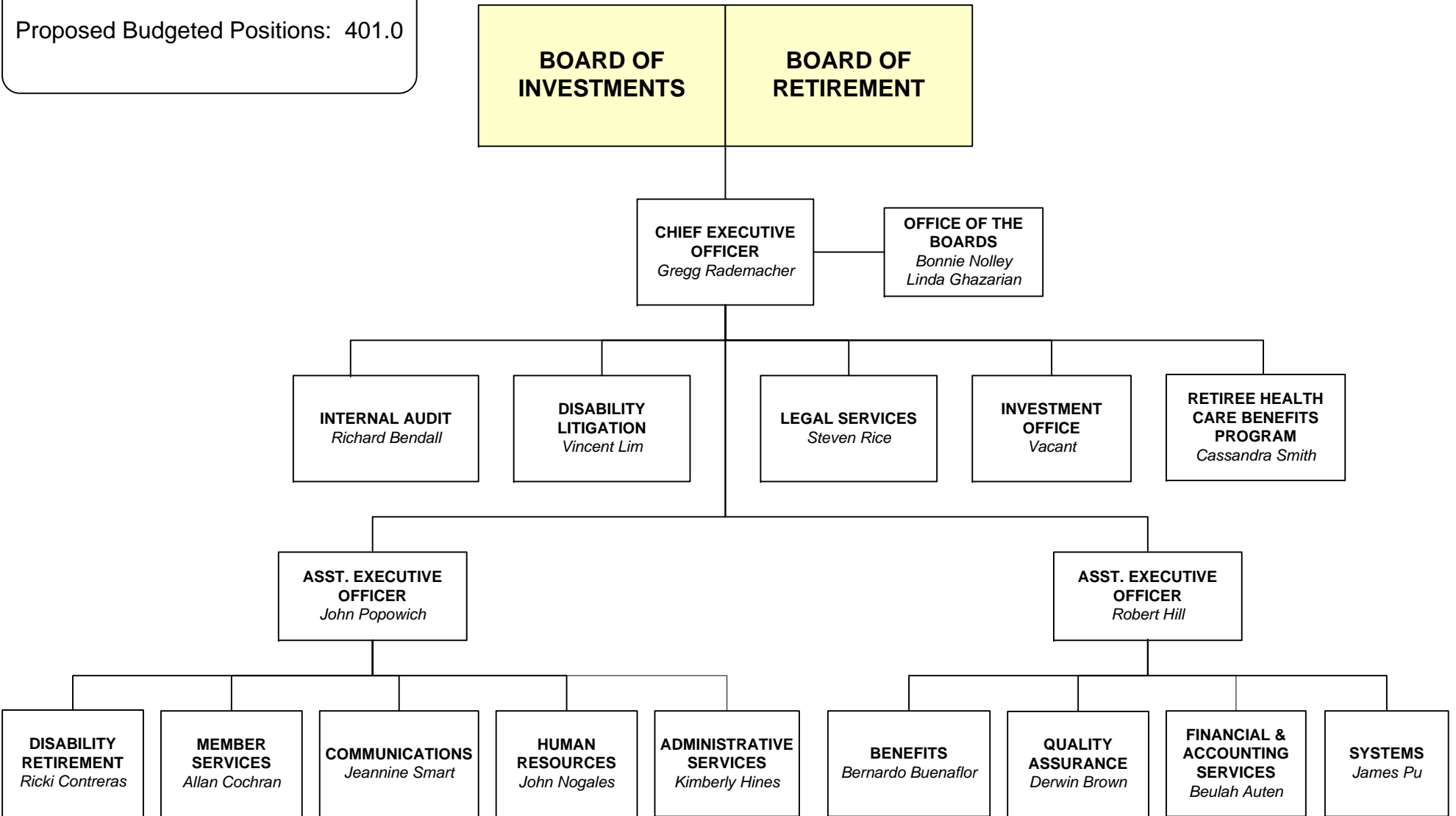
FISCAL YEAR 2016-2017

OVERALL REQUEST
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-29-16)	PROJECTION				
Administrative Services	\$7,368,631	\$6,816,620	\$3,757,684	\$6,408,889	\$959,742	15.0%	\$552,011	8.1%
Benefits	7,605,843	7,383,101	4,215,756	7,362,073	243,770	3.3%	222,742	3.0%
Board of Retirement	168,200	161,200	71,340	133,800	34,400	25.7%	7,000	4.3%
Board of Investments	172,700	161,200	97,173	153,400	19,300	12.6%	11,500	7.1%
Communications	2,208,310	2,223,686	1,017,991	1,888,531	319,779	16.9%	(15,375)	-0.7%
Disability Litigation	1,759,282	1,787,132	984,978	1,712,830	46,452	2.7%	(27,850)	-1.6%
Disability Retirement	7,455,199	6,988,231	3,665,431	6,560,149	895,050	13.6%	466,968	6.7%
Executive Office	2,221,731	2,124,310	1,401,950	2,155,778	65,953	3.1%	97,422	4.6%
Financial & Accounting Services	3,893,424	3,839,245	2,102,816	3,696,409	197,015	5.3%	54,179	1.4%
Human Resources	3,183,524	2,911,827	1,835,883	2,966,102	217,422	7.3%	271,697	9.3%
Internal Audit	2,262,211	1,984,658	1,148,038	1,952,009	310,202	15.9%	277,553	14.0%
Investment Office	8,935,094	7,024,455	3,946,997	6,626,439	2,308,655	34.8%	1,910,639	27.2%
Legal Services	4,413,294	3,926,212	2,664,820	4,199,479	213,815	5.1%	487,081	12.4%
Member Services	7,033,529	6,710,069	3,687,043	6,469,609	563,920	8.7%	323,460	4.8%
Quality Assurance	2,439,475	2,365,699	1,227,448	2,178,556	260,919	12.0%	73,776	3.1%
Systems	15,708,368	16,683,109	7,202,670	15,743,497	(35,129)	-0.2%	(974,741)	-5.8%
GRAND TOTAL	\$76,828,817	\$73,090,755	\$39,028,019	\$70,207,550	\$6,621,267	9.4%	\$3,738,062	5.1%

LACERA FISCAL YEAR 2016-2017

Proposed Budgeted Positions: 401.0



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Permanent Salaries	\$36,653,921	\$34,134,267	\$18,640,340	\$32,444,437	\$4,209,484	13.0%	\$2,519,654	7.4%
Outside Agency Temporary Staffing	2,498,900	2,434,800	848,139	1,603,942	894,958	55.8%	64,100	2.6%
<u>Variable Benefits</u>								
Retirement	6,500,674	5,951,895	3,358,854	6,052,464	448,210	7.4%	548,780	9.2%
FICA Contribution	534,759	491,592	286,581	488,247	46,512	9.5%	43,168	8.8%
County Subsidy - Insurance	1,400,076	1,205,610	765,830	1,269,832	130,244	10.3%	194,466	16.1%
Options Plan	3,031,341	2,780,721	1,606,423	2,747,985	283,356	10.3%	250,620	9.0%
Life Insurance	16,671	14,661	8,380	14,977	1,694	11.3%	2,010	13.7%
Health Insurance Temps	134,120	143,867	66,786	124,700	9,420	7.6%	(9,747)	-6.8%
Flexible Benefit Plan	75,004	68,455	39,481	71,538	3,466	4.8%	6,549	9.6%
Thrift Plan/Horizons	1,008,610	922,062	531,903	907,243	101,367	11.2%	86,548	9.4%
Savings Plan	742,461	625,358	379,716	668,242	74,219	11.1%	117,103	18.7%
Pension Savings Plan	18,948	20,813	6,973	15,157	3,791	25.0%	(1,865)	-9.0%
Megaflex	3,431,442	3,365,563	1,964,505	3,022,856	408,586	13.5%	65,880	2.0%
Total	16,894,106	15,590,597	9,015,432	15,383,241	1,510,865	9.8%	1,303,510	8.4%
Other Benefits	2,995,000	2,769,000	1,358,705	2,673,501	321,499	12.0%	226,000	8.2%
OPEB Contribution	234,716	0	43,104	86,209	148,507	172.3%	234,716	0.0%
Stipends	173,000	50,000	36,025	50,970	122,030	239.4%	123,000	246.0%
Overtime	524,674	447,692	265,811	468,530	56,144	12.0%	76,983	17.2%
Bilingual Bonus	24,000	12,000	4,450	7,200	16,800	233.3%	12,000	100.0%
Reserves for Remuneration	0	0	0	0	0	0.0%	0	0.0%
Sickleave Buyback	58,100	58,100	42,973	59,070	(970)	-1.6%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	100.0%	0	0.0%
S&EB TOTAL	\$60,063,617	\$55,503,655	\$30,254,982	\$52,777,100	\$7,286,517	13.8%	\$4,559,962	8.2%

LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-29-16)	PROJECTION				
Administrative Services	\$3,452,631	\$3,236,720	\$1,748,185	\$3,103,579	\$349,052	11.2%	\$215,911	6.7%
Benefits	7,522,143	7,328,501	4,203,905	7,316,073	206,070	2.8%	193,642	2.6%
Communications	1,220,910	1,238,386	553,931	1,072,990	147,920	13.8%	(17,475)	-1.4%
Disability Litigation	1,676,282	1,729,132	954,686	1,659,345	16,937	1.0%	(52,850)	-3.1%
Disability Retirement	5,050,899	4,824,231	2,526,621	4,489,549	561,350	12.5%	226,668	4.7%
Executive Office	1,812,031	1,718,210	956,524	1,656,308	155,723	9.4%	93,822	5.5%
Financial & Accounting Services	3,602,824	3,510,645	1,941,245	3,389,409	213,415	6.3%	92,179	2.6%
Human Resources	1,782,924	1,674,427	1,038,891	1,649,327	133,597	8.1%	108,497	6.5%
Internal Audit	1,662,211	1,656,758	955,496	1,617,909	44,302	2.7%	5,453	0.3%
Investment Office	8,463,794	6,560,955	3,651,165	6,215,439	2,248,355	36.2%	1,902,839	29.0%
Legal Services	3,923,194	3,519,612	2,153,398	3,509,810	413,384	11.8%	403,581	11.5%
Member Services	6,929,629	6,601,369	3,655,816	6,380,209	549,420	8.6%	328,260	5.0%
Quality Assurance	2,364,975	2,295,199	1,177,414	2,121,956	243,019	11.5%	69,776	3.0%
Systems Division	10,599,168	9,609,509	4,737,705	8,595,197	2,003,971	23.3%	989,659	10.3%
S&EB TOTAL	\$ 60,063,617	\$55,503,655	\$30,254,982	\$52,777,100	\$7,286,517	13.8%	\$4,559,962	8.2%

LACERA
FISCAL YEAR 2016-2017
AGENCY TEMPORARY STAFFING
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Administrative Services	\$151,600	\$119,600	\$109,817	\$187,880	(\$36,280)	-19.3%	\$32,000	26.8%
Benefits	35,000	23,000	25,239	37,900	(2,900)	-7.7%	12,000	52.2%
Communications	67,500	79,500	63,343	98,893	(31,393)	-31.7%	(12,000)	-15.1%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	28,400	0	14,202	28,404	(4)	0.0%	28,400	0.0%
Executive Office	0	0	0	0	0	0.0%	0	0.0%
Financial & Accounting Services	75,200	113,000	7,044	53,743	21,457	39.9%	(37,800)	-33.5%
Human Resources	0	0	0	0	0	0.0%	0	0.0%
Internal Audit	0	0	0	0	0	0.0%	0	0.0%
Investment Office	30,000	79,200	23,907	47,800	(17,800)	-37.2%	(49,200)	-62.1%
Legal Services	42,200	81,500	15,197	60,800	(18,600)	-30.6%	(39,300)	-48.2%
Member Services	142,000	12,000	40,203	53,222	88,778	166.8%	130,000	1083.3%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	1,927,000	1,927,000	549,189	1,035,300	891,700	86.1%	0	0.0%
TOTAL	\$2,498,900	\$2,434,800	\$848,141	\$1,603,942	\$894,958	55.8%	\$64,100	2.6%

LACERA
BUDGET REQUEST INFORMATION
AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2014		FYE 2015		FYE 2016		FYE 2017
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$ 35,000	\$ 118,067	\$ 51,800	\$ 141,833	\$ 119,600	\$ 187,880	\$ 151,600
Benefits	-	37,206	89,400	57,936	23,000	37,900	35,000
Communications	82,800	137,195	73,500	196,962	79,500	98,893	67,500
Disability Litigation	-	977	-	-	-	-	-
Disability Retirement	148,000	265,369	114,500	58,570	-	28,404	28,400
Executive Office	-	-	-	-	-	-	-
Financial Services	65,600	95,406	131,100	12,815	113,000	53,743	75,200
Human Resources	-	24,126	-	-	-	-	-
Internal Audit	-	-	-	-	-	-	-
Investment Office	77,500	54,648	77,500	33,982	79,200	47,800	30,000
Legal Services	10,000	75,568	37,500	85,514	81,500	60,800	42,200
Member Services	45,000	44,898	-	86,708	12,000	53,222	142,000
Quality Assurance	-	-	-	-	-	-	-
Systems	825,000	864,134	1,027,000	952,825	1,927,000	1,035,300	1,927,000
GRAND TOTAL	\$1,288,900	\$ 1,717,594	\$1,602,300	\$ 1,627,145	\$2,434,800	\$ 1,603,942	\$ 2,498,900

LACERA

FISCAL YEAR 2016-2017

OTHER BENEFITS
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2 0 1 5 - 2 0 1 6			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Workers Compensation	\$558,000	\$588,000	\$222,265	\$444,530	\$113,470	25.5%	(\$30,000)	-5.1%
Retiree Health Insurance	2,275,000	2,074,000	1,010,194	\$2,019,467	255,533	12.7%	201,000	9.7%
Long-Term Disability Insurance	112,000	67,000	87,458	\$149,928	(37,928)	-25.3%	45,000	67.2%
Life Insurance-Split Dollar	18,000	18,000	18,000	\$18,000	0	0.0%	0	0.0%
Unemployment Insurance Benefit	32,000	22,000	20,788	\$41,576	(9,576)	-23.0%	10,000	45.5%
TOTAL	\$2,995,000	\$2,769,000	\$1,358,705	\$2,673,501	\$321,499	12.0%	\$226,000	8.2%

LACERA

FISCAL YEAR 2016-2017

OVERTIME REQUEST
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Administrative Services	\$21,504	\$9,665	\$1,153	\$5,880	\$15,624	265.7%	\$11,839	122.5%
Benefits	165,200	165,200	89,363	153,993	11,207	7.3%	0	0.0%
Communications	2,376	1,763	2,006	4,745	(2,369)	-49.9%	613	34.8%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	21,376	18,389	6,180	11,900	9,476	79.6%	2,987	16.2%
Executive Office	2,280	1,500	2,400	4,435	(2,155)	-48.6%	780	52.0%
Financial & Accounting Services	52,084	41,302	32,317	39,500	12,584	31.9%	10,782	26.1%
Human Resources	3,093	3,093	0	1,000	2,093	209.3%	0	0.0%
Internal Audit	2,000	2,000	446	900	1,100	122.2%	0	0.0%
Investment Office	0	0	395	800	(800)	0.0%	0	0.0%
Legal Services	12,118	0	0	0	12,118	0.0%	12,118	0.0%
Member Services	108,684	92,805	67,226	137,077	(28,393)	-20.7%	15,879	17.1%
Quality Assurance	3,950	1,975	404	900	3,050	338.9%	1,975	100.0%
Systems Division	130,010	110,000	63,922	107,400	22,610	21.1%	20,010	18.2%
TOTAL	\$524,674	\$447,692	\$265,813	\$468,530	\$56,144	12.0%	\$76,981	17.2%

LACERA

BUDGET REQUEST INFORMATION

OVERTIME
HISTORY OF EXPENDITURES

DIVISION	FYE 2014		FYE 2015		FYE 2016		FYE 2017
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$ 21,901	\$ 4,659	\$ 19,331	\$ 3,319	\$ 9,665	\$ 5,880	\$ 21,504
Benefits	160,395	227,565	165,200	208,641	165,200	153,993	165,200
Communications	1,500	234	1,538	1,931	1,763	4,745	2,376
Disability Litigation	-	-	-	731	-	-	-
Disability Retirement	14,643	19,100	15,803	12,662	18,389	11,900	21,376
Executive Office	-	1,299	-	6,077	1,500	4,435	2,280
Financial Services	65,600	31,119	41,008	52,162	41,302	39,500	52,084
Human Resources	2,327	3,059	3,093	1,271	3,093	1,000	3,093
Internal Audit	2,000	691	1,054	556	2,000	900	2,000
Investment Office	-	-	-	-	-	800	-
Legal Services	-	-	4,119	400	-	-	12,118
Member Services	35,720	128,694	74,261	154,724	92,805	137,077	108,684
Quality Assurance	-	266	1,029	-	1,975	900	3,950
Systems	85,000	84,365	87,551	116,061	110,000	107,400	130,010
GRAND TOTAL	\$ 389,086	\$ 501,051	\$ 413,987	\$ 558,535	\$ 447,692	\$ 468,530	\$ 524,675

LACERA
FISCAL YEAR 2016-2017
BILINGUAL BONUS
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Benefits Division	\$2,400	\$2,400	\$0	\$0	\$2,400	0.0%	\$0	0.0%
Member Services Division	21,600	9,600	4,450	7,200	14,400	200.0%	12,000	125.0%
TOTAL	\$24,000	\$12,000	\$4,450	\$7,200	\$16,800	233.3%	\$12,000	100.0%

LACERA

FISCAL YEAR 2016-2017

BUDGETED POSITION CHANGES

DIVISION		POSITION TITLE	Salary	Benefits	Total
Administrative Services	1.00	Document Processing Assistant	\$ 47,151	\$ 26,899	\$ 74,051
	1.00		\$ 47,151	\$ 26,899	\$ 74,051
Benefits	2.00	Sr. Ret. Bfts. Spec.	\$ 166,211	\$ 94,822	\$ 261,033
	1.00	Ret. Bfts. Spec III	\$ 71,676	\$ 40,891	\$ 112,567
	3.00		\$ 237,887	\$ 135,713	\$ 373,600
Investment Office	1.00	Principal Investment Officer	\$ 302,839	\$ 172,768	\$ 475,607
	1.00	Finance Analyst III	\$ 182,535	\$ 104,135	\$ 286,670
	3.00	Finance Analyst II	\$ 410,039	\$ 233,924	\$ 643,963
	5.00		\$ 895,413	\$ 510,827	\$ 1,406,240
Legal Services	1.00	Staff Counsel	\$ 137,766	\$ 78,594	\$ 216,360
	1.00	Legal Analyst	\$ 80,483	\$ 45,915	\$ 126,398
	1.00	Senior Management Secretary	\$ 75,488	\$ 43,065	\$ 118,553
	3.00		\$ 293,736	\$ 167,574	\$ 461,310
Member Services	1.00	Ret. Bfts. Spec. III	\$ 71,676	\$ 40,891	\$ 112,567
	2.00	Ret. Bfts. Spec. II	\$ 120,044	\$ 68,484	\$ 188,528
	(3.00)	Ret. Bfts. Spec. I	\$ (153,010)	\$ (87,291)	\$ (240,301)
	3.00	Intermediate Typist-Clerk	\$ 120,754	\$ 68,889	\$ 189,643
	3.00		\$ 159,464	\$ 90,973	\$ 250,437
Systems	1.00	Staff Assistant I	\$ 53,716	\$ 30,645	\$ 84,361
	1.00		\$ 53,716	\$ 30,645	\$ 84,361
Net Amount of Position Changes	16.00	Amount Requested	\$ 1,687,367	\$ 962,631	\$ 2,649,998

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2016-2017

BUDGETED POSITIONS

		2016-2017 BUDGET			
		BUD POS	SCH.	MONTHLY RATE	AMOUNT
00415A	ACCOUNTANT	15	87A	5,506.00	991,080.00
00417A	ACCOUNTING OFFICER I	1	95H	6,959.64	83,515.68
00418A	ACCOUNTING OFFICER II	1	99D	7,681.27	92,175.24
00413A	ACCOUNTING TECHNICIAN I	3	78F	4,367.09	157,215.24
00419A	ADMINISTRATIVE SERVICES ANALYST I	1	78D	4,345.45	52,145.40
00420A	ADMINISTRATIVE SERVICES ANALYST II	4	87H	5,602.09	268,900.32
00421A	ADMINISTRATIVE SERVICES ANALYST III	3	91H	6,244.55	224,803.80
00410A	ADMINISTRATIVE SERVICES OFFICER	2	LS9	9,241.31	221,791.44
00771A	ASSIST. DIVISION MANAGER	1	LS10	9,934.41	119,212.92
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	LS8	8,596.57	103,158.84
00778A	ASSISTANT EXECUTIVE OFFICER	2	LS14	13,267.10	318,410.40
00781A	ASST. INFORMATION SYSTEMS MANAGER	3	LS11	10,679.49	384,461.64
09216A	CHIEF COUNSEL	1	LS18	17,717.81	212,613.72
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	LS18	17,717.81	212,613.72
00776L	CHIEF EXECUTIVE OFFICER	1	R17	20,496.18	245,954.16
00493A	CHIEF INVESTMENT OFFICER	1	LR25	29,164.03	349,968.36
00794A	CHIEF, COMMUNICATIONS	1	LS10	9,934.41	119,212.92
00774A	CHIEF, INTERNAL AUDIT	1	LS12	11,480.46	137,765.52
00780A	CHIEF, QUALITY ASSURANCE	1	LS12	11,480.46	137,765.52
00779A	CREATIVE COORDINATOR	2	101J	8,209.73	197,033.52
00457A	DATA SYSTEMS ANALYST I	3	96L	7,203.45	259,324.20
00458A	DATA SYSTEMS ANALYST II	8	99G	7,738.55	742,900.80
00469A	DATA SYSTEMS COORDINATOR	22	105G	9,105.73	2,403,912.72
00459A	DATA SYSTEMS SUPERVISOR I	1	105G	9,105.73	109,268.76
00460A	DATA SYSTEMS SUPERVISOR II	4	111C	10,609.73	509,267.04
00425A	DIRECTOR, HUMAN RESOURCES	1	LS10	9,934.41	119,212.92
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	100K	8,009.91	480,594.60
00773A	DIVISION MANAGER	5	LS12	11,480.46	688,827.60
00471A	DOCUMENT PROCESSING ASSISTANT	9	74G	3,929.27	424,361.16
00472A	DOCUMENT PROCESSING COORDINATOR	2	77G	4,260.73	102,257.52
00453A	EDP PRINCIPAL PROG. ANALYST	1	110F	10,402.64	124,831.68
00452A	EDP SR. PROGRAMMER ANALYST	1	102A	8,270.00	99,240.00
00442A	EXECUTIVE SECRETARY	4	95L	7,010.91	336,523.68
00767A	FINANCE ANALYST I	4	99J	7,776.73	373,283.04
00768A	FINANCE ANALYST II	8	LR12	11,389.96	1,093,436.16
00769A	FINANCE ANALYST III	8	LR16	15,211.28	1,460,282.88
00434A	HUMAN RESOURCES ANALYST	3	93C	6,511.36	234,408.96
00445A	INTERMEDIATE TYPIST-CLERK	3	68H	3,354.27	120,753.72
00783A	INFORMATION SYSTEMS MANAGER	1	LS13	12,341.49	148,097.88
00782A	INFORMATION SYSTEMS MANAGER I	1	110J	10,479.82	125,757.84
00765A	INTERNAL AUDITOR	1	102D	8,331.91	99,982.92
00764A	INTERNAL AUDITOR	2	96L	7,203.45	172,882.80
09235A	LEGAL ANALYST	4	94D	6,706.91	321,931.68
00795A	LEGISLATIVE AFFAIRS OFFICER	1	107F	9,589.18	115,070.16
00440A	MANAGEMENT SECRETARY	2	87L	5,643.27	135,438.48
00789A	MEDIA ARTIST	4	93H	6,592.27	316,428.96
00461A	MESSENGER DRIVER	2	68B	3,305.18	79,324.32
00762A	PRINCIPAL INTERNAL AUDITOR	2	109F	10,124.00	242,976.00
00495A	PRINCIPAL INVESTMENT OFFICER	5	LR23	25,236.60	1,514,196.00
00463A	PROCUREMENT ASSISTANT I	1	78A	4,313.00	51,756.00
00464A	PROCUREMENT ASSISTANT II	2	82A	4,808.00	115,392.00
02600A	PROGRAMMING SYSTEMS SPEC.	2	107L	9,707.36	232,976.64
00797A	QUALITY AUDITOR II	11	95C	6,874.18	907,391.76
00466A	RECEPTIONIST	1	69H	3,444.91	41,338.92
01310A	RETIREMENT BENEFITS SPECIALIST II	55	83F	5,001.82	3,301,201.20
01311A	RETIREMENT BENEFITS SPECIALIST III	41	90A	5,973.00	2,938,716.00

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2016-2017

BUDGETED POSITIONS

		2016-2017 BUDGET			
	BUD		MONTHLY		
	<u>POS</u>	<u>SCH.</u>	<u>RATE</u>	<u>AMOUNT</u>	
02644A	RETIREMENT SYSTEMS SPECIALIST	2	110H	10,454.09	250,898.16
00438A	SECRETARY	5	77D	4,229.36	253,761.60
00772A	SECTION HEAD, LACERA	6	LS9	9,241.31	665,374.32
00416A	SENIOR ACCOUNTANT	5	91C	6,167.73	370,063.80
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	96K	7,185.91	1,897,080.24
00436A	SENIOR HUMAN RESOURCES ANALYST	4	97C	7,257.18	348,344.64
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	86E	5,412.45	129,898.80
00763A	SENIOR INTERNAL AUDITOR	4	103C	8,539.55	409,898.40
00492A	SENIOR INVESTMENT OFFICER	4	LR20	20,314.22	975,082.56
00441A	SENIOR MANAGEMENT SECRETARY	8	91L	6,290.64	603,901.44
00798A	SENIOR QUALITY AUDITOR	4	100E	7,912.18	379,784.64
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	20	95F	6,925.45	1,662,108.00
00439A	SENIOR SECRETARY	9	83L	5,063.64	546,873.12
09213A	SENIOR STAFF COUNSEL	8	LS16	15,331.80	1,471,852.80
00446A	SENIOR TYPIST CLERK	2	73B	3,779.27	90,702.48
00784A	SENIOR WRITER	3	99H	7,757.64	279,275.04
00426A	STAFF ASSISTANT I	2	79E	4,476.36	107,432.64
00427A	STAFF ASSISTANT II	5	86E	5,412.45	324,747.00
09212A	STAFF COUNSEL	3	LS12	11,480.46	413,296.56
00423A	SUPV. ADMINISTRATIVE ASST. II	1	100J	7,990.36	95,884.32
01186A	TRAINING COORDINATOR	1	97B	7,239.09	86,869.08
00788A	WEB DESIGNER	1	96D	7,080.64	84,967.68
00448A	WORD PROCESSOR II	4	76F	4,136.91	198,571.68
				401	\$36,820,014.36
Anticipated salary increases					0
TOTAL GROSS SALARIES					\$36,820,014.36

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Rep/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2015-2016	Vacancy (as of 05/24/16)	%	Budgeted Positions 2016-2017*	Vacancy	%
Administrative Services	31	5	16%	32	6	19%
Benefits	63	0	0%	66	0	0%
Communications	10	3	30%	10	3	30%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	39	0	0%	39	0	0%
Executive	7	0	0%	7	0	0%
Financial Account Services	29	0	0%	29	0	0%
Human Resources	12	0	0%	12	0	0%
Internal Audit	10	0	0%	10	0	0%
Investments	28	4	14%	33	9	27%
Legal Services	17	0	0%	20	3	15%
Member Services	64	5	8%	67	8	12%
Quality Assurance	17	1	6%	17	1	6%
Systems	51	12	24%	52	13	25%
	385	30	8%	401	43	11%

* Includes new requested positions. We plan to fill all vacant positions.

LACERA
FISCAL YEAR 2016-2017
SERVICES AND SUPPLIES
SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Administrative Services	\$3,916,000	\$3,579,900	\$2,009,499	\$3,305,310	\$610,690	18.5%	\$336,100	9.4%
Benefits	83,700	54,600	11,851	46,000	37,700	82.0%	29,100	53.3%
Board of Retirement	168,200	161,200	71,340	133,800	34,400	25.7%	7,000	4.3%
Board of Investment	172,700	161,200	97,173	153,400	19,300	12.6%	11,500	7.1%
Communications	987,400	985,300	464,060	815,541	171,859	21.1%	2,100	0.2%
Disability Litigation	83,000	58,000	30,292	53,485	29,515	55.2%	25,000	43.1%
Disability Retirement	2,404,300	2,164,000	1,138,810	2,070,600	333,700	16.1%	240,300	11.1%
Executive Office	409,700	406,100	445,426	499,470	(89,770)	-18.0%	3,600	0.9%
Financial & Accounting Services	290,600	328,600	161,571	307,000	(16,400)	-5.3%	(38,000)	-11.6%
Human Resources	1,400,600	1,237,400	796,992	1,316,775	83,825	6.4%	163,200	13.2%
Internal Audit	600,000	327,900	192,542	334,100	265,900	79.6%	272,100	83.0%
Investment Office	471,300	463,500	295,832	411,000	60,300	14.7%	7,800	1.7%
Legal Services	490,100	406,600	511,422	689,669	(199,569)	-28.9%	83,500	20.5%
Member Services	103,900	108,700	31,227	89,400	14,500	16.2%	(4,800)	-4.4%
Quality Assurance	74,500	70,500	50,034	56,600	17,900	31.6%	4,000	5.7%
Systems	5,109,200	7,073,600	2,464,965	7,148,300	(2,039,100)	-28.5%	(1,964,400)	-27.8%
S&S TOTAL	\$16,765,200	\$17,587,100	\$8,773,037	\$17,430,450	(\$665,250)	-3.8%	(\$821,900)	-4.7%

LACERA

FISCAL YEAR 2016-2017

SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015 - 2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Auto Expense	\$70,200	\$109,000	\$50,980	\$62,690	\$7,510	12.0%	(\$38,800)	-35.6%
Communications	580,800	930,800	920,532	1,013,300	(432,500)	-42.7%	(350,000)	-37.6%
Transportation and Travel	885,100	911,900	486,881	801,650	83,450	10.4%	(26,800)	-2.9%
Postage	798,300	776,800	557,759	838,014	(39,714)	-4.7%	21,500	2.8%
Stationery and Forms	598,500	606,500	249,542	541,028	57,472	10.6%	(8,000)	-1.3%
Office Supplies and Equipment	609,000	576,000	242,171	521,200	87,800	16.8%	33,000	5.7%
Insurance	637,100	604,400	494,350	572,575	64,525	11.3%	32,700	5.4%
Equipment Maintenance	530,400	511,900	133,082	483,120	47,280	9.8%	18,500	3.6%
Equipment Rents and Leases	284,000	268,000	140,527	241,100	42,900	17.8%	16,000	6.0%
Building Costs	2,194,000	1,925,000	947,385	1,794,300	399,700	22.3%	269,000	14.0%
Parking Fees	442,000	417,000	296,750	391,800	50,200	12.8%	25,000	6.0%
Professional and Spec. Svcs.	2,315,600	1,903,500	954,940	1,922,900	392,700	20.4%	412,100	21.6%
Bank Services	200,000	212,600	114,598	206,800	(6,800)	-3.3%	(12,600)	-5.9%
Legal Fees and Services	439,300	256,800	430,341	556,169	(116,869)	-21.0%	182,500	71.1%
Disability Fees and Services	2,053,000	1,891,000	1,021,036	1,843,700	209,300	11.4%	162,000	8.6%
Computer Services and Support	2,605,300	4,298,300	790,412	4,229,599	(1,624,299)	-38.4%	(1,693,000)	-39.4%
Educational Expense	1,278,200	1,169,700	530,300	1,032,280	245,920	23.8%	108,500	9.3%
Miscellaneous	244,400	217,900	411,448	378,225	(133,825)	-35.4%	26,500	12.2%
S&S TOTAL	\$16,765,200	\$17,587,100	\$8,773,037	\$17,430,450	(\$665,250)	-3.8%	(\$821,900)	-4.7%

**FY 2016-2017
LACERA
SERVICES AND SUPPLIES
ONE TIME COSTS**

DIVISION	DESCRIPTION	AMOUNT
Administrative Services	Renovation/Upgrades	\$ 400,000
Systems	Redundant Enterprise Internet Connection	\$ 30,000
	Enterprise Accounting Systems	\$ 40,000
	Customer Feedback System	\$ 40,000
	Board Operations Systems	\$ 75,000
		\$ 585,000

Board of Retirement

- **Mission**

We Produce, Protect, and Provide the Promised Benefits.

- **The Board**

Comprised of eleven members:

- 4 elected members:
 - ◆ 2 elected by active general members
 - ◆ 1 elected by retired members
 - ◆ Retired members also elect an alternate member
 - ◆ 1 elected by safety members
 - ◆ Safety members also have an alternate member
- 4 appointed members by the Los Angeles County Board of Supervisors
- County Treasurer and Tax Collector serves as an ex-officio member

- **Responsibilities**

Overall management of LACERA is vested in the Board of Retirement.

The Board is responsible for the administration of the retirement system and the retiree healthcare benefits program (OPEB Program). Its duties also include the review and processing of disability retirement applications.



★ FY 2016-2017 Highlights



The Board of Retirement's Services & Supplies is divided into three sections:

- Communications
- Transportation & Travel
- Educational Expenses

BOARD OF RETIREMENT

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Board of Retirement is responsible for the administration of the retirement system, the retiree healthcare program, and the review and processing of disability retirement applications. The Board must execute its duties with care, skill, prudence and diligence. Four of its members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; safety members elect one member and one alternate member, retired members also elect one member and one alternate member. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

Historically the Board of Retirement budget was included in the Executive Office budget. However, Fiscal Year 2015-2016 was the first year the Board's expenses were captured to reflect their own operations. This method provides greater transparency regarding board expenses. As such, the Board's Services and Supplies budget request has been separated from the Executive Office budget request with its own individual budget.

The Board of Retirement budget is based on actual expenditure trends.

Board of Retirement:

SHAWN R. KEHOE

Chair
Elected by Safety Members

VIVIAN H. GRAY

Vice Chair
Elected by General Members

WILLIAM DE LA GARZA

Secretary
Elected by Retired Members

MARVIN ADAMS

Appointed by Board of Supervisors

ANTHONY BRAVO

Appointed by Board of Supervisors

YVES CHERY

Elected by General Members

JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member

KEITH KNOX

Chief Deputy County
Treasurer and Tax Collector
Alternate Ex-officio Member

DAVID L. MUJR

Alternate Retired Member
Elected by Retired Members

RONALD A. OKUM

Appointed by Board of Supervisors

WILLIAM R. PRYOR

Alternate Member
Elected by Safety Members

LES ROBBINS

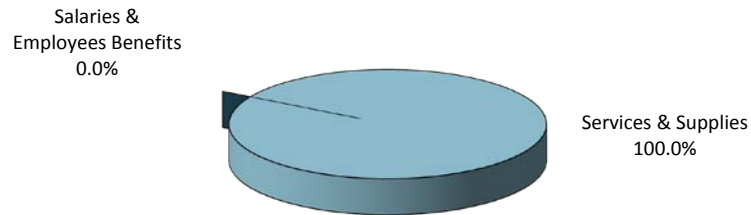
Appointed by Board of Supervisors

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

BOARD OF RETIREMENT

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	168,200	161,200	71,340	133,800	34,400	25.7%	7,000	4.3%
OPERATING BUDGET	\$168,200	\$161,200	\$71,340	\$133,800	\$34,400	25.7%	\$7,000	4.3%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
COMMUNICATIONS	\$3,400	\$3,400	\$1,576	\$2,300	\$1,100	47.8%	\$0	0.0%
TRANSPORTATION & TRAVEL	119,500	119,500	52,163	107,700	11,800	11.0%	0	0.0%
EDUCATIONAL EXPENSES	45,300	38,300	17,601	23,800	21,500	90.3%	7,000	18.3%
TOTAL	\$168,200	\$161,200	\$71,340	\$133,800	\$34,400	25.7%	\$7,000	4.3%

Board of Investments

- **Mission**

We Produce, Protect, and Provide the Promised Benefits.

- **The Board**

Comprised of nine members:

- 4 elected members:
 - ◆ 2 elected by active general members
 - ◆ 1 elected by retired members
 - ◆ 1 elected by safety members
- 4 appointed members by the Los Angeles County Board of Supervisors
- County Treasurer and Tax Collector serves as an ex-officio member

- **Responsibilities**

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment of the retirement fund.



★ FY 2016-2017 Highlights



The Board of Investments' Services & Supplies is divided into three sections:

- Communications
- Transportation & Travel
- Educational Expenses

BOARD OF INVESTMENTS

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Board of Investments has exclusive control of the investments of LACERA's retirement fund and is responsible for setting contribution rates. The Board must execute its duties with care, skill, prudence and diligence. Four members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; both safety members and retired members elect one member each. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

Historically the Board of Investments budget was included in the Executive Office budget. However, Fiscal Year 2015-2016 was the first year the Board's expenses were captured to reflect their own operations. This method provides greater transparency regarding board expenses. As such, the Board's Services and Supplies budget request has been separated from the Executive Office budget request with its own individual budget.

The Board of Investments budget is based on actual expenditure trends.

Board of Investments:

DAVID GREEN

Chair
Elected by General Members

SHAWN R. KEHOE

Vice Chair
Elected by Safety Members

JOSEPH KELLY

Secretary
County Treasurer and Tax Collector
Ex-Officio Member

KEITH KNOX

Chief Deputy County Treasurer
and Tax Collector
Alternate Ex-Officio Member

DIANE A. SANDOVAL

Elected by Retired Members

HERMAN B. SANTOS

Elected by General Members

MICHAEL SCHNEIDER

Appointed by Board of Supervisors

KENNETH M. SIMRIL

Appointed by Board of Supervisors

ESTEVAN R. VALENZUELA

Appointed by Board of Supervisors

VALERIE ROSE VILLARREAL

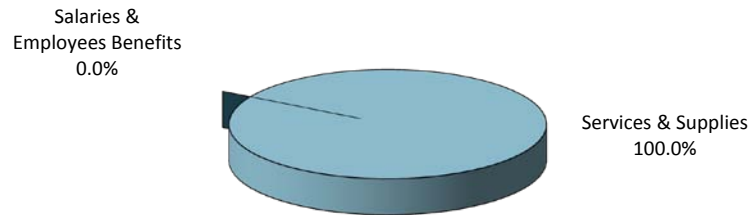
Appointed by Board of Supervisors

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

BOARD OF INVESTMENTS

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	172,700	161,200	97,173	153,400	19,300	12.6%	11,500	7.1%
OPERATING BUDGET	\$172,700	\$161,200	\$97,173	\$153,400	\$19,300	12.6%	\$11,500	7.1%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
COMMUNICATIONS	\$2,400	\$3,400	\$1,247	\$2,200	\$200	9.1%	(\$1,000)	-29.4%
TRANSPORTATION & TRAVEL	110,000	119,500	77,857	118,300	(8,300)	-7.0%	(9,500)	-7.9%
EDUCATIONAL EXPENSES	60,300	38,300	18,069	32,900	27,400	83.3%	22,000	57.4%
TOTAL	\$172,700	\$161,200	\$97,173	\$153,400	\$19,300	12.6%	\$11,500	7.1%

Administrative Services

• Mission Statement

Administrative Services partners with LACERA's divisions to provide quality services through people, technology, and innovation.

- People: We are a professional team dedicated to customer service and motivated to excellence.
- Technology: We provide superior customer service through the creative use of technology.
- Innovation: We partner with LACERA to promote creative ideas to surpass customer expectations.



• Our Team

Administrative Services –
Kimberly Hines

- 32 total staff members

We have two distinct sections within
Admin. Services:

- Business Management:
 - Business Continuity
 - Facilities Management
 - Procurement
 - Records Management
 - Risk Management
 - 9 staff members
- Budget Development and Document Processing:
 - Budget Unit
 - Document Processing Center
 - 20 staff members



★ FY 2016-2017 Highlights

STAFFING

Administrative Services requests an additional Document Processing Assistant (DPA) position to the Document Processing Center to assist with meeting the demands of the increased workload.

SERVICES & SUPPLIES

Increase of \$10,000 to provide additional security system panic buttons to be placed LACERA-wide, which directly alert the Pasadena Police of an emergency situation. Renovation cost of \$400,000



for the entire 7th floor, which includes the Financial & Accounting Services Division (FASD) and Systems. This funding is for year one of a two-year project.

ADMINISTRATIVE SERVICES

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Administrative Services Division is responsible for providing a variety of support services to the organization, such as procurement, budget administration, facilities management, copy center, mail services and word processing. In addition, Administrative Services manages special programs such as Health and Safety, Ride Share, Risk Management, Records Management and Business Continuity. We directly serve the membership through our Document Processing Center where each month we produce electronic images of thousands pieces of incoming and outgoing member service requests received via the mail and various other member communications.

STAFFING

Administrative Services currently has 31 budgeted full time positions and we are requesting one additional Document Processing Assistant (DPA) position in the Document Processing Center to assist in managing the increased workflow of member documents in addition to a variety of other types of documents. The Document Processing Center is experiencing a steady increase in the volume of member documents that include digitizing limited types of disability file records. In many instances, members have the option of initiating documents electronically, however, regardless of whether the member form/communication is electronic or hard copy numerous documents still require scanning, indexing and committing them to the member's electronic file. We anticipate that this trend will continue and we project there will be an increase in the volume and type of disability documents and other documents such as board agendas and notes that will be scanned and indexed.

Therefore, we are seeking approval to add one position to assist in the processing of the projected increased.

SERVICES AND SUPPLIES

Our Services and Supplies budget has no significant increase or decrease overall. Some line items include small increases related to general vendor cost increases.

However, we do want to highlight one area that we are requesting funding; *Security System (panic buttons)*.

As recent events in San Bernardino and elsewhere have placed more importance than ever on employee safety and security in the workplace, LACERA is dedicated and focused on providing increased safety and security to all staff. An overall plan is under development to provide enhanced safety and security for our employees and LACERA currently has various safety and security mitigation strategies in place.

One of the safety methodologies currently used is the installation of holdup, or “panic,” buttons in strategic locations throughout LACERA. These buttons are meant to be engaged in the event any employee feels they are in a threatening or unsafe situation and once pressed Pasadena Police will respond immediately. The plan is to increase the number of these devices throughout the organization and the projected cost of this security enhancement is \$10,000.

Additionally, Administrative Services is facilitating a joint effort between LACERA, CBRE, and the Sheriff’s Department Countywide Services Divisions (CSD) to conduct a facility security assessment, which will aid in identifying gaps in security at The Gateway Plaza. CSD will complete an outside assessment of the entire building, parking structure, and perimeter. CSD will also assess interior entry/exit doors, stairwells, lobbies, equipment (security cameras, alarms, etc.), identify areas of concern and make recommendations for increased security. Implementation of any recommendation is at the discretion of LACERA and CSD has waived their fee for this service.

Other risk mitigation strategies that are part of the overall enhanced safety and security plan include redesigning the employee ID cards, revamping the LACERA Health and Safety Intranet site to include workplace violence literature and resources, and uploading the County’s *Surviving an Active Shooter* video. There will also be a response/recovery plan developed that will include plan information on employee return to work procedures in the unlikely event LACERA experiences workplace violence and/or a business disruption.

Renovation: \$400,000

We are recommending the renovation of the entire 7th floor; Financial and Accounting Services Division (FASD) and Systems Divisions. Due to the complex nature of this project, we will be phasing the renovation over two fiscal years. FASD will be completed in FY 16/17 and Systems in FY 17/18.

Both FASD and Systems were last renovated approximately 14 years ago. The recommended renovations will provide adequate space for the division's current hiring plan, as well as a 5-year hiring projection. The project will include a comprehensive space plan, enhanced technology as needed and utilize "green" technologies in support of the overall LEAD rating for the Gateway Plaza.

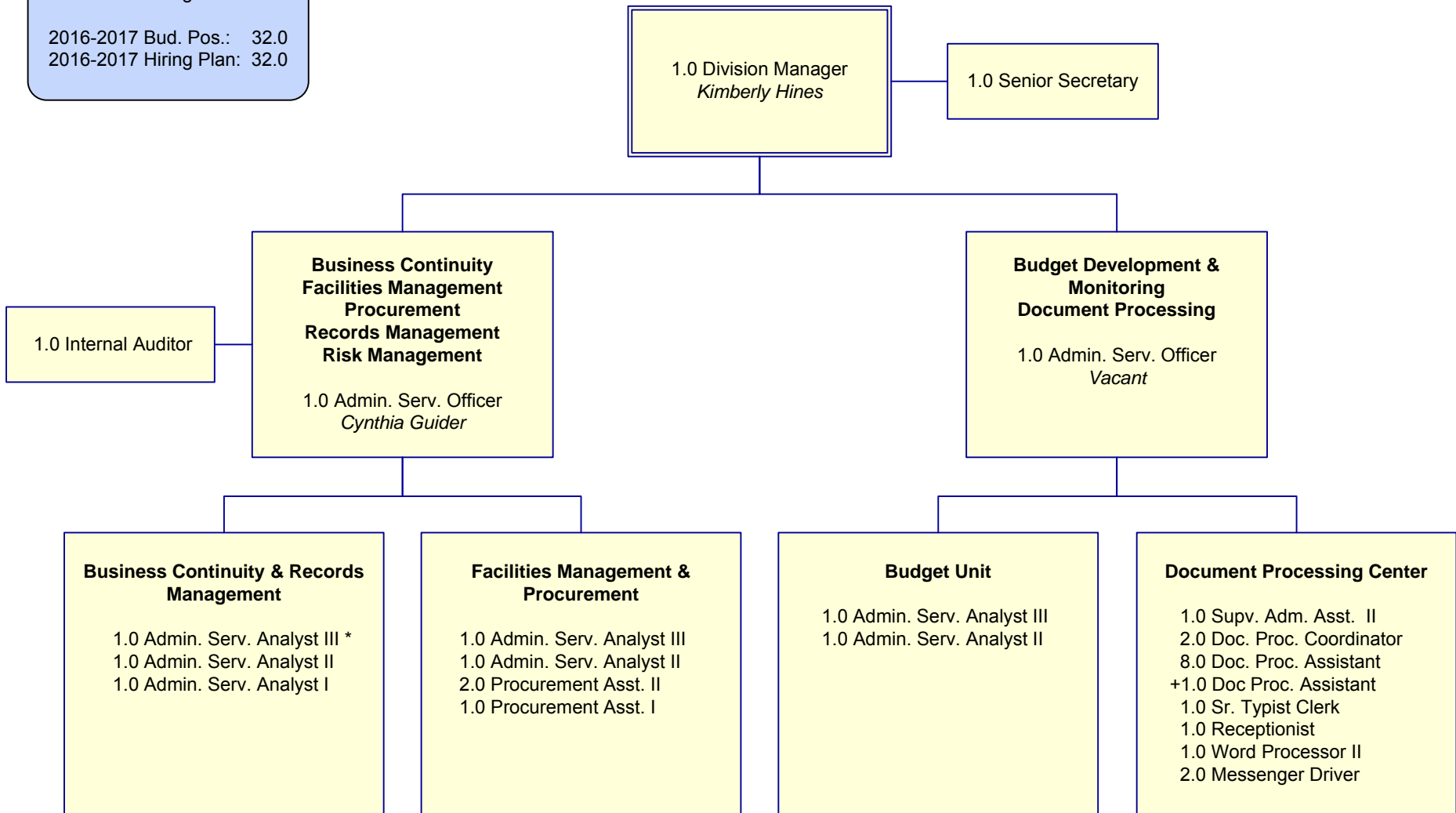
Therefore, we are seeking funding to renovate FASD in FY 16/17 as Phase I of a two phase renovation of the 7th floor.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 31.0
 2015-2016 Hiring Plan: 31.0

2016-2017 Bud. Pos.: 32.0
 2016-2017 Hiring Plan: 32.0



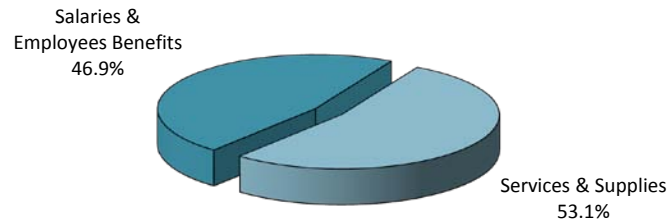
+ Added position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$3,452,631	\$3,236,719	\$1,748,185	\$3,103,579	\$349,052	11.2%	\$215,912	6.7%
Services & Supplies	3,916,000	3,579,900	2,009,499	3,305,310	610,690	18.5%	336,100	9.4%
OPERATING BUDGET	\$7,368,631	\$6,816,619	\$3,757,684	\$6,408,889	\$959,742	15.0%	\$552,012	8.1%

2016 - 2017 PROPOSED BUDGET



LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$2,004,236	\$1,845,068	\$1,031,081	\$1,810,118	\$194,118	10.7%	\$159,168	8.6%
Total Agency Temp Salaries	151,600	119,600	109,817	187,880	(36,280)	-19.3%	32,000	26.8%
Employee Benefits (Variable)	1,021,254	886,733	514,107	902,892	118,362	13.1%	134,521	15.2%
Employee Benefits (Other)	169,033	166,082	81,636	182,550	(13,517)	-7.4%	2,951	1.8%
OPEB Contribution	13,247	0	2,629	5,259	7,988	151.9%	13,247	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	21,504	9,665	1,153	5,880	15,624	265.7%	11,839	122.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	7,762	9,000	(1,700)	-18.9%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,388,175	\$3,034,448	\$1,748,185	\$3,103,579	\$284,596	9.2%	\$353,727	11.7%
Salary Differential *	64,455	(202,271)	-	-	-	-	266,726	-131.9%
TOTAL S&EB	\$3,452,631	\$3,236,719	\$1,748,185	\$3,103,579	\$349,052	11.2%	\$215,912	6.7%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

ADMINISTRATIVE SERVICES DIVISION

		2016-2017 BUDGET							
		15-16	BUDGT.			BUDGT.			
		BUDGT.	POS.	SCHEDULE	MO. RATE	AMOUNT	POS.	AMOUNT CHANGE	JUSTIFICATION
		POS.	POS.				POS.		
00773A	DIVISION MANAGER	1	1	LS12	11,480.46	137,765.52	0		
00410A	ADMINISTRATIVE SERVICES OFFICER	2	2	LS9	9,241.31	221,791.44	0		
00423A	SUPV. ADMINISTRATIVE ASST. II	1	1	100J	7,990.36	95,884.32	0		
00765A	INTERNAL AUDITOR	1	1	102D	8,331.91	99,982.92	0		
00421A	ADMINISTRATIVE SERVICES ANALYST III	3	3	91H	6,244.55	224,803.80	0		
00420A	ADMINISTRATIVE SERVICES ANALYST II	3	3	87H	5,602.09	201,675.24	0		
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0		
00464A	PROCUREMENT ASSISTANT II	2	2	82A	4,808.00	115,392.00	0		
00419A	ADMINISTRATIVE SERVICES ANALYST I	1	1	78D	4,345.45	52,145.40	0		
00463A	PROCUREMENT ASSISTANT I	1	1	78A	4,313.00	51,756.00	0		
00472A	DOCUMENT PROCESSING COORDINATOR	2	2	77G	4,260.73	102,257.52	0		
00448A	WORD PROCESSOR II	1	1	76F	4,136.91	49,642.92	0		
00471A	DOCUMENT PROCESSING ASSISTANT	8	9	74G	3,929.27	424,361.16	1	47,151.24	Add 1 Doc. Proc. Assistant
00446A	SENIOR TYPIST CLERK	1	1	73B	3,779.27	45,351.24	0		
00466A	RECEPTIONIST	1	1	69H	3,444.91	41,338.92	0		
00461A	MESSENGER DRIVER	2	2	68B	3,305.18	79,324.32	0		
PERMANENT POSITIONS		31	32				1		
GROSS SALARIES						2,004,236.40		47,151.24	
ANTICIPATED SALARY INCREASE								0	
TOTAL SALARIES							2,004,236.40		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
AUTO EXPENSE	\$48,900	\$90,100	\$42,145	\$45,665	\$3,235	7.1%	(\$41,200)	-45.7%
TRANSPORTATION & TRAVEL	11,900	16,200	1,940	7,500	4,400	58.7%	(4,300)	-26.5%
POSTAGE	212,300	190,300	106,254	212,270	30	0.0%	22,000	11.6%
STATIONERY & FORMS	3,500	3,500	0	3,000	500	16.7%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	276,000	253,000	130,947	215,900	60,100	27.8%	23,000	9.1%
INSURANCE	637,100	604,400	494,350	572,575	64,525	11.3%	32,700	5.4%
EQUIPMENT MAINTENANCE	20,000	11,500	3,525	8,050	11,950	148.4%	8,500	73.9%
EQUIPMENT RENTS & LEASES	284,000	268,000	140,526	241,100	42,900	17.8%	16,000	6.0%
BUILDING COSTS	2,194,000	1,925,000	947,385	1,794,300	399,700	22.3%	269,000	14.0%
PROFESSIONAL & SPEC. SRVCS.	190,600	180,000	134,579	171,950	18,650	10.8%	10,600	5.9%
COMPUTER SERVICES & SUPPORT	15,500	15,500	0	15,500	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	12,000	12,400	1,130	7,600	4,400	57.9%	(400)	-3.2%
MISCELLANEOUS	10,200	10,000	6,718	9,900	300	3.0%	200	2.0%
TOTAL	\$3,916,000	\$3,579,900	\$2,009,499	\$3,305,310	\$610,690	18.5%	\$336,100	9.4%

BENEFITS

- **Mission Statement**

To process timely and accurate requests for retirement plan benefits in compliance with the County Employees Retirement Law of 1937, the Board of Retirement Bylaws, and organizational policies.

- **Our Team**

Benefits –
Bernie Buenaflor

- 66 total staff members

We have four distinct sections within Benefits

- Process Management:
 - Payroll Coordinator
 - Process Analyst (2)
 - Expeditors
 - Senior Writer
 - 9 staff members
- Core Benefits Services:
 - Core Teams (4)
 - 27 staff members
- Special Benefits Services:
 - Legal/Death
 - Special Admin. Services
 - Payroll Team
 - Exceptions
 - 25 staff members
- Benefit Protection Unit:
 - Sr. RBS
 - RBS II



★ FY 2016-2017 Highlights

STAFFING

Adding a new team to the Benefits division: Benefit Protection Unit.

New positions requested:

- Senior Retirement Benefits Specialist

Process Analyst Unit:

- Senior Retirement Benefits Specialist

Legal/Death Unit:

- RBS III



BENEFITS DIVISION

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

“Aspiring to perfection through teamwork”

-2016 Benefits Slogan

“We start by respecting our nature: people by themselves are imperfect. However, with teamwork, technology, creativity, and a commitment to excellence, we can aspire to much more. For this reason, while 98% accuracy is our defined goal, our vision is PERFECTION.”

The Benefits Division’s budget request seeks first to keep pace with our members’ needs while mitigating normal staffing fluctuations. To do this, the Division requests the authorization to hire a new class of Retirement Benefit Specialist trainees, and to supplement its regular production strategies with overtime.

Beyond supporting its existing production strategies, the Benefits Division’s budget request seeks to enhance its ability to serve LACERA’s members and pursue its quality vision. It does this in four primary ways:

- One Retirement Benefit Specialist III is added to the Death Legal Unit to better serve a growing number of beneficiaries and survivors.
- One Senior Retirement Benefit Specialist serving as a Process Analyst is added to the Process Management Group to increase its capacity to coordinate, standardize and improve LACERA’s benefit processes. This work directly enhances quality throughout the Benefits Division, in coordination with other LACERA Divisions.
- One position is added to help create a new two-person team called the Benefit Protection Unit. This unit protects our members and the fund from losses due to member identity and status discrepancies. This work enhances the quality of LACERA’s service to those members whose benefits are most at risk due to potential fraud, lost contact, or a disputed status.

- LACERA is hoping to cultivate an interest among local college students in joining LACERA's mission to serve our members. The Benefits Division would like to participate in this program for short-term projects as an alternative to using temporary staff positions.

STAFFING- KEEPING PACE WITH OUR MEMBERS

Hiring in Anticipation of Normal Staff Fluctuations:

It takes over one year to train a Retirement Benefit Specialist to fill vacancies in LACERA's benefit operations. Therefore, to mitigate the projected loss of staffing due to retirements and transfers to other LACERA Divisions, during each fiscal year the Benefits Division has hired slightly more staff than currently needed. This practice has enabled the Division to maintain an appropriate number of trained staff on hand despite a significant drain over the past several years.

The Benefits Division started fiscal year 2015-2016 with five staff over its 63 budgeted positions. During fiscal year 2015-2016, to date, five staff were hired and six staff transferred out or retired, leaving four positions over budget.

In the coming fiscal years, we anticipate more staff retirements and transfers to other LACERA divisions and will be hiring additional trainees to mitigate that trend.

Overtime:

As in the past, overtime is being requested to manage the workload related to the March Rush and persistently high volumes of purchases and retirement elections associated with the retirements of the "Baby Boomers." When combined with the emergence of new work and unanticipated special projects, it has proven to be prudent to maintain a budget for overtime.

STAFFING- ENHANCING LACERA'S SERVICE AND QUALITY

The Death-Legal Unit:

LACERA has noted a steady rise in the number of member deaths in recent years, a trend directly related to the advancing age of the "Baby Boomers". To better serve the needs of a growing number of survivors and beneficiaries, we are requesting an additional Retirement Benefit Specialist III for the Death Legal Unit of the Special Benefit Services Section.

Process Analyst:

The Process Management Group (PMG) has proven to be critical to the quality ecosystem of the Benefits Division. Furthermore, LACERA has recognized the benefit that could be gained from serving other Benefit-related divisions, such as Disability Retirement and Retiree Healthcare. To increase the PMG's capacity to tackle the work at hand, as well as additional work that LACERA is hoping to bring to it in the future, the Benefits Division would like to add a Senior Retirement Benefit Specialist to serve as a Process Analyst in the 2016-2017 fiscal year. The Process Analyst function will be studied and classified by LACERA's Human Resources Division based on the duties now assigned to the team.

Benefit Protection Unit:

In December, 2015, the Benefits Division began developing and piloting a new team called the Benefit Protection Unit. This unit consists of a Coordinator (temporarily assigned from Internal Audit) and an Assistant Coordinator (temporarily assigned from FASD) who are responsible for a number of functions previously conducted by various divisions.

The temporary team now coordinates LACERA's death verification and member identity verification functions. They resolve issues which place members' benefits at risk because:

- their identity has been compromised, or
- they cannot be located, or
- their ability to manage their retirement affairs is in question.

By centralizing these functions, LACERA has been able to reduce costs and risks, and increase the quality of service to our members. For example, by allowing only the Benefit Protection Unit to have access to sensitive online resources used to locate members and identify deaths (as much as a dozen staff originally possessed such access), the risk of a privacy breach has been reduced. Also, benefits previously suspended due to lost contact without an adequate resolution process in place, can now be restored or dispensed in a timelier manner.

In light of these gains, the Benefits Division would like to permanently establish the Benefit Protection Unit by reassigning a Retirement Benefit Specialist II from Core Team I and adding one new staff to this unit. These two positions will be classified by LACERA's Human Resources Division based on the duties now assigned to the team.

Agency Temporary Staff:

The Benefits Division has improved the efficiency of its operations by dividing the work based on the level of expertise required to complete it. Since Fiscal Year 2013-2014, temporary staff, as well as staff from other areas in LACERA, were assigned functions that do not require fully trained specialists. Doing this has allowed the Benefits Division to rapidly and efficiently respond to short-term production upswings. Two of these individuals later applied under LACERA's open competitive examination process and were eventually hired as Retirement Benefit Specialists.

In the coming fiscal year, the Benefits Division is hoping to participate in LACERA's proposed Internship Program, which will be overseen by the Human Resources Division. It is hoped that this program will stimulate an interest in LACERA among future professionals at local colleges. To help ease its transition to this new program, the Benefits Division is requesting a reduced budget for temporary staff in Fiscal Year 2016-2017.

SERVICES AND SUPPLIES

For most line items, we do not have any significant increases or decreases to our Services and Supplies budget for the 2016-2017 fiscal year. Our request was based on actual and historical expenditure trends.

However, we anticipate greater participation in training programs, like CEBS, due to the influx of new staff and renewed interest in career development throughout the Division. We also plan to provide training to key Supervisors and Staff in the Benefits Division to help them create and maintain a well organized system of policies, procedures, training and tools geared toward improving quality throughout the Division.

A \$34,000 Professional and Specialized Services budget was transferred from FASD and Internal Audit to allow the new Benefit Protection Unit to perform tasks previously conducted by those Divisions. These tasks required the team to take responsibility for the cost of investigative and research services provided by:

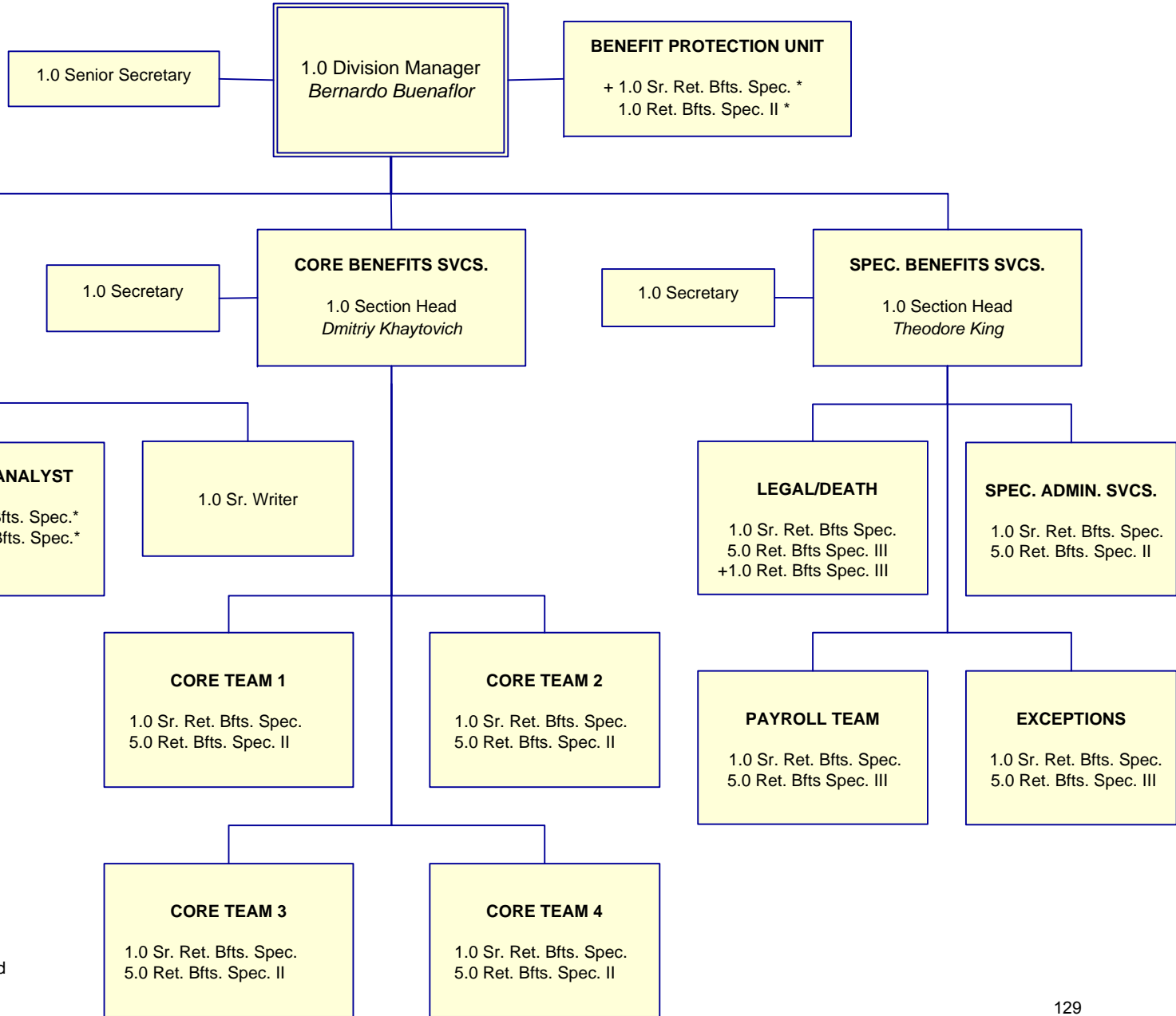
- ICS Merrill-Investigations and Welfare Visits
- Pension Benefit Information (PBI)-Death Reporting
- CLEAR-Online public records search

BENEFITS DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 63.0
 2015-2016 Hiring Plan: 63.0

2016-2017 Bud. Pos.: 66.0
 2016-2017 Hiring Plan: 66.0



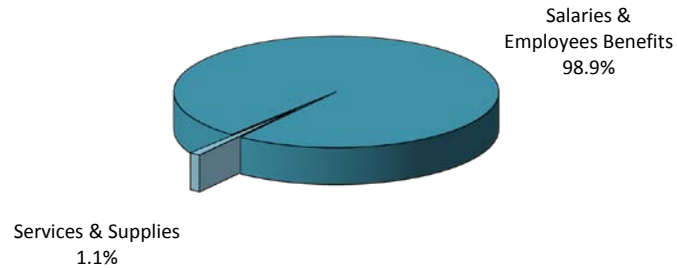
+ Added position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$7,522,143	\$7,328,501	\$4,203,905	\$7,316,073	\$206,070	2.8%	\$193,642	2.6%
Services & Supplies	83,700	54,600	11,851	46,000	37,700	82.0%	29,100	53.3%
OPERATING BUDGET	\$7,605,843	\$7,383,101	\$4,215,756	\$7,362,073	\$243,770	3.3%	\$222,742	3.0%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$4,728,370	\$4,232,379	\$2,602,341	\$4,521,817	\$206,553	4.6%	\$495,991	11.7%
Total Agency Temp Salaries	35,000	23,000	25,239	37,900	(2,900)	-7.7%	12,000	52.2%
Employee Benefits (Variable)	2,381,322	2,069,772	1,283,954	2,207,357	173,965	7.9%	311,549	15.1%
Employee Benefits (Other)	370,002	379,457	186,629	368,073	1,929	0.5%	(9,455)	-2.5%
OPEB Contribution	28,997	0	6,270	12,541	16,456	131.2%	28,997	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	165,200	165,200	89,363	153,993	11,207	7.3%	0	0.0%
Bilingual Bonus	2,400	2,400	0	0	2,400	0.0%	0	0.0%
Sick Leave Buyback	11,000	11,000	10,109	14,392	(3,392)	-23.6%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$7,722,290	\$6,883,208	\$4,203,905	\$7,316,073	\$406,217	5.6%	\$839,082	12.2%
Salary Differential *	(200,147)	(445,293)	-	-	-	-	245,146	-55.1%
TOTAL S&EB	\$7,522,143	\$7,328,501	\$4,203,905	\$7,316,073	\$206,070	2.8%	\$193,642	2.6%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

BENEFITS DIVISION

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480.46	137,765.52	0		
00772A	SECTION HEAD, LACERA	3	3	LS9	9,241.31	332,687.16	0		
00784A	SENIOR WRITER	1	1	99H	7,757.64	93,091.68	0		
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	12	14	95F	6,925.45	1,163,475.60	2	166,210.80	Add 2 Sr. Ret. Bfts. Spec.
01311A	RETIREMENT BENEFITS SPECIALIST III	16	17	90A	5,973.00	1,218,492.00	1	71,676.00	Add 1 Ret. Bfts. Spec. III
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0		
01310A	RETIREMENT BENEFITS SPECIALIST II	27	27	83F	5,001.82	1,620,589.68	0		
00438A	SECRETARY	2	2	77D	4,229.36	101,504.64	0		
PERMANENT POSITIONS		63	66				3		
GROSS SALARIES						4,728,369.96		237,886.80	
ANTICIPATED SALARY INCREASE								0	
TOTAL SALARIES								4,728,369.96	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$12,000	\$10,000	\$5,091	\$9,200	\$2,800	30.4%	\$2,000	20.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	4,000	2,134	3,500	0	0.0%	(500)	-12.5%
PROFESSIONAL & SPEC. SRVCS.	34,400	800	63	300	34,100	11366.7%	33,600	4200.0%
EDUCATIONAL EXPENSES	32,800	38,800	4,563	32,200	600	1.9%	(6,000)	-15.5%
MISCELLANEOUS	1,000	1,000	0	800	200	25.0%	0	0.0%
TOTAL	\$83,700	\$54,600	\$11,851	\$46,000	\$37,700	82.0%	\$29,100	53.3%

Communications

• Mission Statement

Our mission is to create and communicate essential retirement information to LACERA members and staff. We strive for professional excellence in our work. We apply innovative thinking and contemporary advertising and marketing practices, and we use technology to create LACERA-wide solutions.

Our work is professionally produced in an easy-to-understand, attractive, accurate, and timely manner. We collaborate with our strategic partners and aim to exceed their expectations. In fulfilling our mission, we generate creative solutions and apply “good value” budgetary consideration.

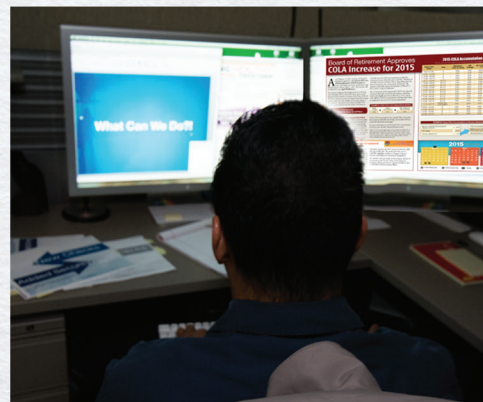
• Our Team

**Communications –
Jeannine Smart**

- 10 total staff members

Within Communications, we have:

- Project Managers
- Senior Writers
- Designers:
 - ◆ Print and Web
 - ◆ Photographer
 - ◆ Videographer



★ FY 2016-2017 Highlights

STAFFING

Requesting classification study of two Media Artist positions. Potential need to create a Senior Media Artist classification due to increasing demand for

high-quality videos and the need for a professional with extensive experience in creating and producing print, web, and video projects.

SERVICES & SUPPLIES

Moderate increase to travel and education budget to accommodate team expansion from seven to ten permanent employees.

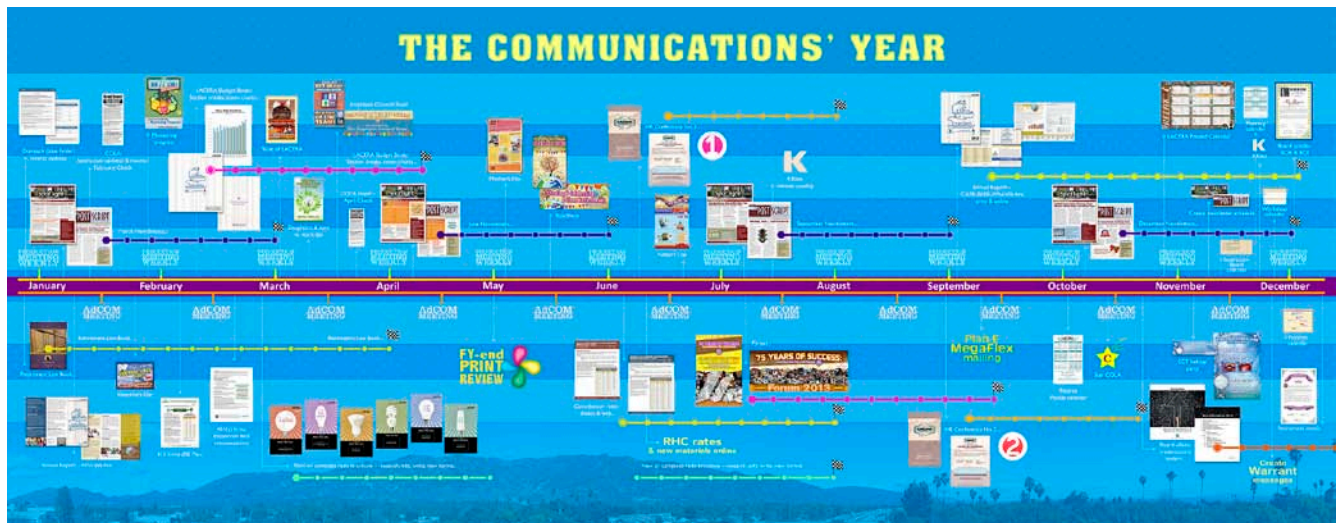
COMMUNICATIONS

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Communications Division has regularly scheduled projects throughout the year, as demonstrated in the time line below.



Communications supports LACERA's 15 divisions with creative ideas, marketing strategies, designs, and written content. We create print materials (brochures, fact sheets, flowcharts, folder packages, letters, and forms), including research, writing, editing, and web content design. We maintain web content across our four websites (lacera.com, intranet, HR Pros, and Board Resources). Over the last several years we have been working to increase the multi-media content across multiple platforms (which includes the writing, directing, shooting and editing of video segments). Annually, we produce the HR Conference; bringing together LACERA staff and HR professionals throughout the County to collaborate on providing premiere customer service to our members. We strive daily to be a valued strategic partner and exceed our customer's expectations.

STAFFING

Communications has been working towards our goal of completing the re-organization plan presented to the Board in the FY 2013 - 2014. This past year we have filled three of the

vacant positions needed to flesh out our team. We plan on completing the hiring for the vacant positions over the next fiscal year.

For the FY 2016 - 2017 budget, we are requesting a classification study for two of our Media Artist positions. We believe there is a need to create a Sr. Media Artist job classification. The Sr. Media Artist would have extensive professional experience in creating and producing print, web, and video projects, and would be responsible for establishing and maintaining the global design direction and standards of professionalism for the visual Communications projects. She/he will help management direct and/or supervise the Media Artist in the creation and review of design projects for print, web, and video.

There continues to be an increased demand for high-quality videos from our strategic partners (Member Services: Retirement University, Retiree Healthcare: Medicare 101, Enrollment, Retiree Wellness program, QA: Online training modules) and the Sr. Media Artist would have the professional skill set to develop these videos and make them part of a complete branding campaign.

SERVICES AND SUPPLIES

Each Communications Division line item was carefully reviewed and adjusted per actual cost and perceived usage for the upcoming fiscal year. Within the services and supplies realm, line items remain relatively the same as previous years.

The team is expanding from seven to ten permanent employees. In order to give staff an opportunity for training and to attend conferences, you will see an increase in the travel and education budget.

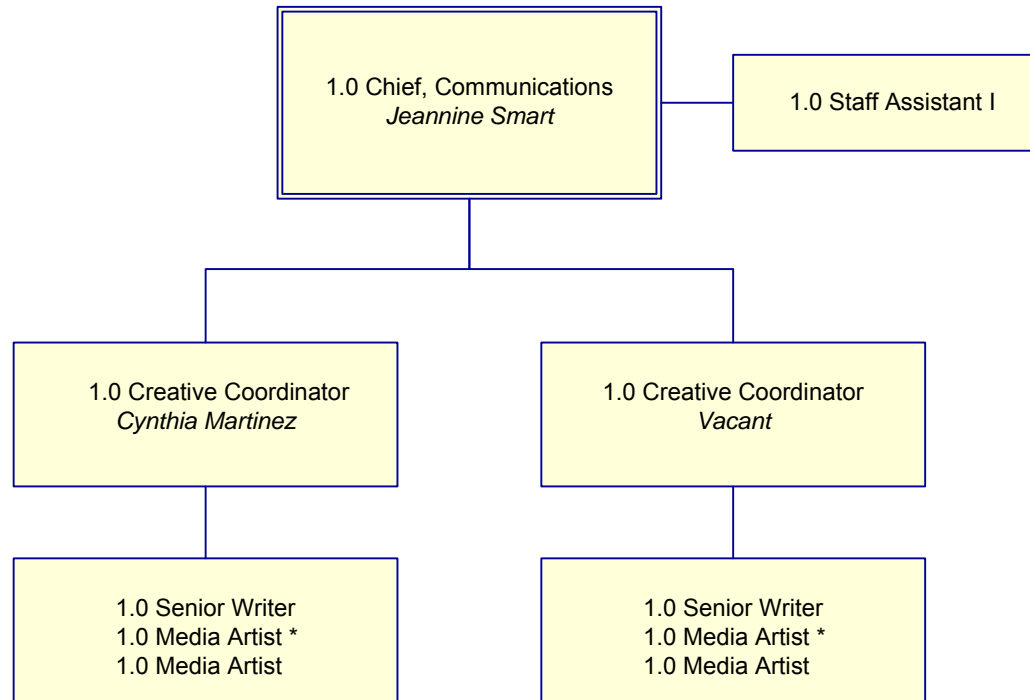
Thank you for your continuing confidence and support in our division.

COMMUNICATIONS

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 10.0
2015-2016 Hiring Plan: 10.0

2016-2017 Bud. Pos.: 10.0
2016-2017 Hiring Plan: 10.0



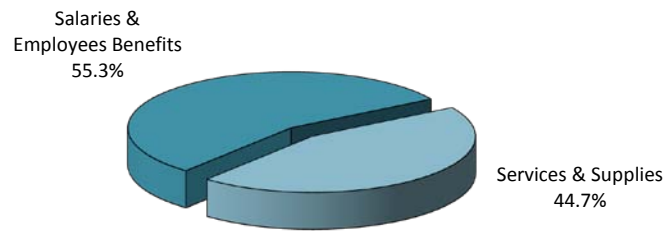
* Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
SALARIES

COMMUNICATIONS

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$1,220,910	\$1,238,386	\$553,931	\$1,072,990	\$147,920	13.8%	(\$17,475)	-1.4%
Services & Supplies	987,400	985,300	464,060	815,541	171,859	21.1%	2,100	0.2%
OPERATING BUDGET	\$2,208,310	\$2,223,686	\$1,017,991	\$1,888,531	\$319,779	16.9%	(\$15,375)	-0.7%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$872,575	\$822,460	\$311,576	\$652,211	\$220,364	33.8%	\$50,115	6.1%
Total Agency Temp Salaries	67,500	79,500	63,343	98,893	(31,393)	-31.7%	(12,000)	-15.1%
Employee Benefits (Variable)	247,292	260,792	141,886	247,292	0	0.0%	(13,500)	-5.2%
Employee Benefits (Other)	67,602	66,993	32,768	64,984	2,618	4.0%	610	0.9%
OPEB Contribution	5,298	0	671	1,342	3,956	294.8%	5,298	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	2,376	1,763	2,006	4,745	(2,369)	-49.9%	613	34.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	1,681	3,523	(23)	-0.7%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,266,143	\$1,235,007	\$553,931	\$1,072,990	\$193,153	18.0%	\$31,136	2.5%
Salary Differential *	(45,233)	(3,378)	-	-	-	-	(41,855)	1238.9%
TOTAL S&EB	\$1,220,910	\$1,238,386	\$553,931	\$1,072,990	\$147,920	13.8%	(\$17,475)	-1.4%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/28/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

COMMUNICATIONS

		2016-2017 BUDGET				CHANGE			
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00794A	CHIEF, COMMUNICATIONS	1	1	LS10	9,934.41	119,212.92	0		
00779A	CREATIVE COORDINATOR	2	2	101J	8,209.73	197,033.52	0		
00784A	SENIOR WRITER	2	2	99H	7,757.64	186,183.36	0		
00789A	MEDIA ARTIST	4	4	93H	6,592.27	316,428.96	0		
00426A	STAFF ASSISTANT I	1	1	79E	4,476.36	53,716.32	0		
PERMANENT POSITIONS		10	10				0		
GROSS SALARIES						872,575.08		0	
ANTICIPATED SALARY INCREASE								0	
TOTAL SALARIES						872,575.08			

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$11,000	\$8,700	\$2,175	\$5,900	\$5,100	86.4%	\$2,300	26.4%
POSTAGE	296,000	296,500	178,172	236,414	59,586	25.2%	(500)	-0.2%
STATIONERY & FORMS	595,000	603,000	249,542	520,827	74,173	14.2%	(8,000)	-1.3%
OFFICE SUPPLIES & EQUIPMENT	12,000	12,000	5,023	6,000	6,000	100.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	26,200	26,200	22,372	25,700	500	1.9%	0	0.0%
COMPUTER SERVICES & SUPPORT	21,500	22,000	3,866	12,500	9,000	72.0%	(500)	-2.3%
EDUCATIONAL EXPENSES	25,400	16,700	2,710	8,000	17,400	217.5%	8,700	52.1%
MISCELLANEOUS	300	200	200	200	100	50.0%	100	50.0%
TOTAL	\$987,400	\$985,300	\$464,060	\$815,541	\$171,859	21.1%	\$2,100	0.2%

Disability Litigation

- **Mission Statement**

To provide timely and effective legal representation to LACERA in disability retirement matters.

- **Our Team**

Disability Litigation – Vincent Lim

- 7 total staff members

Within Disability Litigation, we have:

- Senior Staff Counsel
- Senior Management Secretary



★ FY 2016- 2017 Highlights

SERVICES & SUPPLIES

Increase in outside legal counsel to accommodate disability litigation for LACERA employees. (Four cases in appeals and three cases at application stage.)

DISABILITY LITIGATION

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Disability Litigation office is a legal unit at LACERA that is separate from and independent of the Legal office. The Chief Counsel, Disability Litigation, reports directly to the Chief Executive Officer. Established in 1996, the Disability Litigation office has a staff of four attorneys and three secretaries. Our mission is to provide LACERA with legal representation for disability retirement appeals at the administrative level.

STAFFING

There are currently seven budgeted full-time positions. No additional staff positions are being requested at this time.

SERVICES AND SUPPLIES

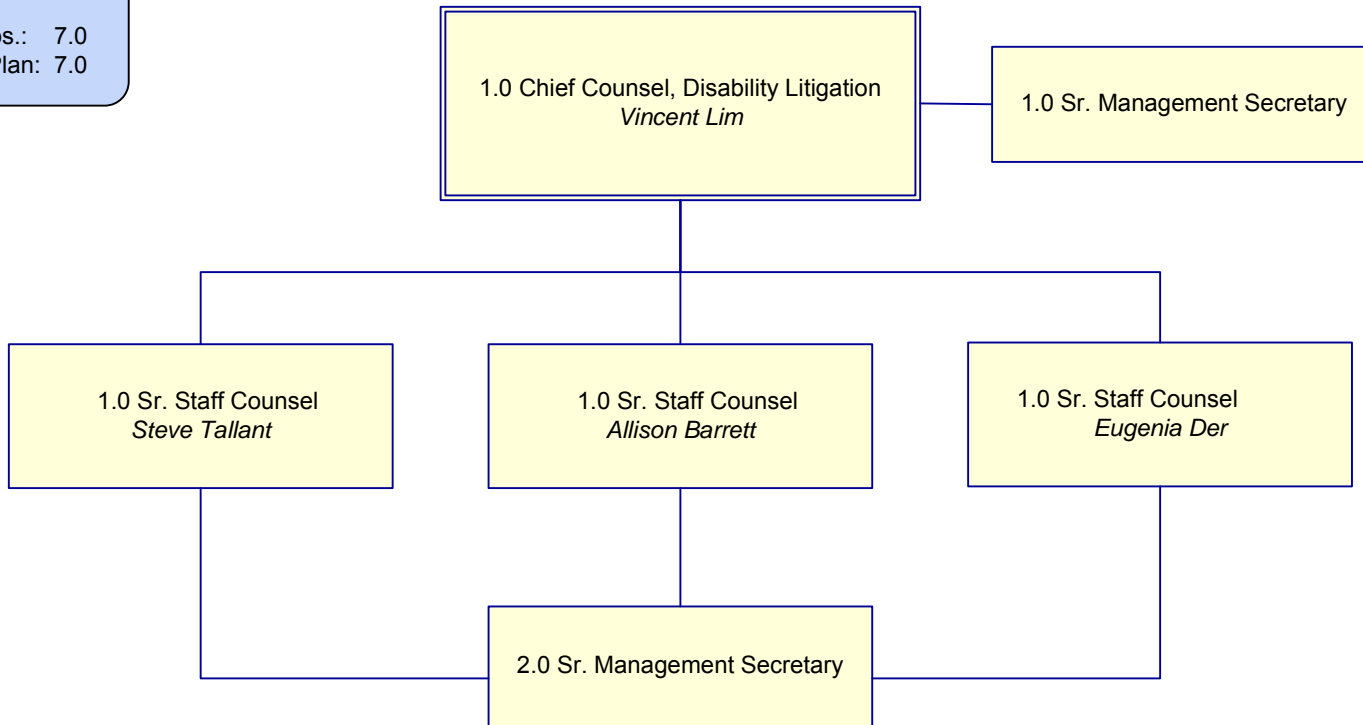
We are requesting a significant increase in funds for outside legal counsel. We currently have four cases in appeal with members who work for LACERA. Also, we have three cases at the application stage with members who work for LACERA and these cases may end up as appeals in the 2016-2017 fiscal year.

DISABILITY LITIGATION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 7.0
2015-2016 Hiring Plan: 7.0

2016-2017 Bud. Pos.: 7.0
2016-2017 Hiring Plan: 7.0

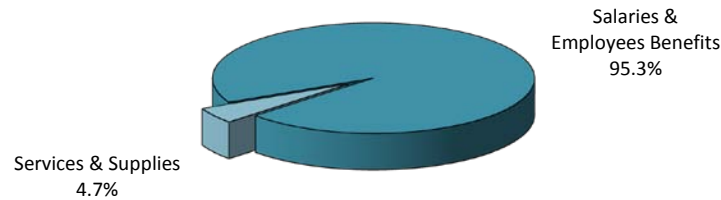


LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$1,676,282	\$1,729,132	\$954,686	\$1,659,345	\$16,937	1.0%	(\$52,850)	-3.1%
Services & Supplies	83,000	58,000	30,292	53,485	29,515	55.2%	25,000	43.1%
OPERATING BUDGET	\$1,759,282	\$1,787,132	\$984,978	\$1,712,830	\$46,452	2.7%	(\$27,850)	-1.6%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$991,022	\$876,354	\$604,836	\$1,057,328	(\$66,306)	-6.3%	\$114,668	13.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	585,391	580,372	306,234	515,497	69,894	13.6%	5,019	0.9%
Employee Benefits (Other)	81,919	86,196	42,161	83,610	(1,691)	-2.0%	(4,277)	-5.0%
OPEB Contribution	6,420	0	1,455	2,910	3,510	120.6%	6,420	100.0%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,664,751	\$1,542,922	\$954,686	\$1,659,345	\$5,406	0.3%	\$121,829	7.9%
Salary Differential *	11,531	(186,210)	-	-	-	-	197,740	-106.2%
TOTAL S&EB	\$1,676,282	\$1,729,132	\$954,686	\$1,659,345	\$16,937	1.0%	(\$52,850)	-3.1%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

DISABILITY LITIGATION

		15-16	2016-2017 BUDGET				CHANGE	
		BUDGT.	BUDGT.			BUDGT.		
		POS.	POS.	SCHEDULE	MO. RATE	AMOUNT	POS.	AMOUNT CHANGE JUSTIFICATION
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	1	LS18	17,717.81	212,613.72	0	
09213A	SENIOR STAFF COUNSEL	3	3	LS16	15,331.80	551,944.80	0	
00441A	SENIOR MANAGEMENT SECRETARY	3	3	91L	6,290.64	226,463.04	0	
PERMANENT POSITION		7	7				0	
GROSS SALARIES						991,021.56	0	
ANTICIPATED SALARY INCREASE							0.00	
TOTAL SALARIES						991,021.56		

Represented/Non-Represented positions are shown at 5th step as of 01/01/16

Represented positions are shown at 5th step as of 01/01/16

Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
AUTO EXPENSE	\$3,900	\$3,900	\$1,034	\$3,155	\$745	23.6%	\$0	0.0%
TRANSPORTATION & TRAVEL	8,000	9,000	6,318	8,650	(650)	-7.5%	(1,000)	-11.1%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	1,680	3,100	400	12.9%	0	0.0%
LEGAL FEES & SERVICES	57,300	29,800	16,928	29,500	27,800	94.2%	27,500	92.3%
EDUCATIONAL EXPENSES	10,000	11,500	4,182	8,780	1,220	13.9%	(1,500)	-13.0%
MISCELLANEOUS	300	300	150	300	0	0.0%	0	0.0%
TOTAL	\$83,000	\$58,000	\$30,292	\$53,485	\$29,515	55.2%	\$25,000	43.1%

Disability Retirement Services

- **Mission Statement**

To administer the LACERA disability retirement program in an equitable, timely, accurate, and courteous manner consistent with applicable laws, policies, and procedures.

- **Our Team**

Disability Retirement – Ricki Contreras

- 39 total staff members

We have three distinct sections within Disability Retirement:

- Intake & Specialized Processing:
 - ◆ 8 staff members
- Appeals & Quality Assurance, Records Management:
 - ◆ 7 staff members
- Investigation Units:
 - ◆ 3 units
 - ◆ 7 staff members in each unit



★ FY 2016-2017 Highlights

SERVICES & SUPPLIES

Per Board policy, to ensure impartial review of internal staff, cases are outsourced: Requesting \$60,000 to cover

the cost of investigations. Also requesting an increase of \$35,000 to cover the anticipated hearing officer fees and an increase of \$150,000 to

cover the anticipated medical fees due to complex case processing.



DISABILITY RETIREMENT

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Disability Retirement Services Division is responsible for investigating and evaluating disability retirement applications from active, retired, and deferred members of LACERA. Staff presents recommendations to the Board of Retirement who is responsible for adjudicating the application. Staff also administers the disability appeals process in conjunction with Disability Litigation and is the Official Custodian of Records for all Disability Retirement files.

The division contracts for professional services for both the investigation and appeals processes including panel physicians, referees, copy services, court reporters, job analysts, investigative services and outside legal counsel.

STAFFING

There are currently 39 budgeted full time positions. No additional staff positions are being requested for the 2016-2017 fiscal year. However, Staff is requesting a classification study be performed on the Word Processor II position as the essential functions of the classification are outdated. Updating the classification to accurately reflect the essential functions of the position will also support the division's recruiting efforts.

SERVICES AND SUPPLIES

Legal Fees and Services

In fiscal year 2014-2015, the Board approved the Mutual Assistance Program, which created the Board's policy of outsourcing the processing of disability applications and appeals filed by internal staff and internal-related family members. The purpose of the program is to ensure all such applications are kept confidential and receive a fair and impartial review while maintaining the privacy

of each LACERA staff member. These applications are processed by an approved independent third party attorney or collaborating 37 Act agency.

We currently have four (4) internal applications pending. Staff has estimated the cost per claim to be approximately \$15,000 each which covers the cost of investigation by outside counsel,. In lieu of budgeting the cost in Investigative Services as was done FY 15-16, Staff has budgeted the cost in Outside Legal Consulting.

Hearing Officer Fees

During FY 13-14, the Board of Retirement amended Rule 19 of the Procedures for Disability Retirement Hearings to include language which required LACERA staff to schedule a procedural conference for any applicant not represented by counsel. The procedural conference ensures unrepresented applicants are properly counseled of their rights and responsibilities related to the Disability Retirement Hearing process. The conference is held whether or not the applicant attends the conference and a Certificate of Non Attendance is issued if the applicant fails to attend. This has resulted in an increase in hearing officer fees. Therefore, Staff is requesting an additional \$35,000 to cover the anticipated increase in hearing officer fees due to the volume of procedural conferences held by Disability Litigation.

Medical Fees

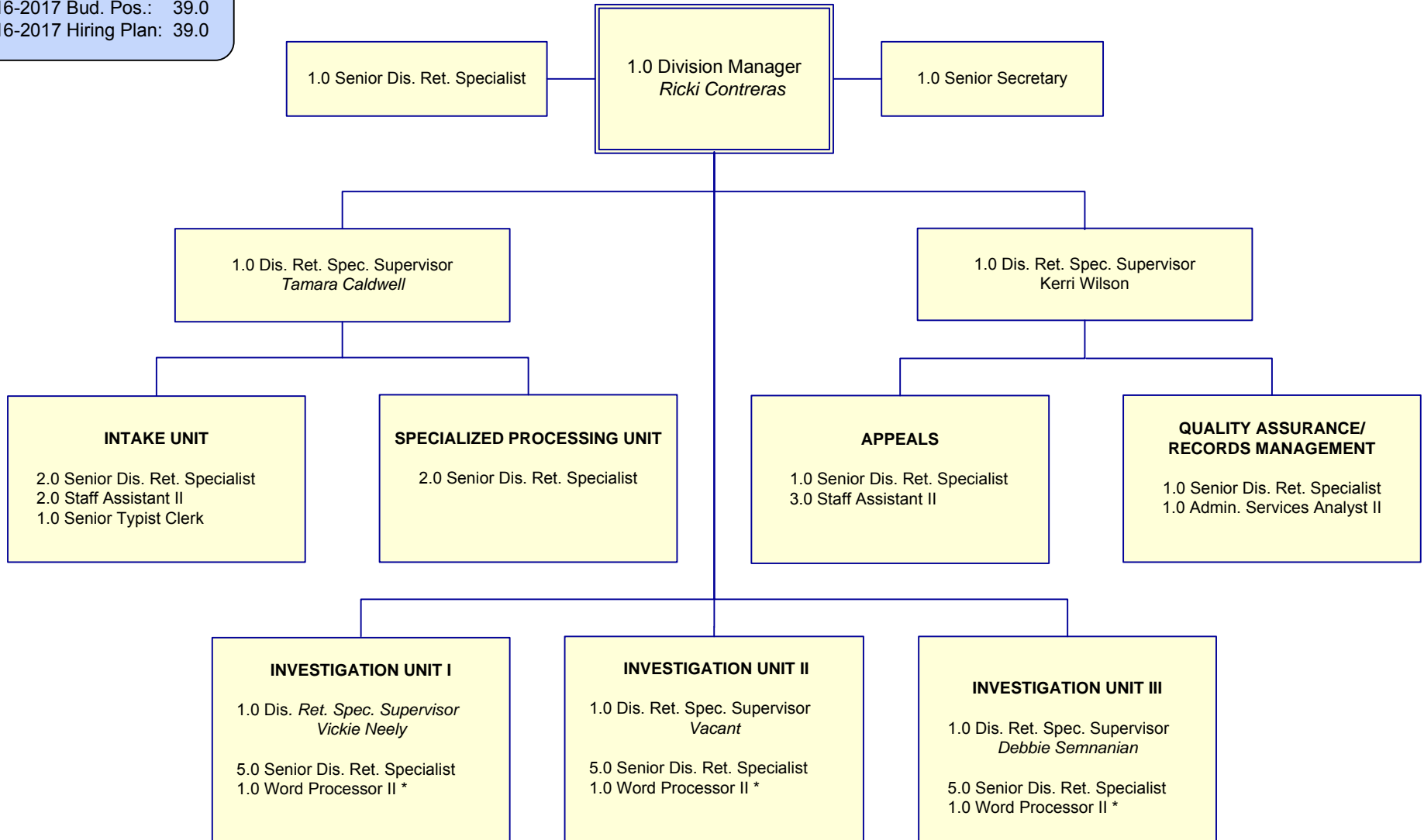
Staff requests an increase of \$150,000 to cover the anticipated increase in medical fees due to complex case processing with multiple exams and second opinions. The number of cases requiring multiple exams and second opinions has increased by 28% between FY 13-14 and FY 14-15.

DISABILITY RETIREMENT

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 39.0
 2015-2016 Hiring Plan: 39.0

2016-2017 Bud. Pos.: 39.0
 2016-2017 Hiring Plan: 39.0



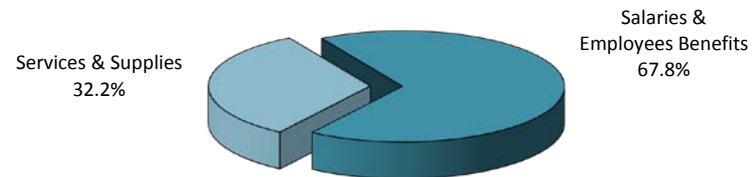
* Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

DISABILITY RETIREMENT

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$5,050,899	\$4,824,231	\$2,526,621	\$4,489,549	\$561,350	12.5%	\$226,668	4.7%
Services & Supplies	2,404,300	2,164,000	1,138,810	2,070,600	333,700	16.1%	240,300	11.1%
OPERATING BUDGET	\$7,455,199	\$6,988,231	\$3,665,431	\$6,560,149	\$895,050	13.6%	\$466,968	6.7%

2016 - 2017 PROPOSED BUDGET



LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$3,162,456	\$2,980,965	\$1,569,831	\$2,753,562	\$408,894	14.8%	\$181,491	6.09%
Total Agency Temp Salaries	28,400	0	14,202	28,404	(4)	0.0%	28,400	100.0%
Employee Benefits (Variable)	1,667,976	1,523,203	809,222	1,450,939	217,037	15.0%	144,773	9.5%
Employee Benefits (Other)	249,952	245,964	120,459	233,666	16,286	7.0%	3,988	1.6%
OPEB Contribution	19,589	0	3,813	7,626	11,963	156.9%	19,589	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	21,376	18,389	6,180	11,900	9,476	79.6%	2,987	16.2%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	4,600	4,600	2,914	3,452	1,148	33.3%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,154,349	\$4,773,122	\$2,526,621	\$4,489,549	\$664,800	14.8%	\$381,227	8.0%
Salary Differential *	(103,450)	(51,109)	-	-	-	-	(52,341)	102.4%
TOTAL S&EB	\$5,050,899	\$4,824,231	\$2,526,621	\$4,489,549	\$561,350	12.5%	\$226,668	4.7%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

DISABILITY RETIREMENT

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480.46	137,765.52	0		
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	5	100K	8,009.91	480,594.60	0		
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	22	96K	7,185.91	1,897,080.24	0		
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	1	87H	5,602.09	67,225.08	0		
00427A	STAFF ASSISTANT II	5	5	86E	5,412.45	324,747.00	0		
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0		
00448A	WORD PROCESSOR II	3	3	76F	4,136.91	148,928.76	0		
00446A	SENIOR TYPIST CLERK	1	1	73B	3,779.27	45,351.24	0		
PERMANENT POSITIONS		39	39				0		
GROSS SALARIES						3,162,456.12		0.00	
ANTICIPATED SALARY INCREASE								0.00	
TOTAL SALARIES								3,162,456.12	

MAPP Tier I and Tier II positions are shown at control point as of 01/1/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$17,500	\$17,500	\$6,386	\$13,500	\$4,000	29.6%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	10,000	10,000	3,406	7,800	2,200	28.2%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	223,000	223,000	104,306	193,400	29,600	15.3%	0	0.0%
LEGAL FEES & SERVICES	75,000	0	0	0	75,000	0.0%	75,000	100.0%
DISABILITY FEES & SERVICES	2,053,000	1,891,000	1,021,037	1,843,700	209,300	11.4%	162,000	8.6%
EDUCATIONAL EXPENSES	25,300	22,000	3,672	11,700	13,600	116.2%	3,300	15.0%
MISCELLANEOUS	500	500	3	500	0	0.0%	0	0.0%
TOTAL	\$2,404,300	\$2,164,000	\$1,138,810	\$2,070,600	\$333,700	16.1%	\$240,300	11.1%

Executive Office

- **Mission Statement**

To direct and coordinate the efforts of every LACERA organizational unit toward the effective realization of LACERA's mission as articulated through policies adopted by the Boards of Retirement and Investments.



- **Our Team**

**Executive Office -
Gregg Rademacher**

- 7 total staff members

**We oversee all 15 Divisions within
LACERA:**

- Assistant Executive Officer
- Board Secretary
- Executive Secretary



★ FY 2016- 2017 Highlights



The Executive Office is fully staffed and does not have any requests for major increases in Services and Supplies.

EXECUTIVE OFFICE

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA's mission - To Produce, Protect and Provide the Promised Benefit, as articulated through policies adopted by the Boards of Retirement and Investments.

STAFFING

There are currently 7 budgeted full time positions. No additional staff positions are being requested for the 2016-2017 fiscal year.

SERVICES AND SUPPLIES

Historically the Board of Retirement and Board of Investments budget was included in the Executive Office budget. Past budget requests were based on historical trends that included both Boards' expenses.

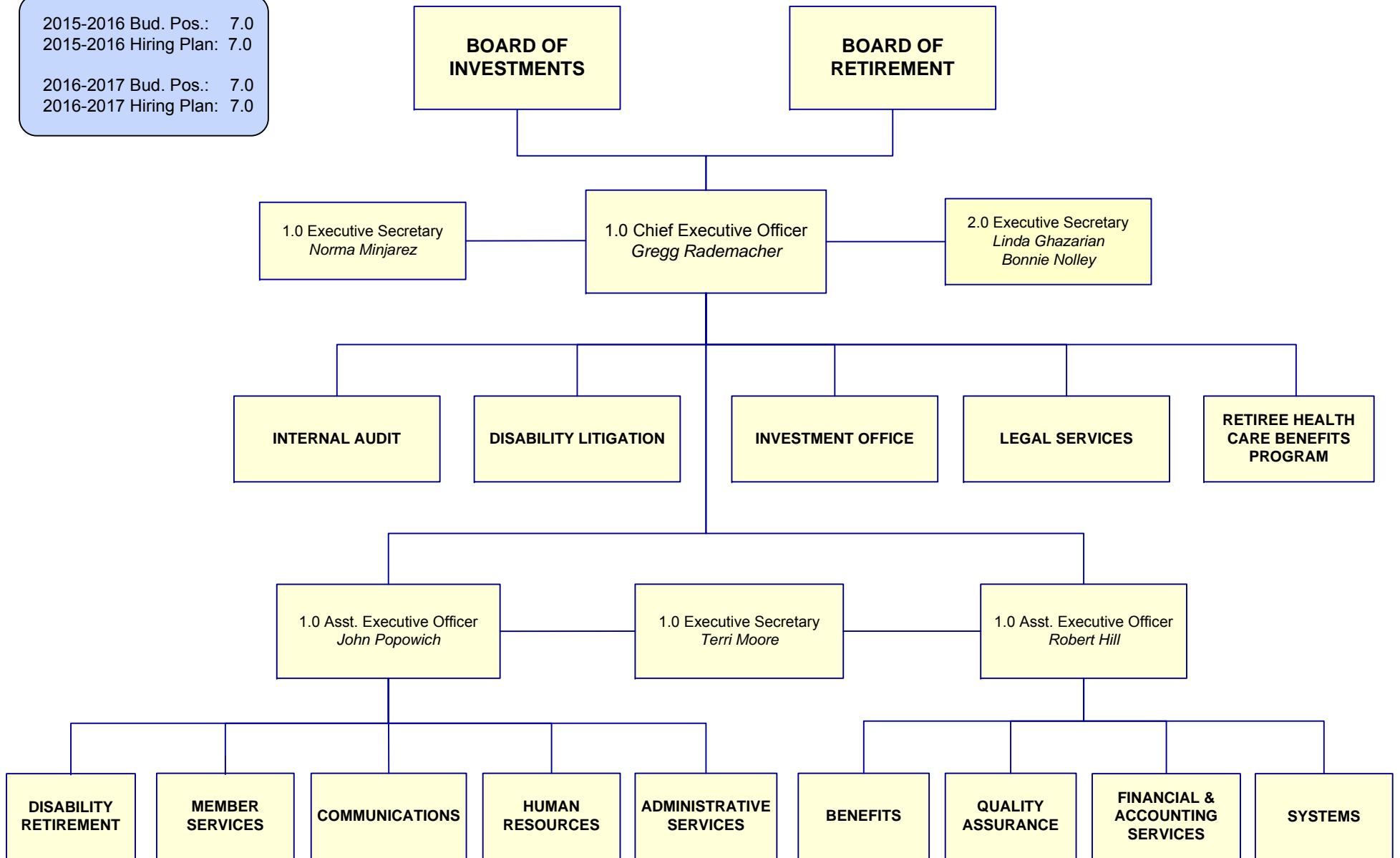
In an effort to create greater transparency and efficiency in the budget process, both Boards' budgets were separated beginning with the fiscal year ending 2016 from the Executive Office budget.

The Executive Office budget request is based on historical trends of specific expenses attributed to Executive Office operations. We do not have any significant increases or decreases for the 2016-2017 fiscal year.

EXECUTIVE OFFICE

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 7.0
 2015-2016 Hiring Plan: 7.0
 2016-2017 Bud. Pos.: 7.0
 2016-2017 Hiring Plan: 7.0

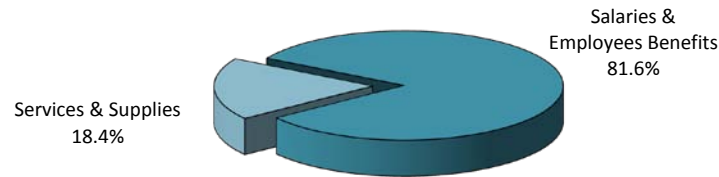


LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$1,812,031	\$1,718,210	\$956,524	\$1,656,308	\$155,723	9.4%	\$93,822	5.5%
Services & Supplies	409,700	406,100	445,426	499,470	(89,770)	-18.0%	3,600	0.9%
OPERATING BUDGET	\$2,221,731	\$2,124,310	\$1,401,950	\$2,155,778	\$65,953	3.1%	\$97,422	4.6%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$900,888	\$844,755	\$589,588	\$1,008,548	(\$107,660)	-10.7%	\$56,133	6.6%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	575,851	527,568	285,406	508,559	67,292	13.2%	48,283	9.2%
Employee Benefits (Other)	79,592	85,399	41,772	81,129	(1,537)	-1.9%	(5,808)	-6.8%
OPEB Contribution	6,238	0	1,333	2,667	3,571	133.9%	6,238	100.0%
Stipends	173,000	50,000	36,025	50,970	122,030	239.4%	123,000	246.0%
Overtime	2,280	1,500	2,400	4,435	(2,155)	-48.6%	780	52.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,000	1,000	0	0	1,000	100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,738,848	\$1,510,222	\$956,524	\$1,656,308	\$82,540	5.0%	\$228,626	15.1%
Salary Differential *	73,183	(207,987)	-	-	-	-	281,170	-135.2%
TOTAL S&EB	\$1,812,031	\$1,718,210	\$956,524	\$1,656,308	\$155,723	9.4%	\$93,822	5.5%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/28/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

EXECUTIVE OFFICE

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00776L	CHIEF EXECUTIVE OFFICER	1	1	R17	20,496.18	245,954.16	0		
00778A	ASSISTANT EXECUTIVE OFFICER	2	2	LS14	13,267.10	318,410.40	0		
00442A	EXECUTIVE SECRETARY	4	4	95L	7,010.91	336,523.68	0		
PERMANENT POSITIONS		7	7				0		
GROSS SALARIES						900,888.24		0	
								0.00	
TOTAL SALARIES								900,888.24	

MAPP Tier I and Tier II positions are shown at control point as of 01/1/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
AUTO EXPENSE	\$13,000	\$12,600	\$7,323	\$12,070	\$930	7.7%	\$400	3.2%
TRANSPORTATION & TRAVEL	25,500	31,000	12,789	25,000	500	2.0%	(5,500)	-17.7%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,500	2,654	2,600	400	15.4%	(500)	-14.3%
PROFESSIONAL & SPEC. SRVCS.	150,000	150,000	146,583	252,000	(102,000)	-40.5%	0	0.0%
EDUCATIONAL EXPENSES	118,000	114,000	110,845	113,000	5,000	4.4%	4,000	3.5%
MISCELLANEOUS	100,200	95,000	165,232	94,800	5,400	5.7%	5,200	5.5%
TOTAL	\$409,700	\$406,100	\$445,426	\$499,470	(\$89,770)	-18.0%	\$3,600	0.9%

- **Mission Statement**

To provide sound guardianship of LACERA's assets and produce accurate and timely financial information through quality service to our customers.

- **Our Team**

Financial & Accounting Services Division – Beulah Auten

- 29 total staff members

We have two distinct sections within Financial and Accounting Services:

- **General Accounting:**
 - ◆ Payments Recovery
 - ◆ Reconciliation
 - ◆ Disbursements
 - ◆ 13 staff members
- **Investment Accounting:**
 - ◆ Public Markets
 - ◆ Direct Investments
 - ◆ 12 staff members



★ FY 2016-2017 Highlights

STAFFING

Financial & Accounting Services requests a classification study for the entire division to ensure that it is competitive in the marketplace.

SERVICES & SUPPLIES

Budget decrease of 12% due to educational fees for multiple-year courses paid in advance and a transfer of responsibilities from within FASD to the newly formed



Benefit Protection Unit in the Benefits division.



INTRODUCTION

The Financial and Accounting Services Division (FASD) is divided into two functional areas: the General Accounting and Investment Accounting Sections. Both Sections maintain financial and accounting records that are used to prepare LACERA's Comprehensive and Popular Annual Financial Reports.

General Accounting

The General Accounting Section is responsible for the: receipt and recording of retirement and other postemployment benefit contributions from members and employers (i.e., Los Angeles County and outside Districts); recording and reconciliation of the retirees' payroll; processing of the administrative and non-administrative related expense payments to vendors for the Retirement Fund, Other Post-Employment Benefits (OPEB) Trust, and the Retiree Healthcare Benefits Program; and monitoring LACERA's benefit payment recovery efforts.

Investment Accounting

The Investment Accounting Section is responsible for recording, monitoring, and reconciling financial transactions impacting LACERA's investment portfolio, which includes a diversified asset class mix of public markets and direct investments. The public markets asset classes encompass U.S. and non-U.S. equities, U.S. and non-U.S. fixed income, hedge funds, and short term investments. Direct investments include mortgages, private equities, real estate (i.e., Title Holding Corporations, Limited Liability Companies, and Special Purpose Entities), and the real estate debt program.

STAFFING

A classification study has been requested for the Division. In Investment Accounting, our recent hiring efforts have shown that the skills we seek require experience in fund accounting. Our transition to State Street Bank has provided for additional analytical reviews, as well as reconciliation procedures, in the accounting of investment portfolios.

In General Accounting, we have recently experienced some turnover and are anticipating future retirements. Initiatives underway with State Street include electronic payments for vendors and the establishment of new accounting structures for the Retiree Healthcare program at the direction of the plan sponsors. Our desire is to ensure we are competitive in the marketplace so as to obtain and retain the best talent available.

Overtime and Temporary Staff

Overtime is requested for the additional workload associated with:

- 1) The customary fiscal year-end closing of the books and completion of the annual financial statement audit;
- 2) Management of the private equity fee validation project, monitoring and reconciling additional accounts added to the hedge fund direct investment program, and transitioning the real estate investment portfolio book of record from the current consultant (Townsend) to the custodian bank (State Street) platform;
- 3) Developing and completing initiatives such as enhancements to the organization's annual financial statements; and
- 4) Special projects, including production of ad hoc reports, and responding to public records requests.

We also anticipate having some staff on an extended leave of absence during this fiscal period. We have included a request for one agency temporary staff at the Accountant level to assist with the workload.

SERVICES AND SUPPLIES

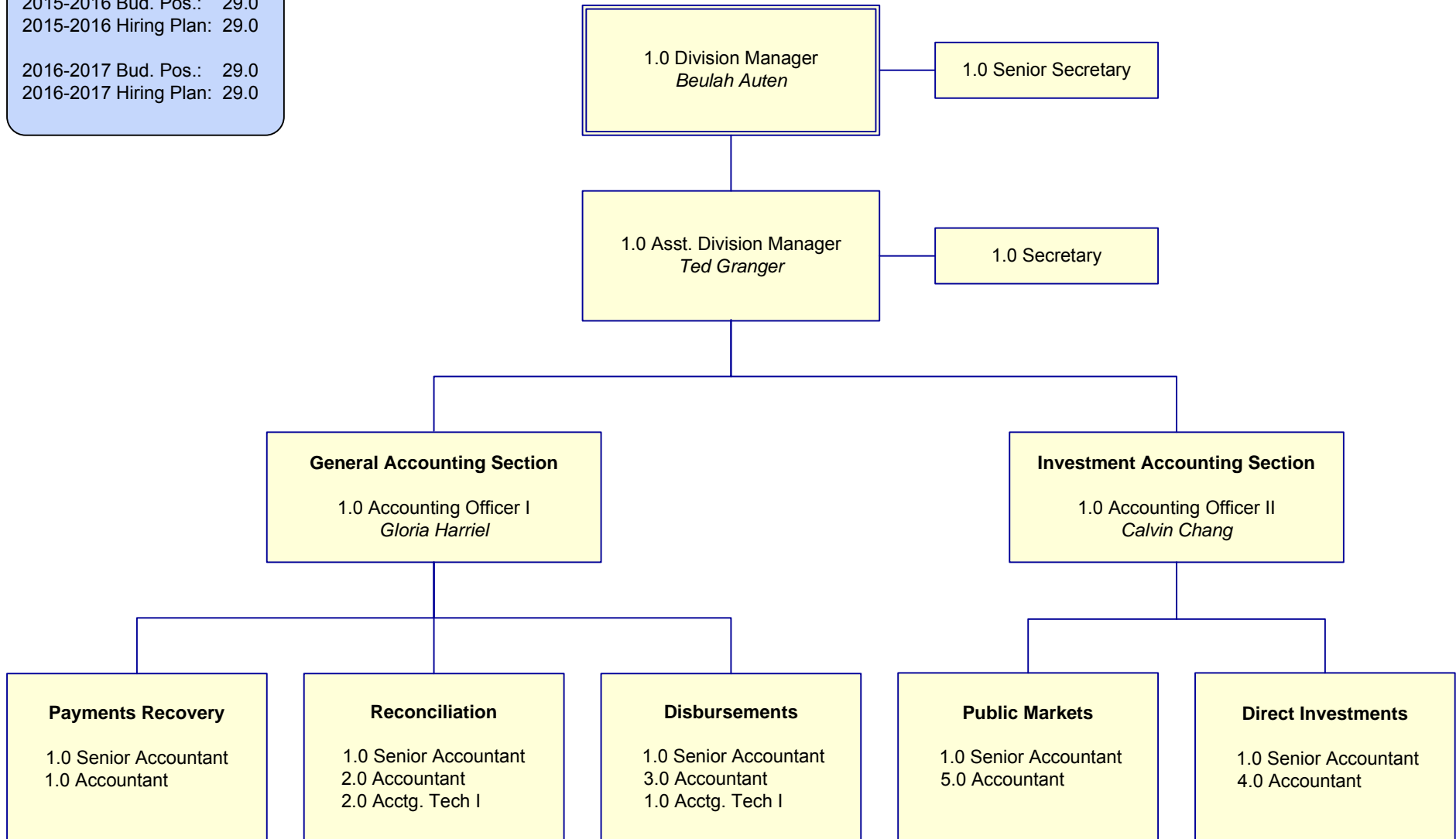
The Services and Supplies total budget request represents a decrease of 12% over the prior year attributed to the following:

- 1) Decrease in educational materials due to prior year fees paid in advance for enrollment in CPA review courses which are completed over the course of multiple years; and
- 2) Decrease in professional services due to the transfer of responsibilities and related service provider costs to the Benefits Division where the Benefit Protection Unit has been established.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 29.0
 2015-2016 Hiring Plan: 29.0
 2016-2017 Bud. Pos.: 29.0
 2016-2017 Hiring Plan: 29.0



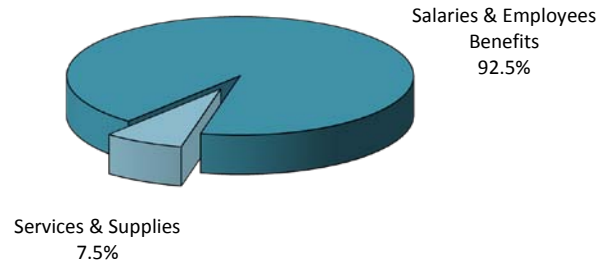
* Classification study for all positions requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	3,602,824	\$3,510,645	\$1,941,245	\$3,389,409	\$213,415	6.3%	\$92,179	2.6%
Services & Supplies	290,600	328,600	161,571	307,000	(16,400)	-5.3%	(38,000)	-11.6%
OPERATING BUDGET	\$3,893,424	\$3,839,245	\$2,102,816	\$3,696,409	\$197,015	5.3%	\$54,179	1.4%

2016 -2017 PROPOSED BUDGET



LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$2,062,544	\$1,944,206	\$1,244,473	\$2,130,600	(\$68,056)	-3.2%	\$118,338	6.1%
Total Agency Temp Salaries	75,200	113,000	7,044	53,743	21,457	39.9%	(37,800)	-33.5%
Employee Benefits (Variable)	1,103,412	1,012,363	563,737	986,368	117,044	11.9%	91,049	9.0%
Employee Benefits (Other)	177,230	174,978	86,487	166,230	11,000	6.6%	2,252	1.3%
OPEB Contribution	13,889	0	2,884	5,768	8,121	140.8%	13,889	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	52,084	41,302	32,317	39,500	12,584	31.9%	10,782	26.1%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	4,303	7,200	4,800	66.7%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,496,360	\$3,297,849	\$1,941,245	\$3,389,409	\$106,951	3.2%	\$198,511	6.0%
Salary Differential *	106,464	(212,796)	-	-	-	-	319,260	-150.0%
TOTAL S&EB	\$3,602,824	\$3,510,645	\$1,941,245	\$3,389,409	\$213,415	6.3%	\$92,179	2.6%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

FINANCIAL AND ACCOUNTING SERVICES

		2016-2017 BUDGET					CHANGE	
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480.46	137,765.52	0	
00771A	ASSIST. DIVISION MANAGER	1	1	LS10	9,934.41	119,212.92	0	
00418A	ACCOUNTING OFFICER II	1	1	99D	7,681.27	92,175.24	0	
00417A	ACCOUNTING OFFICER I	1	1	95H	6,959.64	83,515.68	0	
00416A	SENIOR ACCOUNTANT	5	5	91C	6,167.73	370,063.80	0	
00415A	ACCOUNTANT	15	15	87A	5,506.00	991,080.00	0	
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0	
00413A	ACCOUNTING TECHNICIAN I	3	3	78F	4,367.09	157,215.24	0	
00438A	SECRETARY	1	1	77D	4,229.36	50,752.32	0	
PERMANENT POSITIONS		29	29				0	
GROSS SALARIES						2,062,544.40	0	
ANTICIPATED SALARY INCREASE								0.00
TOTAL SALARIES							2,062,544.40	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$48,600	\$45,200	\$30,782	\$43,200	\$5,400	12.5%	\$3,400	7.5%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	1,746	4,500	500	11.1%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	0	20,000	0	13,000	(13,000)	-100.0%	(20,000)	-100.0%
BANK SERVICES	200,000	212,600	114,598	206,800	(6,800)	-3.3%	(12,600)	-5.9%
EDUCATIONAL EXPENSES	33,000	42,300	13,792	36,500	(3,500)	-9.6%	(9,300)	-22.0%
MISCELLANEOUS	4,000	3,500	653	3,000	1,000	33.3%	500	14.3%
TOTAL	\$290,600	\$328,600	\$161,571	\$307,000	(\$16,400)	-5.3%	(\$38,000)	-11.6%

Human Resources

• Mission Statement

To effectively administer human resource programs; provide quality service to LACERA employees, supervisors, and managers; and reflect LACERA's values and vision in both the effort put forth and the work accomplished.

• Our Team

**Human Resources –
John Nogales**

- 12 total staff members

We have three distinct sections within

Human Resources:

- Employee & Organizational Development:
 - ◆ 2 staff members
- Return to Work/Payroll:
 - ◆ 3 staff members
- Talent Acquisition and Management:
 - ◆ 4 staff members



★ FY 2016-2017 Highlights

SERVICES & SUPPLIES

HR requests the following increases from last year's budget:

- \$70,000 for consulting needs
 - \$30,000, FASD classification study
 - \$28,000, hire employment contract

negotiator for labor contracts

- \$12,000, outside law firm to create LACERA's Employee Handbook
- \$20,000 to promote student worker and internship programs
- \$35,000 for training

expenditures:

- Supervisor Fellowship Program
- Advanced CERL Education (ACE) Program
- Basic computer training
- \$25,000 for Gateway Plaza parking increase



HUMAN RESOURCES

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

Human Resources is responsible for providing services to LACERA in areas such as recruitment and selection; performance and workforce management; classification and compensation; employee and organizational development; payroll and benefits; employee relations; employee discipline; Worker's Compensation; employment laws governing ADA, FMLA, FLSA; and other human resources-related functions.

STAFFING

Currently there are no vacant positions in Human Resources.

It is anticipated recruitment will be at a manageable level in the coming fiscal year but it is expected that recruitment may become increasingly difficult due to stronger labor market competition and a shrinking work force. Human Resources anticipate the recruitment and hiring of one (1) Retirement Benefits Specialists Training Class during the 2016-2017 Fiscal Year.

To support LACERA's future recruitment needs Human Resources will look for opportunities to expand its recruitment sources, develop student worker and internship programs, increase its college recruitment exposure and employ ever-expanding social media recruitment tools.

Human Resources will continue its goal of standardizing its processes and procedures and look to utilize electronic data storage tools. Staff will continue to be encouraged to expand their knowledge in all functional areas of Human Resource to increase the expertise and efficiency of LACERA's Human Resources Office. Currently Human Resources has two (2) staff members participating in programs to become certified in Human Resources functional areas, one staff member is attending college courses to obtain an MBA and another is working towards a Bachelor's Degree.

Additionally one (1) staff member will be attending training to be certified as an Internal Investigator through the Association of Workplace Investigators Program.

SERVICES AND SUPPLIES

In comparing the 2016-2017 budget request to the previous fiscal year, notable variances in the Service and Supplies portion occur in the following areas:

Human Resources Consulting: Increased from \$30,000 to \$100,000

Additional \$70,000 in Human Resources Consulting is requested due to following additional anticipated consulting needs:

- \$30,000 is earmarked for hiring outside consultant services to complete a classification and compensation study of LACERA's Financial Accounting and Services Division.
- \$28,000 is earmarked for anticipated cost to hire an employment contract negotiator for purposes of re-negotiating two (2) employee labor contracts scheduled to expire on December 31, 2016.
- \$12,000 is earmarked for consulting services with an outside law firm to redesign and update LACERA's Employee Handbook to incorporate current employment laws as well as updated LACERA's Policies and Procedures.

Recruitment: Increased from \$55,000 to \$75,000

Additional \$20,000 requested based on the following:

- \$20,000 is earmarked to participate in outside job fairs, develop and promote student worker and internship programs, and utilize additional job recruitment sources to satisfy LACERA's recruitment needs and help mitigate concerns of a shrinking labor force.

Departmental Training: Increase from \$200,000 to \$235,000

The Departmental Training budget anticipates major training expenditures in the following areas:

- \$77,000 is earmarked for the launch of the Supervisor Fellowship Program. This program is a leadership and education program designed for all Supervisors, Section Heads, and Assistant Managers. These LACERA leaders will grow in their leadership development while working together in a cross-divisional team. They will attend training and learn to apply that learning to their day-to-day work at LACERA. The ultimate goals are to hone their leadership skills and to encourage the development of relationships to advance the work of LACERA in serving our members.

- \$15,000 ACE Program – We have begun the development of the Advanced CERL Education (ACE) Program. We liken this course to the Master's level of our Core Benefits Training Program. This program will consist of both advanced technical training and leadership soft skills. Our goal for this program is to develop our leadership in the benefits arena.
- \$54,000 earmarked for Computer Software Training including Word, Excel, Access, and PowerPoint.

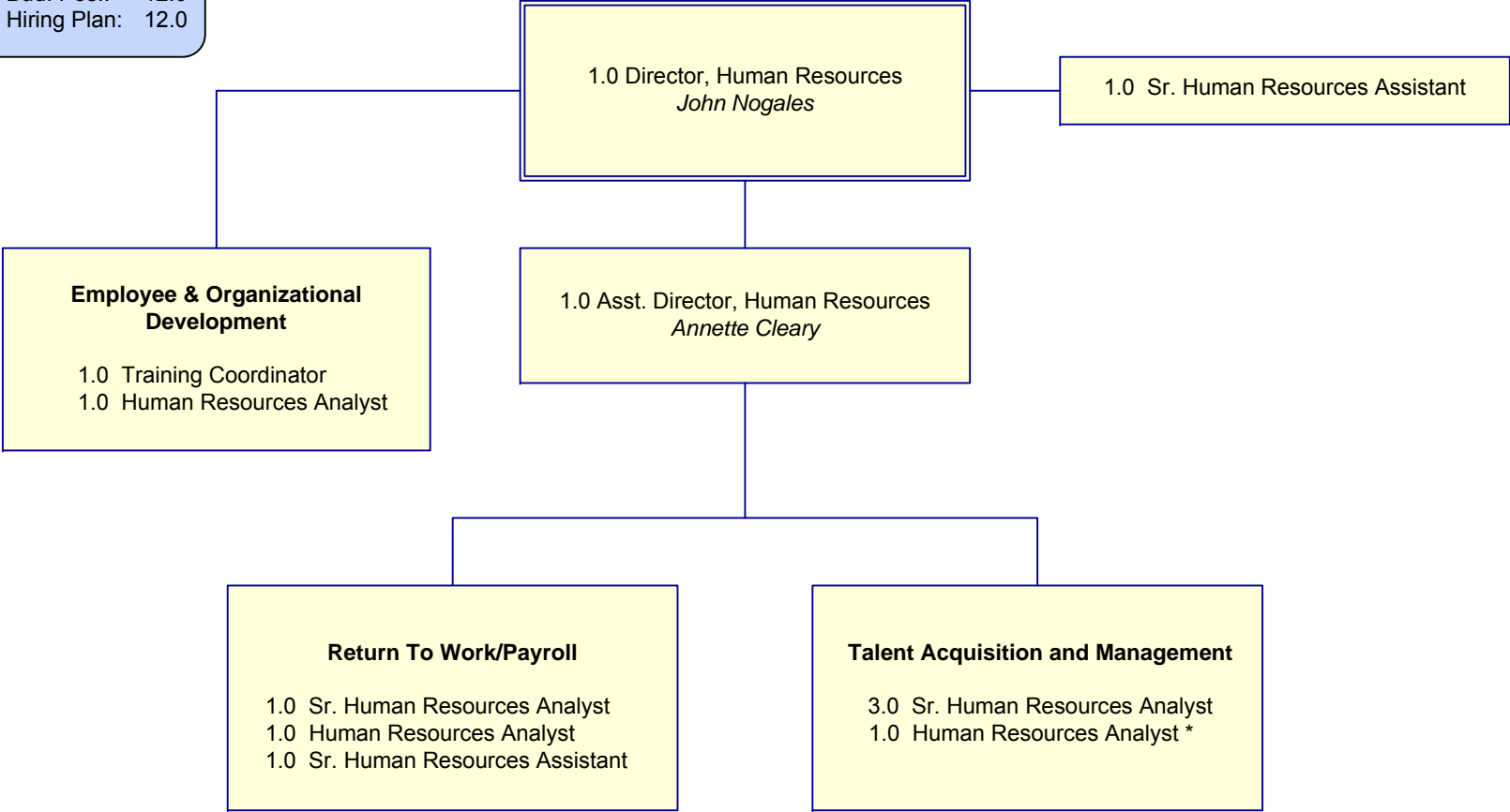
Gateway Plaza: Increase from \$415,000 to \$440,000

Anticipated increase in parking costs in 2016-2017 Fiscal Year for LACERA Staff.

HUMAN RESOURCES

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 12.0
 2015-2016 Hiring Plan: 12.0
 2016-2017 Bud. Pos.: 12.0
 2016-2017 Hiring Plan: 12.0



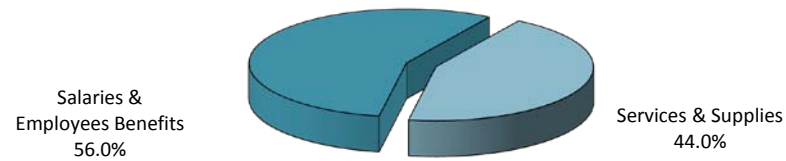
* Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

HUMAN RESOURCES

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$1,782,924	\$1,674,427	\$1,038,891	\$1,649,327	\$133,597	8.1%	\$108,497	6.5%
Services & Supplies	1,400,600	1,237,400	796,992	1,316,775	83,825	6.4%	163,200	13.2%
OPERATING BUDGET	\$3,183,524	\$2,911,827	\$1,835,883	\$2,966,102	\$217,422	7.3%	\$271,697	9.3%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$1,021,893	\$963,270	\$646,838	\$1,026,148	(\$4,255)	-0.4%	\$58,623	6.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	590,008	534,666	348,798	538,077	51,931	9.7%	55,343	10.4%
Employee Benefits (Other)	89,348	85,289	41,717	81,025	8,323	10.3%	4,059	4.8%
OPEB Contribution	7,002	0	1,538	3,077	3,925	127.6%	7,002	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,093	3,093	0	1,000	2,093	209.3%	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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,711,344	\$1,586,317	\$1,038,891	\$1,649,327	\$62,017	3.8%	\$125,027	7.9%
Salary Differential *	71,580	(88,110)	-	-	-	-	159,690	-181.2%
TOTAL S&EB	\$1,782,924	\$1,674,427	\$1,038,891	\$1,649,327	\$133,597	8.1%	\$108,497	6.5%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

HUMAN RESOURCES

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00425A	DIRECTOR, HUMAN RESOURCES	1	1	LS10	9,934.41	119,212.92	0		
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	1	LS8	8,596.57	103,158.84	0		
00436A	SENIOR HUMAN RESOURCES ANALYST	4	4	97C	7,257.18	348,344.64	0		
01186A	TRAINING COORDINATOR	1	1	97B	7,239.09	86,869.08	0		
00434A	HUMAN RESOURCES ANALYST	3	3	93C	6,511.36	234,408.96	0		
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	2	86E	5,412.45	129,898.80	0		
PERMANENT POSITIONS		12	12				0		
GROSS SALARIES						1,021,893.24	0		
ANTICIPATED SALARY INCREASE							0		
TOTAL SALARIES							1,021,893.24		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$16,400	\$16,000	\$4,894	\$13,700	\$2,700	19.7%	\$400	2.5%
OFFICE SUPPLIES & EQUIPMENT	7,500	8,000	2,333	4,500	3,000	66.7%	(500)	-6.3%
PARKING FEES	442,000	417,000	296,750	391,800	50,200	12.8%	25,000	6.0%
PROFESSIONAL & SPEC. SRVCS.	318,800	241,000	103,614	191,150	127,650	66.8%	77,800	32.3%
COMPUTER SERVICES & SUPPORT	35,000	35,000	20,910	35,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	467,000	427,000	139,600	422,500	44,500	10.5%	40,000	9.4%
MISCELLANEOUS	113,900	93,400	228,891	258,125	(144,225)	-55.9%	20,500	21.9%
TOTAL	\$1,400,600	\$1,237,400	\$796,992	\$1,316,775	\$83,825	6.4%	\$163,200	13.2%

Internal Audit

- **Mission Statement**

To support LACERA's mission through independent, objective assurance and consulting activities.

- **Our Team**

**Internal Audit –
Richard Bendall**

- 10 total staff members

Within Internal Audit, we have two teams, consisting of:

- Principal Internal Auditor
- Senior Internal Auditor
- Internal Auditor



★ FY 2016- 2017 Highlights

STAFFING

Classification studies requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor position and to convert

the Secretary position to a Senior Management Secretary position.

SERVICES & SUPPLIES

Internal Audit requests \$272,100 more than last year,

due predominantly to an anticipated increase in the use of outside audit and consultant services.

INTERNAL AUDIT

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

Internal Auditing is an independent, objective assurance and consulting activity that adds value to and improves LACERA's operations. Internal Audit helps LACERA accomplish its mission to produce, protect and provide the promised benefits, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control. In assessing internal controls, Internal Audit determines the risks related to the organization as a whole, then reviews the adequacy and effectiveness of the organization's control strategies, structures and systems. Internal Audit assists the organization in meeting its control objectives through:

- performing risk assessments,
- planning annual audit work to address these risks,
- and providing management and staff throughout the organization with consulting services related to strengthening internal controls and mitigating risks.

Internal Audit employs innovative technologies, such as automated audit software. In addition, value added audit techniques, such as Control Self Assessment, are used for assessing risk and seeking best practice solutions to improve processes. Staff are continually challenged to stay abreast of changes in technology that affect both the tools utilized by Internal Audit as well as the functions audited. This is achieved through continuous educational training, as well as through co-sourcing arrangements, whereby staff participate in audits with, and obtain training from, external experts.

STAFFING

There are currently 10 budgeted full time positions. No additional staff positions are being requested at this time. A classification study has been requested to

convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor, and to convert the Secretary position to a Senior Management Secretary.

SERVICES AND SUPPLIES

Internal Audit's requested Services and Supplies budget for the 2016-2017 Fiscal year is based on actual historic expenditures, coupled with a detailed review of the Division's business strategy needs for the year.

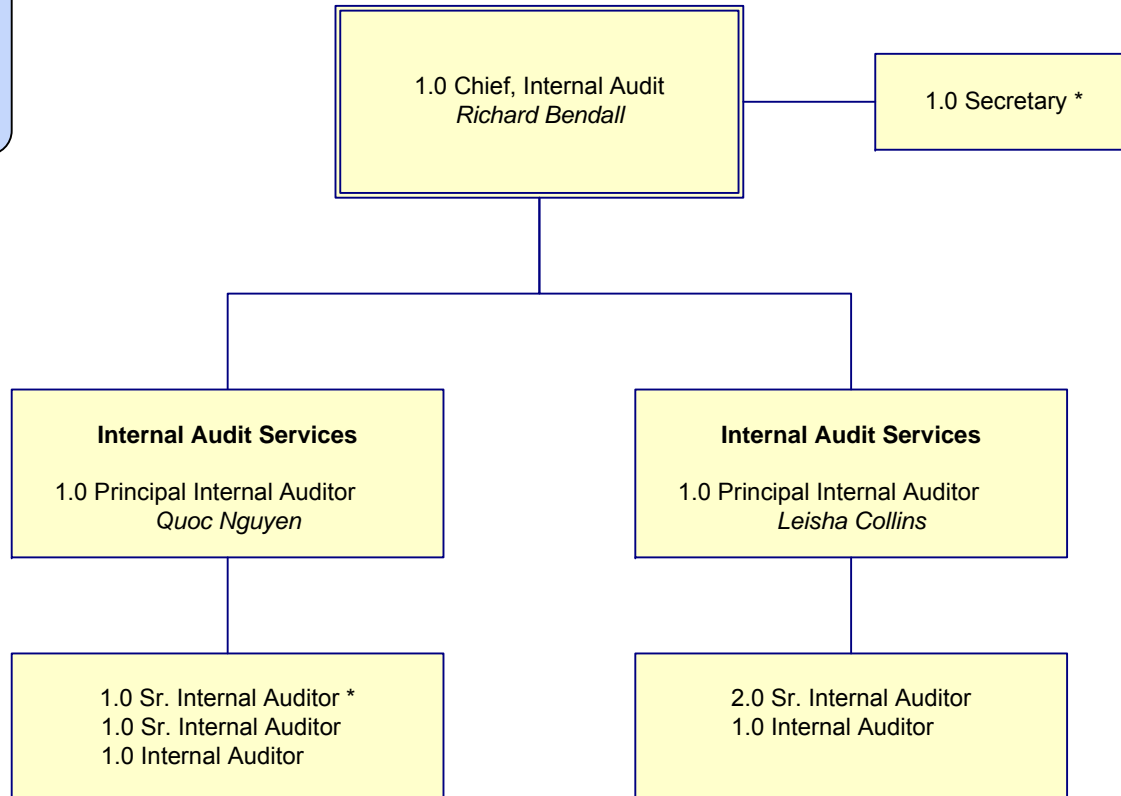
Overall Internal Audit's requested budget for Services and Supplies is \$272,100 more than the previous year, predominantly due to an anticipated increase in the use of outside audit and consultant services. At the request of the Audit Committee, we will establish a pool of audit and consulting firms to perform audits from our Fiscal Year 2016-2017 Audit Plan. These audits will consist of three to five audits in the areas of Financial Accounting Services Division, The Investment Office and Systems Division. The use of audit consultants will increase coverage of audits performed throughout the organization and will result in better use of internal resources in the completion of audit work. There is also a small increase in the travel budget for new staff training and for additional work we plan to perform in investments.

INTERNAL AUDIT

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 10.0
 2015-2016 Hiring Plan: 10.0

2016-2017 Bud. Pos.: 10.0
 2016-2017 Hiring Plan: 10.0



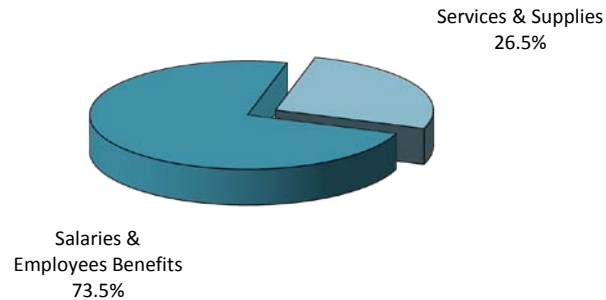
* Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

INTERNAL AUDIT

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-15)					PROJECTION
Salaries & Employees Benefits	\$1,662,211	\$1,656,758	\$955,496	\$1,617,909	\$44,302	2.7%	\$5,453	0.3%
Services & Supplies	600,000	327,900	192,542	334,100	\$265,900	79.6%	272,100	83.0%
OPERATING BUDGET	\$2,262,211	\$1,984,658	\$1,148,038	\$1,952,009	\$310,202	15.9%	\$277,553	14.0%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-15)	PROJECTION				
Total LACERA Salaries	\$1,014,275	\$954,996	\$625,423	\$1,065,700	(\$51,425)	-4.8%	\$59,279	6.2%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	488,474	500,849	285,972	465,743	22,731	4.9%	(12,375)	-2.5%
Employee Benefits (Other)	87,877	86,470	42,295	82,147	5,730	7.0%	1,407	1.6%
OPEB Contribution	6,887	0	1,360	2,719	4,168	153.3%	6,887	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	2,000	2,000	446	900	1,100	122.2%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,500	1,500	0	700	800	114.3%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,601,013	\$1,545,816	\$955,496	\$1,617,909	(\$16,896)	-1.0%	\$55,198	3.6%
Salary Differential *	61,198	(110,943)	-	-	-	-	172,141	-155.2%
TOTAL S&EB	\$1,662,211	\$1,656,758	\$955,496	\$1,617,909	\$44,302	2.7%	\$5,453	0.3%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

INTERNAL AUDIT

		2016-2017 BUDGET				CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00774A	CHIEF, INTERNAL AUDIT	1	1	LS12	\$11,480.46	\$137,765.52	0	
00762A	PRINCIPAL INTERNAL AUDITOR	2	2	109F	\$10,124.00	\$242,976.00	0	
00763A	SENIOR INTERNAL AUDITOR	4	4	103C	\$8,539.55	\$409,898.40	0	
00764A	INTERNAL AUDITOR	2	2	96L	\$7,203.45	\$172,882.80	0	
00438A	SECRETARY	1	1	77D	\$4,229.36	\$50,752.32	0	
PERMANENT POSITIONS		10	10				0	
GROSS SALARIES						\$1,014,275.04		\$0.00
ANTICIPATED SALARY INCREASE								\$0.00
TOTAL SALARIES								\$1,014,275.04

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-15)	PROJECTION				
TRANSPORTATION & TRAVEL	\$23,800	\$20,400	\$17,886	\$19,700	\$4,100	20.8%	\$3,400	16.7%
OFFICE SUPPLIES & EQUIPMENT	1,000	2,000	360	1,000	0	0.0%	(1,000)	-50.0%
PROFESSIONAL & SPEC. SRVCS.	525,000	269,000	158,399	283,000	242,000	85.5%	256,000	95.2%
EDUCATIONAL EXPENSES	49,200	35,500	15,547	29,500	19,700	66.8%	13,700	38.6%
MISCELLANEOUS	1,000	1,000	350	900	100	11.1%	0	0.0%
TOTAL	\$600,000	\$327,900	\$192,542	\$334,100	\$265,900	79.6%	\$272,100	83.0%

Investment Office

- **Mission Statement**

To oversee, administer, and implement the policies and decisions of LACERA's Board of Investments to the investment portfolio of the Association.

- **Our Team**

**Investment Office –
Vache Mahseredjian (Interim)**

- 33 total staff members

We have seven distinct sections within the Investment Office:

- Public Equities:
 - ◆ 6 staff members
- Fixed Income & Commodities:
 - ◆ 5 staff members
- Real Estate:
 - ◆ 8 staff members
- Hedge Funds:
 - ◆ 3 staff members
- Private Equities:
 - ◆ 6 staff members
- Risk & Performance:
 - ◆ 1 staff member
- 1 Principal Investment Officer
- 2 Sr. Secretaries
- 1 Sr. Mgmt. Secretary



★ FY 2016- 2017 Highlights

STAFFING

Investments is reorganizing into six distinct sections and hiring five new positions.

- 1 Principal Investment Officer
- 1 Finance Analyst III
- 3 Finance Analyst II

SERVICES & SUPPLIES

With the addition of five staff members there is an increase in transportation and travel: \$20,000 and education expense: \$37,000.



INVESTMENT OFFICE

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Investment Staff's responsibilities include developing and recommending prudent investment policies and risk management strategies to help the Fund achieve the return objectives established by the Board of Investments. The Investment Staff is also responsible for implementing and monitoring Board-approved programs and policies.

STAFFING

The investment team is currently 28 budgeted full-time positions comprised of 25 investment professionals and three support staff. The Investment Office is requesting Five new investment professional positions, which increases the total budgeted positions to 33. The following provide a description of the proposed positions.

Principal Investment Officer (Risk and Performance)- 1 position

The Principal Investment Officer will serve to champion the developing and implementing the Board's risk management strategy and serving as the centralized team leader for performance reporting. Specific tasks may include:

- Identifying material individual, aggregate and emerging risks;
- Assessing these risks and measuring the portfolio's exposure to them;
- Supporting the board in its implementation, review and approval of the risk governance framework which includes risk culture, risk appetite, risk assessment system, and risk limits;
- Ongoing monitoring of the risk-taking activities and risk exposures to ensure they are in line with the board-approved risk appetite, risk limits and corresponding liquidity needs;
- Establishing an early warning or trigger system for breaches of the portfolio's risk appetite or limits;

- Reporting to the Board, Risk Committee, or management, as appropriate, on all these items, including but not limited to proposing appropriate risk-mitigating actions.

Finance Analyst III (Investment Officer), Public Equities – 1 position

The Investment Officer position will add senior leadership resources to the Public Equities team, which oversees 40-50% of LACERA assets. The addition of Activist Managers further supports the need for this position. Primary duties include preparing Board recommendations regarding investment policy, risk management, portfolio investment strategies, new investment vehicles, and managers' trading practices. This position will also have a key role in enhancing the risk management capabilities of the Global Equities team.

Finance Analyst II, Private Equities – 1 position

This position will be responsible for Private Equity manager fee verification project by coordinating external resources and assisting with developing a long-term compliance strategy. The position fulfills a recent internal audit recommendation that management evaluate the current private equity program and add staff, if needed, to provide fee verification on an ongoing basis. This position will also support the hedge fund team by overseeing the hedge fund-of-fund managers' fee calculation process, assisting with the preparation of quarterly performance reports, and guideline compliance.

Finance Analyst II, Real Estate – 1 position

Staff has determined that additional staff capacity is required in order to prudently underwrite new real estate investment opportunities and to monitor activity within the existing real estate portfolio.

Finance Analyst II, Hedge Funds – 1 position

This position will assist with implementing and managing the 5% strategic allocation to "Other Opportunities," that was approved as part of the 2015 Asset Liability Study. Staff has determined that an additional position is necessary to implement the Board of Investments' directive regarding the new "Other Opportunities" investment category and its entrance into Risk Parity investing.

SERVICES AND SUPPLIES

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team.

Transportation and Travel \$335,700

The prior year projection was increased by \$20,000 in anticipation of additional staff.

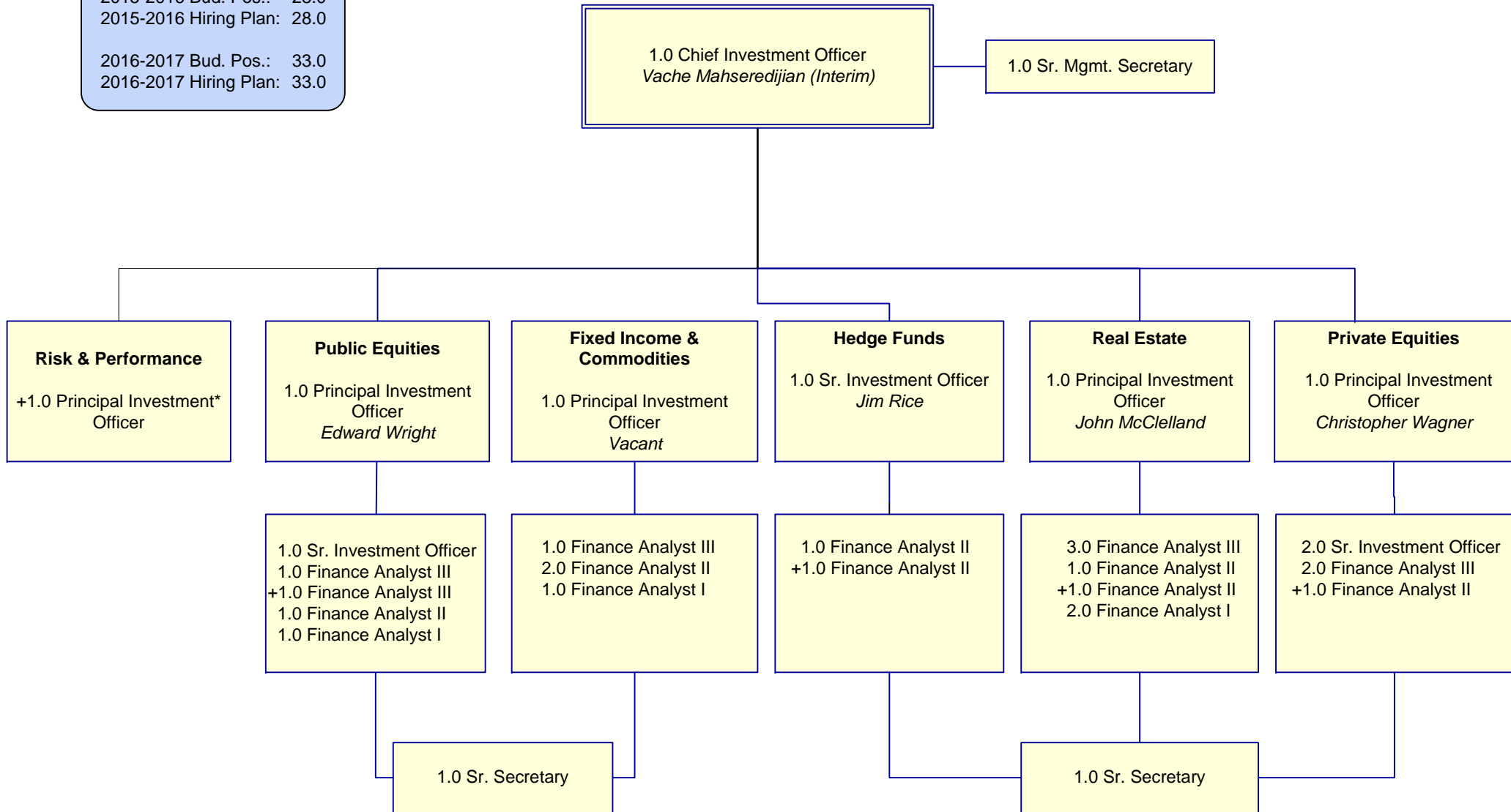
Educational Expense \$123,000

The prior year projection was increased by \$37,000 in anticipation of additional staff.

INVESTMENT OFFICE

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 28.0
 2015-2016 Hiring Plan: 28.0
 2016-2017 Bud. Pos.: 33.0
 2016-2017 Hiring Plan: 33.0



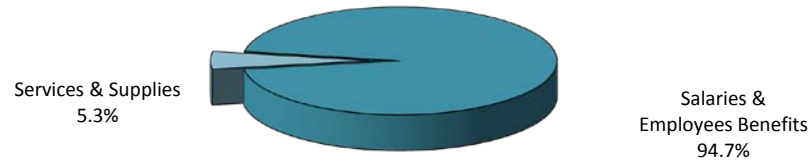
+ Added position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

INVESTMENT OFFICE

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$8,463,794	\$6,560,955	\$3,651,165	\$6,215,439	\$2,248,355	36.2%	\$1,902,839	29.0%
Services & Supplies	471,300	463,500	295,832	411,000	60,300	14.7%	7,800	1.7%
OPERATING BUDGET	\$8,935,094	\$7,024,455	\$3,946,997	\$6,626,439	\$2,308,655	34.8%	\$1,910,639	27.2%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$5,963,264	\$4,776,893	\$2,297,240	\$4,031,309	\$1,931,955	47.9%	\$1,186,371	24.8%
Total Agency Temp Salaries	30,000	79,200	23,907	47,800	(17,800)	-37.2%	(49,200)	-62.1%
Employee Benefits (Variable)	1,951,325	1,844,590	1,154,845	1,795,791	155,534	8.7%	106,735	5.8%
Employee Benefits (Other)	486,160	347,315	169,883	329,950	156,210	47.3%	138,845	40.0%
OPEB Contribution	38,100	0	4,895	9,789	28,311	289.2%	38,100	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	395	800	(800)	-100.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,200	1,200	0	0	1,200	0.0%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$8,477,250	\$7,056,398	\$3,651,165	\$6,215,439	\$2,261,811	36.4%	\$1,420,852	20.1%
Salary Differential *	(13,455)	495,443	-	-	-	-	(508,898)	-102.7%
TOTAL S&EB	\$8,463,794	\$6,560,955	\$3,651,165	\$6,215,439	\$2,248,355	36.2%	\$1,902,839	29.0%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

INVESTMENT OFFICE

		<u>2016-2017 BUDGET</u>					<u>CHANGE</u>		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00493A	CHIEF INVESTMENT OFFICER	1	1	LR25	29,164.03	349,968.36	0		
00495A	PRINCIPAL INVESTMENT OFFICER	4	5	LR23	25,236.60	1,514,196.00	1	302,839.20	Add 1 Principal Investment Officer
00492A	SENIOR INVESTMENT OFFICER	4	4	LR20	20,314.22	975,082.56	0		
00769A	FINANCE ANALYST III	7	8	LR16	15,211.28	1,460,282.88	1	182,535.36	Add 1 Finance Analyst III
00768A	FINANCE ANALYST II	5	8	LR12	11,389.96	1,093,436.16	3	410,038.56	Add 3 Finance Analyst II
00767A	FINANCE ANALYST I	4	4	99J	7,776.73	373,283.04	0		
00441A	SENIOR MANAGEMENT SECRETARY	1	1	91L	6,290.64	75,487.68	0		
00439A	SENIOR SECRETARY	2	2	83L	5,063.64	121,527.36	0		
PERMANENT POSITIONS		28	33				5		
GROSS SALARIES						5,963,264.04		895,413.12	
ANTICIPATED SALARY INCREASE								0.00	
TOTAL SALARIES								5,963,264.04	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
AUTO EXPENSE	\$2,600	\$0	\$0	\$0	\$2,600	0	\$2,600	0
TRANSPORTATION & TRAVEL	335,700	350,000	214,191	315,500	20,200	6.4%	(14,300)	-4.1%
OFFICE SUPPLIES & EQUIPMENT	4,000	5,000	1,839	4,500	(500)	-11.1%	(1,000)	-20.0%
EDUCATIONAL EXPENSES	123,500	103,000	76,900	86,500	37,000	42.8%	20,500	19.9%
MISCELLANEOUS	5,500	5,500	2,902	4,500	1,000	22.2%	0	0.0%
TOTAL	\$471,300	\$463,500	\$295,832	\$411,000	\$60,300	14.7%	\$7,800	1.7%

Legal Services

• Mission Statement

To provide timely and effective legal representation, advice, and counsel of the highest professional level to the Board of Retirement and Board of Investments, the Association, and the Association's officers and employees.

• Our Team

Legal Services –
Steven Rice

- 20 total staff members

We have five distinct sections within

Legal Services:

- Litigation:
 - ◆ 3 staff members
- Benefits:
 - ◆ 4 staff members
- Legislative Affairs:
 - ◆ 1 staff member
- Investments:
 - ◆ 7 staff members
- Disability Counsel:
 - ◆ 3 staff members



★ FY 2016-2017 Highlights

STAFFING

Legal Services requests three additional positions to accommodate increased investment transactions and the increase in disability cases:

- Investments section: Staff Counsel and Senior Management Secretary
- Disability Counsel section: Legal Analyst

A classification study is requested for three

positions: Senior Staff Counsel, Legal Analyst, and Management Secretary.



LEGAL SERVICES

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Legal Office provides comprehensive legal services to the LACERA Boards and staff, through the Chief Counsel, four Sections within the Office (Benefits, Disability, Investments, and Litigation), and the Legislative Affairs Officer.

STAFFING

The Office proposes three new positions, which will increase total staff from 17 to 20.

First, the Office requests addition of two positions in its Investment Section, one new Staff Counsel and one new Senior Management Secretary. The volume and complexity of LACERA's investment transactions have increased. This trend will continue with the fund's growth and new programs, such as direct hedge funds. The Office supports the Investment Division through direct work and coordinating LACERA's outside investment counsel. The Office is also involved in compliance with new rules and regulations and with special projects, such as preferred terms. In addition to its investment-related work, the Investment Section handles LACERA's commercial contracts and Public Records Act requests, both areas in which the Office expects increasing work. With more legal work, secretarial work has grown as well. Current staffing in the Office's Investment Section consists of one Senior Staff Counsel, one Staff Counsel, two Legal Analysts, and one Management Secretary, all of whom are working at capacity. The two new positions will assist in maintaining the Investment Section's service level, even as the demand for its services increases.

Second, the Office requests addition of one new Legal Analyst in its Disability Section. In the past four years, the number of disability cases reviewed annually by the Office increased from 280 to 475. The caseload will continue to grow. The Office also prepares approximately 75 disability legal memos for the Board per year and provides Board education on disability issues. This very heavy volume of work is currently handled by one Senior Staff Counsel and one Senior Management Secretary, and they are fully occupied. The proposed Legal

Analyst will allow personnel in the Office's Disability Section to keep a manageable workload and maintain the quality of their disability analysis and service to the Board of Retirement and staff, notwithstanding the growth in the Section's work.

The Office proposes classification studies for three positions. The purpose of the studies is to assist operation of the Legal Office, create promotional opportunities, and recognize performance. The studies will not increase headcount.

First, the Office requests that a classification study be performed for a Principal position above the current Senior Staff Counsel positions. This study was previously approved for the Litigation, Benefits, and Disability Sections, and it is in progress; the Investment Section will now be added. The Principal position will be used, as warranted, in the existing vertical organizational structure for each of the Office's Sections, and will supervise other attorneys and staff in the Section to which they are assigned. The position will require management-level skill, legal expertise, and judgment. The position will also assist in succession planning for Chief Counsel providing Principals with the opportunity to perform at an increased level of responsibility and visibility.

Second, the Office requests a classification study for a Senior Legal Analyst position above the existing Legal Analyst classification. Legal Analysts perform paralegal work, and they assist the Office's attorneys in analyzing legal and factual issues and in interfacing with other LACERA staff, members, and outside vendors. This new position will be used to recognize expertise, experience, and performance.

Third, the Office requests a classification study for one additional Senior Management Secretary position in the Benefits Section of the Legal Office. Senior Management Secretary is an existing position within other Sections of the Office, and the additional position will align promotional opportunities and support in the Benefits Section.

The organizational chart for the Legal Office also shows a classification study for Staff Counsel in the Investment Section. This study relates to addition of a Senior Staff Counsel position for the existing Staff Counsel position. This study was previously approved, and it is in progress. This study is not related to the new Staff Counsel for the Investment Section requested above.

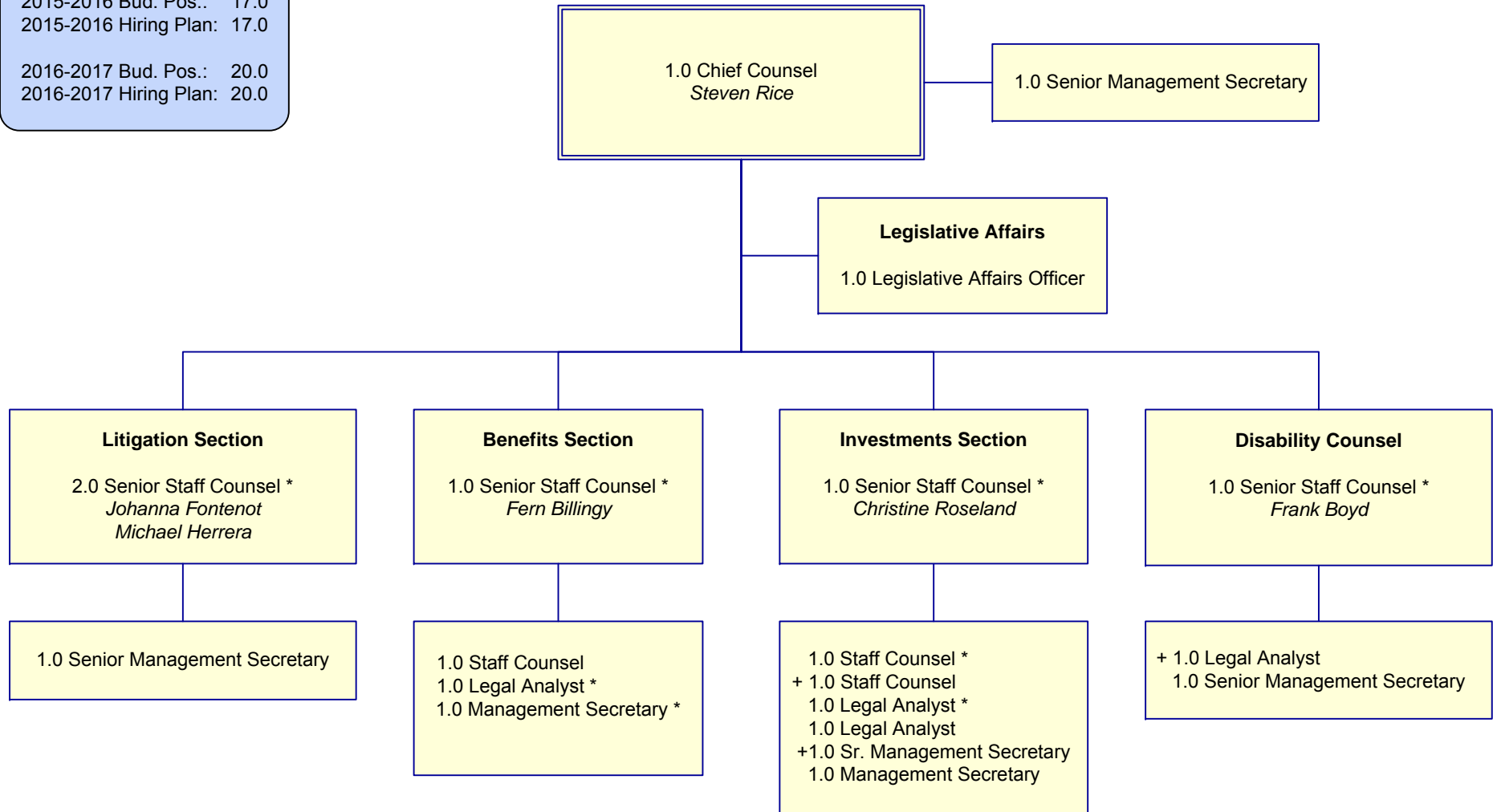
SERVICES AND SUPPLIES

The budget is based on historic expenditures, adjusted for the three proposed new positions listed above.

LEGAL SERVICES

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 17.0
 2015-2016 Hiring Plan: 17.0
 2016-2017 Bud. Pos.: 20.0
 2016-2017 Hiring Plan: 20.0



+ Added position

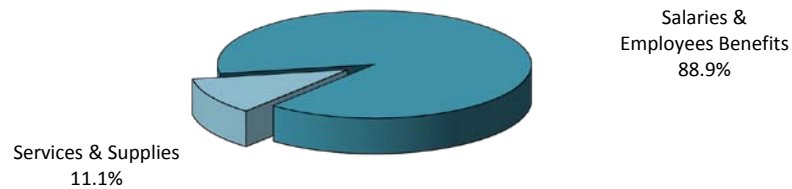
* Classification study for the position requested

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$3,923,194	\$3,519,612	\$2,153,398	\$3,509,810	\$413,384	11.8%	\$403,581	11.5%
Services & Supplies	490,100	406,600	511,422	689,669	(199,569)	-28.9%	83,500	20.5%
OPERATING BUDGET	\$4,413,294	\$3,926,212	\$2,664,820	\$4,199,479	\$213,815	5.1%	\$487,081	12.4%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$2,420,209	\$1,909,780	\$1,350,735	\$2,180,847	\$239,362	11.0%	\$510,430	26.7%
Total Agency Temp Salaries	42,200	81,500	15,197	60,800	(18,600)	-30.6%	(39,300)	-48.2%
Employee Benefits (Variable)	1,176,539	1,070,605	697,632	1,093,515	83,024	7.6%	105,933	9.9%
Employee Benefits (Other)	202,177	177,644	86,891	168,762	33,415	19.8%	24,533	13.8%
OPEB Contribution	15,844	0	2,943	5,886	9,958	169.2%	15,844	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	12,118	0	0	0	12,118	100.0%	12,118	100.0%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,869,087	\$3,239,529	\$2,153,398	\$3,509,810	\$359,277	10.2%	\$629,559	19.4%
Salary Differential *	54,107	(280,084)	-	-	-	-	334,191	-119.3%
TOTAL S&EB	\$3,923,194	\$3,519,612	\$2,153,398	\$3,509,810	\$413,384	11.8%	\$403,581	11.5%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

LEGAL SERVICES

		2016-2017 BUDGET				CHANGE		
		15-16						
		POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
09216A	CHIEF COUNSEL	1	1	LS18	17,717.81	212,613.72	0	
09213A	SENIOR STAFF COUNSEL	5	5	LS16	15,331.80	919,908.00	0	
09212A	STAFF COUNSEL	2	3	LS12	11,480.46	413,296.56	1	137,765.52 Add 1 Staff Counsel
00795A	LEGISLATIVE AFFAIRS OFFICER	1	1	107F	9,589.18	115,070.16	0	
09235A	LEGAL ANALYST	3	4	94D	6,706.91	321,931.68	1	80,482.92 Add 1 Legal Analyst
00441A	SENIOR MANAGEMENT SECRETARY	3	4	91L	6,290.64	301,950.72	1	75,487.68 Add 1 Sr. Management Secretary
00440A	MANAGEMENT SECRETARY	2	2	87L	5,643.27	135,438.48	0	
PERMANENT POSITIONS		17	20				3	
					GROSS SALARIES	2,420,209.32		293,736.12
					ANTICIPATED SALARY INCREASE			0.00
TOTAL SALARIES						2,420,209.32		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
AUTO EXPENSE	\$1,800	\$2,400	\$480	\$1,800	\$0	0.0%	(\$600)	-25.0%
TRANSPORTATION & TRAVEL	38,300	38,700	16,239	32,100	6,200	19.3%	(400)	-1.0%
OFFICE SUPPLIES & EQUIPMENT	5,000	4,500	4,281	4,400	600	13.6%	500	11.1%
PROFESSIONAL & SPEC. SRVCS.	500	500	285	300	200	66.7%	0	0.0%
LEGAL FEES & SERVICES	307,000	227,000	413,414	526,669	(219,669)	-41.7%	80,000	35.2%
EDUCATIONAL EXPENSES	134,500	130,500	73,404	120,400	14,100	11.7%	4,000	3.1%
MISCELLANEOUS	3,000	3,000	3,319	4,000	(1,000)	-25.0%	0	0.0%
TOTAL	\$490,100	\$406,600	\$511,422	\$689,669	(\$199,569)	-28.9%	\$83,500	20.5%

Member Services

• Mission Statement

Provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We strive at all times to provide accurate, clear, and common-language explanations of all plans, plan options, purchases, purchase options, and retirement-related issues. We will strive to function as a team working together to fulfill our assigned mission of servicing members.



• Our Team

Member Services

- 67 total staff members

We have three distinct sections within Member Services:

- Member Service Quality Control (MSQC):
 - ◆ 5 staff members
- Member Service Center (MSC):
 - ◆ 23 staff members
- Member Service Contact Center (MSCC):
 - ◆ 37 staff members



★ FY 2016-2017 Highlights

STAFFING

Requesting additional bilingual bonuses for Retirement Benefits Specialists who speak Spanish, since the demand for these individuals is growing.

Requesting three additional

positions, as follows:

- One Retirement Benefits Specialist III position in Member Services Quality Control
- Two Retirement Benefits Specialist II positions



in Member Services Center to effectively accommodate high traffic at the front counter

Member Services also requests an overtime budget of \$108,684.

MEMBER SERVICES

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Member Services Division provides front line service to our members and their beneficiaries. Our Division is comprised of three operational sections:

- Member Service Contact Center (MSCC)
- Member Service Quality Control (MSQC)
- Member Service Center (MSC)

MSCC is composed of the Call Center, Correspondence, and Data Input. They are responsible for managing telephone calls, responding to written inquiries and appeals while also maintaining member records.

MSQC is responsible for managing Member Services processes, reporting statistics to the Board, and auditing processes for efficiency and quality.

MSC provides benefit education, one-on-one retirement counseling and Active Death Case Management.

Although the Member Services Division is built from these three operational sections all sections work in close collaboration with each other to serve the needs of our membership.

STAFFING

Member Services currently consists of 64 budgeted positions. We are requesting three additional positions and bilingual bonuses for staff during the FY 2016-2017 budget year.

Member Services Contact Center (MSCC)

The Member Services Contact Center currently has three vacant Senior Retirement Benefit Specialist positions; two located in the Call Center and the other within the Correspondence unit. We are concluding our recruitment and will soon be filling these positions.

The Call Center has three open Retirement Benefit Specialist II (RBS II) positions that will be filled by graduates of our next Quality Assurance Core Benefits training tentatively to begin in June 2016. This year long training program offers employees a solid foundation and understanding of benefits which will support their growth and success at LACERA. Note that graduates of this training program will not be prepared to begin work in the Call Center until the summer of 2017.

Member Services Quality Control (MSQC)

At the beginning of the prior fiscal year MSQC was staffed with one Section Head and three Retirement Benefit Specialist III (RBS III). As new opportunities for additional services from MSQC developed, together with significant staff absences due to medical issues, MSQC is operating short staffed.

To maintain the current work load while expanding its responsibilities MSQC is requesting the addition of one RBS III.

Member Service Center (MSC)

In the past we planned to rotate one RBS II to work at the MSC counter, welcoming members, answering questions, taking drop off items, and helping to prepare the member for their one-on-one counseling meeting. Over the last two years we have been bringing on temporary agency employees to assist us with the heavy workload at the Counter as well as to offset some short term staffing needs as we fill vacancies and short term leaves. As the MSC has expanded its services by offering many more daily appointments, together with our growing number of LACERA members, the time to continue to fill short term needs with agency temps has ended.

We have observed and measured our MSC traffic and see there is a demand for at least two individuals at the front counter at all times. To truly serve our members with world class service our members would ideally be warmly greeted and helped by knowledgeable and thoroughly trained permanent LACERA staff. By going in this direction our members will be assisted quickly and opportunities to serve our members will be readily identified by knowledgeable staff. The MSC counter is not a reception window. It is often the first interaction a member has at LACERA and we owe to our members to give them the very best service by the best staff. We are therefore requesting two additional RBS II positions to staff the MCS counter.

Bilingual Bonuses:

We have seen continual growing demand for Spanish speaking Retirement Benefit Specialists to serve our members and their beneficiaries. To attend to this need we currently offer a bilingual bonus to two Retirement Benefit Specialists in MSC and five in the Call Center.

When Spanish speaking representatives are unavailable the wait for our Spanish speaking members can be agonizingly long. We have seen this particularly in the MSC, but it can also happen in the Call Center.

Per County of Los Angeles Personnel Ordinance 6.10.140 when a .."continuing and frequent .." need for bilingual services develops then to meet the service responsibility of LACERA we may offer a bilingual bonus to staff who possess and exercise fluency in the required foreign language(s).

We have 11 additional Retirement Benefit Specialists who speak Spanish and are willing to become certified to speak Spanish with our members and beneficiaries. If these representatives are able to offer their Spanish language skills then we would have 18 Retirement Benefit Specialists capable of offering this service. At a nominal expense we can provide more of this service and are open to including other languages with changing demographics in our membership.

OVERTIME

This fiscal year we are requesting an overtime budget that allows expanding of services while also supporting progress toward achieving organizational strategic goals. As much as possible our ultimate objective is to minimize budgeting for MS OT.

For FY 2016-2017 we will be offering a monthly Saturday Pre-Retirement Workshop and one-to-one member counseling which will require OT. It is also anticipated that OT will be necessary for staff to process documents arriving from new retirees during "March Madness." Partnering with Benefits for data cleanup special projects is an item we want to have in our OT budget and finally, we will need a limited amount of OT for long calls and counseling sessions that go beyond shift end for staff.

Anticipated OT by quantity (Highest to lowest)

- Special Data Clean Up Projects Partnering with Benefits
- Saturday Pre-Retirement Workshops and Member Counseling
- Data Entry during March Madness
- Serving Members

Overtime Request:

The requested OT budget for FY 2016-2017 is \$108,684. This contains the needed resources of \$20,520 to operate a monthly Saturday Pre-Retirement Workshop and one to one benefits counseling.

SERVICES AND SUPPLIES:

Staff Development

To continue to enhance our ability to provide world class customer service to our members and also provide developmental opportunities to Member Services management and staff, we request that the Board approve \$45,000 in funds for staff development.

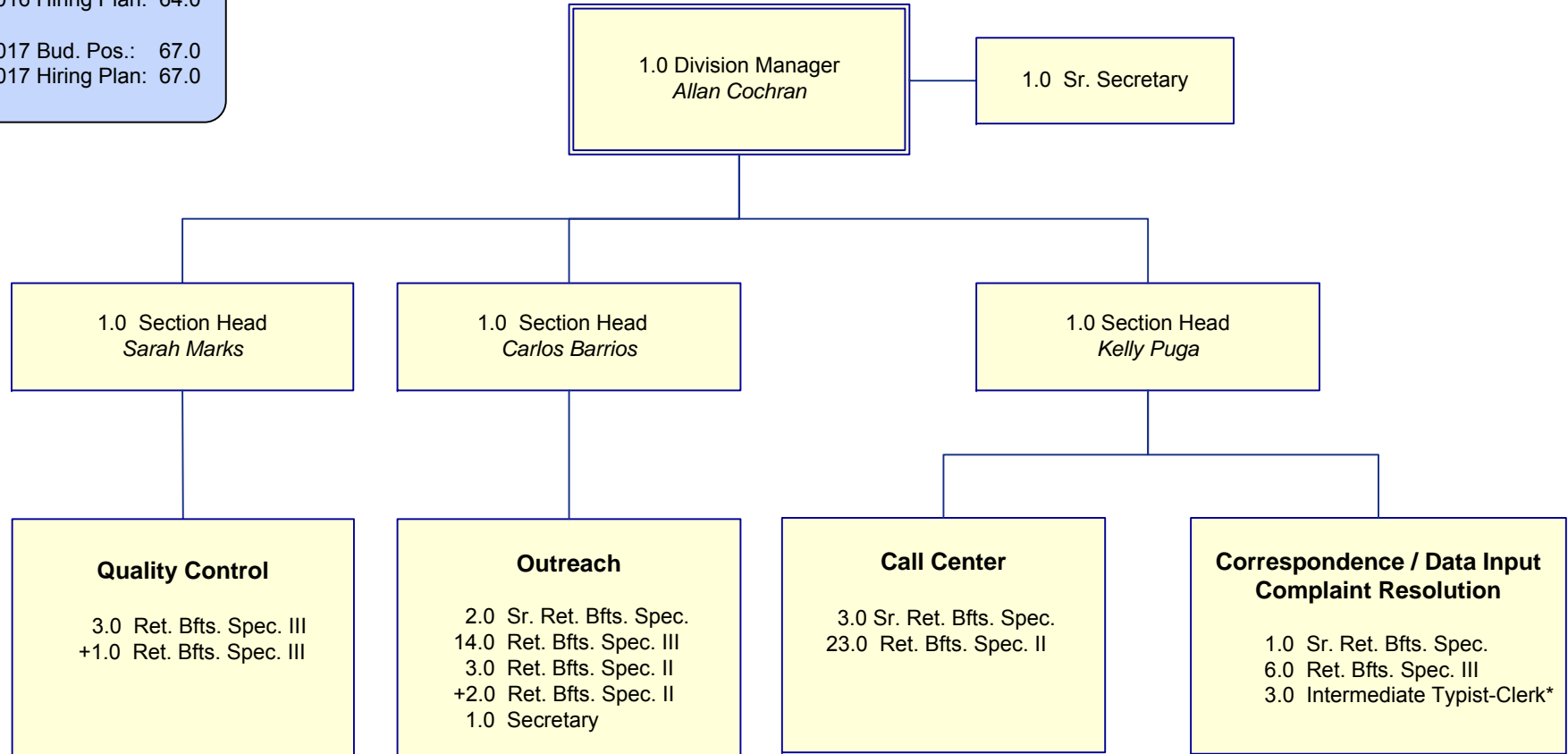
Course Title	Course Description
35th Annual ISCEBS Employee Benefits Symposium	Continued education opportunity for Member Services employees Certified in Benefit Plan Administration. The Symposium is an opportunity to learn from industry colleagues, experts and leaders on pension benefit administration.
CALAPRS Benefits Training	Three course training (Beginning, Intermediate, and Advanced) in pension benefits. This training is for the Member Services management team, with the purpose of building upon staff's current knowledge of pension benefits and administration.
CALAPRS Management Academy	Three-module course designed for mid-level managers or supervisors. Public retirement systems offer management challenges far different than those found in either the private sector or other government settings. Training and exposure to enterprise management, problem solving and leadership.
International Customer Management Institute (ICMI) Annual Conference	<i>"Founded in 1985, ICMI continues to serve as one of the most established and respected organizations in the call center industry."</i> The annual conference offers various workshops to learn how top organizations have succeeded in implementing new strategies within their contact centers, how to provide the best customer experience possible, and best practices in the industry. There are also many opportunities to network with others in the industry, and to learn the latest technologies and services from top industry vendors.
ICMI Online Training	This consists of an annual pass for online access to Call Center staff training. This provides access to a library of 28 on-demand contact center training courses for Member Services management and staff. Courses include Contact Center Fundamentals, Written Communication Skills, Designing Quality Programs, etc.

National Pension Education Association (NPEA) Annual Conference	NPEA provides a forum to educate public retirement system professionals and encourage the ongoing exchange of information, ideas, goals and objectives of retirement planning and member communication.
Generational Training	This course is available to all staff and provides <u>new</u> Member Services staff with an understanding of generational diversity and provides new skill sets to ensure successful interaction across generational divides.

MEMBER SERVICES DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 64.0
 2015-2016 Hiring Plan: 64.0
 2016-2017 Bud. Pos.: 67.0
 2016-2017 Hiring Plan: 67.0



+ Added position

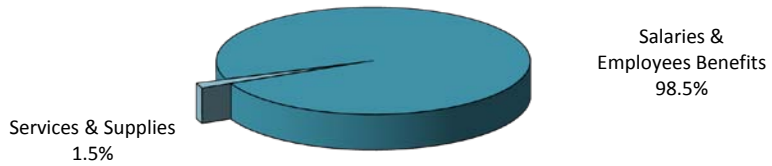
* Change from Ret. Bfts. Spec. I to Intermediate Typist-Clerk

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

MEMBER SERVICES

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$6,929,629	\$6,601,369	\$3,655,816	\$6,380,209	\$549,420	8.6%	\$328,260	5.0%
Services & Supplies	103,900	108,700	31,227	89,400	14,500	16.2%	(4,800)	-4.4%
OPERATING BUDGET	\$7,033,529	\$6,710,069	\$3,687,043	\$6,469,609	\$563,920	8.7%	\$323,460	4.8%

2016 - 2017 PROPOSED BUDGET



LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$4,602,190	\$4,187,370	\$2,312,628	\$4,031,568	\$570,622	14.2%	\$414,821	9.9%
Total Agency Temp Salaries	142,000	12,000	40,203	53,222	88,778	166.8%	130,000	1083.3%
Employee Benefits (Variable)	1,954,198	1,884,920	1,049,154	1,799,641	154,557	8.6%	69,278	3.7%
Employee Benefits (Other)	352,425	344,559	170,060	330,777	21,648	6.5%	7,865	2.3%
OPEB Contribution	27,619	0	5,262	10,524	17,095	162.4%	27,619	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	108,684	92,805	67,226	137,077	(28,393)	-20.7%	15,879	17.1%
Bilingual Bonus	21,600	9,600	4,450	7,200	14,400	200.0%	12,000	125.0%
Sick Leave Buyback	10,000	10,000	6,833	10,200	(200)	-2.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$7,218,716	\$6,541,254	\$3,655,816	\$6,380,209	\$838,507	13.1%	\$677,462	10.4%
Salary Differential *	(289,088)	(60,114)	-	-	-	-	(228,973)	380.9%
TOTAL S&EB	\$6,929,629	\$6,601,369	\$3,655,816	\$6,380,209	\$549,420	8.6%	\$328,260	5.0%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

MEMBER SERVICES

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480.46	137,765.52	0		
00772A	SECTION HEAD, LACERA	3	3	LS9	9,241.31	332,687.16	0		
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	6	6	95F	6,925.45	498,632.40	0		
01311A	RETIREMENT BENEFITS SPECIALIST III	23	24	90A	5,973.00	1,720,224.00	1	\$71,676.00	Add 1 Ret. Bfts. Spec. III
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0		
01310A	RETIREMENT BENEFITS SPECIALIST II	26	28	83F	5,001.82	1,680,611.52	2	\$120,043.68	Add 2 Ret. Bfts. Spec. II
01309A	RETIREMENT BENEFITS SPECIALIST I	3	0	77F	4,250.27	0.00	(3)	(\$153,009.72)	Deleted to offset addition of ITC
00438A	SECRETARY	1	1	77D	4,229.36	50,752.32	0		
00445A	INTERMEDIATE TYPIST-CLERK	0	3	68H	3,354.27	120,753.72	3	\$120,753.72	Offset by deletion of RBS I
PERMANENT POSITIONS		64	67				3		
GROSS SALARIES						4,602,190.32		\$159,463.68	
ANTICIPATED SALARY INCREASE								\$0.00	
TOTAL SALARIES								\$4,602,190.32	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$41,400	\$44,700	\$14,164	\$37,700	\$3,700	9.8%	(\$3,300)	-7.4%
OFFICE SUPPLIES & EQUIPMENT	14,500	14,500	6,453	11,900	2,600	21.8%	0	0.0%
EDUCATIONAL EXPENSES	45,000	46,500	9,156	36,900	8,100	22.0%	(1,500)	-3.2%
MISCELLANEOUS	3,000	3,000	1,454	2,900	100	3.4%	0	0.0%
TOTAL	\$103,900	\$108,700	\$31,227	\$89,400	\$14,500	16.2%	(\$4,800)	-4.4%

Quality Assurance

- **Mission Statement**

To document the business process and deliver training. Establish performance measurements and use metrics in quality audits.

- **Our Team**

**Quality Assurance & Metrics –
Derwin Brown**

- 17 total staff members

**Within Quality Assurance, we have four
Audit teams, consisting of:**

- Senior Quality Auditor
- Quality Auditor II



★ FY 2016-2017 Highlights

SERVICES & SUPPLIES
Minor increase requested due to the expected costs of training, travel, and

professional memberships for additional staff members hired to the division in 2014 and 2015.



QUALITY ASSURANCE & METRICS

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

Since we believe the complete integration of all Quality Assurance and Metrics Division activities promotes the LACERA organizational quality goal, our division goal is to cross-train all staff to be able to participate in all division responsibilities, which are:

- Perform a quality audit of business processes in coordination with developing and maintaining procedural standards and providing associated training to support LACERA's goal of 100% accuracy, 100% of the time. These audits are both Inline and Conventional(Classic):
 1. Conduct quality audits for transactions completed by Benefits and Members Services staff
 2. Conduct Inline audits of members request before being completed by Benefits and Member Services staff
 3. Develop performance expectations for staff production for both quantity and quality
 4. Train new-hire staff on the CORE Benefit business processes
 5. Provide Refresher Training, as requested by divisions, on business processes or particular aspects of a business process for veteran staff
 6. Coordinate special data cleanup projects after beta-testing and analyzing the systems exception reports for each project and to provide the necessary training to designated project staff
- Write and update procedures for the retirement business processes to keep training of new and veteran staff aligned with current business rules, compliance with CERL, and quality assurance best practices. Quality Assurance and the Benefits Division have implemented a new procedure review process that ensures input from all stakeholders on the final version of the procedures. Revised procedures are then posted on the LACERA Intranet after final approval from the process owner.
- Root Cause Analysis – Analyze audit findings to find the exact problem in a process and develop several potential solutions to resolve the problem. Staff will evaluate the solutions and institutionalize the change if proven effective. This is a part of QA's continuous improvement cycle.

- Monitor members' satisfaction for the Benefits Division and Members Services (Call Center, Member Service Center and Outreach) and to report to the Operations and Oversight Committee.
- Review and validate the eligibility and calculations of highly complex cases as referred by other divisions and the Executive Office.
- Perform beta-testing of new systems programs and applications updates to ensure optimal performance prior to roll out and new hire/ refresher training.
- Review and validate new calculation tables and actuarial assumptions on new and updated operating tables used in the calculation of benefits.
- Coordinate a succession of projects for cleanup of legacy data.

STAFFING

The following timeline describes QA's staffing since FY 2013-2014:

- In FY 2013-2014 QA had five budgeted vacancies for Quality Auditor II.
- In January 2014 QA filled three of the five vacancies.
- In FY 2014-2015 QA was approved to add one Senior Quality Auditor to the division.
- In July 2014 another Senior Quality Auditor position became vacant due to a promotion to Division Chief.
- In January 2015 QA filled one of the vacant Senior Quality Auditor positions by internal promotion.
- In April 2015 QA filled the last remaining Senior Quality Auditor position by internal promotion.
- The two internal promotions created two additional vacancies for the Quality Auditor II position.
- In June 2015 QA had one staff resign, which created another Quality Auditor II vacancy, bringing the total to five vacancies as of July 1, 2015.
- In October 2015 QA filled four of the five vacant Quality Auditor II positions.
- In January 2016 QA had one staff retire from a Quality Auditor II position.
- QA plans on filling the remaining two vacant positions in FY 2016-2017.

As Quality Assurance presses forward towards our Inline Audit and divisional goals, we are constantly re-evaluating our resources to make sure we are able to achieve our goals. We offer training opportunities in audit and training industries to develop highly technical audit professionals who have the ability to conduct training. This has proven to be a successful model as the audit and training programs have all improved year to year. The QA Auditors review and audit around 12,900 transactions per year based on the last QA Annual Report with a ratio of 6:1, staff to auditors. This is in addition to participating in the CORE Benefits Training Program as trainer, checker, and/or technical expert. We recommend expanding the division in the future to maintain our audit programs, various training programs, and our Special Projects Unit by adding a layer between the Chief and the Senior Quality Auditors and one additional staff auditor.

QA is dedicated to continue playing our part to establish a quality of culture at LACERA, and we appreciate the support and guidance we have received thus far. With your continued support we look forward to accomplishing greater things in the future.

SERVICES AND SUPPLIES

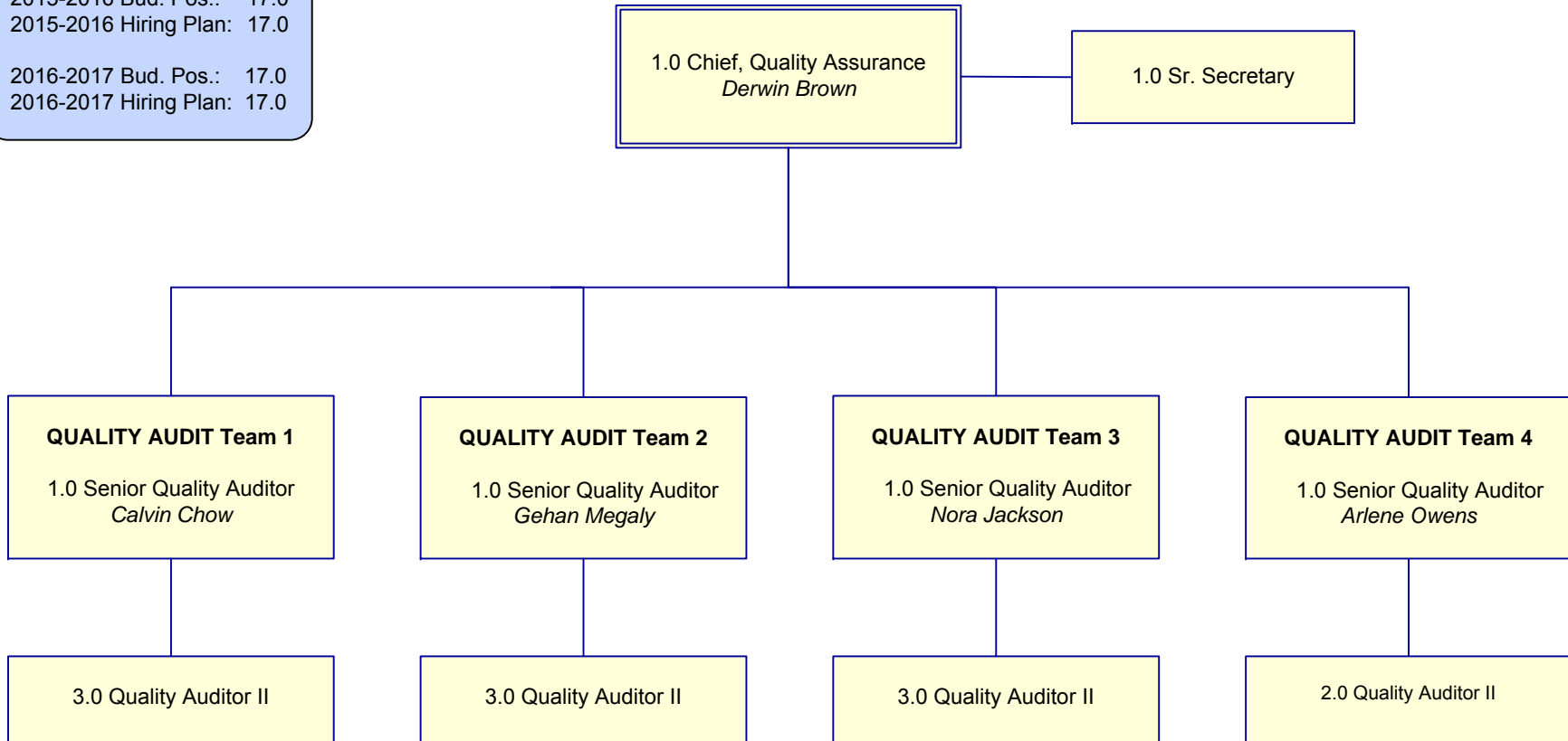
Our Services and Supplies request has increased by \$4,000 for the fiscal year 2016-2017 due to the expected increase in training, associated travel expenses, and professional memberships for three staff hired to the division in January 2014. This group was limited in the amount of foundational audit training and “train-the-trainer” training (attended by all incoming QA staff) that they were able to undertake this fiscal year. This was due to the need for all staff to be present to facilitate the operational functions of the Inline and Classic audits and provide training and support to the CORE Benefits New Hire Training Program. We anticipate that the January 2014 group will continue to undertake more of their foundational audit and “train-the-trainer” training throughout the next fiscal year.

As mentioned earlier, we have hired four new staff effective October 2015, who will undertake the same training describe above. We anticipate that all seven Quality Auditor II’s will enroll in training in 2016-2017.

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 17.0
 2015-2016 Hiring Plan: 17.0
 2016-2017 Bud. Pos.: 17.0
 2016-2017 Hiring Plan: 17.0

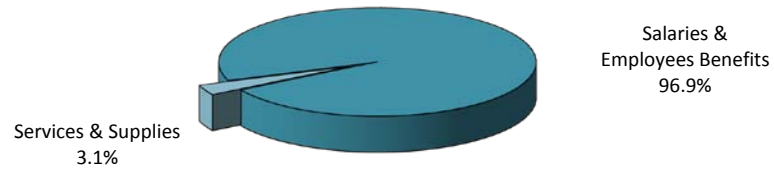


LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

QUALITY ASSURANCE

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$2,364,975	\$2,295,199	\$1,177,414	\$2,121,956	\$243,019	11.5%	\$69,776	3.0%
Services & Supplies	74,500	70,500	50,034	56,600	17,900	31.6%	4,000	5.7%
OPERATING BUDGET	\$2,439,475	\$2,365,699	\$1,227,448	\$2,178,556	\$260,919	12.0%	\$73,776	3.1%

2016 - 2017 PROPOSED BUDGET



LACERA

FISCAL YEAR 2016-2017

SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$1,485,706	\$1,400,299	\$742,096	\$1,313,125	\$172,581	13.1%	\$85,406	6.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	809,411	759,570	376,877	695,109	114,302	16.4%	49,841	6.6%
Employee Benefits (Other)	116,516	115,076	56,287	109,322	7,194	6.6%	1,440	1.3%
OPEB Contribution	9,131	0	1,750	3,500	5,631	160.9%	9,131	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,950	1,975	404	900	3,050	338.9%	1,975	100.0%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,424,714	\$2,276,921	\$1,177,414	\$2,121,956	\$302,758	14.3%	\$147,793	6.5%
Salary Differential *	(59,739)	(18,278)	-	-	-	-	(41,461)	226.8%
TOTAL S&EB	\$2,364,975	\$2,295,199	\$1,177,414	\$2,121,956	\$243,019	11.5%	\$69,776	3.0%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

QUALITY ASSURANCE

		2016-2017 BUDGET					CHANGE		
		15-16 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00780A	CHIEF, QUALITY ASSURANCE	1	1	LS12	\$11,480.46	\$137,765.52	0		
00798A	SENIOR QUALITY AUDITOR	4	4	100E	\$7,912.18	\$379,784.64	0		
00797A	QUALITY AUDITOR II	11	11	95C	\$6,874.18	\$907,391.76	0		
00439A	SENIOR SECRETARY	1	1	83L	\$5,063.64	\$60,763.68	0		
PERMANENT POSITIONS		<u>17</u>	<u>17</u>				<u>0</u>		
GROSS SALARIES						\$1,485,705.60		0	
ANTICIPATED SALARY INCREASE								0	
TOTAL SALARIES								\$1,485,705.60	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represente/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
 FISCAL YEAR 2016-2017
 SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$33,000	\$33,000	\$12,580	\$22,000	\$11,000	50.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	3,545	4,000	(500)	-12.5%	0	0.0%
EDUCATIONAL EXPENSES	37,500	33,500	33,770	30,300	7,200	23.8%	4,000	11.9%
MISCELLANEOUS	500	500	139	300	200	66.7%	0	0.0%
TOTAL	\$74,500	\$70,500	\$50,034	\$56,600	\$17,900	31.6%	\$4,000	5.7%

Systems

- **Mission Statement**

To provide long-range strategic planning for the current and foreseeable information requirements of the Association; to provide appropriate data processing resources and applications programming to support such requirements; and to provide technical assistance and consultation to LACERA management and staff on an ongoing basis.



- **Our Team**

Information Systems Manager – James Pu

- 52 total staff members

We have four distinct sections within Systems:

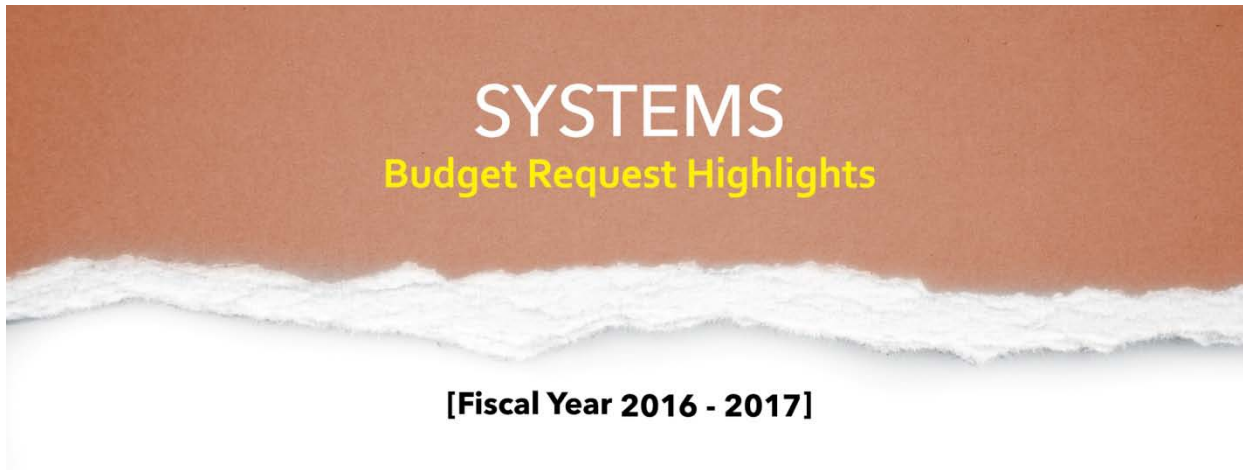
- Member Services & Applications:
 - ◆ IRIS/CERIS
 - ◆ Business Requirements Data Admin.
 - ◆ Application Development
 - ◆ 15 staff members
- Technology
 - ◆ HD/Customer Support F HelpDesk
 - ◆ Platform Technologies
 - ◆ PC Applications
 - ◆ Telecom/AV/Financial
 - ◆ 30 staff members
- Systems Development
 - ◆ 1 staff member
- Special Projects
 - ◆ 4 staff members



★ FY 2016-2017 Highlights

STAFFING

Adding one Staff Assistant to the Special Projects team. Systems requests to maintain temporary employee budget as they continue with recruitment efforts.



Supporting LACERA's *Mission*, Systems Division delivers products and services that are immersive to every corner of the organization. Below are some examples of our objectives:

- 1) Establish, maintain, and execute organizational and technology strategic plans
- 2) Design, evaluate, develop, and implement new systems and applications
- 3) Support, maintain, patch, and upgrade existing systems and applications
- 4) Maintain system up time and availability
- 5) Maintain comprehensive information security across all systems and applications
- 6) Research and study all related areas for security threats, emerging technologies, applicability to operation, and impact to existing operation

STAFFING

As we are perpetually introducing new capabilities and services, increasing staffing resources are equally required to sustain a secure and reliable environment. LACERA's technology portfolio is as complex as it is diverse. Accordingly, myriad specialized skills are needed to support our operation. Systems has maintained a relatively modest staffing count by hiring individuals that can operate across platforms and be sufficiently adaptable to new and emerging technologies. However, we are increasingly experiencing gaps in our staffing resources due to the challenging technology labor market. The situation has remained difficult for us to recruit and hire the qualified candidates.

Capable technology professionals are commanding ever escalating compensations. Adding to the already-soaring demand for talents, the ubiquity and pervasiveness of data breaches continues to erode the available candidate pools. As we attempt to fill our resource gaps and compete in this space, our continued approach is to develop competitive permanent positions and to hire temporary employees where it is necessary and appropriate. We leverage temporary employees as 1) a one-time project resource, 2) a method to recruit and hire qualified individuals during difficult times, and 3) a path to identify capable candidates for permanent hire. This approach offers the combination of operational agility and the very important process of evaluating individuals' technical abilities. For FY2016-2017, we request to

maintain our temporary employee budget so that we can continue our efforts to recruit the resources to adequately maintain our operation.

DISABILITY INTEGRATION

Developing technology enhancements for our disability operation is currently one of our primary objectives. We are completing several objectives during FY2015-2016, including 1) integrating many key disability processes into our enterprise member application, the *Member Workspace*, 2) providing to the Board of Retirement fully digital Disability Board Packages and a more functional Board document viewing application, and 3) enabling digital data management by introducing a digital document submission portal for our disability business partners. Moving forward, the project will provide better data centralization, operational efficiency, and application sustainability. In the coming year, we will shift our focus to providing management and Board reporting metrics and appeals process management.

STRATEGIC DIRECTIONS

The current fiscal year provided the budgetary resources to acquire replacement workstations, email system, desktop applications, and enterprise user management systems. As we begin the implementation phase during FY2016-2017, there are no anticipated major expenditures attributable to this project, resulting in a reduced budget request for the coming year.

We are perpetually evaluating our strategic direction based on emerging technology developments. Observing the maturity of hosted solutions, we are putting into the fold technologies such as Software as a Service (SaaS) and Platform as a Service (PaaS) as potential enhancements to our deployment.

Another area under consideration is our enterprise database environment. We are examining opportunities to migrate our database environment into a more robust, supportable, and scalable system. Such a move can implicate reductions in both operational cost and risks. We will share more details at such time that our plans and strategies become more polarized.

NEW PROJECTS AND ONE-TIME PROJECTS

- **DPC Image Capture Replacement:** The Capture system is used to scan paper-based member correspondences. This project provides for a standards-based image capture product, replacing the proprietary legacy system.
- **Enterprise Microsoft Implementation:** This project begins the implementation track of the Microsoft products purchased from the previous fiscal year, including Directory Services, Office and Exchange.

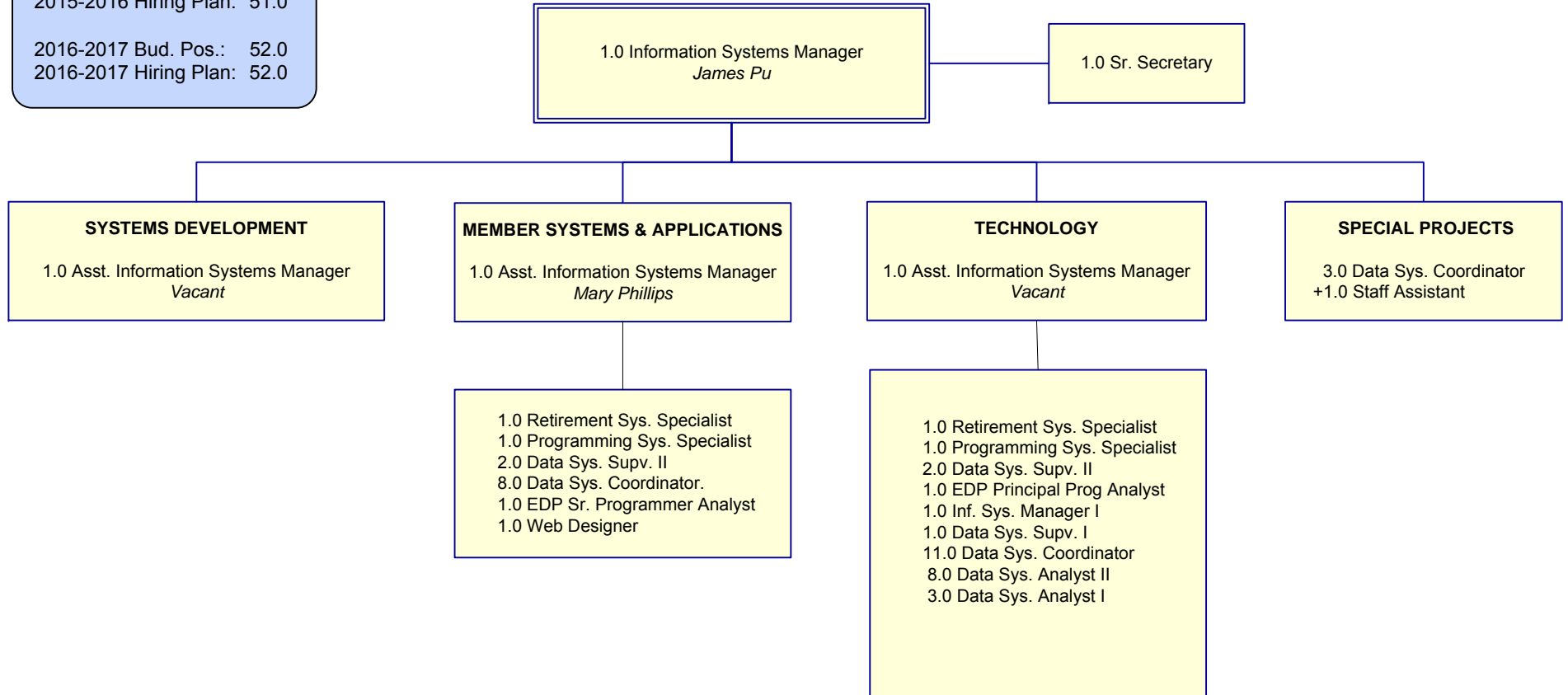
- **Board Operations System:** This is an incremental update to the aging Boardroom audiovisual systems. The update will include control systems, amplifiers, and recording devices.
- **Customer Feedback System:** Improving our Call Center member survey capabilities, this system provides for a more flexible and effective automated survey collection process.
- **Enterprise Accounting System upgrade:** Major version upgrade for the general ledger and accounting system. This is a manufacturer mandated upgrade in order to maintain support and patch updates.
- **Redundant Enterprise Internet Connection:** Provides a backup Internet connection to LACERA if the primary Internet connection fails. As more hosted, “cloud” solutions are leveraged, the backup connection will help to prevent business interruptions.
- **Filenet Upgrade:** Major version upgrade for the Filenet imaging and workflow system. This is a manufacturer mandated upgrade in order to maintain support and patch updates.

SYSTEMS DIVISION

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 51.0
 2015-2016 Hiring Plan: 51.0

2016-2017 Bud. Pos.: 52.0
 2016-2017 Hiring Plan: 52.0



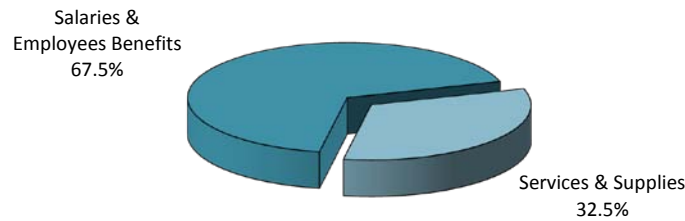
+ Added position

LACERA
FISCAL YEAR 2016-2017
BUDGET SUMMARY

SYSTEMS DIVISION

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016- 2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$10,599,168	\$9,609,509	\$4,737,705	\$8,595,197	\$2,003,971	23.3%	\$989,659	10.3%
Services & Supplies	5,109,200	7,073,600	2,464,965	7,148,300	(2,039,100)	-28.5%	(1,964,400)	-27.8%
OPERATING BUDGET	\$15,708,368	\$16,683,109	\$7,202,670	\$15,743,497	(\$35,129)	-0.2%	(\$974,741)	-5.8%

2016 - 2017 PROPOSED BUDGET



LACERA
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$5,590,385	\$5,218,369	\$2,711,655	\$4,861,556	\$728,829	15.0%	\$372,016	7.1%
Total Agency Temp Salaries	1,927,000	1,927,000	549,189	1,035,300	891,700	86.1%	0	0.0%
Employee Benefits (Variable)	2,341,651	2,134,591	1,197,607	2,176,461	165,190	7.6%	207,059	9.7%
Employee Benefits (Other)	465,167	407,579	199,660	391,276	73,891	18.9%	57,588	14.1%
OPEB Contribution	36,455	0	6,301	12,601	23,854	189.3%	36,455	100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	130,010	110,000	63,922	107,400	22,610	21.1%	20,010	18.2%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	6,000	6,000	9,371	10,603	(4,603)	-43.4%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$10,496,667	\$9,803,539	\$4,737,705	\$8,595,197	\$1,901,470	22.1%	\$693,129	7.1%
Salary Differential *	102,500	194,029	-	-	-	-	(91,529)	-47.2%
TOTAL S&EB	\$10,599,168	\$9,609,509	\$4,737,705	\$8,595,197	\$2,003,971	23.3%	\$989,659	10.3%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016, except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2016-2017
SALARIES

SYSTEMS DIVISION

		2016-2017 BUDGET					CHANGE			
		15-16 BUDGT. POS.	BUDGT.				BUDGT. POS.	AMOUNT	CHANGE	JUSTIFICATION
			POS.	SCHEDULE	MO. RATE	AMOUNT				
00783A	INFORMATION SYSTEMS MANAGER	1	1	LS13	12,341.49	148,097.88	0			
00781A	ASST. INFORMATION SYSTEMS MANAGER	3	3	LS11	10,679.49	384,461.64	0			
02644A	RETIREMENT SYSTEMS SPECIALIST	2	2	110H	10,454.09	250,898.16	0			
02600A	PROGRAMMING SYSTEMS SPEC.	2	2	107L	9,707.36	232,976.64	0			
00460A	DATA SYSTEMS SUPERVISOR II	4	4	111C	10,609.73	509,267.04	0			
00453A	EDP PRINCIPAL PROG. ANALYST	1	1	110F	10,402.64	124,831.68	0			
00782A	INFORMATION SYSTEMS MANAGER I	1	1	110J	10,479.82	125,757.84	0			
00459A	DATA SYSTEMS SUPERVISOR I	1	1	105G	9,105.73	109,268.76	0			
00469A	DATA SYSTEMS COORDINATOR	22	22	105G	9,105.73	2,403,912.72	0			
00452A	EDP SR. PROGRAMMER ANALYST	1	1	102A	8,270.00	99,240.00	0			
00458A	DATA SYSTEMS ANALYST II	8	8	99G	7,738.55	742,900.80	0			
00457A	DATA SYSTEMS ANALYST I	3	3	96L	7,203.45	259,324.20	0			
00788A	WEB DESIGNER	1	1	96D	7,080.64	84,967.68	0			
00426A	STAFF ASSISTANT I	0	1	79E	4,476.36	53,716.32	1	\$53,716.32	Add 1 Staff Assistant I	
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0			
PERMANENT POSITIONS		51	52				1			
GROSS SALARIES						5,590,385.04		\$53,716.32		
ANTICIPATED SALARY INCREASE								\$0.00		
TOTAL SALARIES								\$5,590,385.04		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

LACERA
FISCAL YEAR 2016-2017
SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
COMMUNICATIONS	\$575,000	\$924,000	\$917,710	\$1,008,800	(\$433,800)	-43.0%	(\$349,000)	-37.8%
TRANSPORTATION & TRAVEL	32,500	32,500	11,425	22,000	10,500	47.7%	0	0.0%
POSTAGE	290,000	290,000	273,333	389,330	(99,330)	-25.5%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	260,500	247,500	75,770	247,500	13,000	5.3%	13,000	5.3%
EQUIPMENT MAINTENANCE	510,400	500,400	129,557	475,070	35,330	7.4%	10,000	2.0%
PROFESSIONAL & SPECIALIZED SERVICES	847,100	793,000	284,740	792,100	55,000	6.9%	54,100	6.8%
COMPUTER SERVICES & SUPPORT	2,533,300	4,225,800	765,635	4,180,800	(1,647,500)	-39.4%	(1,692,500)	-40.1%
EDUCATIONAL EXPENSES	59,400	59,400	5,358	31,700	27,700	87.4%	0	0.0%
MISCELLANEOUS	1,000	1,000	1,437	1,000	0	0.0%	0	0.0%
TOTAL	\$5,109,200	\$7,073,600	\$2,464,965	\$7,148,300	(\$2,039,100)	-28.5%	(\$1,964,400)	-27.8%

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2016

	Current Year		Prior Year ACTUAL FOR FY 2014-2015
	EXPENSES AS OF 12/31/2015	PROJECTED FOR FY 2015-2016	
Pension Fund:			
Investment Management Fees			
Equity Managers			
U.S.	\$ 7,611,993	\$ 14,634,575	\$ 15,611,812
Non-U.S.	10,857,976	21,715,951	21,695,377
Fixed Income Managers	11,873,798	24,005,934	22,627,082
Cash and Short-Term Managers	417,141	834,281	951,024
Mortgage Loan Services	72,914	140,114	171,488
Private Equity Managers	1,517,754	3,035,508	3,421,944
Real Estate Managers	13,495,968	27,145,980	25,915,447
Hedge Fund Managers	570,119	1,431,283	-
Commodity Managers	1,563,515	3,127,031	3,847,849
Total Investment Manager Fees	47,981,179	96,070,657	94,242,022
Other Investment Expenses			
Consultants			
Wilshire	188,500	188,500	375,425
Meketa	-	225,000	-
Grosvenor GCM	819,545	1,639,090	1,603,285
Townsend Group	120,000	240,000	240,000
Consulting Fees - Other	150,106	192,206	140,950
	1,278,151	2,484,797	2,359,660
Custodians			
State Street Corp.	1,194,756	2,580,756	3,053,388
IFS State Street	37,508	103,447	14,000
Ocwen Financial Corp.	2,500	5,000	5,000
	1,234,764	2,689,203	3,072,388
Legal Counsel	148,720	297,439	598,003
Other Fees	1,267,490	2,435,193	2,677,359
Total Other Investment Expenses	3,929,124	7,906,631	8,707,410
Total Management Fees and Other Investment Expenses	\$ 51,910,303	\$ 103,977,288	\$ 102,949,432
Actuarial Services	146,111	223,460	217,190
Total Pension Fund Non-Administrative Expenses	\$ 52,056,415	\$ 104,200,748	\$ 103,166,622
Retiree Health Care (RHC) Benefits Program Funds:			
Fixed Income Manager	\$ 32,763	\$ 65,526	\$ 65,707
Short-Term Manager	6,525	13,050	11,628
SSC Custodian Fees	13,297	26,594	26,852
Total RHC Program Non-Administrative Expenses	\$ 52,585	\$ 105,169	\$ 104,187
Other Post Employment Benefits (OPEB) Trust Fund:			
Fixed Income Manager	\$ 25,113	\$ 50,227	\$ 50,036
Global Equity Manager	65,367	136,632	134,193
SSC Custodian Fees	19,359	38,717	43,799
Total OPEB Trust Non-Administrative Expenses	\$ 109,839	\$ 225,575	\$ 228,028

LACERA Vision and History

LACERA is charged with the authority and duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled these responsibilities into the following mission statement:

We Produce, Protect, and Provide the Promised Benefits

The demand for quality service in all sectors has increased over the last decade. Our members compare the quality of LACERA service to other service organizations. With your Board's support, we continually look for ways to improve efficiency and exceed the expectations of our members by recalling our vision:

One Contact - One Response - Accuracy 100% of the Time

This vision is the driving force behind our efforts and expenditures and represents a clear view of how we measure improvement. In our vision statement, the word "One" implies that we streamline the current processes and reduce the time and number of people required to answer each member inquiry. The word "Accuracy" implies that we constantly develop ways to improve the quality of the service we provide to our members.

Improvements to member service delivery, and generally to the way we conduct business, are the results of successful efforts over many years, from near-term projects to long range, multi-year initiatives.

The Strategy Behind The Vision

As in prior years, our Executive Summary includes some historical highlights and major milestones selected to illuminate the strategic plans supporting the LACERA Vision and to provide background context for the Fiscal Year 2016-2017 Budget Summary.

“Produce the Promised Benefits”

Laying the Foundation

Early on, LACERA’s Boards, responding to increasing interest among the membership for a broader range of services delivered more timely and more dependably, took action to ensure that the Association could continue meeting our fiduciary obligations to current and future members and to the plan sponsor, Los Angeles County.

Recognizing that computer technology was the key to modern service delivery, LACERA contracted for the development of IRIS, an online system to manage active and retired member records, and to automate major functions such as retiree payroll, benefit estimates, payroll interface and tax reporting. This early achievement provided us with the cornerstone upon which to build toward our goal of becoming a premier service provider.

The introduction of information technology was just one component of a broader vision that included a large investment in staff development and training, and a complete restructuring of our operations. Symbolic of our progress and the milestones we had reached, was the relocation of LACERA’s offices to the Gateway Plaza in Pasadena. Chief among the many advantages of the move was a convenient location for our members to conduct business one-on-one with retirement benefit specialists, and attend planning seminars conducted by staff with participation from experts in Los Angeles County’s deferred comp program, insurance and health benefits.

Building On Success

Retooling the workplace for superior member service was accomplished through the efforts of cross-functional teams of knowledgeable staff working with robust technology and modern work methods.

The key technology for this effort was FileNET’s document imaging and automated workflow software. The imaging component consists of scanning paper documents into a secure database for fast retrieval by authorized staff working from network computers. The automated workflow system is driven by document types that are associated with various business functions (e.g. member enrollment, address change, death notification). Work is collected in work queues by business function and is then distributed to Retirement Benefits Specialists (RBS) based on rules such as workload balancing, approval levels, and even individual staff with particular skills.

Among the largest efforts ever undertaken at LACERA was the conversion of our paper-based member documents into electronic images. Initially, we transferred 3.5 million of our member's existing 'historical' paper documents into the electronic Member Document Library. Since the back file conversion, we have scanned over 5.5 million pages, processing documents daily as they are received, with an indexing accuracy rate exceeding 99%.

“Protect the Promised Benefits”

Quality Assurance Group

The Quality Assurance Group, which your Board established within the Retirement Services Division, and which was subsequently elevated to report directly to the Executive Office, has been critical to achieving the current level of consistency and quality in the delivery of member services. Their efforts have afforded success in both redesigned business processes and other areas of the operation by assuming, among others, the following responsibilities:

- Evaluating performance standards
- Evaluating customer service accuracy levels
- Reporting performance based on the standards
- Reviewing and rewriting benefit related work procedures
- Providing feedback for improvements to business processes
- Reviewing the business processes internal control adequacy
- Determining staff training needs
- Developing and providing training
- Providing feedback on adequacy of new hire training

The Benefits Division and Member Services Divisions are committed to providing our members with timely and accurate service. Accuracy is measured not only by quantitative financial standards but also qualitative standards, such as member file documentation, supporting documentation, appropriate peer review, adherence to approval policies, and acceptance of properly completed forms. The Quality Assurance Group provides an overall score for both quantitative and qualitative standards for the Benefits Division and Member Services Divisions, which are maintaining an accuracy rate of nearly 100%.

Keeping Everybody Online

Our Systems Division has consistently maintained above industry standard availability of our mainframe and local area network (LAN) platforms. We have been able to absorb increased demand while maintaining reliability and excellent response time. Our Retirement Benefit Specialists can efficiently provide service to the members via telephone, and process member requests without “waiting” for the computer. Behind the scenes, the Systems Division has developed a very

robust LAN and has performed periodic upgrades to the mainframe computer and telecommunications platforms with minimal disruption to the delivery of service to our members.

For the past few years, Systems has been working toward modernizing the IRIS member system, using JAVA architecture to replace CERIS and other online components. Workspace, the new online client interface to the member system, was developed in house and tested by approximately 50 staff members before going into production. Recently, the new version of the Member Portal was updated to allow registered LACERA members the ability to obtain benefit estimates using their actual data and perform “what if” retirement scenarios online.

The Systems Division conducts regular, audited tests of our information technology recovery plans and capabilities. In addition to basic recovery, we test against a variety of scenarios, to see if the data systems can be recovered, for example, in the absence of certain key technical staff, at remote locations, or under other adverse conditions.

Timeliness of Payroll

We protect our members by getting their benefits to them timely and safely. LACERA partners with reputable banking service providers that are able to effectively deliver electronic payments around the globe and also give LACERA the online tools to oversee the cash management function.

Ultimately, retirement is what LACERA is all about; therefore, we strive to get our members on the payroll as soon as possible. Nearly 99% of our retiring members are enrolled within the first available payroll following their termination dates. This outstanding level of productivity has been consistently met over the past few fiscal years, and is the result of efficient use of technology and nearly-constant refinement of our operation.

In addition to getting retirees on the payroll timely and safely, we are committed to effecting a smooth payroll transition for our members’ survivors. Thanks in large part to our Seamless Survivor process, about 95% of survivors transition to the payroll within one payment cycle, with no interruption of benefits.

For retired member accounts with little or no survivor information on file, we must obtain the missing data (usually through the mail), and then manually set up an account on the retiree payroll. The vast majority of accounts requiring manual intervention are still set up within one payroll cycle, with less than 1% requiring two or more payroll cycles to establish.

“Provide the Promised Benefits”

Member Outreach

We are committed to reaching out and educating our members about their retirement plan benefits. Our dedicated Outreach staff conduct workshops in house and on the road for new and retiring general and safety members.

LACERA Call Center

Several years ago, LACERA implemented a dedicated call center and provided staff with the tools and training needed to answer member inquiries and assist members in the completion of routine services, such as address changes, beneficiary designation corrections, direct deposit and name changes, all while the members remained on the phone.

Because we are seeing a membership that is more informed and aware of their retirement benefits than ever before, we see a clear trend toward longer and more detailed discussions with members who prefer to receive in-depth counseling over the telephone.

Correspondence Group

Several years ago, LACERA formed a Correspondence Group in the Member Services Division to review member communications, identify the work to be performed, and forward member service requests to the appropriate work queues on a timely basis.

The Correspondence Group also provides return correspondence to those members seeking information about their accounts, or explanations about LACERA benefits, and serves as the point of contact for dispute resolution. The Correspondence Group takes the additional steps to ensure quality service is provided to those members contacting LACERA with sensitive issues.

Newsletters

Our Communications group helps us reach out to our members using a variety of communication vehicles, such as our regular newsletters, the active member *Postscript* and *Spotlight on Retirement* for our retirees.

LACERA.com

Another outstanding outreach tool, supported by Communications and Systems, is our web page, LACERA.com. The home page's five key sections, "About LACERA", "Benefits", "Health Care", "Investments", and "Publications", provides an excellent overview of our organization and quality information about plan

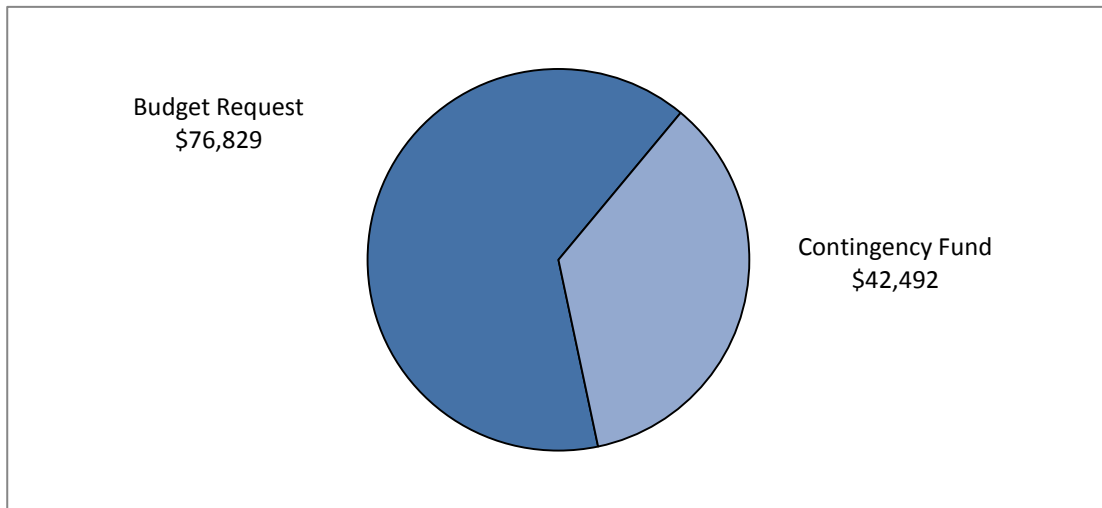
benefits. Currently members can access a considerable amount of information regarding their benefits; in fact we have over 1,500 web pages and 525 PDF documents online available through an easy-to-use menu system.

Also on the home page are various calculators that we have introduced over time. We currently support calculators for Plan Transfer, Additional Retirement Credit (ARC time), and retirement estimates, including the Unmodified Plus survivor option.

My LACERA.com, the member portal introduced in 2005, is continually expanding the list of self service features available to registered members. Using multi-factor authentication rules, as prescribed by the Federal Financial Institutions Examination Council (FFIEC), the portal currently boasts over 22,000 registered members. Among the most popular features is the online Retirement Estimate, which uses a member's IRIS records to produce a benefit estimate.

FISCAL YEAR 2016-2017
BASIS FOR BUDGET AND CONTINGENCY FUND CALCULATION
(Amounts in Thousands)

Actuarial Accrued Liability (as of June 30, 2015)	<u><u>\$56,819,215</u></u>
Statutory Budget Appropriation * (Twenty-one hundredths of 1% of the AAL)	119,320
Total Statutory Budget Appropriation	<u><u>119,320</u></u>
Less 2016-2017 Operating Budget Request	<u><u>76,829</u></u>
BALANCE REMAINING FOR CONTINGENCY FUND	<u><u>\$42,492</u></u>



* Pursuant to Section 31580.2 of the County Employees Retirement Law of 1937
(Government Code Title 3, Division 4, Part 3, Chapter 3)

POLICY DIRECTIVE
ADMINISTRATIVE BUDGET

LACERA's Board of Retirement and Board of Investments (the Boards) have the exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. To facilitate meeting this responsibility, LACERA uses a budgetary process to plan and defray the expenses of administering the system. This policy defines LACERA's administrative budget process.

Legal Requirement

Government Code Section 31580.2, of the County Employees Retirement Law, 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.

Budget Preparation

- Annually, by December 1, each Manager (defined as the head of any distinct organizational unit) will be provided a budget package containing a proposed budget, a budget preparation timetable, and a schedule of meeting dates between each Manager and the Executive Office.
- By February 1 of each year, the Manager will submit their proposed budget to the budget staff.
- A meeting between each Manager and the Executive Office, held in February of each year, will allow for the opportunity to discuss the organization's goals, future program plans, and staffing needs in relation to their proposed budget.
- The Executive Office will meet with the budget staff by March 1, if necessary, to discuss any changes to the proposed budget based on the Manager meetings.
- Budget staff will prepare and distribute the proposed Administrative Budget to all board members and managers, during the 3rd week in April.

Budget Adoption

Board members will be invited to open hearings during April and/or May to discuss the proposed Administrative Budget with the managers. Any requested revisions are completed and discussed at subsequent budget deliberation hearings/meetings.

A recommendation for approval of the Administrative Budget will be placed on the agenda at each Board of Retirement and Board of Investments meeting prior to June 30.

Budget Appropriation

Beginning with the 2011-2012 fiscal budget we began utilizing Government Code 31580.2 to determine the budget appropriation for the LACERA Administrative Budget.

Government Code 31580.2 states that the annual budget for administrative expenses of a '37 Act retirement system may not exceed twenty-one hundredths of 1% (0.21%) of the accrued actuarial liability of the retirement system. In addition, expenses for computer software, hardware and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit.

Budgetary Contingency Fund

The Budgetary Contingency Fund is available for unanticipated expenditures that may occur during the year. The respective board must approve funding for material over expenditures of previously budgeted items and previously unbudgeted expenditures.

Transfer of Funds Within the Operating Budget

Funding transfers between the major accounts, Salaries and Employee Benefits and Services and Supplies in the Operating Budget, must be approved by the Boards.

Budget Monitoring and Reporting

Budget staff monitors and analyzes departmental year-to-date expenditure information throughout the year; receives input from the Managers concerning any anticipated over/under expenditures; and prepares full year expenditure projections for each organizational unit. Significant budget variances are discussed and resolved with each Manager.

Budget Control Reports are prepared and provided to all Board members and management staff for review throughout the year. Subsequently, the Board of Retirement's Operations Oversight Committee and Managers discuss these reports in open public meetings.

Non-Administrative Expenses

Investments, Actuarial Services, and Attorneys

As provided in Government Code Section 31596.1, the expenses of investing its moneys, securing custodial bank services, securing triennial actuarial services,

and securing attorney services shall not be considered a cost of administering the system. As such, these costs are not included in the Administrative Budget.

Retiree Health Care Benefits Program

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

Retiree Healthcare

- **Mission Statement**

To effectively administer the Healthcare Benefits Program for retired association members and their eligible beneficiaries, and to provide a healthcare program of the highest quality at an affordable cost.

- **Our Team**

**Retiree Healthcare –
Cassandra Smith**

- 22 total staff members

**We have four distinct sections within
Retiree Healthcare:**

- Section Head:
 - ◆ Audits
 - ◆ 2 staff members
 - ◆ Call Center
 - ◆ 6 staff members
- Section Head:
 - ◆ Operations
 - ◆ 5 staff members
 - ◆ Financial & Special Projects
 - ◆ 4 staff members



★ FY 2016-2017 Highlights

SERVICES & SUPPLIES

Retiree Healthcare requests \$550,000 to pay for postage for member mailings. Requesting \$565,000 to conduct the

Retiree Drug Subsidy (RDS), Prescription Benefit Management (PBM), and dependent database audits. Also requesting \$315,000



for Other Postemployment Benefits (OPEB) valuation projects, which are required under GASB 43/45.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2016-2017

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RETIREE HEALTHCARE

Budget Request Highlights

[Fiscal Year 2016 - 2017]

INTRODUCTION

The Retiree Healthcare Division (RHC) is responsible for administering the healthcare benefits program for retired employees of LA County and their eligible dependents. This budget request for the fiscal year 2016-2017 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many changes in Federal and State Programs (i.e., Medicare and the provisions of Health Care Reform applicable to the LACERA-administered health care program) in addition to the general health care landscape. This budget will provide the division with the support needed to deliver timely quality service to our members.

STAFFING

There are currently twenty-two (22) budgeted positions with three currently vacant. We look to fill these vacancies during fiscal year 2016-2017.

RHC currently has one Call Center staff participating in the CORE benefits training with a scheduled graduation date in October 2016. We are seeking \$68,400 for agency temp funding at the Intermediate Typist Clerk position level for fiscal year 2016-2017 to support the division until this individual completes the training and to assist with heavy workloads during our December – March busy season (March Madness), unanticipated projects, and during the periods when newly hired Retirement Benefit Specialist (RBS) participate in the core benefit training before reporting to the Retiree Healthcare Division.

Overtime is being requested to manage the workload related to the high volume of enrollment forms received resulting from March Madness and for the unanticipated special projects that regularly occur.

SERVICES AND SUPPLIES

The Retiree Healthcare team occupied its current location on the 3rd floor in 2008 when the team totaled 16 budgeted positions. Over the ensuing ten years, we have added an additional 6 budgeted positions and are now faced with reevaluating our space requirements. We have a short term solution to convert meeting room space in to production workstations. However, with the growing number of retiree healthcare medical and dental/vision policies to service, the Retiree Healthcare team anticipates our team will need to be expanded in the coming years and so will our workspace.

Postage - Special Retiree Mailings

Our Postage - Special Retiree Mailing account is primarily use to fund the postage costs for the following mass mailing materials.

- Annual letter packet mailing
- Rate booklets
- Medicare Part D prescription drug coverage Creditable Coverage Notice
- Retiree Staying Healthy Together Program bi-annual workshop invitations
- Non-LACERA Medicare Part D warning/reminder notices

We are requesting an increase in our Special Retiree Mailing budget from the current year expected expenditure of \$350,000 to \$550,000. Staff believes our mailing demands will increase due to new program implementation, such as a Employer Group Waiver Plan (EGWP) and federal program changes.

Professional and Specialized Services - Audits

We have budgeted \$565,000 to cover the cost of conducting the following program audits. Please note that some audit costs are estimated and will be finalized through a request-for-proposal hiring process.

Dependent Eligibility Audit	\$ 300,000
Pharmacy Benefit Management Audit	\$ 100,000
Retiree Drug Subsidy Audit	\$ 85,000
Anthem /Cigna Claims Audits	\$ 80,000
<hr/> Total	<hr/> \$ 565,000

The following discussion provides insight into each audit category.

❖ *Dependent Eligibility Audit*

For fiscal year 2016-2017, we plan on performing a Dependent Eligibility Verification Audit to ensure only eligible dependents are receiving healthcare coverage. Conducting a Dependent Eligibility Verification Audit could potentially assist with reducing future health care cost for both the plan sponsor and plan

participants. While this audit may ultimately result in savings, there is an upfront cost to conducting the audit as well as engaging an external firm for on-going eligibility verification. A request to release a Request for Proposal (RFP) will be brought forth to the Board of Retirement's Insurance, Benefit and Legislation Committee. This will be the first time LACERA has audited the dependent eligibility in a program wide manner.

❖ **Pharmacy Benefit Management (PBM) Audit**

For fiscal year 2016-2017, we are planning to conduct a Pharmacy Benefit Management (PBM) Audit to verify the accuracy and timeliness of CVS Health's administration of LACERA's retail and mail order pharmacy benefits program. CVS Health is the PBM for the Anthem Blue Cross Plans I, II, and III plans. This audit will ensure that the Prescription Benefit Services Agreement in place between LACERA, Anthem, and CVS Health is being adhered to as expected and agreed upon. The previous PBM audit was conducted in 2009 by the Board of Retirement's healthcare consultant.

❖ **Retiree Drug Subsidy (RDS) Audit**

Continuing to audit our participation in the Medicare Part D Retiree Drug Subsidy (RDS) program will verify that we continue to maximize our the federal subsidy amounts and verify compliance with Centers for Medicare and Medicaid Services (CMS) RDS program regulations.

❖ **Anthem/Cigna Claim Audits**

The annual Anthem/Cigna Dental/Vision Indemnity Claim Audits ensure our indemnity plan carriers are in compliance with our contractual agreements and the insurers are paying claims in accordance with the plan benefits.

Professional and Specialized Services - OPEB Actuarial Valuation

For fiscal year 2016-2017, in accordance with our actuarial and audit schedule, this is the year where we conduct a valuation, an experience study, and an audit. These projects are scheduled with the following frequency:

Other Post Employment Benefit (OPEB) Actuarial Valuation	Every Two Years
Actuarial Experience and Assumption Study	Every Three Years
Audit the OPEB Valuation and Experience & Assumption Study	Every Six Years

The OPEB Valuation is required every other year under GASB 43/45 reporting requirements. The Actuarial Experience and Assumption Study is scheduled for every three years to be in alignment with the experience and assumption study conducted for

the retirement benefit program.

As such, 2016-2017 is our trifacta year meaning in accordance with the schedule, we have all three projects going this year. We are therefore, requesting \$315,000 to pay for the above OPEB Valuation projects.

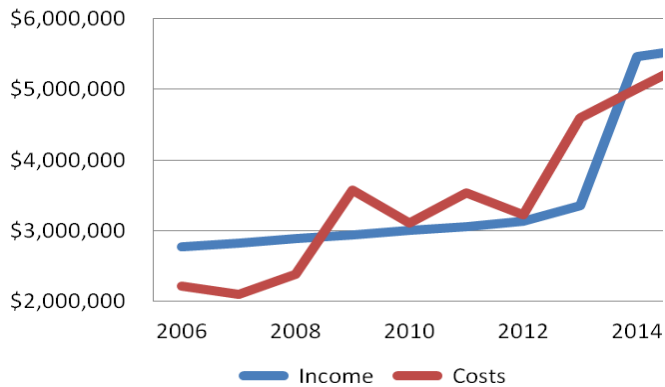
FUNDING OPERATING EXPENSES

The Retiree Healthcare Benefit Program's operating expenses must be funded by the program and its operations cannot be subsidized by the trust funds used to operate the retirement benefit trust. As such, a Retiree Healthcare Program administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums. As part of the Retiree Healthcare Benefits Program's 2016-2017 Plan Year health insurance rate renewals, the Board approved increasing the administrative fee from \$5.00 to \$8.00 per member, per month, per plan. This increase is due to continued increases in the cost of doing business, managing Federal Programs, and the increase use of program audits. The following table lists the historical administrative fee changes over the past ten years:

	Administrative Fee Amount
July 2005 – June 2013	\$3
July 2013 – June 2016	\$5
July 2016	\$8

LACERA values stability. This includes keeping our Retiree Healthcare Program's administrative fee at a consistent level. Historically, when we set the administrative fee, it is at a level greater than our current budgetary needs. This provides the opportunity to build an expense reserve. This can be seen in the following graph where the administrative fee income, the blue line, is greater than the administrative cost, the red line, during the 2006 through 2008 period.

Retiree Healthcare Revenue/Cost Analysis



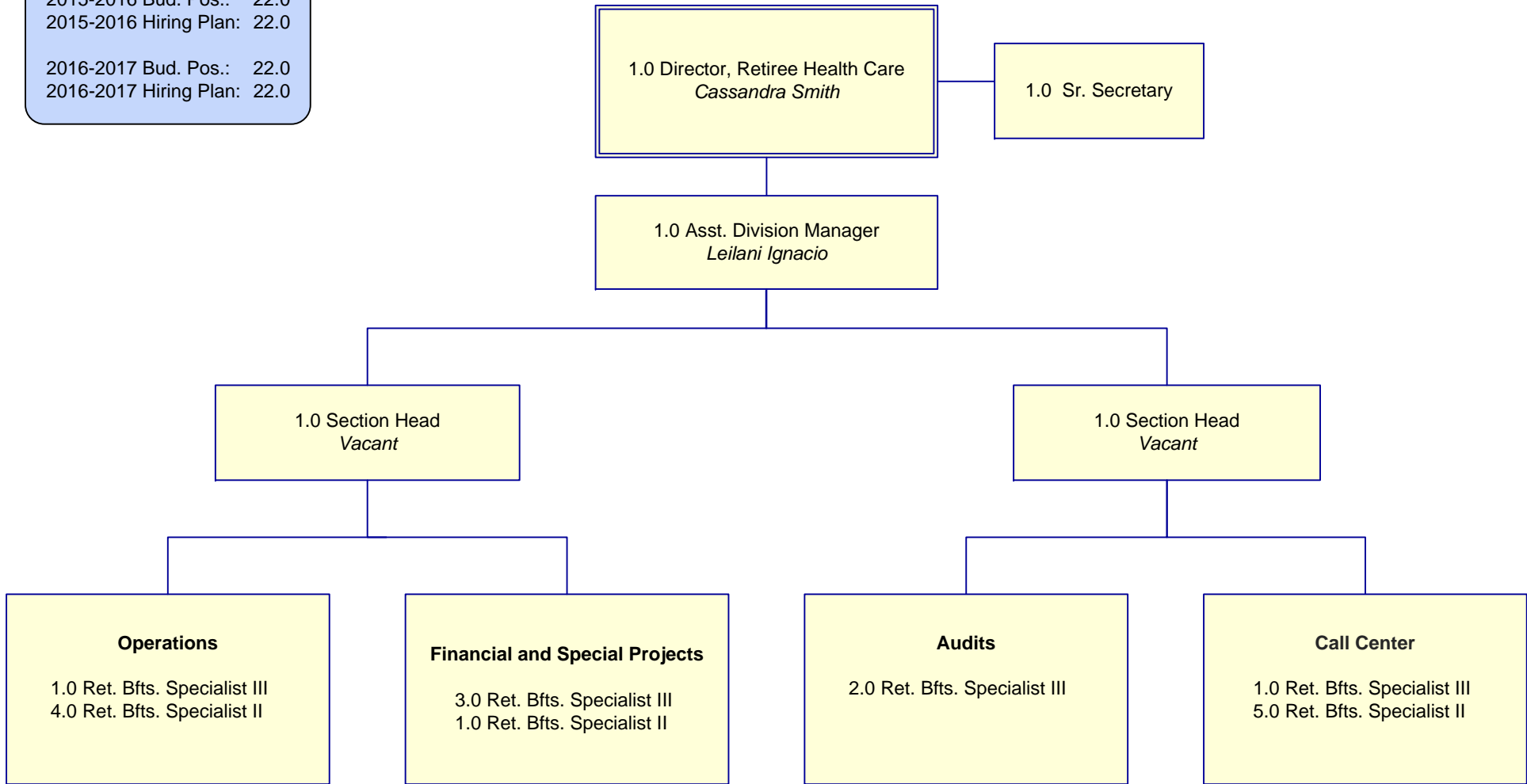
As there had been a sufficient cost reserve established, the program was intentionally operated at a comparative loss during fiscal years ending 2009 through 2013 to keep the admin fee stable as we "spent down" the cost reserve. We had anticipated the 2013 administrative fee increase would provide a sufficient increase to again build a cost reserve. Regrettably, we did not anticipate the increasing costs for the continued need to conduct program audits or the increased organizational overhead. Based on the previous five year trends for a 1.89% annual growth in the retiree membership and the 11% annual growth in the Retiree Healthcare Program administrative expenses, the \$8 administrative fee should provide for a stable administrative fee for the next five to ten years.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2016-2017

2015-2016 Bud. Pos.: 22.0
 2015-2016 Hiring Plan: 22.0

2016-2017 Bud. Pos.: 22.0
 2016-2017 Hiring Plan: 22.0



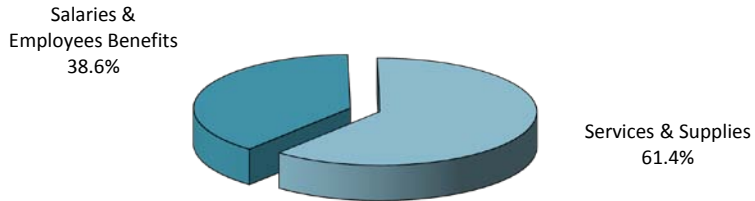
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2016-2017

BUDGET SUMMARY

	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET		
	PROPOSED BUDGET 2016-2017	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-29-16)					PROJECTION
Salaries & Employees Benefits	\$2,509,594	\$2,378,830	\$1,318,951	\$2,321,052	\$188,542	8.1%	\$130,764	5.5%
Services & Supplies	3,991,694	3,519,288	637,515	3,356,613	635,081	18.9%	472,406	13.4%
OPERATING BUDGET	\$6,501,288	\$5,898,118	\$1,956,466	\$5,677,665	\$823,623	14.5%	\$603,170	10.2%

2016 - 2017 PROPOSED BUDGET



RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2016-2017
SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Total LACERA Salaries	\$1,662,924	\$1,566,173	\$859,114	\$1,516,148	\$146,776	9.7%	\$96,750	6.2%
Total Agency Temp Salaries	68,400	34,500	43,301	74,870	(6,470)	-8.6%	33,900	98.3%
Employee Benefits (Variable)	799,671	735,143	401,990	704,542	95,129	13.5%	64,527	8.8%
OPEB Contribution	10,284	0	1,896	3,792	6,492	171.2%	10,284	100.0%
Stipends		0	0	0	0	0.0%	0	0.0%
Overtime	12,834	12,834	2,770	10,500	2,334	22.2%	0	0.0%
Bilingual Bonus	2,400	2,400	1,350	1,800	600	33.3%	0	0.0%
Sick Leave Buyback	10,000	10,000	8,530	9,400	600	6.4%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,566,513	\$2,361,051	\$1,318,951	\$2,321,052	\$245,461	10.6%	\$205,462	8.7%
Salary Differential *	(56,919)	(17,779)	-	-	-	-	(39,140)	220.2%
TOTAL S&EB	\$2,509,594	\$2,378,830	\$1,318,951	\$2,321,052	\$188,542	8.1%	\$130,764	5.5%

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2016 except for Agency Temp Salaries which are through 2/29/2016.

* Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2016-2017

SALARIES

		15-16 BUDGT. POS.	2016-2017 BUDGET				CHANGE		
			BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00793A	DIRECTOR, RETIREE HEALTH CARE	1	1	LS14	13,267.10	159,205.20	0		
00771A	ASSISTANT DIVISION MANAGER	1	1	LS10	9,934.41	119,212.92	0		
00772A	SECTION HEAD	2	2	LS9	9,241.31	221,791.44	0		
01311A	RETIREMENT BENEFITS SPECIALIST III	7	7	90A	5,973.00	501,732.00	0		
00439A	SENIOR SECRETARY	1	1	83L	5,063.64	60,763.68	0		
01310A	RETIREMENT BENEFITS SPECIALIST II	10	10	83F	5,001.82	600,218.40	0		
PERMANENT POSITIONS		22	22				0		
GROSS SALARIES						1,662,923.64		0	
ANTICIPATED SALARY INCREASE								0	
TOTAL SALARIES									

MAPP Tier I and Tier II positions are shown at control point as of 01/01/16
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

DIVISION	FYE 2014		FYE 2015		FYE 2016		FYE 2017
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$ -	\$ -	\$ -	\$ 14,760	\$ 34,500	\$ 74,870	\$ 68,400
GRAND TOTAL	\$ -	\$ -	\$ -	\$ 14,760	\$ 34,500	\$ 74,870	\$ 68,400

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2014		FYE 2015		FYE 2016		FYE 2017
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$ 16,249	\$ 4,225	\$ 12,834	\$ 10,049	\$ 12,834	\$ 10,500	\$ 12,834
GRAND TOTAL	\$ 16,249	\$ 4,225	\$ 12,834	\$ 10,049	\$ 12,834	\$ 10,500	\$ 12,834

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2015-2016	Vacancy (as of 05/24/16)	%	Budgeted Positions 2016-2017*	Vacancy	%
Retiree Healthcare	22	3	14%	22	3	14%
	22	3	14%	22	3	14%

* Includes new requested positions. We plan to fill all vacant positions.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2016-2017

SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
TRANSPORTATION & TRAVEL	\$45,000	\$46,000	\$20,477	\$42,800	\$2,200	5.1%	(\$1,000)	-2.2%
POSTAGE	550,000	405,000	69,991	350,000	200,000	57.1%	145,000	35.8%
OFFICE SUPPLIES & EQUIPMENT	3,500	4,000	2,324	3,300	200	6.1%	(500)	-12.5%
OPERATIONAL COSTS	1,767,494	1,901,488	91,892	1,882,781	(115,287)	-6.1%	(133,994)	-7.0%
PROFESSIONAL AND SPECIALIZED SERVICES	1,602,000	1,140,000	445,021	1,058,732	543,268	51.3%	462,000	40.5%
EDUCATIONAL EXPENSES	23,700	22,800	7,810	19,000	4,700	24.7%	900	3.9%
TOTAL	\$3,991,694	\$3,519,288	\$637,515	\$3,356,613	\$635,081	18.9%	\$472,406	13.4%

OPEB

Other Post-Employment Benefits

Overview

In May 2012, the County hired the LACERA Board of Investments to manage and invest the Other Post-Employment Benefits (OPEB) Trust assets. The participating employers will be responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust. At this time, there are two participating employers in the OPEB Trust: the County and LACERA.

The OPEB Trust was established for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which is administered by LACERA, for eligible retired members, as well as eligible dependents and survivors of LACERA members.

**OTHER POST-EMPLOYMENT BENEFITS
COST SUMMARY**

FISCAL YEAR 2016-2017

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Cost Allocation

Separate Accounting is needed for the OPEB Trust

The County of Los Angeles (County) maintains a Retiree Healthcare Program (RHP) for members of LACERA. In fiscal year 2012-2013, the County established a trust in order to fund this program. The Board of Investments of LACERA is the trustee and investment manager for this trust.

The Trust Agreement between the County and LACERA stipulates 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 any pension dollars to administer the trust. Instead, the Trust Agreement allows LACERA to seek payment directly from the County or to obtain payment from the OPEB trust.

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

A Method for Tracking OPEB Trust/Retiree Healthcare Expenses

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

Each division employs people and materials to administer the OPEB Trust. In estimating the costs of employing people to administer the trust, we looked at salaries and benefits. In estimating the additional costs used to administer the trust, we looked at the cost of services and supplies.

Cost Methodology

There are four categories of expenses applicable to our cost methodology.

Direct Costs of Salaries & Employee Benefits

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. We converted those "hours spent" into a percentage of annual hours. We then multiplied the salaries and benefits totals of each staff member by the percentage of annual hours devoted to OPEB.

Indirect Services & 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 provided us with a "per employee cost" which was then multiplied by the overall percentage of hours worked on OPEB.

Indirect Salaries & 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 were added up, then divided by the number of LACERA employees to determine a per employee cost. This total was then multiplied by the overall percentage of hours worked on OPEB.

Direct Services & Supplies

Direct services and supplies costs are based on actual payment requests that are applicable to OPEB.

OPEB COST ALLOCATION

FISCAL YEAR 2016-2017

	PROPOSED BUDGET 2016-2017	CURRENT YEAR 2015-2016			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 15-16 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-16)	PROJECTION				
Salaries & Employees Benefits	\$102,611	\$101,099	\$101,794	\$108,143	(\$5,532)	-5.1%	\$1,512	1.5%
Services & Supplies	52,232	54,276	52,120	53,528	(1,296)	-2.4%	(2,044)	-3.8%
OPERATING BUDGET	\$154,843	\$155,375	\$153,914	\$161,671	(\$6,828)	-4.2%	(\$532)	-0.3%

2016 - 2017 PROPOSED BUDGET

