

FISCAL YEAR 2019-2020

Administrative & Retiree Healthcare Benefits Budgets



LACERA

FISCAL YEAR 2019-2020

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RETIREE HEALTH CARE BENEFITS PROGRAM

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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.

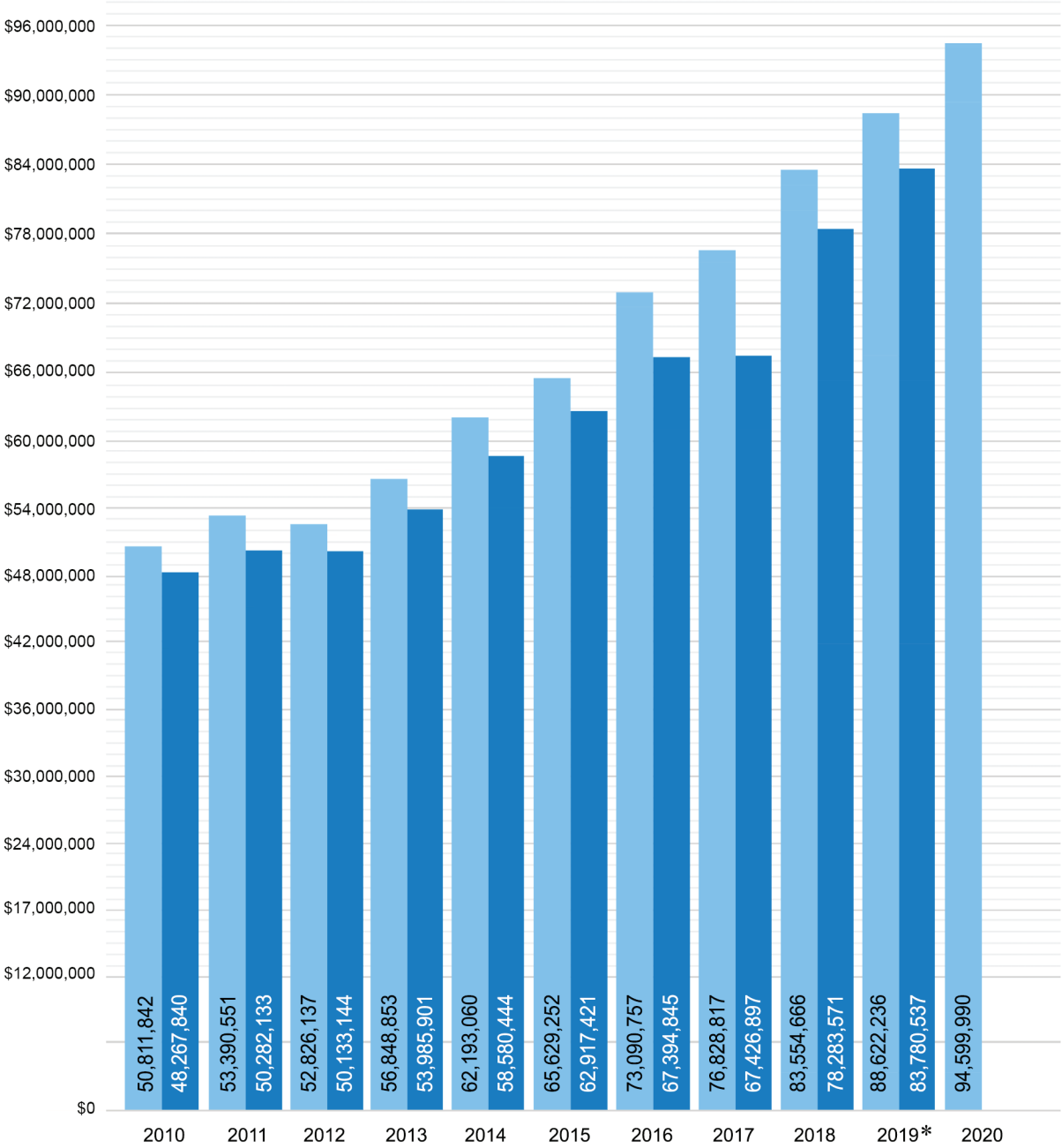


Achieving our MISSION through
shared VALUES and a collective VISION.

HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

2010-2020



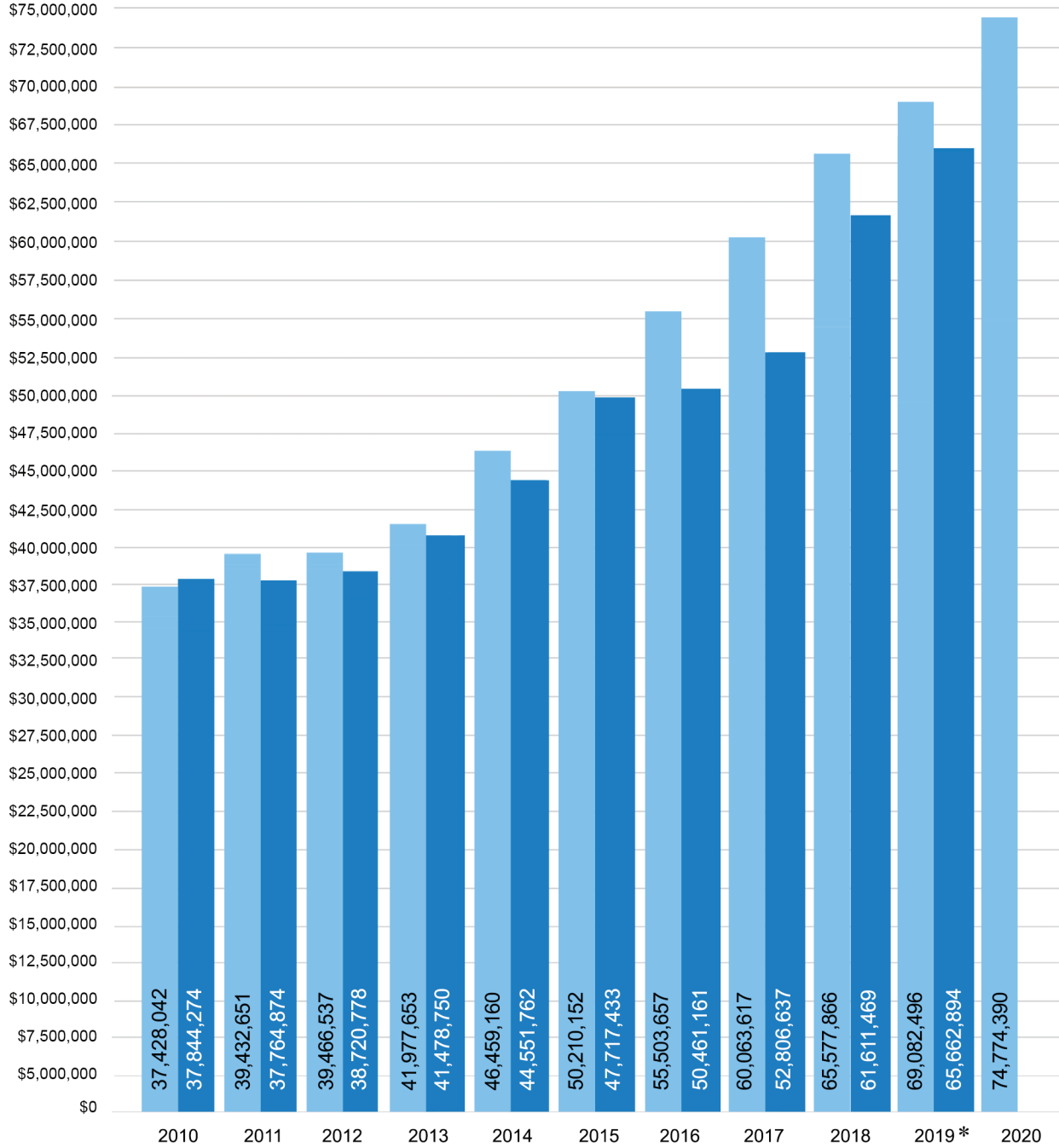
*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

2010-2020



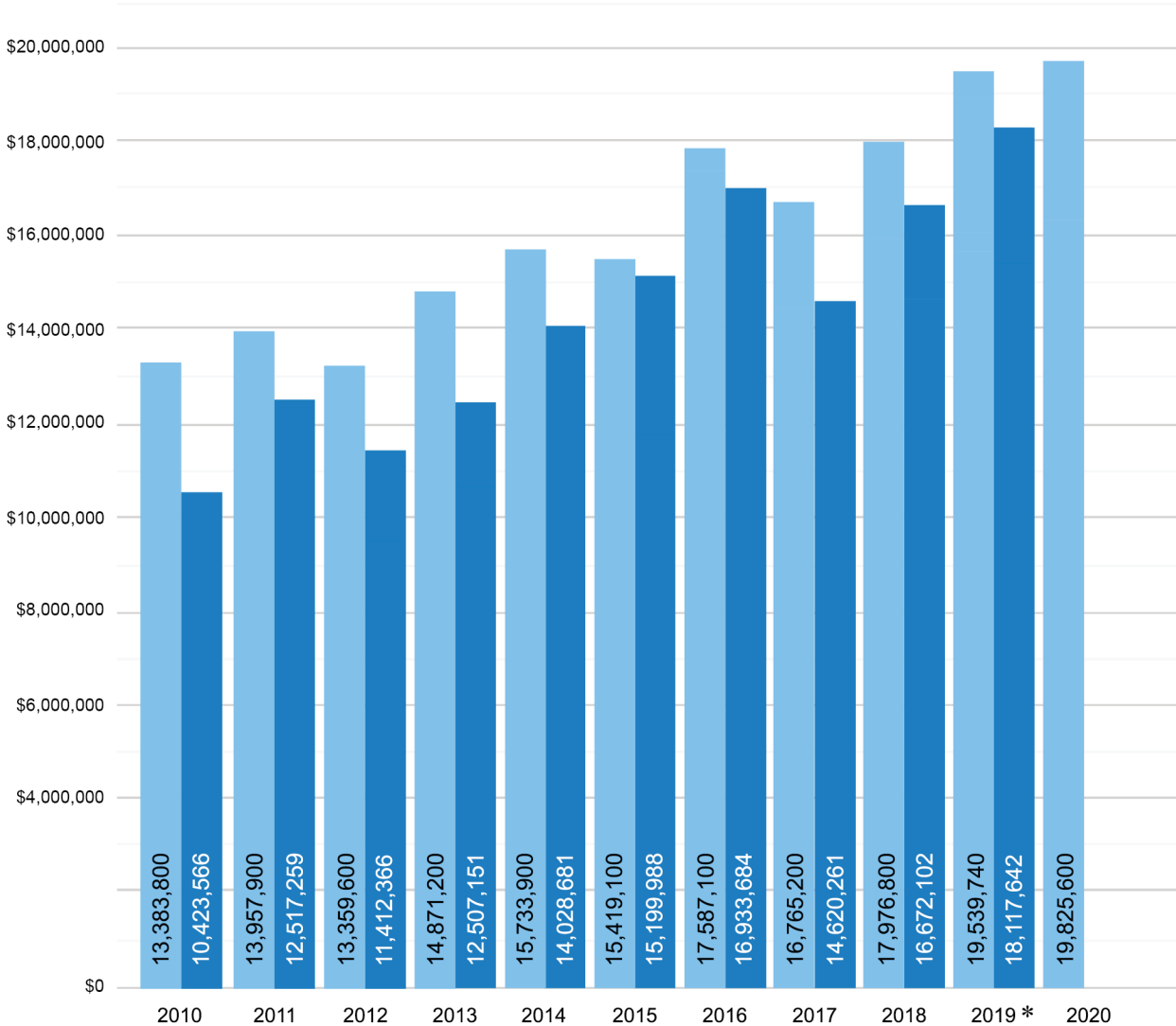
*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Services and Supplies

2010-2020

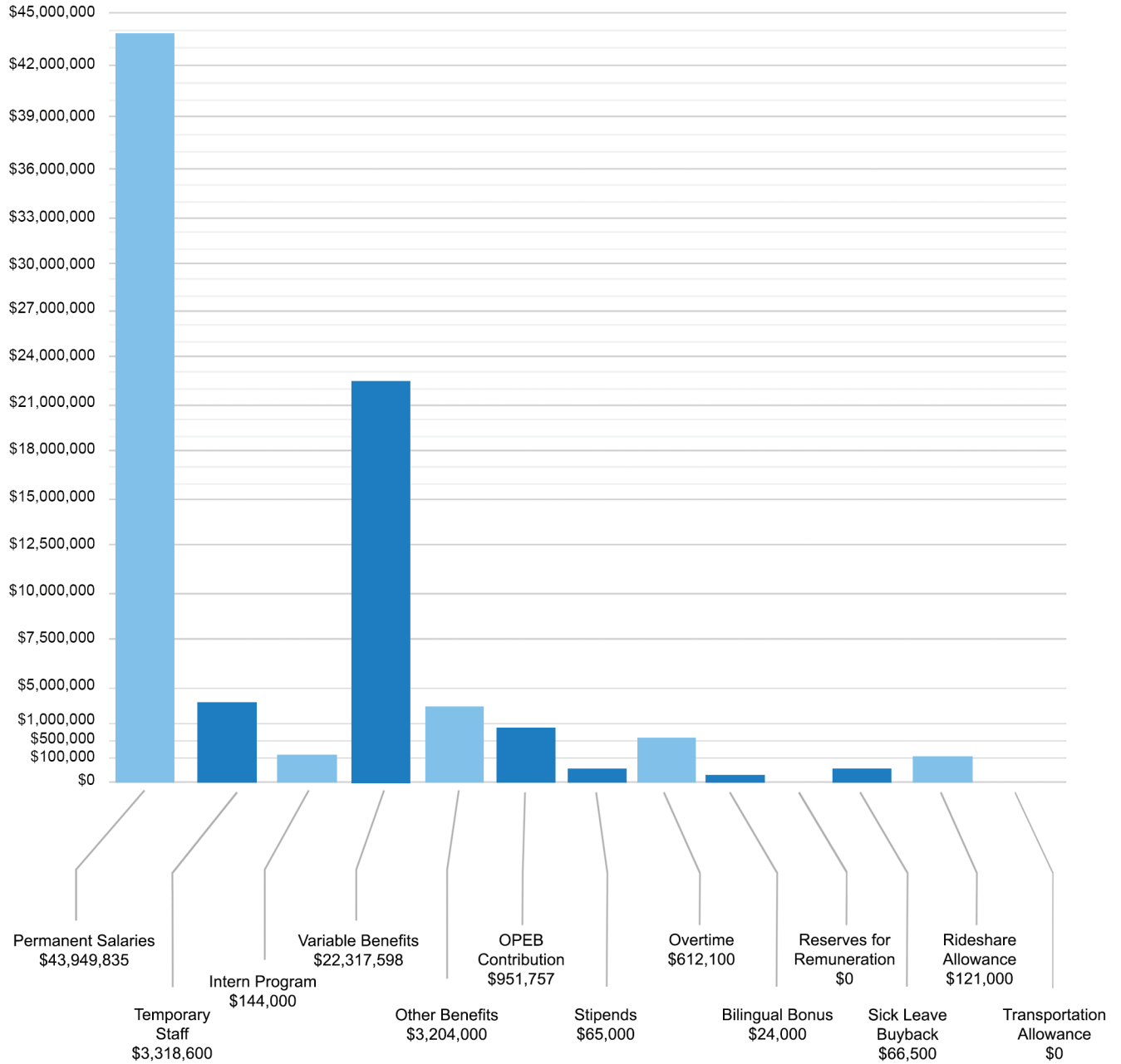


*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

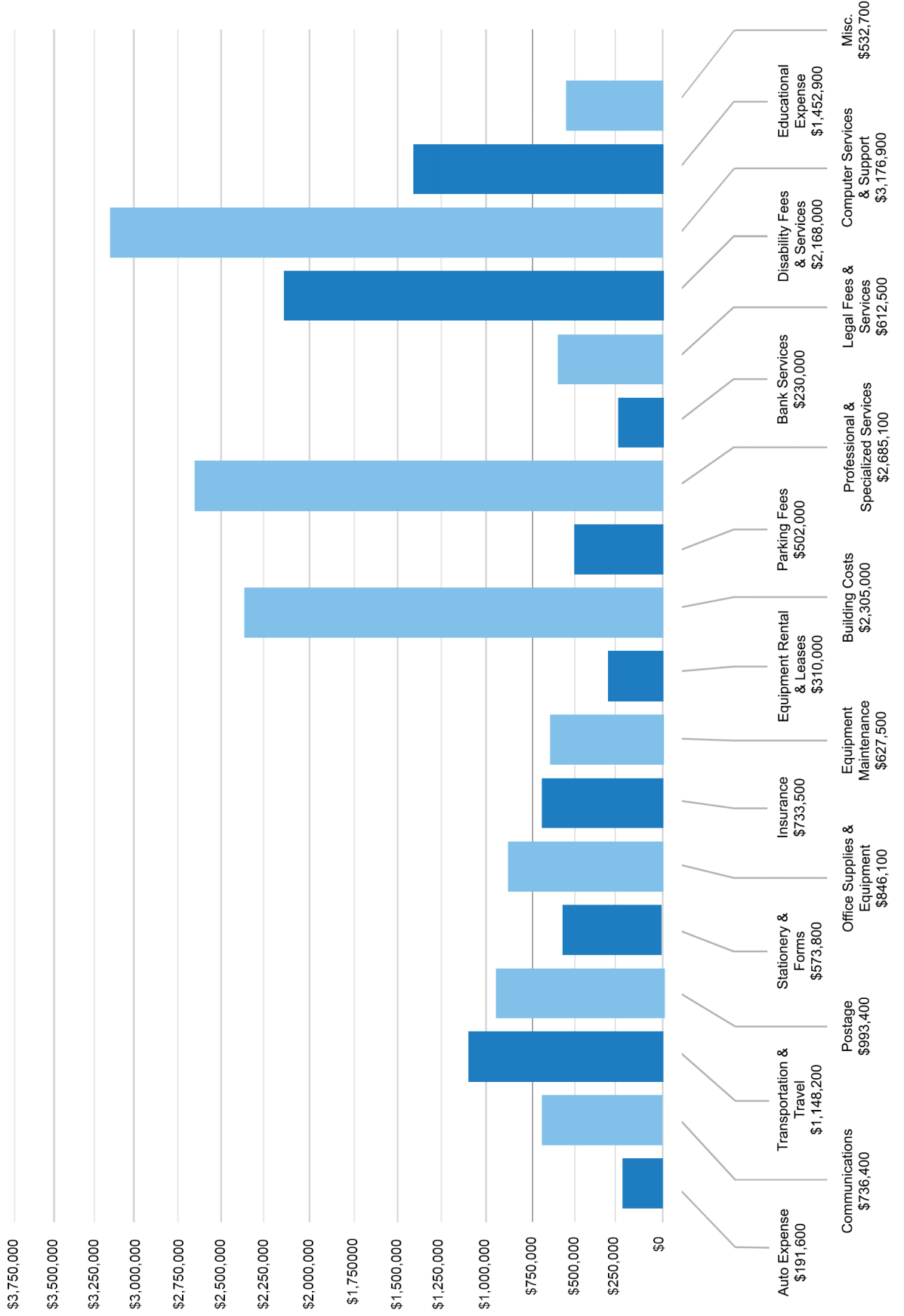
SALARIES AND EMPLOYEE BENEFITS

Fiscal Year 2019-2020



SERVICES AND SUPPLIES

Fiscal Year 2019-2020



EXECUTIVE SUMMARY

Budget Request Highlights

FY 2019-2020

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 plan benefits—a level of service that rivals the best in the industry. Ensuring that members are equipped to make informed financial decisions and enter retirement with confidence is of paramount importance to the Boards and staff of LACERA. In order to achieve this goal, the association strives to achieve the vision of:

**One contact, one response.
Accuracy, 100% of the time.**

This vision guides our efforts and dictates our expenditures. It also provides a clear view of how to measure performance and continuous improvement. *One contact* means that members receive all of the information they need with one phone call or one meeting. *One response* means that members receive a concise and consistent answer to their questions and concerns. *Accuracy, 100% of the time* means that members receive factual and reliable information, ensuring that they are equipped to make important decisions regarding their retirement.

We provide better service through innovation and enhancement.

With the support of the Boards, LACERA continues to advance toward fulfillment of our mission. We recognize that excellence is a dynamic exercise and that world-class organizations are prepared and able to adapt to changing conditions. Throughout its history, LACERA has been successful in its efforts and initiatives to provide our members with quality service that is accessible, reliable, and timely. These efforts are driven by a commitment to enable members to access retirement information through numerous service channels, including our Call Center, Member Services Center, My LACERA, printed brochures, seminars, videos, website materials, and workshops. We measure our performance through member satisfaction surveys.

The proposed budget serves as a financial representation of LACERA's Mission, Values, and the FY 2019-2020 Strategic Plan. We believe that enhancing service delivery and accuracy is necessary for future success, and we recognize the need to continuously improve our operations as our processes, staff, and systems evolve. This is a continuation of the Strategic Plan initially adopted during FY 2018-2019.

The proposed FY 2019-2020 budget requests represent increased spending of \$5,977,754, from the actual FY 2018-2019 budget of \$88,622,236 to the proposed FY 2019-2020 budget of \$94,599,990. This is an increase of 6.7 percent, primarily due to requested staffing additions.

About this Budget

The budget consists of two major components: Salaries and Employee Benefits, and Services and Supplies.

Salaries and Employee Benefits

In years past, the projected spending for salaries and employee benefits has been based on the fifth step of each salary range for all represented employees and the midpoint control, which represents the middle of the respective salary ranges for all non-represented employees as of a date near the publication of the proposed budget (usually in March), plus the addition of any new or upgraded positions requested in the budget. This represented the gross salaries. However, there were additional factors to consider that were not accounted for in the gross salaries, including movement above or below the midpoint of employees' respective range throughout the year; certification, additional responsibility, and out-of-class bonuses; and salary increases due to MOU changes, among other variances. In an effort to account for these variances, we employed a salary differential calculation, which helped the budget team meet the goal of bringing the projected spending plan (the budget) as close to the actual spending as possible. Like a lever, it moved the overall gross salaries up or down based on the expected variances.

The salary differential method served us well for the last four years. While there were still variances between the budgeted amount and the final actual amount spent for those fiscal years, the differential did help us to come closer to the mark. However, calculating the differential was time-consuming and required extensive quality control to ensure that it was accurate, since the budget process is a manual process. Therefore, this year the Budget Team decided to forgo the use of the fifth step and mid-range points and use the actual salary figures for staff members. Additional factors are considered when factoring the actual salaries; certification, additional responsibility, out-of-class bonuses; and salary increases due to MOU changes. The team still makes adjustments for vacancy rates.

Rideshare Program Expenditures

Another change this year is in regard to the Rideshare Program, which is no longer calculated in the permanent salaries. The Rideshare Program Expenditures are now included as a line item under each division in the Salaries and Employee Benefits summary, starting on page 100.

Current Vacancies

Each year, the management team begins the budgeting process by reviewing current workload trends and the proposed Strategic Plan to determine the best staffing needs for

their division’s contribution to meeting organizational goals and fulfilling LACERA’s mission. Additionally, the team does its best to determine how many staff members may be moving within the organization, leaving, or retiring. The resulting staffing plan is presented to the executive team as part of each division’s budget proposal. Once the executive team and management have agreed on a plan, the requests are included in the budget proposal to the Boards. The entire management team believes in ensuring that LACERA has the appropriate staff in place to deliver on our promise to produce, protect, and provide the promised benefits.

The vacant positions chart on page 112 shows that there are 57 vacant positions as of April 22, 2019. The proposed budget will add 13 new positions, increasing the expected number of vacant positions to 70 at the beginning of the fiscal year.

The management team’s goal is to fill as many budgeted positions each fiscal year as possible. An analysis of the vacant positions shows that there are multiple reasons why budgeted positions may remain vacant longer than anticipated. One of those reasons relates to recognizing that the labor market appears to be tightening, and there are increased challenges in recruiting qualified applicants to fill vacant positions at all levels.

Human Resources engaged a recruiting consultant in 2017 to review LACERA’s recruiting practices. The consultant provided recommendations and suggested additional best practices to improve LACERA’s ability to identify the most qualified candidates for consideration. Human Resources started making changes and implementing the suggestions provided by the consultant in 2018.

The following table shows the status of all currently open recruitments:

Division	Position	Section / Unit	No. Available	Status/Result
Administrative Services	Document Processing Assistant		2	In Progress: Selection Interviews completed
Communications	Writer II		2	In Progress: Selection interviews completed
Investments	Financial Analyst III		4	In Progress: Resume canvass posted
Member Services	Retirement Benefits Specialist III		2	In Progress: Bulletin Posted
Total in Progress			10	

The following table shows the status of recruitments submitted to Human Resources and pending:

Division	Position	Section/ Unit	No. Avail able	Status/Result
Administrative Services	Administrative Services Analyst I		1	Pending
	Administrative Services Officer		2	Pending: Leadership Program in Process
Communicatio ns	Senior Writer		1	Pending
Financial and Accounting	Senior Secretary		1	Pending
	Senior Accountant		1	Pending
Total Pending (Not Started)			6	

Staffing Changes

Following is a roundup of the staffing changes requested by each division. These requests are tied to fulfilling our Mission by addressing Board priorities, meeting key Strategic Plan goals by taking proactive steps to improve governance, ensuring fund sustainability, reducing the complexity of our organization, cultivating a risk intelligent organization, and creating high performing and diversified team.

No. of Positions	Title of Requested Position	Section/Unit
1	Supervising Administrative Assistant II	Budget Development and Monitoring

Administrative Services Division: Budget Development & Monitoring

Administrative Services Division is requesting to add one permanent position at the Supervising Administrative Assistant II level in Budget Development & Monitoring. The division’s goal is to build a world-class budget team that will support the management team with additional reporting, cost–benefit analysis, and financial forecasting, as well as updated policies and procedures, and an integrated quality review process. The total number of budgeted positions for the Division would increase from 33 to 34.

Benefits Division

No. of New Positions	Title of Requested Position	Section/Unit
1	Retirement Benefits Specialist II	Benefit Protection Unit

The Benefit Protection Unit’s workload has steadily increased since inception in 2015, resulting in the need to borrow two staff members from other areas of the division to keep up with the demand and reduce the risk of unprocessed “high risk” cases. Benefits Division is requesting that a Retirement Benefits Specialist II position be added to its budget so that the staff member on temporary assignment from Member Services may be formally transferred.

Disability Retirement

No. of New Positions	Title of Requested Position	Section/Unit
1	Staff Assistant II	Investigation

There are currently 40 budgeted full-time positions.

Staff is also requesting one Staff Assistant II position to support our investigation units with the organizing and indexing of all records used to assemble the administrative record, as well as creating and updating the medical listing used to document the evidence file. This will bring the division total to 41 budgeted full-time positions.

Financial and Accounting Services

No. of Positions	Title of Requested Position	Section/Unit
1	Accounting Officer II	Reporting & Compliance Section

FASD is requesting one permanent position, an Accounting Officer II, to be allocated to the newly created Reporting and Compliance Section. This will bring the division total to 30 budgeted full-time positions.

Investment Office

No. of Positions	Title of Requested Position	Section/Unit
1	Finance Analyst III	Portfolio Analytics–Corporate Governances
1	Finance Analyst III	Fixed Income-Credit
1	Finance Analyst III	Private Equity–Co-Investments

For FY 2019-2020, the Investment Office is adding the three positions listed in the chart above which will increase the net number of budgeted positions from 41 to 44. The descriptions of the positions are below.

Finance Analyst III, Portfolio Analytics – Corporate Governance: This position will assist the Principal Investment Officer and Senior Investment Officer-Corporate Governance in developing and implementing corporate governance initiatives, executing proxy voting policies, and integrating environmental, social, and governance factors into the total fund investment process.

Finance Analyst III, Fixed Income – Credit: This position will assist the Principal Investment Officer in evaluating and recommending credit fund managers, developing operations and procedures, and portfolio monitoring.

Finance Analyst III, Private Equity – Co-Investments: This position will assist the Principal Investment Officer and Senior Investment Officer in evaluating and recommending private equity fund managers, co-investments, and other alternative investment structures.

Legal Services

No. of Positions	Title of Requested Position	Section/Unit
1	Director of Compliance	Chief Counsel
1	Staff Counsel	Investments
1	Legal Analyst	Benefits

Legal Services is requesting the following three new positions: one Director of Compliance, to fulfill the Strategic Plan objective of building an operational compliance function; and, to meet increased demands, one Staff Counsel. More about the positions is provided below.

Director of Compliance: The Director of Compliance will administratively report to the Chief Counsel and be placed at the same level on the organizational chart as Senior Staff Counsel, serving as the single point of responsibility to oversee the operational compliance program—including preparation and review of policies, procedures, and charters, education and training, monitoring, enforcement, and response and prevention. The position will report directly to the Audit Committee when necessary, and also serve as LACERA’s Privacy Officer.

Staff Counsel–Investments: The Legal Office proposes to add another Staff Counsel to the existing team to handle the increasing number and complexity of LACERA’s investments and growth of the in-house investments program across the portfolio, as well as improve service and achieve cost savings to the fund by taking more investment work in-house. An additional Staff Counsel is requested contingent upon Board approval of requested Investments Division positions in the current budget.

Legal Analyst–Benefits: To meet the demands of the increased volume of submissions of court documents and to improve timeliness, the Legal Office proposes adding one more Legal Analyst to the Benefits team. Reporting to the Senior Staff Counsel in the Benefits Section, the Legal Analyst will process domestic relations orders, related paperwork, and benefit documents, and assist with administrative appeals and other member-related legal matters.

Member Services

No. of New Positions	Title of Requested Position	Section/Unit
2	Retirement Benefits Specialist III	Member Care Unit

To further develop Member Services’ ability to provide world-class service to LACERA’s members, two positions are requested.

Two RBS III positions for the MCU: A Member Care Unit (MCU) has been proposed to handle Active Death Case Management, Disability with Reciprocity Case Management, Member Counseling in the Member Service Center and Call Center, and Case Analysis creation for the Correspondence Unit. The MCU will be staffed by experienced RBS IIIs capable of being moved between various work units based on business needs—The addition of two more RBS IIIs would add staffing flexibility within the division and increase Member Services capability to serve members and beneficiaries. The five RBS IIIs would be assigned Case Management responsibilities in the morning and afternoon, and Member Service Center and Call Center duties during the busiest hours (late morning and early afternoon). On days with many field events, the MCU staff members might all be assigned to counsel members in the MSC or they might help manage spikes of phone calls or member visits. Currently case management duties are being handled by Retirement Benefit Specialist IIIs in the Outreach section. Adding these Specialists will allow those in Outreach to return to doing more field events.

Quality Assurance and Metrics Division

No. of Positions	Title of Requested Position	Section/Unit
1	Staff Assistant	Quality Assurance Training Unit

Quality Assurance and Metrics Division is requesting one new staff position, as follows.

Staff Assistant: This position will provide administrative support to the Quality Assurance Training Unit and all its programs and projects—including reviewing and validating policies and procedures, training materials, and assessments; analyzing training data related to the effectiveness of the training tools, length of sessions, and delivery; and maintaining training records for the division. Having a Staff Assistant will increase process efficiency, reducing the trainers’ preparation hours by 50 percent. The position will also provide technical support in the audit; and assist in preparing audit analysis.

Systems Division

No. of Positions	Title of Requested Position	Section/Unit
1	Chief Technology Office	
4	Info. Tech. Specialist II	
4	Info. Tech. Specialist I	
1	Retirement Systems Specialist	
(1)	Data Systems Supervisor I	
(7)	Data Systems Coordinator	
(1)	EDP Senior Programmer Analyst	
(1)	Web Designer	

We have made adjustments to the budgeted positions in two ways—removed classifications currently not in use and replaced them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count. We will return to the Boards at such time when additional staff count is required.

Classification Studies

Civil service rules require the development and maintenance of a classification specification for every job classification deemed necessary to meet the needs of a department. Classification specifications should accurately and succinctly define and describe the specific nature and scope of the following:

- Work activities,
- Work qualifications,

- Work responsibilities, and
- Other defining characteristics of the unique classification.

Classifications—and the specific positions within them—evolve for various reasons. As business needs change, a classification may change, resulting in additions to and/or changes in job duties and responsibilities. Classification studies are necessary when significant changes occur that affect job duties, levels of responsibility, or work assignments. The studies are then used to determine whether a classification specification requires any alteration, whether or not a position should be reclassified to an existing classification, or whether a new classification should be developed.

Table 1 lists classification studies requested in FY 2018-2019, and provides an update on their current status and/or results. Table 2 provides information about the classification studies requested in FY 2018-2019, and their current status and/or results. Table 3 lists classification studies scheduled to begin in FY 2019-2020.

Table 1. Status of Classification Studies Requested in FY 2018-2019

Division	Position	Section/ Unit	No. of Positions Studied	Status/Result
All Divisions	Secretary	All	28	Pending
Admin. Services	Procurement Assistant I		1	Completed by HR
Benefits	Senior RBS	Process Management	4	Pending
Communi- cations	Senior Media Artist	All	2	Pending
Executive Office	Executive Secretary		2	Completed
FASD	All	All	29	Pending

Legal Services	Legal Analyst	Benefits, Disability and Investments	4	In Process by HR
	Staff Counsel	Investments and Litigation	3	Pending
	Management Secretary	Benefits	1	In Process by HR

Table 2. Classification Scheduled to Begin in FY 2019-2020

Division	Position	Section/Unit	No. of Positions Studied	Status/Results
Administrative Services	Administrative Services Analyst II, III	All	5	Scheduled for FY 2018-2019
	Document Processing Assistant	Document Processing Center	10	Pending
	Document Processing Coordinator	Document Processing Center	2	Pending
Benefits Division	Retirement Benefits Specialist II	Account Integrity / Account Settlement	1	Completed
Disability Retirement Services	Word Processor II	Investigation Units I / II / III	3	Completed
	Staff Assistant II		5	Pending
Human Resources	All	All	13	Pending
Internal Audit	Principal Internal Auditor	All	2	Pending
Legal Services	Staff Counsel	Investments and Litigation	3	Pending

Table 3. Classification Studies Scheduled to Begin in FY 2019-2020

Division	Position	Section/Unit	No. of Positions Studied	Status/Results
Administrative Services	Procurement Asst. II	All	3	Pending
Disability Retirement	Dis. Ret. Spec. Supervisor	All	5	Pending
Internal Audit	Senior Internal Auditor	Reports to Chief, Internal Audit	1	Pending
Quality Assurance	Senior Quality Auditor	Reports to Chief, Quality Assurance	1	Pending

Services and Supplies

The services and supplies costs are based on projected spending trends for the current fiscal year and adjusted for expected decreases, increases, or additions for the new fiscal year. Each year, the managers meet with the Executive Office and determine changes to the current projected totals for this fiscal year based on projected needs for the next fiscal year (see Services and Supplies summary on page 113).

Anticipated Major Initiatives and Goals

It is necessary to distinguish between recurring expenses and one-time project expenses. Recurring expenses represent the annual operating costs of funding the daily operations of LACERA and are classified as fixed or variable. Fixed expenses can include line items such as business leases, insurance, and rent. Variable expenses can include line items such as monthly electricity bills, telephone bills, and travel expenses.

Expenses that are not required for the continual operation of the organization on an annual basis are classified as one-time expenses. Budgeting one-time project expenses involves the arrangement of adequate funds to pay for the development and operation of a clearly defined terminal project. In some cases, it is also necessary to increase the amount of budget requests to cover the cost of maintenance and operation of one-time projects. Examples of one-time project expenses include the occasional replacement of long-lasting durable goods, such as renovations and technology upgrades. These expenses are neither easy to control nor to predict.

Thus, the importance of comparing the two types of expenses is to be able to understand the cost of the daily operations of the organization in comparison to those expenditures

that occur as a result of immediate organizational priorities.

The following table displays the breakdown of FY 2019-2020 services and supplies costs in comparison to FY 2018-2019:

Services and Supplies Costs Budget Comparison

	FY 2019-2020	FY 2018-2019	\$ Change	% Change
Recurring Expenses	\$18,939,600	\$18,339,740	\$599,860	3.3%
One-Time Costs	\$886,000	\$1,200,000	(\$314,000)	-26.2%
Total Services and Supplies	\$19,825,600	\$19,539,740	\$285,860	1.5%

The following information provides an overview of the FY 2019-2020 one-time project expenses, by division.

Administrative Services

In support of LACERA’s hiring plan, Administrative Services is continuing renovation and upgrades, and seeks the Boards’ approval in the amount of \$300,000.

Systems

Telecommunications System Updates, \$300,000: LACERA’s current telecommunications system has been in service since 2011. Since that time, LACERA staff count has increased by over 130. Updates are required to both increase capacity and bring our system to the current revision. In particular, adding Call Center agents requires additional licensing. This funding provides for new server software, including call management, conferencing, messaging, and additional licenses, as well as migrating servers to updated environments.

Network Switch Equipment, \$300,000: At the heart of the local area network is the network switch. It interconnects computers, printers, and servers to one another. Similar to the need for increased telecommunications capacity, additional switching equipment is also needed. LACERA has experienced growth in not only employees, but peripherals such as printers and scanners. This funding provides for an incremental capacity upgrade.

Other Notable Changes

Notable changes include any significant change not addressed in Anticipated Major Initiatives and Goals or any changes that represent a variance of 10 percent or more in comparison to the current fiscal year.

Disability Retirement

The requested budget for Medical Fees increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020 based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

Human Resources

An increase from \$144,000 to \$242,000 in the intern program better reflects historical

costs and anticipated needs for 2019-2020. An Employee Engagement Program survey is requested for \$40,000.

Seeking Your Support

The LACERA management team feels the proposed budget 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, while holding the increase in a reasonable amount. Therefore, we are seeking your Boards' approval of the proposed FY 2019-2020 budget.

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



Status Update

The Strategic Plan has been reformatted and aligned along the four main key objectives outlined by our CEO. The format has also been redesigned so that we can easily see where we are on each goal (In Process, Substantially Complete, or Completed) and color coded to represent how well we are doing in terms of progress on the goals (red for behind, yellow for in danger or near to being behind, and green for completed).

The goals each have current “owners” and “business partners” who are working on the goal. These assignments may change as we continue to review and re-structure our teams to meet these goals. Here is the index that shows what the different initials stand for:

Division Codes									
AS	Admin Services	BE	Benefits	CO	Communications	FA	Financial & Accounting Services	DR	Disability Retirement Services
DL	Disability Litigation	EO	Executive Office	HR	Human Resources	IA	Internal Audit	IN	Investments
LS	Legal Services	MS	Member Services	QA	Quality Assurance	RH	Retiree Healthcare	SY	Systems

Governance

Working together to improve our Board and internal governance.

1. Work with Board members to engage the NACD to provide continual Board member training and development to provide them with the tools and knowledge to continually improve their ability to provide responsible leadership for LACERA.
2. Work with the internal management and supervisory team to develop and deliver education to develop organizational leadership to transform LACERA into an innovative and best in class organization focused on delivering its mission.

Fund Sustainability

To advance LACERA's producing the promised benefits, a separate plan for 2019 addresses five inter-related objectives:

1. Execute strategic asset allocation.
 2. Enhance operational effectiveness.
 3. Optimize Investment Implementation.
 4. Maximize ownership rights and stewardship.
 5. Strengthen influence on fees and capital costs.
- Please refer to the Investments Strategic Plan

Preserving Retiree Healthcare

Preserving Retiree Healthcare by taking innovative and proactive steps to minimizing costs and improving services provided to members and survivors.

- Please refer to the Retiree Healthcare Strategic Plan

Reduce Complexity of our Organization

Continually working to make the process easier for our members and staff.

- Disability Retirement Information Integration & Enhancements

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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Process Modification	Review the application processing to identify efficiencies and begin program design stage.					
	FY 2013-14	SY	DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Data Integration: Tracker	Export data from Tracker and import the data to Workspace.					
	FY 2013-14	SY	DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Document Management	Description Not Available					
	FY 2014-15	SY	DR, AS			
Current Update	Completed					

- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Process Management	Program and move most disability processes including Disability application intake, interviews, medical appointments, etc.					
	FY 2015-16	SY	DR			
Current Update	Substantially Complete – Recently rolled out the Board Agenda process. Disability staff have the ability to print the agenda from Workspace.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board and Management Metric Reporting for Disability Processes	The development of metrics and reports to provide management and BOR critical insight to the status of disability cases. The intended goal of processing disability cases is 9-12 months.					
	FY 2016-17	SY	DR, EO			
Current Update	Substantially Complete – Workspace page provides metrics on pending completed cases. Provides aging (number of days) for pending cases. Additional reports will be developed as case tracking is implemented in Workspace.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Medical Document Portal – System	The development of a system where doctors, medical record retrieval vendors, and others can electronically submit medical reports to LACERA.					
	FY 2017-18	SY	DR			
Current Update	Not Started					

- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Medical Document Portal – Training	The development of training for staff members on how to use this and how to train outside parties to use the system.					
	FY 2017-18	SY	DR			
Current Update	Training will be provided to staff upon completing the Document Portal, and training and training materials will be provided to vendors regarding their document submissions.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Case Management	Development of a case management system that will assist DRS staff members to manage individual cases more efficiently.					
	FY 2017-18	SY	DR			
Current Update	In Process: We have reviewed our efforts to date and determined that the case management design approach will be applied to Disability as well as Benefits, thus addressing two goals at the same time. Design is expected to begin in the upcoming year.					

- Reduce Complexity of our Organization >>> Disability Appeal Process Modernization

We are leveraging our efforts and the lessons learned in the Disability Retirement process to modernize the Disability Litigation appeals process by streamlining staff processes and procedures, developing case management tools to improve resource management, process and manage Writs, and develop a new measurement structure to provide greater insight into the caseload.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Appeal Packages	Create and store Disability Appeal packages electronically.					
	FY 2016-17	SY	AS, DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
E-Board Package - Digital Appeal Cases	Deliver Disability Appeal packages to the Board electronically.					
	FY 2016-17	SY	AS, DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Planning Writ Management Process	Complete a needs assessment and develop an overview of the Writ Management Process to assist Systems in developing a Writ Management System.					
	FY 2016-17	SY	DL			
Current Update	Completed					

- Reduce Complexity of our Organization >>> Disability Appeal Process Modernization (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Writ Process Management	Create a case management process for managing the response to Writs filed to appeal Board decisions on disability cases.					
	FY 2017-18	SY	DL			
Current Update	Not Started: Pending completion of Disability Process Management. If the volume of transactions warrants an automated solution, the process management developed for the disability application process will be reused for the writ process.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Appeal Process Management	Integrate the Disability Litigation Appeal process with Workspace and the Writ Management System to allow electronic management of the process and institute metrics and reporting.					
	FY 2017-18	SY	DL			
Current Update	Not Started: Pending completion of Disability Process Management. The process management developed for the disability application process will be reused for the appeal process.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retire Legacy System: Tracker	Retire the legacy Tracker system – after all functionality has been migrated to Workspace.					
	FY 2017-18	SY	DL			
Current Update	The major features of the Disability Tracker have been implemented in Workspace. There are a few additional processes to implement. Ad hoc printing of letters needs to be implemented in Workspace and Tracker Events need to be imported into Workspace.					

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process

Through the years, LACERA introduced various tools to improve accuracy, timeliness, and reliability of our member transactions. Building upon this foundation, LACERA is designing and implementing a system to track the progress of each transaction as it undergoes triaging, assigning, calculating, quality review, and completion. Intrinsic to each “job ticket” is process-centric and member-centric data to efficiently and effectively manage work objects.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Planning	Develop a needs assessment and outline of the job ticket requirements and system.					
	FY 2013-14	SY	BE			
Current Update	Complete					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Prototyping	Create a prototype of a the job ticket system.					
	FY 2015-16	SY	BE			
Current Update	Complete					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Production	Implement the job ticket system into the production environment of Workspace.					
	FY 2015-16	SY	BE			
Current Update	Complete					

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 2.0 – Reporting	Create and generate metric and tracking reports from the Job Ticket system.					
	FY 2017-18	SY	BE			
Current Update	Substantially Complete: Initial Report completed. Benefits division reviewing for fine-tuning.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 3.0 – Case Management	Update the Job Ticket system to facilitate individual case management of work objects and member requests.					
	FY 2018-19	SY	BE			
Current Update	Not Started: Expected to start the design in the upcoming year. The design will be leveraged for use in both Benefits and Disability Case Management.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 4.0 – Audit Version	N/A					
	FY 2019-20	SY	BE			
Current Update	Scheduled for next FY.					

- Reduce Complexity of our Organization >>> LACERA.com

Our website will have an easy to use and modern look that facilitates members' ability to learn about their LACERA benefits.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
LACERA.com Redesign	Update and modernize LACERA.com. This includes a complete review of all content on the website.					
	FY 2017 – 18	SY	CO			
Current Update	<p>The Web Designer is working on the web site redesign:</p> <ul style="list-style-type: none"> • Architecture and Navigation <ul style="list-style-type: none"> ○ Finalizing and implementing navigation Accessibility Features ○ Responsive navigation models for all devices and screen sizes • Working with Communications to develop the visuals and aesthetic components • Porting the final prototype to a template compatible with the Content Management tool <p>Also working with Communications to incorporate web pages to host the new retirement university videos.</p>					

- Reduce Complexity of our Organization >>> LACERA.com:

Member Portal

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

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Beneficiary Update	Implement ability for members to add, update, or delete beneficiary information on My LACERA member portal.					
	FY 2013 - 14	SY	BE, MS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Portal Redesign	Update and modernize the My LACERA member portal.					
	FY 2016 – 17	SY	EO, CO, MS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Secure Message Center	Implement a secure message center through the My LACERA member portal so members can communicate electronically with MS and RHC.					
	FY 2016 – 17	SY	EO, CO, MS			
Current Update	Completed.					

- Reduce Complexity of our Organization >>> LACERA.com: Member Portal

(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Pension Verification	Allow members to request and print pension verification and amount in fund letters through the My LACERA member portal.					
	FY 2017 – 18	SY	BE, CO, MS			
Current Update	Completed. In addition to the Pension Verification letters, Systems also delivered the ability to generate Amount-in-Fund letters. Additional functionality is being added to allow Member Services – Outreach to print letters at the Member Service Center.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Service Credit Purchase	Allow members to submit a request to purchase service credit online through the My LACERA member portal.					
	FY 2018 – 19	SY	BE, CO, MS			
Current Update	In design phase.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Disability Application	Allow members to securely submit a Disability Application online through the My LACERA member portal.					
	FY 2018 – 19	SY	BE, CO, DR			
Current Update	In design phase.					

- Reduce Complexity of our Organization >>> LACERA.com: Member Portal
(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Retirement Election	Allow members to securely submit a Retirement Election online through the My LACERA member portal.					
	FY 2019 – 20	SY	BE, LE, MS			
Current Update	Scheduled for next FY.					

- Reduce Complexity of our Organization >>> 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Needs Assessment	Complete a needs assessment to determine what future efforts will be needed to integrate RHC operations into Workspace.					
	FY 2017 – 18	SY	RH			
Current Update	Completed.					

- Reduce Complexity of our Organization >>> Managing Member Interactions

The ability to provide world class service to our members is dependent on ensuring LACERA manages member interactions in an efficient manner, measures service levels, as well as keeping an accurate record of member interactions in the member’s file. LACERA will focus resources on expanding our ability to record and store inbound and outbound calls with members to the Benefits, Disability Retirement Services divisions. Recording calls ensures we have an accurate record of member interactions which improves service and can be leveraged to provide quality assurance and training to staff. We will also begin focusing on the development of a Member Service Center queuing system to improve our ability to forecast, budget, and allocate staffing resources and improve management of service levels in the Member Service Center.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Member Service Center Queue System – Planning	Needs assessment and planning for implementation of a queuing system in the Member Services Center					
	FY 2018 – 19	SY	MS			
Current Update	A vendor has been selected and is currently working with Systems and Member Services to complete the build out of the application which includes a queuing system and a new online appointment registration tool.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Call Recording – Benefits Division – Planning	Planning the implementation and roll out of call recording for Benefits Division Specialists.					
	FY 2019 – 20	SY	BE			
Current Update	Systems has completed the planning for the technical implementation of the call recording. Benefits staff still has to be engaged to discuss rollout of the call recording. This goal has been extended to 2019-2020.					

- Reduce Complexity of our Organization >>> Managing Member Interactions

(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Call Recording – Disability Division – Planning	Planning the implementation and roll out of call recording for Disability Division Investigators.					
	FY 2017 – 18	SY	DR			
Current Update	Systems has completed the planning for the technical implementation of the call recording. Disability staff still has to be engaged to discuss rollout of the call recording.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Replace Call Recording System	Replace current call recording software and storage.					
	FY 2018 – 19	SY	BE, DR, MS			
Current Update	In Process: 48 additional recording ports have been added, 24 have been designated for Disability staff scheduled for implementation later on this FY. Staff has started researching a total replacement solution.					

- Reduce Complexity of our Organization >>> Workspace

The information system will facilitate members service while protecting membership information. The system environment 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Replace Green Screens	Replace the mainframe green screens by importing all functionality into Workspace.					
	FY 2017 – 18	SY	BE			
Current Update	Completed. The final green screens in use were retired on June 5, 2017.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retire CICS						
	FY 2017 – 18	SY	BE			
Current Update	Completed. CICS was no longer in use as of June 5, 2017.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
COBOL Program Replacement – Planning						
	FY 2017 – 18	SY				
Current Update	Completed.					

- Reduce Complexity of our Organization >>> Workspace (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Update Retirement Estimate Program	Update the retirement estimate logic to reflect current requirements.					
	FY 2017 – 18	SY	LE, IA			
Current Update	Completed: The estimate program was updated on May 8, 2017. The program now generates estimates for Service Retirement, Death, Service Connected Disability, and Non-Service Connected Disability retirements.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Multiple Plan Streams	Updating Workspace programming to properly support members who have more than one membership stream.					
	FY 2018 – 19	BE	LE, SY			
Current Update	In Process: Plan E related plan stream eligibility rules have been incorporated into the Final Calc and Estimate programs. Safety plan stream with non-E eligibility rules have not been incorporated due to small volume and unresolved processing issues relating to contributions and interest.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Reengineer 1 st Payment – Planning	Review the first payment process to ensure the process is designed to efficiently and accurately issue the first benefit payment to members.					
	FY 2018 – 19	SY	BE, LE, QA			
Current Update	Participating in planning/design meetings.					

- Reduce Complexity of our Organization >>> 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Outreach Web Video – New Member	Develop an online video that explains the new membership process.					
	FY 2014 – 15	MS	CO, LE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Active Member Benefit Statement	Redesign and implement a new Active Member Benefit Statement.					
	FY 2017 – 18	CO	EO, LS, MS, SY			
Current Update	Communications and Systems are working together to re-design the statement. Communications has produced prototypes and is currently in the process of finalizing the data points that will be included in the statement. This involves working with BE, MS, and LS. Once that data has been defined, Systems will work with Communications to complete the programing to support the final design. This will need to be followed up with an RFP to select a vendor to print and mail the statements.					

- Reduce Complexity of our Organization >>> Member Communications
(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement Estimate Document	Redesign the Retirement Estimate and Benefits Election form to make it more informative and user friendly.					
	FY 2017 – 18	CO	EO, LS, MS, SY			
Current Update	A few prototypes have been created, but nothing has been formally initiated to begin work on this project.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement University - Course 1	Design and implement an on-line course on the Retirement Benefit Options.					
	FY 2017 – 18	CO	BE, DR, EO, LS, MS, RH, SY			
Current Update	Communications and Member Services finalized the first three segments of the course that address the top options chosen by members: Unmodified, Unmodified+Plus, and Option 4. Communications has worked with Systems to create a new webpage to house the video content and will be launching the first three courses in the early part of 2019. They are now working on finalizing the scripts and developing the remaining options: Option 1, Option 2, and Option 3.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement University - Course 2	Select the content, design, and implement the second course in our online university.					
	FY 2020 – 21	CO	BE, DR, EO, LS, MS, RH, SY			
Current Update	Not Started.					

- Reduce Complexity of our Organization >>> Member Communications
(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Member Survey	Conduct a survey of all LACERA members and survivors to assess the services and service level that LACERA is providing.					
	FY 2020– 21	EO	BE, DR, LS, MS, RH, SY			
Current Update	Scheduled for next FY.					

- Reduce Complexity of our Organization >>> Board Operations

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintaining a professional workspace. The Board's workspace should foster an aesthetic appearance while maintaining functionality and readily communicate LACERA's commitment to its membership.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Branding Entryway	Refresh and update the entry way to the Board room and include pictures of Board members so the members and public can see who is representing them.					
	FY 2017 – 18	EO	AS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Branding	Refresh and update the Board Room, including branding.					
	FY 2017 – 18	EO	AS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Speaker Timer and Signal						
	FY 2017 – 18	SY	EO, AS			
Current Update	Completed.					

Cultivate a Risk Intelligent Organization

Creating an organization that is aware of the risks and manages those risks appropriately. Compliance. Sharing of knowledge.

- 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Package Web Posting	Post all Board of Retirement and Board of Investments agendas online.					
	FY 2015-16	SY	EO, IN, LE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: BOI Back file – Implement	Archive all prior versions of BOI agendas/minutes.					
	FY 2016-17	SY	EO, IN, LE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: BOR Committee – Implement	Archive all prior versions of BOR Committee agendas/minutes.					
	FY 2016 - 17	SY	EO, IN, LE			
Current Update	Completed.					

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Disability Case Back file – Evaluate	Conduct a needs assessment of what it would take to archive all disability case back files.					
	FY 2017 - 18	SY	EO, DR, LE			
Current Update	Not Started: Expected to start the evaluation this FY.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: RFP	Issue an RFP.					
	FY 2017 - 18	SY	EO, DR, LE			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Actuary Reports	Archive all actuary reports.					
	FY 2018 - 19	SY	EO, LE			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Accounting Reports	Archive all accounting reports.					
	FY 2018 - 19	SY	EO, FA, LE			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Brochures Reports	Archive all brochures.					
	FY 2018 - 19	SY	EO, CO, LE			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Summary Plan Descriptions	Archive all Summary Plan Descriptions.					
	FY 2018 - 19	SY	EO, CO, LE			
Previous Update	Not Started.					
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Retiree Healthcare Program	Archive all Retiree Healthcare Program.					
	FY 2018 - 19	SY	EO, CO, RH, LE			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					

- Cultivate a Risk Intelligent Organization >>> Operational Compliance

LACERA continues implementing innovative and best practice quality initiatives by introducing another line-of-defense; a formalized Operational Compliance program. The Operational Compliance program is geared to nurture a culture of compliance, and provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regimens. The program's ultimate success is achieved by an organization demonstrating a culture of compliance and ethical business practices coupled with the efficient and effective integration of Operational Compliance into daily business practices.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Create Compliance Program Charter	Create a charter to define the compliance program roles, responsibilities, and approach.					
	FY 2017 – 18	LE	EX			
Current Update	Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Organizational Compliance Committee	Create a Compliance Committee that will work together to define the compliance program, draft or review compliance policies, procedures or charters, and provide oversight until a Compliance Officer is appointed.					
	FY 2017 – 18	LE	EX			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Compliance Reporting Protocols						
	FY 2017 – 18	LE	EX			
Current Update	Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director.					

- Cultivate a Risk Intelligent Organization >>> Operational Compliance
(Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Policy Governance Procedures and Training	Procedures for training on compliance principles, procedures, and values.					
	FY 2018 – 19	LE	EX			
Current Update	We have completed development of conflict of interest training. We are currently drafting the privacy training.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop and Deliver Compliance and Ethics Training	Training on compliance principles, procedures, and values.					
	FY 2018 – 19	LE	EX			
Current Update	Conflict training delivered to Investments Division.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Inventory LACERA Policies and Standardize	Develop log of all LACERA policies.					
	FY 2019 – 20	LE	ALL			
Current Update	Significant progress made in compiling existing policies; Policy on Policies developed and approved.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Conduct Best Practices Review	Confirm success in achieving compliance program objectives.					
	FY 2019 – 20	LE				
Current Update	Scheduled for next FY.					

- Cultivate a Risk Intelligent Organization >>> In-Line Quality Audit

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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Increase the In-Line Audit Ratio to 60%						
	FY 2015 – 16	QA	BE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Increase the In-Line Audit Ratio to 75%						
	FY 2016 – 17	QA	BE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Assess Program Resource Requirements						
	FY 2017 – 18	QA				
Current Update	Completed. Incorporated assessment of program into budget highlights.					

- Cultivate a Risk Intelligent Organization >>> 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Coordinated Procedures	Develop a process to coordinate the development of procedures for use by Benefits Division staff members.					
	FY 2017 – 18	BE	DR, LE, MS, QA			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Monitor and Harmonize Procedures						
	FY 2017 – 18	BE	DR, LE, MS, QA			
Current Update	The PMG continually monitors and harmonizes procedures internally and works with its business partners to ensure that DRS, MS, and QA are consulted on and apprised of new and updated procedures. The divisions work closely on this project. We have recently completed a Service Credit Matrix and completed an Agenda Audit Criteria document.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Requirements for Knowledge System	Develop a set of requirements for a Knowledge management system that can be used to share operational knowledge, procedures, and rules throughout the organization.					
	FY 2017 – 18	BE	DR, LE, MS, QA, SY			
Current Update	KMS BOR Approved on May 1, 2019					

- Cultivate a Risk Intelligent Organization >>> **Scrubbing Legacy Data**

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data in 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.

- **Scrubbing Legacy Data**

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

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
MOU Retroactive Salary Adjustments – 26,000	The County completed MOU negotiations that included retroactive salary increases. The County's payroll system could not retroactively collect contributions and assign them to the correct pay period, so Benefits had to adjust the accounts manually.					
	FY 2014 – 15	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Missing Service Credit – 1,000	A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					

- Cultivate a Risk Intelligent Organization >>> Scrubbing Legacy Data

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Missing Service Credit – 1,000	A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Back Contributions Uncollected – 1,000						
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Service Contract not Resident – 1,000	Members with a purchase on the system but no service contract set up.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Recalculate Contracts Uncompleted – 4,000						
	FY 2017 – 18	BE	MS, QA, SY			
Current Update	Completed.					

- Cultivate a Risk Intelligent Organization >>> 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 takes a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
PEPRA Implementation Needs Assessment	A review of all systems, materials, and rules to identify any remaining PEPRA implementation items that need to be completed.					
	FY 2016 – 17	EO	BE, MS, LS, QA, SY			
Current Update	<p>Staff has evaluated and implemented a majority of the PEPRA processing needs. The following processes remain:</p> <ul style="list-style-type: none"> • Annual Benefit Statements (ABS) – Active Members: The current version of the ABS has not been revised to accommodate PEPRA; the PEPRA estimate logic has not been added to the program that generates these statements and the text has not been updated to reflect PEPRA rules. This process is dependent on the completion of the ABS redesign. • Creating a PEPRA compliance payroll report that will help LACERA determine if any non-pensionable pay codes were paid out as pensionable by the Auditor-Controller. • PEPRA limits: Staff is working with the Legal Offices to obtain guidance on how periods of absence without pay impacts the Final Average Compensation period for PEPRA members. This is critical to be able to define the FAC period for comparison to PERPA pensionable pay limitations. • Returning member processes to support the Superior Court employees. • Non-Concurrent Retirement Process: Members in double plans may have different retirement eligibility rules based on each plan. These rules, currently managed manually, will be automated. <p>Communications has updated 76 Knowledge Base pages and has completed editing of 33 K-Base pages which are in the final stages of quality control review before being published. Staff have also added or updated 17 glossary terms to correspond to the PEPRA definitions.</p>					

- Cultivate a Risk Intelligent Organization >>> Implementing PEPRA
(Continued)

• Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
PEPRA Implementation Tactical Plan						
	FY 2017 – 18	EO	BE, MS, LS, QA, SY			
Current Update	<p>The 3rd phase (SCR #5845) to create new database fields to store PEPRA FAC & What-If PEPRA FAC (RCEA substitution for AWOP periods in the last 36 months for members who are retirement eligible) & an associated program to calculate the PEPRA FAC for these new fields has been completed. Met with Member Services/Benefits management on 11/21/2018 to share the work that has been done & next steps before moving this phase to production.</p> <p>Note: The PEPRA FAC functionality was delayed due to the need for the business rules to be vetted, clarified & approved by user management.</p>					

High Performance & Diversified Team

Creating and maintaining an environment where all staff members are coached and developed to be high performers. We strive to develop the tools and training to reach higher levels of performance as an effective team. Each staff member should receive continual, relevant, and timely feedback. A diverse workforce represents a greater range of knowledge, ideas, and opinions, and spurs innovative approaches to serving our members better.

- **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 Benefits, 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.

- High Performance & Diversified Team >>> Advanced CERL Education (ACE) Certification (Continued)

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop ACE Program	Develop and design the curriculum and processes of the program.					
	FY 2016 – 17	QA	EO			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Program	QA will conduct two pilot programs to solicit feedback on the program structure, content, and delivery. After the two pilot groups have completed the program a final program will be outlined and presented for approval.					
	FY 2020 – 21	QA	EE/MS			
Current Update	This goal has been extended based on the experience from completing the first pilot group. QA's first pilot was conducted with 9 selected staff over a 22-month period. Using data gathered from this pilot group the program content has been revised for the second pilot which will begin in mid-2019, consisting of 5 selected staff and is expected to last about 17 months. Once the second pilot has been completed and reviewed, we will begin the implementation.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Graduate Inaugural Class						
	FY 2020 – 21	QA	EE/MS			
Current Update	QA will begin the Pilot II program in February 2019, which will last for about the next 15 months. Once the second pilot has been completed and reviewed, we will begin the implementation. This goal has been extended to accommodate a second pilot program.					

- High Performance & Diversified Team >>> 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 Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Employee Survey – Planning	Develop an Employee Engagement program starting with an employee survey.					
	FY 2016 – 17	HR	EO			
Current Update	In Process. HR and the EO have evaluated approaches to survey staff and develop an engagement program. Staff members in HR and the EO have attended webinars and courses on employee engagement including the Disney Institute’s Disney Approach to Employee Engagement. The team has determined the best approach is to issue an RFP to select a partner to assist them with developing a program. Once change already implemented is referring to employees and staff as “staff members” to help foster the idea that we are members of LACERA as well as staff and that we should all be providing service to each other. This change is being made in new materials developed by HR. Further actions are being discussed for consideration with the new CEO.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Employee Survey – Conduct	Implement an employee survey as part of the Employee Engagement Program.					
	FY 2016 – 17	HR	EO			
Current Update	New CEO requested that initial inquiry be made on criteria for “Best Places to Work in Money Management” sponsored by Pensions & Investments.					

2019 Work Plan

Board of Investments

January 9, 2019

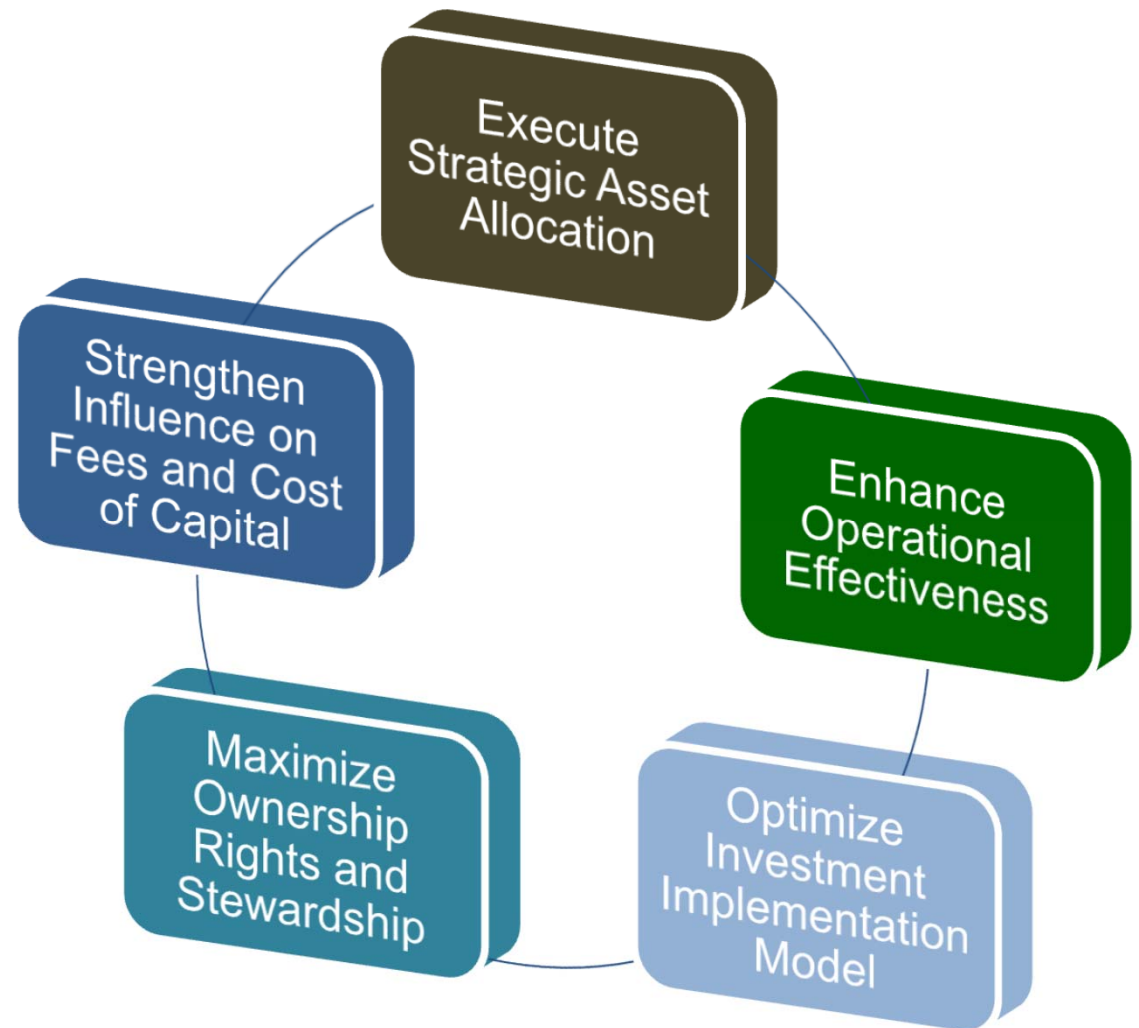
Jonathan Grabel – Chief Investment Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Fundamental Themes of 2019 Work Plan

To advance LACERA's mission, upcoming 2019 projects and agenda items address five inter-related objectives



Key Themes of Work Plan Projects and Action Items

Five themes drive upcoming agenda items

Core	1. Execute Strategic Asset Allocation	<ul style="list-style-type: none"> - Structure reviews - Consultant searches - Manager searches: Real Estate; Global Equities; Real Assets; Hedge Funds; Private Equity; Credit & Risk Mitigation - Actuarial review - Cash overlay
	2. Enhance Operational Effectiveness	<ul style="list-style-type: none"> - State Street re-onboarding - Procurement process standardization - Procedural manual development - Real estate administrator search - Securities lending RFP - Direct managed account structures - Transition manager search - Consultant self-evaluation - Unitization
Operational	3. Optimize Investment Implementation Model	<ul style="list-style-type: none"> - Feasibility study of insourcing select investment mandates - Risk system search and implementation - Unitization - Cash overlay
	4. Maximize Ownership Rights and Fund Stewardship	<ul style="list-style-type: none"> - Reaffirm <i>Corporate Governance Principles</i> and policy - Review FY2019 proxy voting results and trends - Review ESG integration progress and PRI Assessment Report - Risk system search and implementation, including ESG data - Optimize strategic relationships
	5. Strengthen Influence Over Investment Costs and Cost of Capital	<ul style="list-style-type: none"> - Risk system search to evaluate multidimensional portfolio fit - Deliberate investment structures, such as direct hedge funds, co-investment program; secondaries sale - Track and analyze fees paid, including AB2833 fee report - Assess alternative fee structures; Fee education - Securities lending RFP - Unitization - Fewer, larger investment mandates
Strategic Initiatives		

* Please note that numerous listed items are subject to Board approval



Work Plan Incorporates Board Offsite Input

The matrix below presents how the 2019 work plan's five themes correspond to topics discussed at the July 2019 board offsite

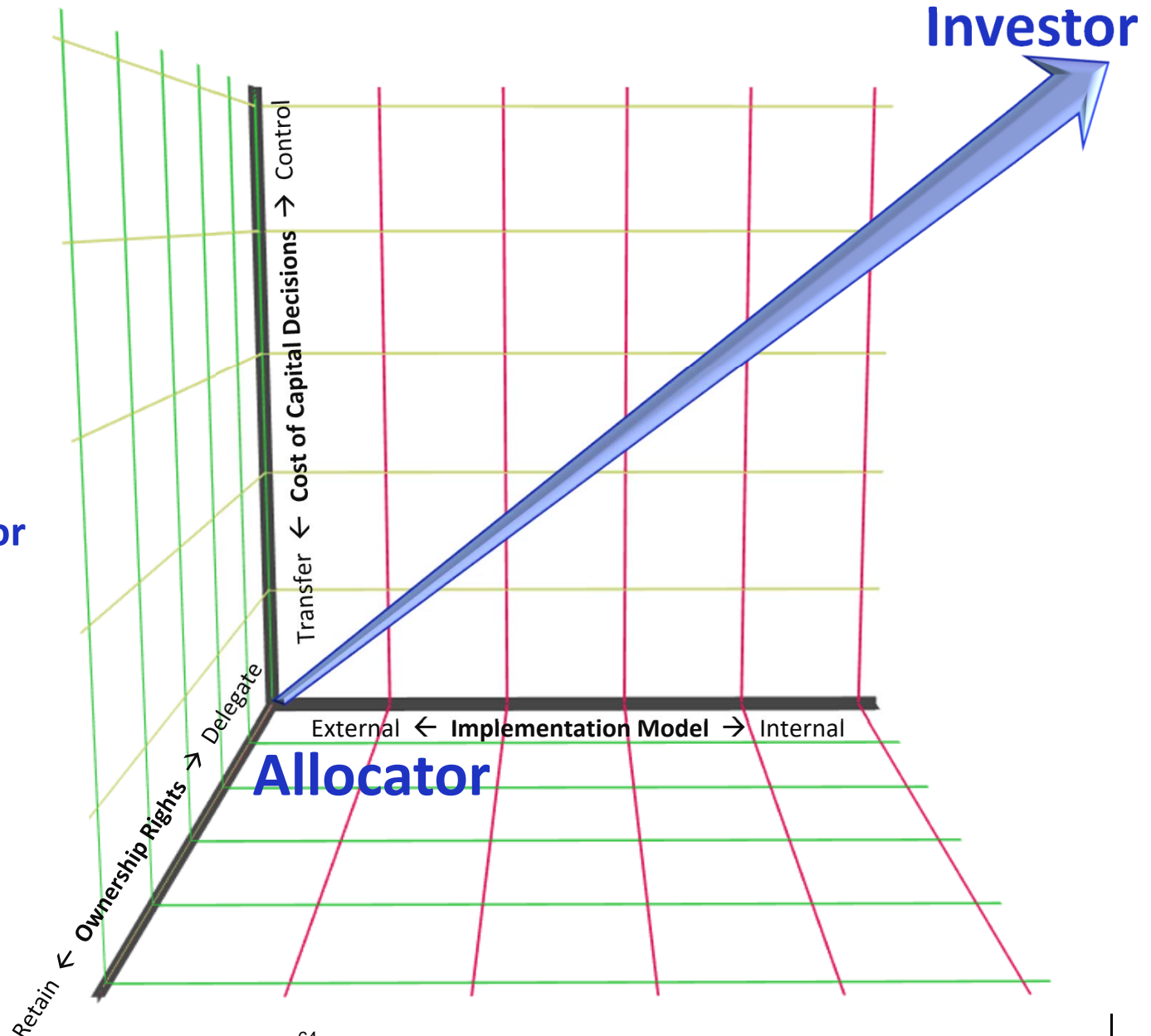
	Core	Operational	Strategic Initiatives		
	Strategic Asset Allocation	Operational Effectiveness	Investment Model	Ownership Rights	Fees and Cost of Capital
1. Seek second quartile performance <i>(will lead to long-term top quartile)</i>	✓	✓	✓	✓	✓
2. Fit in somewhat with peers	✓	✓			
3. Relatively more aggressive	✓				
4. Somewhat more tactical		✓	✓	✓	✓
5. Move somewhat faster	✓	✓	✓		✓
6. Implement asset allocation <2 years	✓	✓			
7. Slightly over half active	✓		✓		✓
8. Fewer managers; larger allocations	✓	✓		✓	✓
9. Quantitative priority	✓	✓			✓
10. Internal management		✓	✓		✓
11. Liquidity in select asset classes	✓	✓			
12. Contain % of fund size				✓	
13. ESG mid/long term benefit		✓	✓	✓	
14. Prefer performance fees	✓				✓
15. Average risk tolerance	✓	✓			

* Please see Appendix II for a copy of the Offsite live survey results



Initiatives Seek to Position LACERA for Growth

Strengthen LACERA's ability to achieve its mission by migrating from an **allocator of capital** to a **proactive, intentional investor** across multiple dimensions



Prospective 2019 Calendar

Tentative Board of Investments and Committee Meetings

	January	February	March	April	May	June	July	August	September	October	November	December
Board of Investments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Governance Committee		✓				✓				✓		
Credit and Risk Mitigation Committee			✓					✓				
Equity: Public/Private Committee	✓		✓		✓						✓	
Real Assets Committee				✓	✓				✓			

Notes:

- Each committee meets at least two times
- Additional meetings would be scheduled on an as-needed basis



Appendix I: Monthly Calendar



1st Quarter 2019 Monthly Calendar View

JANUARY 2019	
Board of Investments:	
Category	Subject
Total Fund	Actuarial Review
Total Fund	Fee Education - Meketa
Total Fund	State Street Update
Total Fund	Procurement Process I
Investment Grade Bonds	Structure Review II
Credit	Structure Review I
Real Estate	Investment Recommendation
Real Estate	Q2 2018 Performance Report
Private Equity	Investment Recommendation
Committee: Equity	
Category	Subject
Global Equity	Structure Review
Global Equity	Search – MQ's for Prospective Global Index Provider RFP

FEBRUARY 2019	
Board of Investments:	
Category	Subject
Total Fund	Performance Review I
Total Fund	Procurement Process II
Total Fund	Internal Management Report
Total Fund	Consultant RFP Recommendations
Total Fund	Offsite Planning I
OPEB	Performance Review I
Global Equity	Structure Review
Global Equity	Search – MQ's for Prospective Global Index Provider RFP
Global Equity	Investment Recommendation
Real Estate	Investment Recommendation (x2)
Private Equity	Investment Recommendation (x2)
Real Assets	Investment Recommendation
Committee: Corporate Governance	
Category	Subject
Corporate Governance	Reaffirm Corp Gov Principles
Corporate Governance	Reaffirm Corp Gov Policy

MARCH 2019	
Board of Investments:	
Category	Subject
Total Fund	Cash Overlay Search Recommendation
Total Fund	Offsite Planning II
Global Equity	Internal Management Report
Real Estate	Investment Recommendation
Private Equity	Investment Recommendation (x2)
Hedge Funds	Investment Recommendation
Corporate Governance	LACERA Member Ballot Approval
Corporate Governance	Reaffirm Corp Gov Principles
Corporate Governance	Reaffirm Corp Gov Policy
Committee: Equity, Credit and Risk Mitigation	
Category	Subject
Global Equity	Search – MQ's for Prospective Factor Based Managers RFP
Credit	Search – Prospective Syndicated Loans

* Please note that certain listed items are subject to Board approval



2nd Quarter 2019 Monthly Calendar View

APRIL 2019	
Board of Investments:	
Category	Subject
Total Fund	Procedure Manual
Total Fund	Emerging Manager Policy Review
Global Equity	Search – MQ's for Prospective Factor Based Managers RFP
Real Estate/Portfolio Analytics	Real Estate Administrator Recommendation
Private Equity	Investment Recommendation
Private Equity	Secondary Transition Update
Hedge Funds	Investment Recommendation
Credit	Education – TBD
Committee: Real Assets	
Category	Subject
Real Estate	Operating Procedures Review
Real Estate	Structure Review

MAY 2019	
Board of Investments:	
Category	Subject
Total Fund	Performance Book (report only)
Total Fund	Intern Presentations
OPEB	Performance Book (report only)
Global Equity	Investment Recommendation – Global Index Provider
Real Estate	Q4 2018 Performance Report
Real Estate	Investment Recommendation
Real Estate	Operating Procedures Review
Private Equity	Investment Recommendation
Real Assets	Education – TBD
Committee: Equity; Real Assets	
Category	Subject
Global Equity	Search – MQ's for Prospective Emerging Managers RFP
Real Assets	Investment Implementation Update
Real Assets	Preliminary Investment Structure Proposal

JUNE 2019	
Board of Investments:	
Category	Subject
Total Fund	Securities Lending RFP
Total Fund	Internal Management II
OPEB	Investment Policy Statement Update
Global Equity	Investment Interviews – Global Index Provider
Global Equity	Search – MQ's for Prospective Emerging Managers RFP
Investment Grade Bonds	Emerging Manager Recommendation
Real Estate	Structure Review
Private Equity	Investment Recommendation (x2)
Private Equity	Performance Review I
Real Assets	Investment Implementation Update
Real Assets	Preliminary Investment Structure Proposal
Hedge Funds	Performance Review I
Committee: Corporate Governance	
Category	Subject
Corporate Governance	Review & Affirm Engagement Priorities
Corporate Governance	Review ESG Integration

* Please note that certain listed items are subject to Board approval



3rd Quarter 2019 Monthly Calendar View

JULY 2019	
Board of Investments:	
Category	Subject
<i>Total Fund</i>	<i>Board Offsite</i>
Total Fund	Risk System Search Recommendation
Real Estate	Investment Recommendation
Private Equity	Investment Recommendation
Hedge Funds	Investment Recommendation
Committee:	
Category	Subject

AUGUST 2019	
Board of Investments:	
Category	Subject
Total Fund	Transition Managers Search
Total Fund	State Street Update
Total Fund	Performance Review II (Consultant)
OPEB	Performance Review II (Consultant)
Global Equity	Investment Recommendation – Factor Based Managers
Global Equity	Investment Recommendation
Private Equity	Investment Recommendation
Global Equity	Education – TBD
Committee: Credit and Risk Mitigation	
Category	Subject
Credit	Structure Review II
Credit	Operating Procedures Review
Hedge Funds	Structure Review – Emerging Manager Discussion

SEPTEMBER 2019	
Board of Investments:	
Category	Subject
Total Fund	Consultant Self Assessment - Meketa
Total Fund	Consultant Self Assessment - StepStone
Total Fund	Consultant Self Assessment - Townsend
Global Equity	Investment Interviews – Factor Based Managers
Credit	Structure Review II
Credit	Operating Procedures Review
Private Equity	Investment Recommendation
Hedge Funds	Structure Review – Emerging Manager Discussion
Corporate Governance	Various LACERA Member Ballot Approvals
Risk	Education – TBD
Committee: Real Assets	
Category	Subject
Real Assets	Structure Review

* Please note that certain listed items are subject to Board approval



4th Quarter 2019 Monthly Calendar View

OCTOBER 2019	
Board of Investments:	
Category	Subject
Total Fund	Internal Management III
Private Equity	Investment Recommendation
Private Equity	Co-Invest Program Review I
Real Assets	Structure Review
Hedge Funds	Investment Recommendation
Real Estate	Education – TBD
Committee: Corporate Governance	
Category	Subject
Corporate Governance	Review proxy voting trends and results
Corporate Governance	Report PRI Assessment

NOVEMBER 2019	
Board of Investments:	
Category	Subject
Total Fund	Performance Book (report only)
OPEB	Performance Book (report only)
Real Estate	Investment Recommendation
Private Equity	Investment Recommendation
Credit	Investment Recommendation
Private Equity	Education – TBD
Committee: Equity	
Category	Subject
Private Equity	Operating Procedures Review

DECEMBER 2019	
Board of Investments:	
Category	Subject
Total Fund	AB2833/Investment Fee Validation Review
Total Fund	Transition Managers Search Update
Total Fund	Securities Lending RFP Update
OPEB	Update on Unitization
Private Equity	Operating Procedures Review
Private Equity	Investment Recommendation
Private Equity	Performance Review II
Hedge Funds	Performance Review II
Committee:	
Category	Subject

* Please note that certain listed items are subject to Board approval



Appendix II: Offsite Strategic Plan Framework, Live Survey Results



Strategic Plan Framework



Board of Investments Offsite

July 10, 2018

Jonathan Gabel – Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Factors



Factor Relationships

Illustrative examples:

Factors relate to each other and impact how the Strategic Asset Allocation is implemented

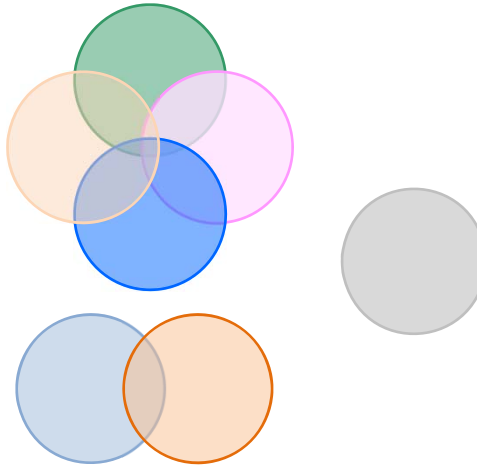


Table of Contents

- I. Mission and Strategic Plan
- II. Board Survey Discussion
- III. Survey Summary
- IV. Strategic Plan Framework – Looking Ahead



Mission and Strategic Plan

- LACERA's mission is to produce, protect, and provide the promised benefits
- The strategic plan of the investment division is to implement the strategic asset allocation in a liquidity-aware and risk-aware manner while incorporating LACERA's investment beliefs
- Implementing the strategic plan involves both:
 - Broad initiatives such as being mindful of ESG considerations
 - Defined projects such as building a Real Assets composite



Board Survey Discussion

- A 15 question survey was established to poll Board Member views on topics such as risk tolerance and implementation options
- Today's planned activities regarding the survey:
 - Review initial aggregated responses
 - Provide additional information
 - Consider the interplay between responses
 - Discuss areas of interest
 - Potentially re-vote each survey question
 - Review observations and takeaways

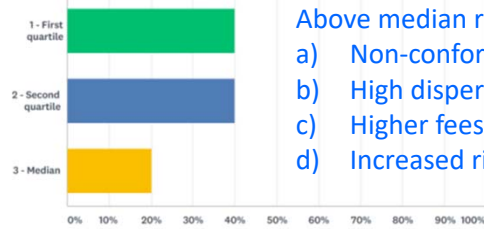


Board Survey Discussion

Q1 Should LACERA strive for median, second quartile, or first quartile investment performance? We all want LACERA to be the best it can be.

This question relates to investment performance relative to a peer universe of medium and large sized public pension plans. Seeking first quartile investment returns may increase the probability of underperforming median.

Answered: 5 Skipped: 0



Above median results often accompany:

- a) Non-conforming implementation
- b) High dispersion of outcomes
- c) Higher fees
- d) Increased risk stance

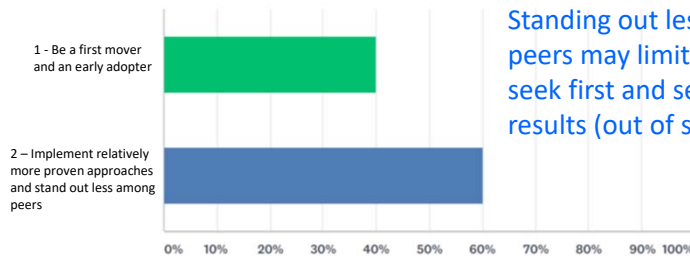
ANSWER CHOICES	RESPONSES	
1 - First quartile	40.00%	2
2 - Second quartile	40.00%	2
3 - Median	20.00%	1
TOTAL		5



Board Survey Discussion

Q2 Which of the two options below best describes the demeanor/approach that LACERA should have towards new ideas and initiatives?

Answered: 5 Skipped: 0



Standing out less among peers may limit the ability to seek first and second quartile results (out of sync with Q1).

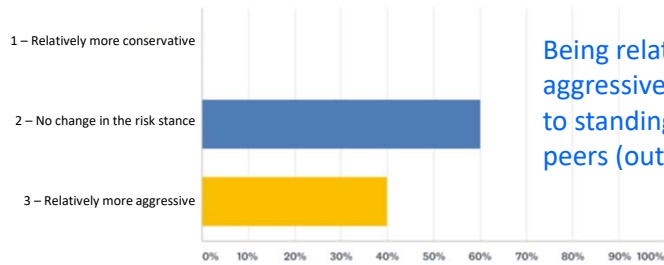
ANSWER CHOICES	RESPONSES	
1 - Be a first mover and an early adopter	40.00%	2
2 - Implement relatively more proven approaches and stand out less among peers	60.00%	3
TOTAL		5



Board Survey Discussion

Q3 Should LACERA's portfolio be relatively more conservative or aggressive than it is currently? LACERA encounters a conservative/aggressive decision in both asset allocation exercises and when deciding how to implement various asset classes or portfolios.

Answered: 5 Skipped: 0



Being relatively more aggressive is often counter to standing out less among peers (out of sync with Q2).

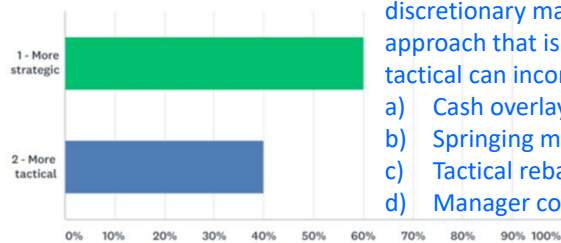
ANSWER CHOICES	RESPONSES	
1 - Relatively more conservative	0.00%	0
2 - No change in the risk stance	60.00%	3
3 - Relatively more aggressive	40.00%	2
TOTAL		5



Board Survey Discussion

Q4 Should the general investment approach be more strategic or more tactical? Strategic refers to implementing pre-designed plans while a tactical approach is more flexible. For example, the mix may be 70/30 and not completely either strategic or tactical.

Answered: 5 Skipped: 0



Tactical does not have to mean discretionary market timing. An approach that is both strategic and tactical can incorporate:

- a) Cash overlay program
- b) Springing mandates
- c) Tactical rebalancing practices
- d) Manager count considerations

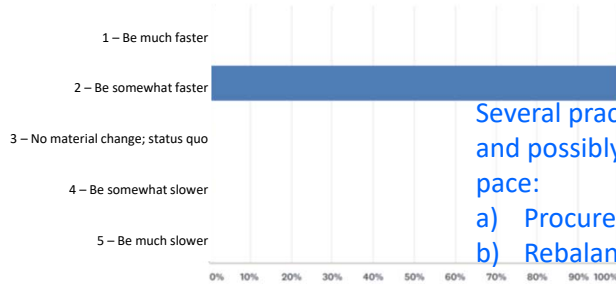
ANSWER CHOICES	RESPONSES	
1 - More strategic	60.00%	3
2 - More tactical	40.00%	2
TOTAL		5



Board Survey Discussion

Q5 Should LACERA strive to accomplish projects relatively faster or slower in the future?

Answered: 5 Skipped: 0



Several practices could be reviewed and possibly adjusted to quicken pace:

- a) Procurement (RFP, RFI, searches)
- b) Rebalancing to new targets

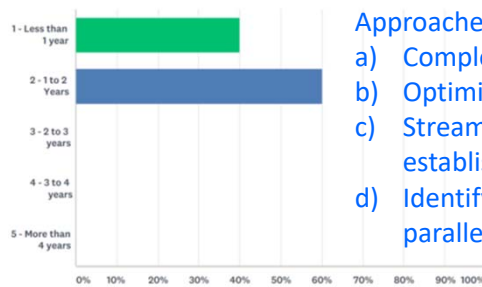
ANSWER CHOICES	RESPONSES
1 - Be much faster	0.00% 0
2 - Be somewhat faster	100.00% 5
3 - No material change; status quo	0.00% 0
4 - Be somewhat slower	0.00% 0
5 - Be much slower	0.00% 0
TOTAL	5



Board Survey Discussion

Q6 How long should LACERA take to implement a new asset category or substantial (overhaul) changes to an existing asset category?

Answered: 5 Skipped: 0



Approaches to consider:

- a) Completion portfolios
- b) Optimize procurement
- c) Streamlined practices for established mandates
- d) Identify ways to work in parallel instead of in sequence

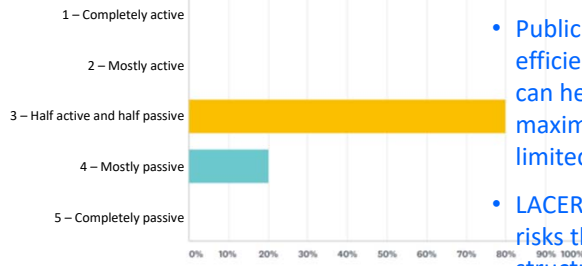
ANSWER CHOICES	RESPONSES
1 - Less than 1 year	40.00% 2
2 - 1 to 2 Years	60.00% 3
3 - 2 to 3 years	0.00% 0
4 - 3 to 4 years	0.00% 0
5 - More than 4 years	0.00% 0
TOTAL	5



Board Survey Discussion

Q7 For public equity markets, where passive options are widely available, to what degree should implementation be concentrated on passive strategies?

Answered: 5 Skipped: 0



- LACERA's Public Equity Composite is currently approximately 70% passive.
- Public equity markets are highly efficient. A risk budgeting exercise can help LACERA assess how to maximize expected benefit from limited active risks.
- LACERA can price and evaluate active risks through appropriate fee structures.

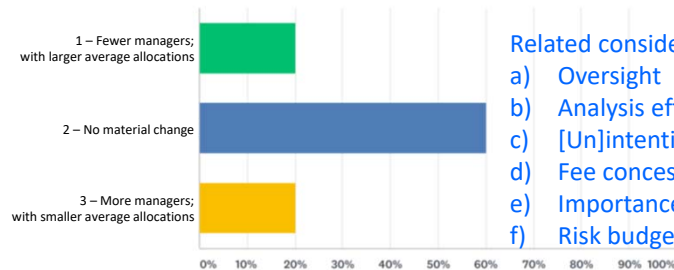


Board Survey Discussion

Q8 Should LACERA aim to have more or fewer investment managers in the future? Currently, LACERA allocates to 250+ external investment managers.

Answered: 5 Skipped: 0

LACERA invests in approximately 584 externally managed funds.



Related considerations:

- Oversight
- Analysis efforts
- [Un]intentional allocations
- Fee concessions for size
- Importance of a Total Fund view
- Risk budgeting



Board Survey Discussion

- Excerpt from the “Bridging the Gap” presentation, LACERA’s BOI Offsite, February 1, 2018:

All dollars in millions

Type of Equity Mandate	Mandate Size	% of portfolio in AAPL	Dollars invested in AAPL	Gain/Loss if AAPL appreciates 10%
Index Fund	\$10,000	3%	\$300	\$30.0
Active Manager 1	\$200	5%	\$10	\$1.0
Active Manager 2	\$200	1%	\$2	\$0.2
Long/Short Manager 1	\$50	-2%	-\$1	-\$0.1
Long/Short Manager 2	\$50	2%	\$1	\$0.1
Total	\$10,500		\$312	\$31.2

- Decreasing manager count may benefit the understanding of cross-currents in the portfolio and improve the Total Fund perspective

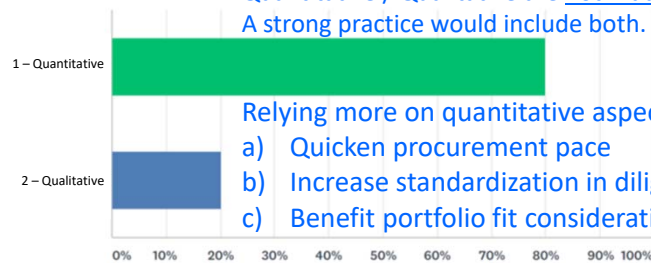


Board Survey Discussion

Q9 Should LACERA place a higher priority on either quantitative or qualitative aspects of investment manager diligence?

Answered: 5 Skipped: 0

Quantitative / Qualitative are not mutually exclusive.
A strong practice would include both.



Relying more on quantitative aspects can:

- Quicken procurement pace
- Increase standardization in diligence
- Benefit portfolio fit considerations

Enhanced (more robust) systems and analytic tools could benefit a quantitative focus.

ANSWER CHOICES

1 - Quantitative; example: performance track record, risk analytics, fit among the current portfolio
2 - Qualitative; example: people and process

RESPONSES

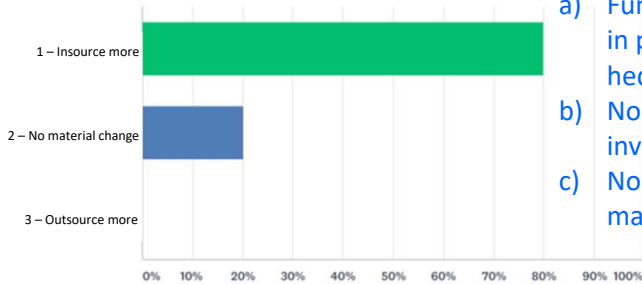
80.00%	4
20.00%	1
TOTAL	5



Board Survey Discussion

Q10 Should LACERA seek to insource or outsource more investment functions?

Answered: 5 Skipped: 0



LACERA currently:

- a) Fund of funds exist in private equity and hedge funds
- b) No direct co-investments
- c) No internal management

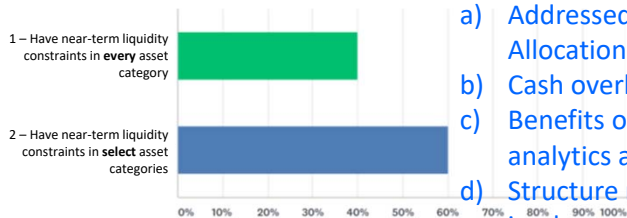
ANSWER CHOICES	RESPONSES
1 - Insource more; example: internal index funds, internal private equity fund, terminating fund of funds	80.00% 4
2 - No material change; status quo	20.00% 1
3 - Outsource more; example: allocate more to fund of funds, hire additional service providers	0.00% 0
TOTAL	5



Board Survey Discussion

Q11 Should every asset category be managed with liquidity constraints within a defined near-term period of time, for example, 3 years? LACERA has approximately \$42 billion in liquid equity, fixed income, and cash assets. This is sufficient to cover more than a decade of projected benefit payments. These three asset categories alone may be viewed as an appropriate source for all near-term liquidity.

Answered: 5 Skipped: 0



Related topics:

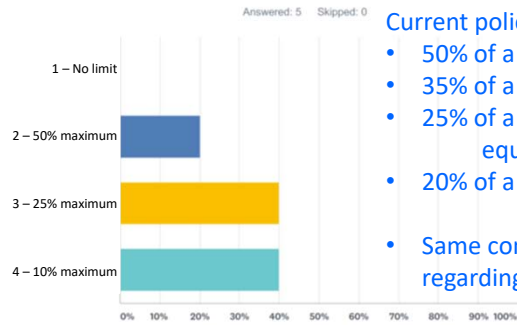
- a) Addressed through Strategic Asset Allocation
- b) Cash overlay program
- c) Benefits of enhanced portfolio analytics and reporting
- d) Structure reviews and functional implementations of asset categories

ANSWER CHOICES	RESPONSES
1 - Yes; every asset category should have near-term liquidity constraints	40.00% 2
2 - No; near term expenses can be paid from cash, public equity and fixed income allocations. Other categories need not be managed for near-term expenses.	60.00% 3
TOTAL	5



Board Survey Discussion

Q12 Should LACERA establish a threshold percentage allocation of an externally managed commingled fund beyond which we would be reluctant and/or unwilling to invest?



Current policy:

- 50% of a fund in PE
- 35% of a firm in HF
- 25% of a fund in public equity and fixed income
- 20% of a firm in RE

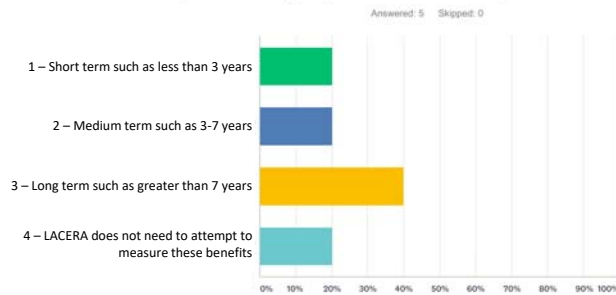
• Same considerations as Q8 regarding manager/fund count:

- a) Oversight
- b) Analysis efforts
- c) [Un]intentional allocations
- d) Fee concessions for size
- e) Importance of a Total Fund view
- f) Risk budgeting



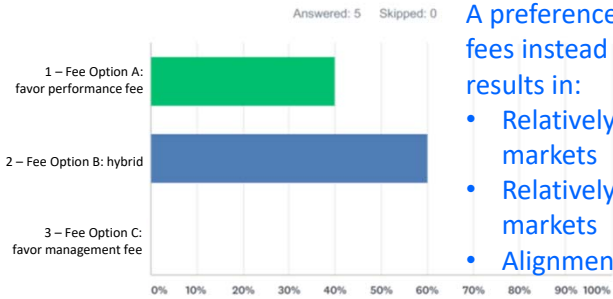
Board Survey Discussion

Q13 At what point should LACERA expect to observe a positive economic benefit (return enhancing or risk mitigating) from its ESG activity? As an asset owner, LACERA may engage public policy, companies, or managers beyond monetary investment. Select engagement may be made with an expectation of future economic benefit. This question is asking about the appropriate timeframe to expect an economic benefit.



Board Survey Discussion

Q14 Which of the below fee structures should LACERA prefer for an active private market strategy where no passive index option is available?



A preference for performance fees instead of management fees results in:

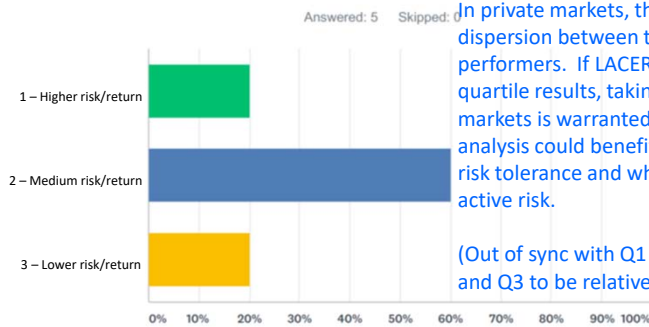
- Relatively higher fees in strong markets
- Relatively lower fees in weak markets
- Alignment of interest

ANSWER CHOICES	RESPONSES
1 - Fee Option A: 10% gross return expectation with a 0.0% management fee and a 20% performance fee; 8.0% net return expectation	40.00% 2
2 - Fee Option B: 10% gross return expectation with a 1.0% management fee and an 11% performance fee; 8.0% net return expectation	60.00% 3
3 - Fee Option C: 10% gross return expectation with a 2.0% management fee and a 0% performance fee; 8.0% net return expectation	0.00% 0
TOTAL	5



Board Survey Discussion

Q15 Which of the below Funds should LACERA prefer for an active private market strategy where no passive index option is available?



In private markets, there is wide dispersion between top and poor performers. If LACERA seeks 1st/2nd quartile results, taking risk in private markets is warranted. A risk budgeting analysis could benefit decisions regarding risk tolerance and where to take higher active risk.

(Out of sync with Q1 to be above median and Q3 to be relatively more aggressive.)

ANSWER CHOICES	RESPONSES
1 - Fund A: relatively higher risk/return, 2.0% management fee, 20% performance fee, 14% net expected return	20.00% 1
2 - Fund B: medium risk/return, 1.5% management fee, 10% performance fee, 10% net expected return	60.00% 3
3 - Fund C: relatively lower risk/return, 1.0% management fee, 0% performance fee, 7% net expected return	20.00% 1
TOTAL	5



Survey Summary

Synopsis

1. Seek above median
2. Fit in with peers
3. Relatively more aggressive
4. Strategic and tactical
5. Somewhat faster
6. Implementations < 2 years
7. Slightly over half passive
8. Mixed views on fund count
9. Quantitative priority
10. Insource more
11. Mixed views on liquidity
12. Constrain % of fund size
13. Unclear: measuring ESG benefit
14. Prefer performance fees
15. Average risk tolerance



Strategic Plan Framework – Looking Ahead

Short Term

Completion portfolios
Rebalancing / cash overlay program
Update governance documents

Medium Term

Review procurement practices
Dedicated managed accounts
Springing mandates

|----- Implement strategic asset allocation -----|

Long Term

Enhanced portfolio analytics
Risk budgeting
Alternative fee constructs

|----- In-source discussions -----|

|----- ESG benefit measurement -----|



Survey Summary

Synopsis - Santa Monica Offsite Vote

1. Seek second quartile
2. Fit in somewhat with peers
3. Mostly no change in risk stance
4. Somewhat more tactical
5. Somewhat faster
6. Implementations 1-2 years
7. One vote leaning more active vs passive
8. Fewer managers with larger average allocations
9. Quantitative priority
10. Insource more
11. Near-term liquidity only in select asset categories
12. Constrain % of fund size; Half of votes at 50% maximum
13. Yes, measure ESG benefit; Medium to long term
14. Prefer performance fees
15. Average risk tolerance



STRATEGIC PLAN

RETIREE HEALTHCARE PROGRAM

Yesterday, Today, Tomorrow

FISCAL YEARS ENDING 2018-2020



L/CERA

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.

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.

LACERA.com

GOAL	IMPLEMENTATION DATE
Retiree Wellness Program web video	FY 2016-2017
RHC Enrollment web video	FY 2018-2019
Medicare 101 web video	FY 2018-2019
RHC members' electronic submission of enrollment	FY 2019-2020

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 2019-2020
Automate monthly premium reconciliation process	FY 2019-2020
Electronic submission to carriers	FY 2019-2020

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
Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website	FY 2016-2017
<i>Implement new seminar for members becoming Medicare eligible*</i>	FY 2019-2020
Develop Medicare 101 Packet	FY 2018-2019
Administrative Guideline Update	FY 2016-2017

*Partnership with Member Services Division

Financial & 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
Dependent database audit RFP	FY 2018-2019
RHC Consultant RFP	FY 2016-2017
LTC Implementation	FY 2016-2017
RHC Operating Information	FY 2016-2017
Dependent database audit completion	FY 2019-2020

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, SCAN and United Healthcare). The staff assigned to this Section are responsible for researching and updating discrepancies found between member's accounts 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 members and beneficiaries. The staff are 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 correspondence regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year. In addition, the Audits Section is responsible in checking the enrollment forms for accuracy.

GOAL	IMPLEMENTATION DATE
Medicare Certification project	FY 2019-2020
Automation of Medicare Part B retrievals	FY 2018-2019

Call Center Section

The Retiree Healthcare Call Center is the first interface in which our staff interact with members. Call Center Specialists are responsible for answering member inquiries pertaining to their Medical and Dental/Vision enrollment, eligibility issues, premium payments in addition to assisting members and their eligible dependents in selecting an appropriate Medical and/or Dental/Vision plan that suits their needs.

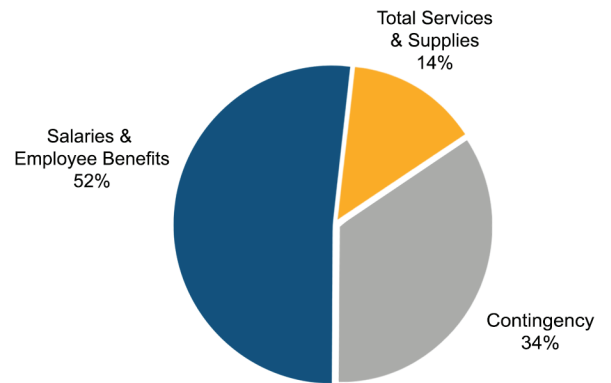
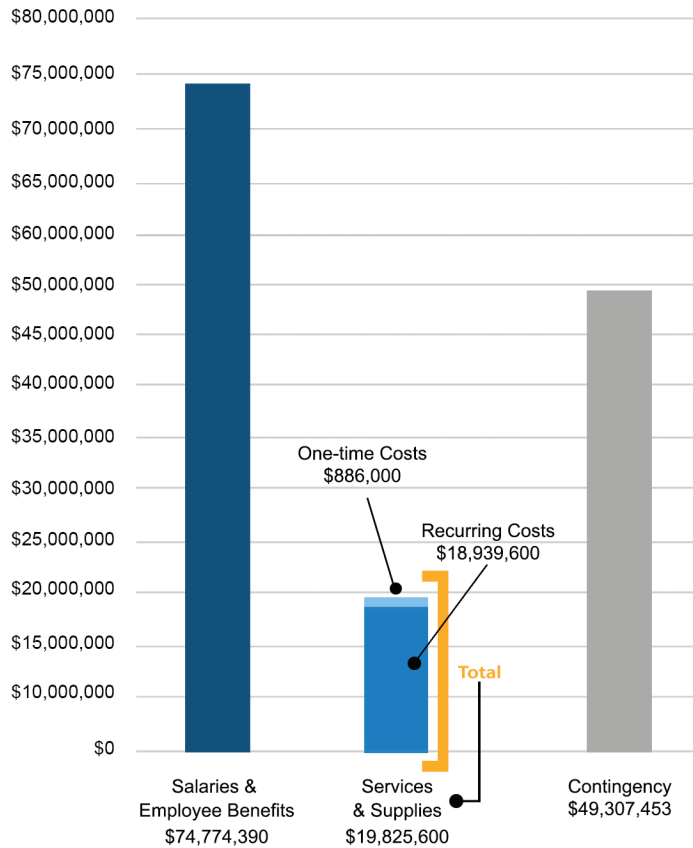
To ensure our Call Center staff are well versed in all LACERA Administered plans, our specialists receive “in-house” training for approximately six weeks. This training is in addition to the Core Benefits training that is offered by the Quality Assurance Division.

To provide excellent customer service to our members, one of Retiree Healthcare’s goals this fiscal year is to have an independent toll free line dedicated to the RHC division.

GOAL	IMPLEMENTATION DATE
RHC- New toll free number	FY 2018-2019

TOTAL BUDGET REQUEST CATEGORY SUMMARY

Fiscal Year 2019-2020



	CURRENT YEAR 2018 - 2019				COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
	PROPOSED BUDGET 2019-2020	BUDGET	YTD (02-28-19)	PROJECTION	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$74,774,390	\$69,082,496	\$39,401,265	\$65,662,894	\$9,111,496	13.9%	\$5,691,894	8.2%
RECURRING SERVICES & SUPPLIES	\$18,939,600	\$18,339,740	\$8,786,144	\$17,017,642	\$1,921,958	11.3%	\$599,860	3.3%
+ One-time costs	\$886,000	\$1,200,000	\$59,481	\$1,100,000	(\$214,000)	-19.5%	(\$314,000)	-26.2%
TOTAL SERVICES & SUPPLIES	\$19,825,600	\$19,539,740	\$8,845,625	\$18,117,642	\$1,707,958	9.4%	\$285,860	1.5%
GRAND TOTAL	\$94,599,990	\$88,622,236	\$48,246,890	\$83,780,537	\$10,819,453	12.9%	\$5,977,754	6.7%
CONTINGENCY	\$49,307,453	\$48,530,451	\$0	\$0	\$49,307,453	0.0%	\$777,002	1.6%

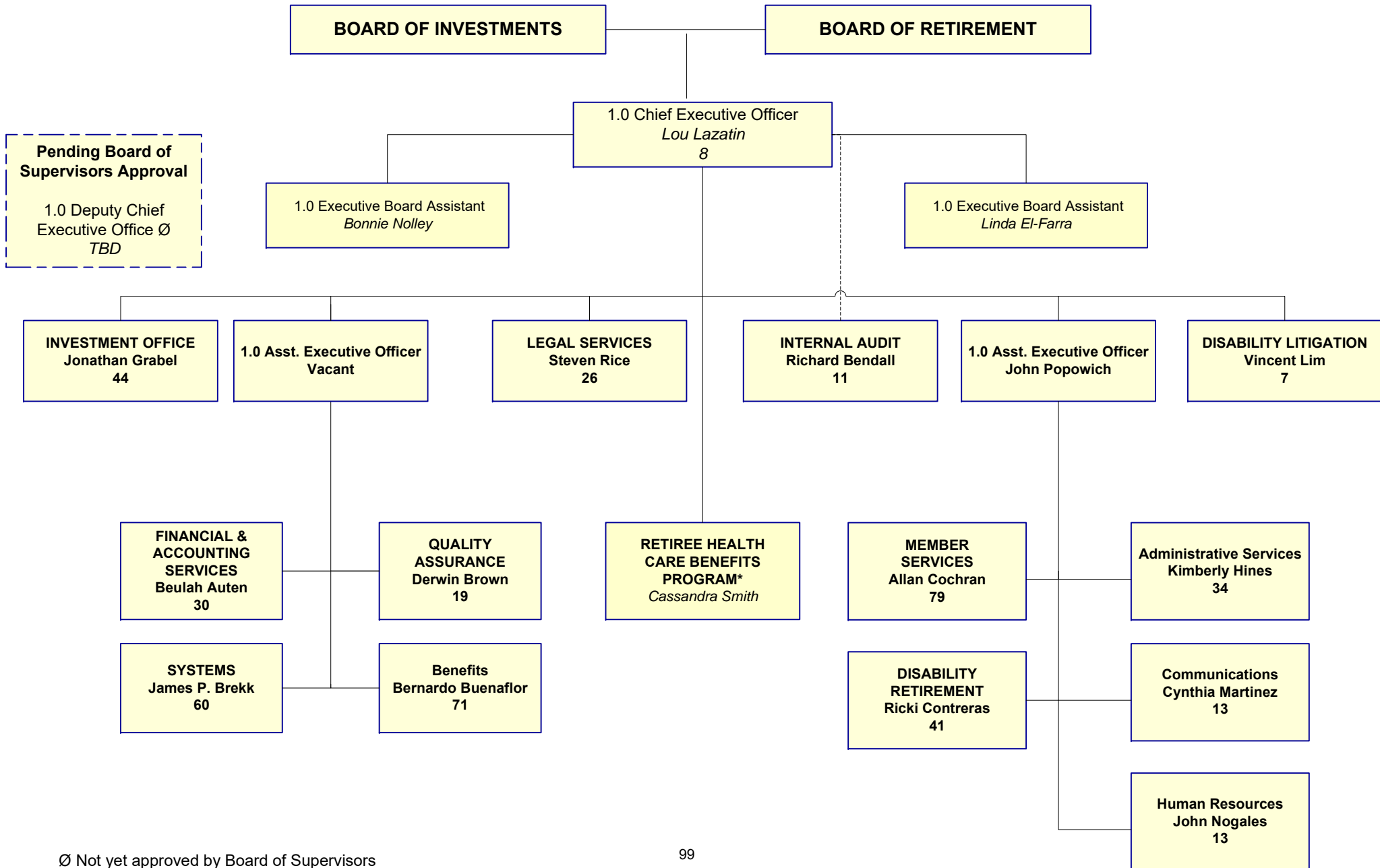
LACERA
FISCAL YEAR 2019-2020
FINAL OVERALL REQUEST
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		2 0 1 8 - 2 0 1 9			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	YTD (02-28-19)	PROJECTION				
Administrative Services	\$7,820,552	\$7,794,575	\$4,565,278	\$7,553,720	\$266,832	3.5%	\$25,977	0.3%
Benefits	10,566,377	9,389,474	5,408,269	9,182,053	1,384,324	15.1%	1,176,903	12.5%
Board of Retirement	228,900	228,900	99,844	172,700	56,200	32.5%	0	0.0%
Board of Investments	337,500	305,500	225,047	321,500	16,000	5.0%	32,000	10.5%
Communications	2,457,549	2,319,221	1,304,940	2,027,600	429,949	21.2%	138,328	6.0%
Disability Litigation	1,988,281	2,121,196	1,120,656	1,874,130	114,151	6.1%	(132,915)	-6.3%
Disability Retirement	8,707,507	8,184,799	4,294,257	7,637,134	1,070,373	14.0%	522,708	6.4%
Executive Office	2,558,560	2,384,146	1,326,699	2,134,042	424,518	19.9%	174,414	7.3%
Financial & Accounting Services	4,529,440	4,143,112	2,402,233	3,940,900	588,540	14.9%	386,328	9.3%
Human Resources	3,974,474	3,984,856	1,974,258	3,660,500	313,974	8.6%	(10,382)	-0.3%
Internal Audit	2,390,584	2,442,622	1,111,449	2,174,350	216,234	9.9%	(52,038)	-2.1%
Investment Office	12,926,234	12,052,212	6,857,347	11,598,100	1,328,134	11.5%	874,022	7.3%
Legal Services	6,436,423	6,010,317	3,674,439	5,900,950	535,473	9.1%	426,106	7.1%
Member Services	9,014,633	8,737,596	4,655,726	7,892,400	1,122,233	14.2%	277,037	3.2%
Quality Assurance	3,327,189	3,167,222	1,537,133	2,709,958	617,231	22.8%	159,967	5.1%
Systems	17,335,787	15,356,487	7,689,316	15,000,500	2,335,287	15.6%	1,979,300	12.9%
GRAND TOTAL	\$94,599,990	\$88,622,236	\$48,246,890	\$83,780,537	\$10,819,453	12.9%	\$5,977,754	6.7%

*All amounts rounded to the nearest dollar.

EXECUTIVE OFFICE

FISCAL YEAR 2019-2020



LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2 0 1 8 - 2 0 1 9			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Gross Salaries	\$43,949,835	\$45,287,240	\$23,733,818	\$39,444,200	\$4,505,635	11.4%	(\$1,337,405)	-3.0%
Salary Differential	0	\$ (3,652,640)	-	-	-	-	-	-
Permanent Salaries	\$43,949,835	\$41,634,600	\$23,733,818	\$39,444,200	\$4,505,635	11.4%	\$2,315,235	5.6%
Outside Agency Temporary Staffing	3,318,600	1,895,909	1,753,813	2,439,800	1,215,800	36.0%	1,422,691	75.0%
LACERA Intern Program	144,000	242,000	3,986	50,000	94,000	100.0%	(98,000)	100.0%
Variable Benefits								
Retirement	8,140,238	7,350,774	4,191,827	6,950,800	1,189,438	17.1%	789,464	10.7%
FICA Contribution	700,698	668,065	380,779	631,100	69,598	11.0%	32,633	4.9%
County Subsidy - Insurance	2,382,392	2,204,846	1,092,011	1,867,900	514,492	27.5%	177,546	8.1%
Options Plan	4,099,576	3,764,040	2,183,090	3,575,200	524,376	14.7%	335,536	8.9%
Life Insurance	19,368	20,940	9,947	17,808	1,560	8.8%	(1,572)	-7.5%
Health Insurance Temps	205,164	286,331	27,714	115,700	89,464	77.3%	(81,167)	-28.3%
Flexible Benefit Plan	71,384	78,048	33,286	60,300	11,084	18.4%	(6,664)	-8.5%
Thrift Plan/Horizons	1,419,490	1,307,318	680,334	1,176,900	242,590	20.6%	112,172	8.6%
Savings Plan	1,005,787	1,000,662	509,021	867,800	137,987	15.9%	5,125	0.5%
Pension Savings Plan	17,530	25,834	4,698	12,600	4,930	39.1%	(8,304)	-32.1%
Megaflex	4,255,973	4,030,260	2,410,146	3,682,900	573,073	15.6%	225,713	5.6%
Total	22,317,598	20,737,117	11,522,854	18,959,008	3,358,590	17.7%	1,580,481	7.6%
Other Benefits	3,204,000	3,131,002	1,390,872	3,115,900	88,100	2.8%	72,998	2.3%
OPEB Contribution	951,757	692,576	361,204	688,800	262,957	38.2%	259,181	37.4%
Stipends	65,000	65,000	38,441	60,000	5,000	8.3%	0	0.0%
Overtime	612,100	594,994	532,040	821,800	(209,700)	-25.5%	17,106	2.9%
Bilingual Bonus	24,000	24,000	10,350	20,100	3,900	19.4%	0	0.0%
Reserves for Remuneration	0	0	0	0	0	0.0%	0	0.0%
Sickleave Buyback	66,500	58,100	53,888	63,286	3,214	5.1%	8,400	14.5%
Rideshare Allowance	121,000	0	0	0	121,000	100.0%	121,000	100.0%
Transportation Allowance	0	7,200	0	0	0	100.0%	(7,200)	-100.0%
S&EB TOTAL	\$74,774,390	\$69,082,496	\$39,401,265	\$65,662,894	\$9,111,496	13.9%	\$5,691,894	8.2%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-19)	PROJECTION				
Administrative Services	\$3,481,752	\$3,428,195	\$2,015,700	\$3,376,900	\$104,852	3.1%	\$53,557	1.6%
Benefits	10,482,377	9,307,224	5,378,983	9,125,253	1,357,124	14.9%	1,175,153	12.6%
Communications	1,459,349	1,293,171	747,281	1,176,200	283,149	24.1%	166,178	12.9%
Disability Litigation	1,902,981	2,040,546	1,086,593	1,814,600	88,381	4.9%	(137,565)	-6.7%
Disability Retirement	6,197,007	5,884,599	3,250,694	5,463,934	733,073	13.4%	312,408	5.3%
Executive Office	1,861,060	1,751,696	1,067,743	1,647,400	213,660	13.0%	109,364	6.2%
Financial & Accounting Services	4,223,840	3,789,612	2,282,058	3,668,900	554,940	15.1%	434,228	11.5%
Human Resources	2,439,274	2,469,656	1,384,914	2,285,000	154,274	6.8%	(30,382)	-1.2%
Internal Audit	1,851,084	1,855,122	915,338	1,696,500	246,651	9.1%	(4,038)	-0.2%
Investment Office	12,361,834	11,487,512	6,680,605	11,121,600	1,240,234	11.2%	874,322	7.6%
Legal Services	5,385,123	4,928,167	2,769,382	4,648,400	736,723	15.8%	456,956	9.3%
Member Services	8,919,633	8,630,096	4,609,393	7,807,000	1,112,633	14.3%	289,537	3.4%
Quality Assurance	3,177,189	3,024,222	1,509,811	2,588,108	589,081	22.8%	152,967	5.1%
Systems Division	11,031,887	9,192,677	5,702,771	9,243,100	1,788,787	19.4%	1,839,210	20.0%
S&EB TOTAL	\$74,774,390	\$69,082,496	\$39,401,265	\$65,662,894	\$9,111,497	13.9%	\$5,691,894	8.2%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL AGENCY TEMPORARY STAFFING
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2 0 1 8 - 2 0 1 9			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Administrative Services	\$54,000	\$114,000	\$45,969	\$110,000	(\$56,000)	-50.9%	(\$60,000)	-52.6%
Benefits	809,700	0	66,162	68,600	741,100	1080.3%	809,700	100.0%
Communications	47,800	102,500	18,315	37,200	10,600	28.5%	(54,700)	-53.4%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	36,000	42,009	43,837	50,000	(14,000)	-28.0%	(6,009)	-14.3%
Executive Office	0	0	0	0	0	0.0%	0	0.0%
Financial & Accounting Services	424,200	296,300	264,865	403,200	21,000	5.2%	127,900	43.2%
Human Resources	26,200	101,100	67,590	101,000	(74,800)	-74.1%	(74,900)	-74.1%
Internal Audit	0	0	8,346	16,900	(16,900)	0.0%	0	0.0%
Investment Office	0	0	0	0	0	0.0%	0	0.0%
Legal Services	60,000	118,700	57,106	110,900	(50,900)	0.0%	(58,700)	-49.5%
Member Services	160,700	129,300	95,881	129,300	31,400	24.3%	31,400	24.3%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	1,700,000	992,000	1,085,743	1,412,700	287,300	20.3%	708,000	71.4%
TOTAL	\$3,318,600	\$1,895,909	\$1,753,813	\$2,439,800	\$878,800	36.0%	\$1,422,691	75.0%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2017		FYE 2018		FYE 2019		FYE 2020
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$151,600	\$125,800	\$122,500	\$264,100	\$114,000	\$110,000	\$54,000
Benefits	35,000	42,460	24,400	41,200	0	68,600	809,700
Communications	67,500	0	143,300	23,200	102,500	37,200	47,800
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	28,400	0	104,200	23,200	42,009	50,000	36,000
Executive Office	0	0	0	0	0	0	0
Financial Services	75,200	48,207	143,200	386,800	296,300	403,200	424,200
Human Resources	0	38,702	39,200	83,731	101,100	101,000	26,200
Internal Audit	0	0	26,100	16,450	0	16,900	0
Investment Office	30,000	33,590	35,000	34,500	0	0	0
Legal Services	42,200	16,347	68,000	43,113	118,700	110,900	60,000
Member Services	142,000	105,603	75,100	122,000	129,300	129,300	160,700
Quality Assurance	0	0	0	0	0	0	0
Systems	1,927,000	1,163,864	1,527,000	1,193,950	992,000	1,412,700	1,700,000
GRAND TOTAL	\$2,498,900	\$1,574,573	\$2,308,000	\$2,232,244	\$1,895,909	\$2,439,800	\$3,318,600

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL OVERTIME REQUEST
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Administrative Services	\$31,500	\$28,007	\$14,832	\$28,000	\$3,500	12.5%	\$3,493	12.5%
Benefits	197,800	191,075	213,332	338,800	(141,000)	-41.6%	6,725	3.5%
Communications	3,000	3,600	720	1,800	1,200	66.7%	(600)	-16.7%
Disability Litigation	0	0	3	0	0	0.0%	0	0.0%
Disability Retirement	12,400	11,972	13,437	16,000	(3,600)	-22.5%	428	3.6%
Executive Office	3,000	6,376	37,528	40,000	(37,000)	-92.5%	(3,376)	-52.9%
Financial & Accounting Services	74,300	63,720	38,200	63,500	10,800	17.0%	10,580	16.6%
Human Resources	1,500	1,403	349	1,200	300	25.0%	97	6.9%
Internal Audit	3,000	3,327	54	500	2,500	500.0%	(327)	-9.8%
Investment Office	0	2,000	138	500	(500)	-100.0%	(2,000)	0.0%
Legal Services	35,000	36,144	3,989	6,500	28,500	438.5%	(1,144)	-3.2%
Member Services	119,500	115,400	128,758	194,100	(74,600)	-38.4%	4,100	3.6%
Quality Assurance	1,000	1,871	2,039	900	100	11.1%	(871)	-46.5%
Systems Division	130,100	130,100	78,662	130,000	100	0.1%	0	0.0%
TOTAL	\$612,100	\$594,994	\$532,040	\$821,800	(\$209,700)	-25.5%	\$17,106	2.9%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL OVERTIME
HISTORY OF EXPENDITURES

DIVISION	FYE 2017		FYE 2018		FYE 2019		FYE 2020
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$21,504	\$20,000	\$20,200	\$33,500	\$28,007	\$28,000	\$31,500
Benefits	165,200	172,500	175,400	228,500	191,075	338,800	197,800
Communications	2,376	4,700	6,900	6,000	3,600	1,800	3,000
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	21,376	8,700	14,000	8,900	11,972	16,000	12,400
Executive Office	2,280	2,000	3,100	45,600	6,376	40,000	3,000
Financial Services	52,084	45,000	52,900	45,000	63,720	63,500	74,300
Human Resources	3,093	1,300	6,200	3,050	1,403	1,200	1,500
Internal Audit	2,000	1,900	2,000	1,000	3,327	500	3,000
Investment Office	0	1,400	0	2,500	2,000	500	0
Legal Services	12,118	35,000	35,000	2,350	36,144	6,500	35,000
Member Services	108,684	157,600	115,400	214,100	115,400	194,100	119,500
Quality Assurance	3,950	2,000	1,000	1,100	1,871	900	1,000
Systems	130,010	102,700	130,100	199,150	130,100	130,000	130,100
GRAND TOTAL	\$524,675	\$554,800	\$562,200	\$790,750	\$594,995	\$821,800	\$612,100

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL BILINGUAL BONUS
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Benefits Division	\$2,400	\$2,400	\$450	\$1,200	\$1,200	100.0%	\$0	0.0%
Member Services Division	21,600	21,600	9,900	18,900	2,700	14.3%	0	0.0%
TOTAL	\$24,000	\$24,000	\$10,350	\$20,100	\$3,900	19.4%	\$0	0.0%

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL BUDGETED POSITIONS CHANGES

DIVISION		POSITION TITLE	SALARY	VARIABLE BENEFITS	TOTAL SALARY & EMPLOYEE BENEFIT CHANGES
Administrative Services	1.00	Supervising Administrative Assistant II	\$42,800	\$21,734	\$64,533
	1.00		42,800	21,734	64,533
Benefits	1.00	Retirement Benefits Specialist II	53,583	27,209	80,793
	1.00		53,583	27,209	80,793
Disability Retirement	1.00	Staff Assistant II	57,984	29,444	87,428
	1.00		57,984	29,444	87,428
Financial & Accounting Services	1.00	Accounting Officer II	61,714	31,338	93,052
	1.00		61,714	31,338	93,052
Investment Office	3.00	Finance Analyst III	241,540	122,653	364,193
	3.00		241,540	122,653	364,193
Legal Services	1.00	Director of Compliance	80,513	40,884	121,398
	1.00	Staff Counsel	60,288	30,614	90,902
	1.00	Legal Analyst	35,927	18,244	54,171
	3.00		176,729	89,742	266,471
Member Services	2.00	Retirement Benefits Specialist III	63,996	32,497	96,493
	2.00		63,996	32,497	96,493

LACERA

FISCAL YEAR 2019-2020

FINAL BUDGETED POSITIONS CHANGES

DIVISION		POSITION TITLE	SALARY	VARIABLE BENEFITS	TOTAL SALARY & EMPLOYEE BENEFIT CHANGES
Quality Assurance	(1.00)	Internal Auditor	(99,735)	(50,645)	(150,381)
	1.00	Senior Quality Auditor	99,735	50,645	150,381
	1.00	Staff Assistant II	28,992	14,722	43,714
	1.00		28,992	14,722	43,714
Systems	1.00	Chief Technology Officer	60,288	30,614	90,903
	4.00	Info. Tech. Specialist II	272,821	138,538	411,359
	4.00	Info. Tech. Specialist I	224,329	113,913	338,242
	1.00	Retirement Systems Specialist	55,998	28,436	84,434
	(1.00)	Data Sys. Supervisor I	(48,776)	(24,768)	(73,545)
	(7.00)	Data Sys. Coordinator	(341,433)	(173,379)	(514,812)
	(1.00)	EDP Senior Programmer Analyst	(44,303)	(22,497)	(66,800)
	(1.00)	Web Designer	(38,971)	(19,789)	(58,760)
	0.00		139,953	71,068	211,021
Net Amount of Position Changes	13.00	Amount Requested	\$867,290	\$440,408	\$1,307,698

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

		BUD POS	SCH.	MONTHLY RATE	AMOUNT
00415A	Accountant	16	90K	97,772.92	1,143,779.04
00417A	Accounting Officer I	1	99F	6,925.46	83,105.52
00418A	Accounting Officer II	2	103B	15,375.37	163,933.17
00413A	Accounting Technician I	2	82D	10,091.28	121,095.36
00419A	Administrative Services Analyst I	2	82B	8,205.37	75,175.14
00420A	Administrative Services Analyst II	4	91F	24,681.58	296,178.96
00421A	Administrative Services Analyst III	2	95F	11,460.38	137,524.56
00410A	Administrative Services Officer	2	LS9	16,176.60	145,589.40
00799A	Assistant Chief Financial Officer	1	LS10	12,585.60	151,027.20
00437A	Assistant Director, Human Resources	1	LS10	11,685.24	140,222.88
00792A	Assistant Executive Officer (UC)	1	LS16	17,508.60	210,103.20
00792A	Assistant Executive Officer (UC)	1	LS16	13,418.88	80,513.28
00781A	Assistant Information Systems Manager	3	LS12	41,846.14	381,576.84
00794A	Chief, Communications	1	LS10	11,685.24	140,222.88
09216A	Chief Counsel	1	LS19	25,231.75	302,781.00
09215A	Chief Counsel, Disability Litigation	1	LS18	22,114.37	265,372.44
00776L	Chief Executive Officer	1	LR20	37,500.00	450,000.00
00800A	Chief Financial Officer	1	LS12	15,208.57	182,502.84
99999A	Chief Information Security Officer	1	LS12	10,048.07	60,288.42
00493A	Chief Investment Officer (UC)	1	LR28	46,419.77	557,037.24
00774A	Chief, Internal Audit	1	LS12	14,544.22	174,530.64
00780A	Chief, Quality Assurance	1	LS12	12,728.58	152,742.96
00805A	Chief, Technology Officer, LACERA	1	LS12	10,048.07	60,288.42
00779A	Creative Coordinator	2	105G	11,685.24	185,725.44
00457A	Data Systems Analyst I	3	100J	20,854.00	250,248.00
00458A	Data Systems Analyst II	8	103E	70,257.84	843,094.08
00469A	Data Systems Coordinator	15	109E	149,754.20	1,748,274.24
00459A	Data Systems Supervisor I	0	109E	-	-
00460A	Data Systems Supervisor II	4	115A	46,583.10	502,171.20
99999A	Deputy Chief Executive Officer (UC) Ø	1	LS18	15,507.19	-
99999A	Deputy Chief Investment Officer (UC) Ø	1	LR24	23,933.01	-
00425A	Director, Human Resources	1	LS12	14,117.51	169,410.12
99999A	Director of Compliance	1	LS16	13,418.88	80,513.28
01643A	Disability Retirement Specialist Supervisor	5	104H	43,258.64	476,198.76
00773A	Division Manager	4	LS12	56,364.45	676,373.40
00471A	Document Processing Assistant	11	78E	44,856.62	496,128.84
00472A	Document Processing Coordinator	2	81E	8,796.55	82,716.06
00453A	EDP Principal Programmer Analyst	1	114D	12,179.56	146,154.72
00452A	EDP Sr. Programmer Analyst	0	105K	-	-
00475A	Executive Board Assistant	2	103A	17,942.00	215,304.00
00442A	Executive Secretary	2	99J	16,419.48	197,033.76
00767A	Finance Analyst I	5	103G	43,386.50	520,638.00
00768A	Finance Analyst II	9	LR12	106,898.45	1,282,781.40
00769A	Finance Analyst III	14	LR16	226,589.57	2,155,481.46
00434A	Human Resources Analyst	4	97A	29,009.00	348,108.00
00783A	Information Systems Manager	1	LS14	17,575.39	210,904.68
00782A	Information Systems Manager I	1	114G	12,270.10	147,241.20
00803A	Information Technology Manager I	2	LS11	18,694.06	112,164.36
99999A	Information Technology Manager II Ø	1	LS12	10,048.07	-
00801A	Information Technology Specialist I	6	116G	59,263.08	355,578.48
0802A	Information Technology Specialist II	6	121J	68,205.30	409,231.80
00445A	Intermediate Typist-Clerk	3	72F	9,683.64	116,203.68

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

		BUD POS	SCH.	MONTHLY RATE	AMOUNT
00765A	Internal Auditor	0	106B	9,241.00	-
00764A	Internal Auditor	2	100J	14,866.92	139,812.12
09235A	Legal Analyst	5	98B	36,987.15	407,918.34
00795A	Legislative Affairs Officer	1	111D	10,636.09	127,633.20
00440A	Management Secretary	2	91J	12,537.82	150,453.84
00789A	Media Artist	4	97F	26,725.03	285,385.98
00461A	Messenger Driver	2	71L	6,406.66	76,879.92
00762A	Principal Internal Auditor	2	113D	20,825.10	249,901.20
00495A	Principal Investment Officer	2	LR23	66,317.18	795,806.16
00496A	Principal Investment Officer (UC)	4	LR23	109,002.24	1,308,026.88
99999A	Principal Staff Counsel Ø	2	LS17	28,850.60	-
00463A	Procurement Assistant I	0	81K	3,853.45	-
00464A	Procurement Assistant II	3	85K	15,747.12	188,965.44
02600A	Programming Systems Specialist	2	111J	20,034.74	188,413.80
00797A	Quality Auditor II	11	99A	41,888.00	987,731.04
00466A	Receptionist	1	73F	3,249.56	38,994.72
01310A	Retirement Benefits Specialist II	66	87D	330,619.93	3,913,855.92
01311A	Retirement Benefits Specialist III	46	93K	297,744.42	3,444,941.04
02644A	Retirement Systems Specialist	3	114F	33,752.48	349,031.76
00438A	Secretary	4	81B	19,045.49	205,870.26
00772A	Section Head, LACERA	7	LS9	67,820.92	813,851.04
00416A	Senior Accountant	5	95A	34,390.00	379,644.00
01632A	Senior Disability Retirement Specialist	22	100H	170,336.46	2,044,037.52
00436A	Senior Human Resources Analyst	4	101A	33,988.00	407,856.00
00435A	Senior Human Resources Assistant	2	90C	12,674.92	152,099.04
00763A	Senior Internal Auditor	5	107A	43,536.60	522,439.20
00492A	Senior Investment Officer	4	LR20	80,229.11	962,749.32
00441A	Senior Management Secretary	8	95J	55,483.80	632,110.68
00798A	Senior Quality Auditor	5	104C	45,367.00	544,407.36
01312A	Senior Retirement Benefits Specialist	20	99D	148,268.93	1,667,931.54
00439A	Senior Secretary	11	87J	55,606.46	738,429.84
09213A	Senior Staff Counsel	8	LS16	95,681.40	1,782,385.92
00446A	Senior Typist Clerk	1	76L	4,542.92	54,515.04
00784A	Senior Writer	3	103F	22,346.19	226,601.58
00426A	Staff Assistant I	2	83C	8,451.00	101,412.00
00427A	Staff Assistant II	8	90C	43,995.58	556,938.96
09212A	Staff Counsel	5	LS12	66,146.35	733,467.78
00423A	Supervising Administrative Assistant II	3	104G	24,020.55	245,446.98
01186A	Training Coordinator	1	100L	8,476.36	101,716.32
00788A	Web Designer	0	100B	-	-
00787A	Web Support Technician	1	93H	6,959.64	83,515.68
00448A	Word Processor II	4	80D	17,081.12	204,973.44
00786A	Writer II	2	93H	10,614.00	63,684.00
<hr/>					
456					\$ 43,083,105.21

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

	BUD POS	SCH.	MONTHLY RATE	AMOUNT
120-Day Retirees	1			<u>\$58,828.80</u>
Anticipated MOU Increase				<u>\$753,954.34</u>
Bonus				<u>\$53,946.37</u>
Total Permanent Net Salaries				<u><u>43,949,834.73</u></u>

Schedules are as of latest MOU 1/1/19

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19

Rep/Non-Represented positions are shown at actual salaries as of 02/28/19

[Represented positions shown in blue](#)

Ø Position not yet approved by Board of Supervisors

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2018-2019	Vacancy (as of 04/22/19)	%	Budgeted Positions 2019-2020*	Vacancy	%
Administrative Services	33	6	18%	34	7	21%
Benefits	70	4	6%	71	5	7%
Communications	13	4	31%	13	4	31%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	40	1	3%	41	2	5%
Executive Ø	8	2	25%	8	2	25%
Financial & Accounting Services	29	3	10%	30	4	13%
Human Resources	13	0	0%	13	0	0%
Internal Audit	11	1	9%	11	1	9%
Investments Ø	41	4	10%	44	7	16%
Legal Services Ø	23	3	13%	26	6	23%
Member Services	77	5	6%	79	7	9%
Quality Assurance	18	0	0%	19	1	5%
Systems Ø	60	24	40%	60	24	40%
	443	57	13%	456	70	15%

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

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

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES
SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018 - 2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Administrative Services	\$4,338,800	\$4,366,380	\$2,549,578	\$4,176,820	\$161,980	3.9%	(\$27,580)	-0.6%
Benefits	84,000	82,250	29,287	56,800	27,200	47.9%	1,750	2.1%
Board of Retirement	228,900	228,900	99,844	172,700	56,200	32.5%	0	0.0%
Board of Investment	337,500	305,500	225,047	321,500	16,001	5.0%	32,000	10.5%
Communications	998,200	1,026,050	557,659	851,400	146,800	17.2%	(27,850)	-2.7%
Disability Litigation	85,300	80,650	34,064	59,530	25,770	43.3%	4,650	5.8%
Disability Retirement	2,510,500	2,300,200	1,043,562	2,173,200	337,300	15.5%	210,300	9.1%
Executive Office	697,500	632,450	258,956	486,642	210,857	43.3%	65,050	10.3%
Financial & Accounting Services	305,600	353,500	120,175	272,000	33,600	12.4%	(47,900)	-13.6%
Human Resources	1,535,200	1,515,200	589,344	1,375,500	159,700	11.6%	20,000	1.3%
Internal Audit	539,500	587,500	196,111	477,850	61,650	12.9%	(48,000)	-8.2%
Investment Office	564,400	564,700	176,742	476,500	87,900	18.4%	(300)	-0.1%
Legal Services	1,051,300	1,082,150	905,057	1,252,550	(201,250)	-16.1%	(30,850)	-2.9%
Member Services	95,000	107,500	46,333	85,400	9,600	11.2%	(12,500)	-11.6%
Quality Assurance	150,000	143,000	27,322	121,850	28,149	23.1%	7,000	4.9%
Systems	6,303,900	6,163,810	1,986,544	5,757,400	546,500	9.5%	140,090	2.3%
S&S TOTAL	\$19,825,600	\$19,539,740	\$8,845,625	\$18,117,642	\$1,707,958	9.4%	\$285,860	1.5%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Auto Expense	\$191,600	\$38,500	\$21,707	\$80,472	\$111,128	138.1%	\$153,100	397.7%
Communications	736,400	1,016,400	371,691	915,550	(179,150)	-19.6%	(280,000)	-27.5%
Transportation and Travel	1,148,200	1,173,000	431,219	975,650	172,550	17.7%	(24,800)	-2.1%
Postage	993,400	979,700	562,455	900,560	92,840	10.3%	13,700	1.4%
Stationery and Forms	573,800	594,000	336,503	514,400	59,400	11.5%	(20,200)	-3.4%
Office Supplies and Equipment	846,100	858,310	277,656	750,000	96,100	12.8%	(12,210)	-1.4%
Insurance	733,500	656,000	657,829	665,630	67,870	10.2%	77,500	11.8%
Equipment Maintenance	627,500	614,650	183,586	529,100	98,400	18.6%	12,850	2.1%
Equipment Rents and Leases	310,000	315,000	172,961	294,000	16,000	5.4%	(5,000)	-1.6%
Building Costs	2,305,000	2,563,030	1,265,772	2,404,030	(99,030)	-4.1%	(258,030)	-10.1%
Parking Fees	502,000	527,000	223,635	477,000	25,000	5.2%	(25,000)	-4.7%
Professional and Spec. Svcs.	2,685,100	2,714,550	1,066,759	2,382,500	302,600	12.7%	(29,450)	-1.1%
Bank Services	230,000	280,000	88,503	215,000	15,000	7.0%	(50,000)	-17.9%
Legal Fees and Services	612,500	654,000	642,228	830,800	(218,300)	-26.3%	(41,500)	-6.3%
Disability Fees and Services	2,168,000	1,968,000	891,765	1,871,000	297,000	15.9%	200,000	10.2%
Computer Services and Support	3,176,900	2,776,900	823,041	2,770,800	406,100	14.7%	400,000	14.4%
Educational Expense	1,452,900	1,390,850	535,001	1,150,600	302,300	26.3%	62,050	4.5%
Miscellaneous	532,700	419,850	293,315	390,550	142,150	36.4%	112,850	26.9%
S&S TOTAL	\$19,825,600	\$19,539,740	\$8,845,625	\$18,117,642	\$1,707,958	9.4%	\$285,860	1.5%

*All amounts rounded to the nearest dollar.

FY 2019-2020
LACERA
SERVICES AND SUPPLIES
FINAL ONE TIME COSTS

DIVISION	DESCRIPTION	AMOUNT
Administrative Services	Renovation/Upgrades	\$ 300,000
Systems	IT Strategic Assessment	\$ -
	Case Management System	\$ -
	Telephone System Updates	\$ 300,000
	Network Switch Equipment	\$ 150,000
	Network Traffic Prioritization	\$ 60,000
	Member Authentication Review	\$ 20,000
	MSC Queue Project	\$ 56,000
		\$ 886,000

Board of Retirement

Mission Statement

We produce, protect, and provide the promised benefits.

→ The Board

Composed of eleven members:

- Two elected by active general members
- One elected by retired members
 - Retired members also elect an alternate member
- One elected by safety members
 - Safety members also have an alternate member
- Four members appointed by the Los Angeles County Board of Supervisors

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 2019-2020 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



ALAN J. BERNSTEIN

Chair
Appointed by Board of Supervisors



LES ROBBINS

Vice Chair
Elected by Retired Members



GINA ZAPANTA-MURPHY

Secretary
Appointed by Board of Supervisors



JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member



KEITH KNOX

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



HERMAN B. SANTOS

Elected by General Members



VIVIAN H. GRAY

Elected by General Members



THOMAS WALSH

Appointed by Board of Supervisors



RONALD A. OKUM

Appointed by Board of Supervisors



SHAWN R. KEHOE

Elected by Safety Members



WILLIAM R. PRYOR

Alternate Member
Elected by Safety Members



JAMES P. HARRIS

Alternate Member
Elected by Retired Members

BOARD OF RETIREMENT

Budget Request Highlights

FY 2019-2020

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; and 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

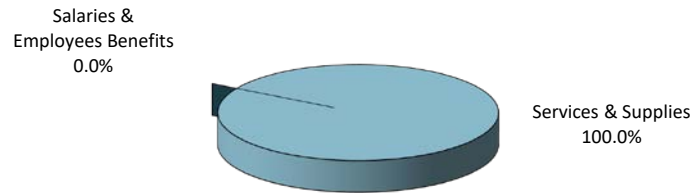
The Board's Services and Supplies budget request is based on actual expenditure trends. There are no significant increases this year.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BOARD OF RETIREMENT

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	228,900	99,844	172,700	56,200	32.5%	0	0.0%
OPERATING BUDGET	\$228,900	\$99,844	\$172,700	\$56,200	32.5%	\$0	0.0%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
COMMUNICATIONS	\$3,400	\$3,400	\$674	\$1,650	\$1,750	106.1%	\$0	0.0%
TRANSPORTATION & TRAVEL	153,000	153,000	51,259	111,850	41,150	36.8%	0	0.0%
EDUCATIONAL EXPENSES	72,500	72,500	47,911	59,200	13,300	22.5%	0	0.0%
TOTAL	\$228,900	\$228,900	\$99,844	\$172,700	\$56,200	32.5%	\$0	0.0%

*All amounts rounded to the nearest dollar.

Board of Investments

Mission Statement

We produce, protect, and provide the promised benefits.

→ The Board

Composed of nine members:

- Four members appointed by the Los Angeles County Board of Supervisors
- Elected members
 - Two elected by active general members
 - One elected by retired members
 - One elected by safety member
- 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.

The Board of Investments (BOI) fulfills its pension actuarial obligations by reviewing actuarial assumptions, approving the actuarial valuation, and adopting recommended employer and employee contribution rates.

FY 2019-2020 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



SHAWN R. KEHOE

Chair
Elected by Safety Members



JOSEPH KELLY

Vice Chair
County Treasurer and Tax Collector
Ex-Officio Member



WAYNE MOORE

Secretary
Appointed by Board of Supervisors



KEITH KNOX

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



DAVID GREEN

Elected by General Members



HERMAN B. SANTOS

Elected by General Members



RONALD A. OKUM

Appointed by Board of Supervisors



ALAN J. BERNSTEIN

Appointed by Board of Supervisors



DAVID L. MUIR

Elected by Retired Members



GINA V. SANCHEZ

Appointed by Board of Supervisors



INTRODUCTION

The Board of Investments has exclusive responsibility for 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; and safety members and retired members both elect one member each. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

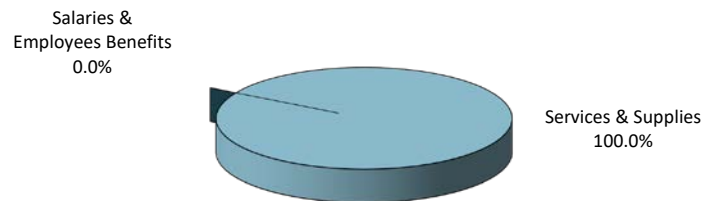
The Board's Services and Supplies budget request is based on actual expenditure trends. There are no significant increases this year.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BOARD OF INVESTMENTS

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	337,500	305,500	225,047	321,500	16,000	5.0%	32,000	10.5%
OPERATING BUDGET	\$337,500	\$305,500	\$225,047	\$321,500	\$16,000	5.0%	\$32,000	10.5%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
COMMUNICATIONS	\$2,000	\$2,000	\$822	\$2,000	\$0	0.0%	\$0	0.0%
TRANSPORTATION & TRAVEL	235,000	233,000	158,344	224,500	10,500	4.7%	2,000	0.9%
EDUCATIONAL EXPENSES	100,500	70,500	65,881	95,000	5,500	5.8%	30,000	42.6%
TOTAL	\$337,500	\$305,500	\$225,047	\$321,500	\$16,000	5.0%	\$32,000	10.5%

*All amounts rounded to the nearest dollar.



Administrative Services

Mission Statement

Administrative Services collaborates with all LACERA divisions to provide quality services through people, technology, and innovation.

- People: We are a professional team dedicated to customer service and motivated to achieve 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 FY 2019-2020

➔ Division Manager: Kimberly Hines

- 34 budgeted positions

We have two distinct sections within Administrative Services:

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

FY 2019-2020 Highlights

Staffing

Administrative Services currently has 33 budgeted full-time positions. To provide additional reporting, analysis, and forecasting, as well as updated policies and procedures and an integrated quality review process, the budget team is requesting to add a permanent position at the level of Supervising Administrative Analyst II in Budget Development & Monitoring. This will bring the total budgeted positions to 34.

In addition, the Document Processing Center is requesting three full-time agency temporary personnel to work from January through April to assist with processing Medicare Part B Premium verifications and tax forms, as well as overtime approval for two existing processing positions.

Services & Supplies

There are no significant increases from FY 2018-2019 except for some small vendor/ supplier line items.

ADMINISTRATIVE SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Administrative Services Division (ASD) provides the operational infrastructure that supports the divisions in administering LACERA programs and services. In short, we ensure that each person has the right resources to do their job. Specific functions include:

- Budget Development and Monitoring
- Procurement
- Facilities Management
- Document Processing (Imaging/Mail Room/Copy Services)
- Business Continuity
- Business Insurance
- Health and Safety
- Records and Information Management
- Risk Management
- Rideshare Administration

STAFFING

Administrative Services has 33 budgeted full-time positions. We are requesting to add one permanent position at the capacity of:

1. Supervising Administrative Assistant II in Budget Development & Monitoring. The total number of budgeted positions for the Division would increase to 34 from 33.

Budget Operations

LACERA Budget Staff coordinates all activities related to the planning, development, and implementation of LACERA's Administrative Budget, LACERA Retiree Healthcare Budget, and the Other Post-Employment Benefits (OPEB) Budget. Specific activities include:

- Designing and updating budget methodology and calculations to assist with developing an accurate and complete budget
- Supporting Division Managers with formulating budget submissions
- Examining budget estimates and proposals for completeness, accuracy, and conformance with established procedures and organizational objectives
- Monitoring expenditures to ensure that spending is within budget and that payments are allocated to correct accounts
- Comparing budget to actual expenditures at mid-year and year-end reporting periods, and also reporting on significant variances
- Observing and communicating financial trends to LACERA management to assist with controlling spending
- Preparing ad-hoc and formal reports for presentation to LACERA's Board of Retirement and Board of Investments
- Creating/updating budget policy and procedure manuals

The budget team consists of two staff (Administrative Services Analyst III and Administrative Services Analyst II) to manage the operational budgets for 15 divisions. The team works diligently and has been successful in preparing accurate and complete budgets and other financial reports. However, we believe there is room to grow. Because the team consists of only two people, we sometimes have challenges meeting our goals and objectives. For example, when staff illnesses or emergencies occur, we struggle to meet our goals. The current team structure enables us to provide basic budget services to LACERA Management. It's our desire to build a world-class budget team that will support the management team with additional reporting, cost-benefit analysis and financial forecasting, as well as updated policies and procedures, and an integrated quality review process. In order to accomplish this, we are requesting to add a supervisor position at the level of Supervising Administrative Analyst II.

Additional Financial Reporting

We currently provide budget-to-actual expenditure reports at mid-year and year end. By adding another staff member to the team we believe we can better support the management team by providing quarterly and ad hoc budget-to-actual reports.

Verifying Expenditure Allocations

The budget team monitors expenditures to ensure that spending is within budget, and payments are allocated to correct accounts. On average, we review the account allocation for approximately 300 payment requests a month. However, we do not review the account allocation for the LACERA Corporate Card charges or Purchase Orders transactions. As part of reviewing account allocations, we often find expenditures that have been allocated to an incorrect account. Adding another staff member to the team will allow us to review all LACERA expenditure transactions to support an accurate and complete budget.

Training and Development

With a better distribution of the work, we believe we can focus on training and development in order to build a world-class budget team. Because of time constraints, we often forgo attending budget training seminars and conferences. This affects the team's ability to develop professionally as well as network and share ideas with others in the industry.

Policies and Procedures

Along the same vein of training and development, we believe that documented procedures are an important part of ensuring that reports are accurate and complete. Currently we do not have a completed Administrative Budget Policy and Procedures manual. The manual has been drafted, but due to time constraints, it has not been finalized. In addition, approximately eight years ago, we began tracking costs and preparing the Other Post-Employment Benefits (OPEB) Budget. The OPEB subject matter and expense calculations are very complex. The policy and procedures for OPEB have not been documented, which poses a risk to LACERA if the current staff were not available due to illness or staff turnover.

Formalized Budget Review Process

The budget team utilizes a quality review process to ensure that all reports prepared are accurate and complete. However, the process has not been documented or formalized. The team has been successful with delivering a quality product; however, we believe it's important to develop a documented process and formal procedures to ensure that all staff are following the same process and that materials are available for training in the event of staff turnover.

Customer Service

Currently the budget team only meets with Division Managers during the budget development process, by request and/or if further explanation is needed for expenditures. We desire to be more customer-service oriented by providing additional reports and training. We have identified a need to provide formal training to managers to assist them with understanding their role in the budget process. We

also see a need to train management and staff on expenditure allocations to reduce the number of expenditure reclassifications that are performed.

Higher Level Supervision Skill Set

The budget team is currently supervised by an Administrative Services Analyst III. We believe that this team would be more successful if we added a position with a higher level skill set to share the workload, analyze and make recommendations to resolve the most complex budget-related issues, and to effectively implement an integrated quality review process. We request to add one position to the budget team at the level of Supervising Administrative Analyst II.

Migration to an Automated Budget System

The budget team has partnered with staff from Human Resources and Financial Accounting and Services Division to consider a long-term goal to integrate payroll, budget, procurement, accounts payable, and accounts receivable into one comprehensive automated system. This project would require a significant amount of time to develop a needs assessment and to flow chart the various processes and business rules. The current team structure would create a burden on staff as they would need to manage the day-to-day work as well as devote the necessary time and resources to develop a successful system.

Staffing and Overtime Requests

The Document Processing Center (DPC) is an important unit within the Administrative Services Division; the DPC provides administrative services support for the day-to-day operations of the organization. The unit is responsible for imaging (preparing, scanning, and indexing) member and business records into LACERA's member database (Workspace). The DPC provides the following services: mail room, copy services, centralized scanning of business documents, management and distribution of E-enterprise checks, and management of the electronic deposit of checks made payable to LACERA.

The DPC is requesting three full-time agency temporary personnel to work from January through April to assist with the timely processing of Medicare Part B Premium Verifications (INSPARTBs) and undeliverable 1099-R tax forms. The agency temporary employees will also assist with the copy center services, return of member documents, scanning, and will act as backups for the mail room and receptionist.

The DPC is also asking to budget 125 hours of overtime for the Document Processing Coordinator position and 480 hours for the Document Processing Assistant position. The DPC processes time-sensitive documents such as retirement applications, service contracts, and INSPARTBs. Documents are uploaded into Workspace so other workflow processes, like sending outgoing member correspondence and internal recording of work products, can occur. The overtime will reduce the seasonal backlog of lower priority documents and service delays to our colleagues and to our members.

During “March Madness,” the DPC experiences a workload increase of approximately 104%*. See Figure 1. This doubles the amount of workload seen in July through November. The sharp increase is a direct result of the annual spike in retirement applications and Medicare Part B Premium Verifications and 1099-R mailings.

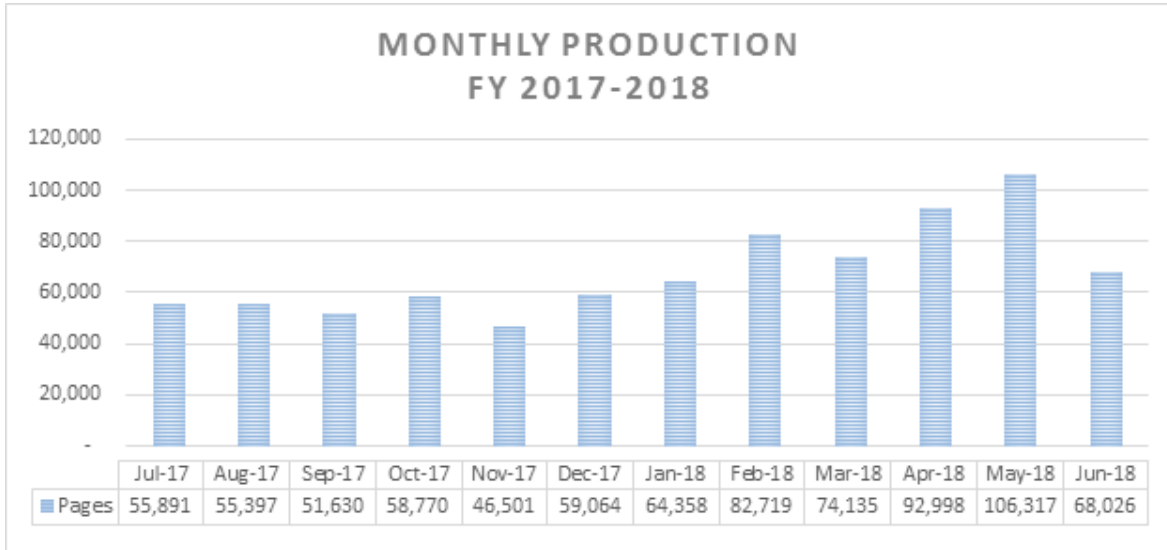


Figure 1

In 2018, the DPC processed 12,018 Medicare Part B Premium Verifications and 1,904 undeliverable 1099-Rs. That is equivalent to 16%* of the DPC production for the months of December through March. See Figure 2.

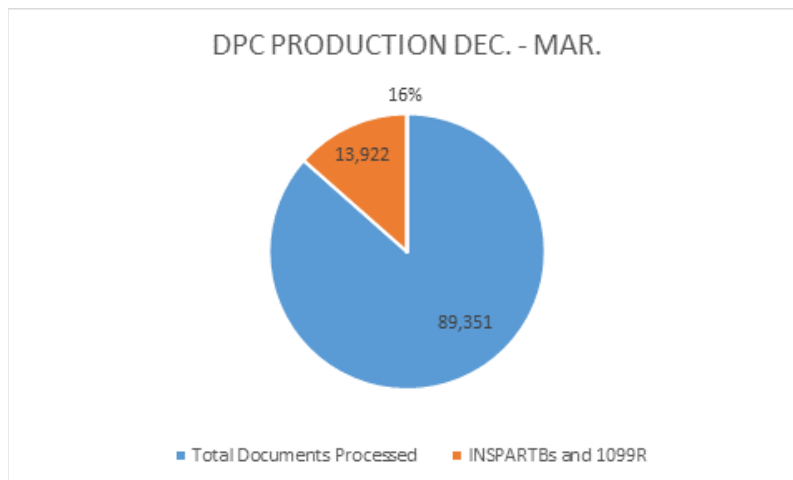


Figure 2

SERVICES AND SUPPLIES

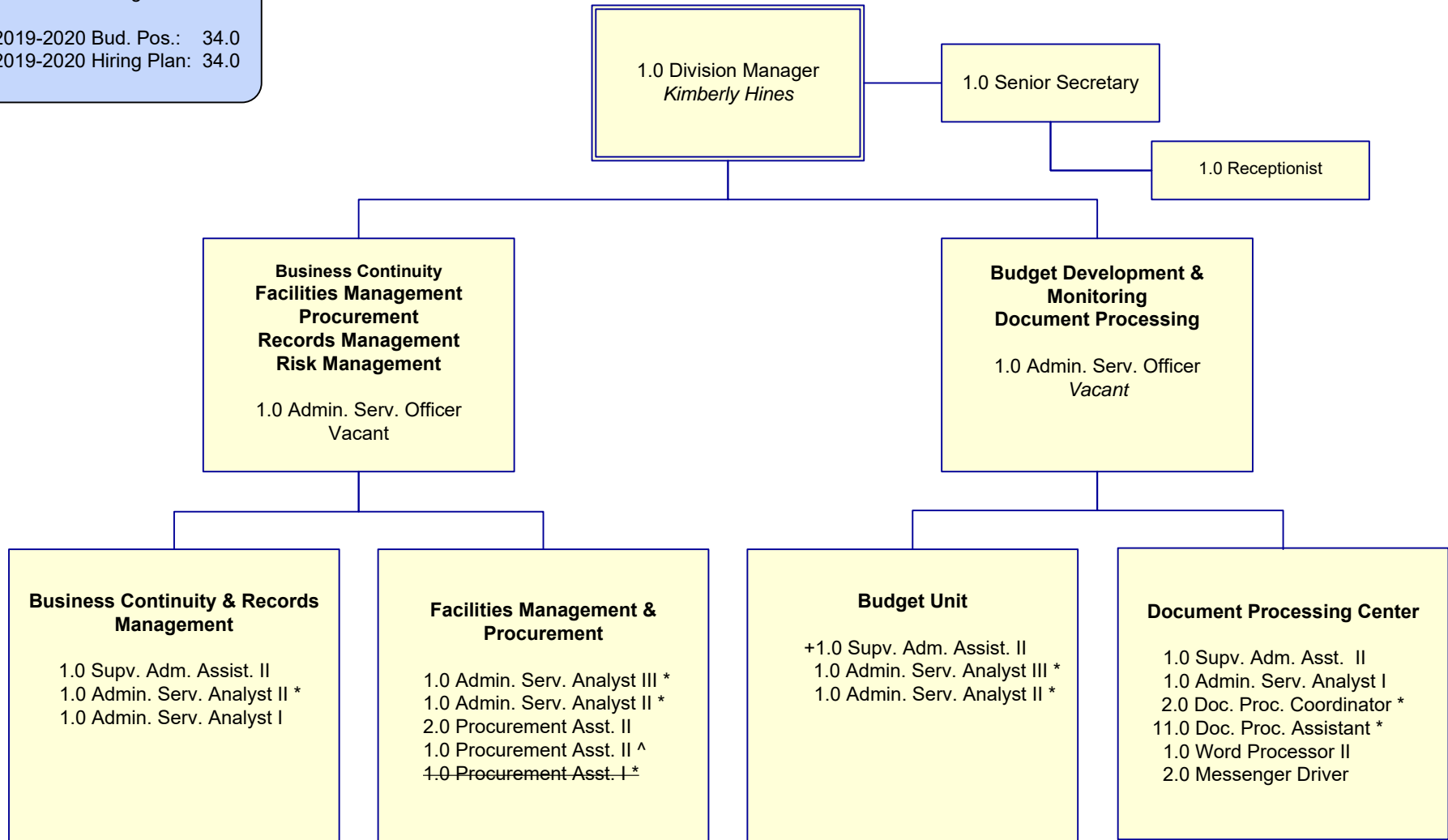
The Services and Supplies budget has no significant increase from the FY 2018-19. There are, however various line items that include small increases attributable to vendor or overall supplier cost increases.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 33.0
 2018-2019 Hiring Plan: 33.0

2019-2020 Bud. Pos.: 34.0
 2019-2020 Hiring Plan: 34.0



+ Added Position

* Classification study for the position requested

- Deleted Position

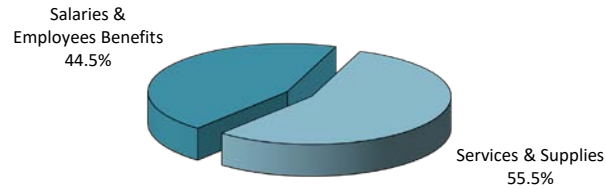
^ Title change from "Procurement Asst. I" to "Procurement Asst. II" as a result of the classification study. (Classification study finalized on 10/17/18)

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$3,481,752	\$3,428,195	\$2,015,700	\$3,376,900	\$104,852	3.1%	\$53,557	1.6%
Services & Supplies	4,338,800	4,366,380	2,549,578	4,176,820	161,980	3.9%	(27,580)	-0.6%
OPERATING BUDGET	\$7,820,552	\$7,794,575	\$4,565,278	\$7,553,720	\$266,832	3.5%	\$25,977	0.3%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$2,054,258	\$2,170,716	\$1,209,219	\$2,012,500	\$41,758	2.1%	(\$116,458)	-5.4%
Total Agency Temp Salaries	54,000	114,000	45,969	110,000	(56,000)	-50.9%	(60,000)	-52.6%
Employee Benefits (Variable)	1,128,451	991,436	650,046	1,027,600	100,851	9.8%	137,015	13.8%
Employee Benefits (Other)	149,758	157,552	70,212	156,800	(7,042)	-4.5%	(7,794)	-4.9%
OPEB Contribution	44,486	34,850	20,289	34,700	9,786	28.2%	9,636	27.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	31,500	28,007	14,832	28,000	3,500	12.5%	3,493	12.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	5,133	7,300	0	0.0%	0	0.0%
Rideshare Allowance	12,000	0	0	0	12,000	100.0%	12,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,481,752	\$3,503,861	\$2,015,700	\$3,376,900	\$104,852	3.1%	(\$22,109)	-0.6%
Salary Differential		(75,666)	-	-	-	-	75,666	-100.0%
TOTAL S&EB	\$3,481,752	\$3,428,195	\$2,015,700	\$3,376,900	\$104,852	3.1%	\$53,557	1.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

ADMINISTRATIVE SERVICES DIVISION

2019-2020 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00773A DIVISION MANAGER	1	LS12	14,544	174,531
00423A SUPV. ADMINISTRATIVE ASST. II	2	104G	16,887	202,647
00421A ADMINISTRATIVE SERVICES ANALYST III	2	95F	11,460	137,525
00420A ADMINISTRATIVE SERVICES ANALYST II	3	91F	18,122	217,460
00439A SENIOR SECRETARY	1	87J	6,560	78,719
00464A PROCUREMENT ASSISTANT II	3	85K	15,747	188,965
00419A ADMINISTRATIVE SERVICES ANALYST I	1	82B	4,324	51,886
00472A DOCUMENT PROCESSING COORDINATOR	1	81E	4,989	59,874
00448A WORD PROCESSOR II	1	80D	4,844	58,128
00471A DOCUMENT PROCESSING ASSISTANT	9	78E	37,832	453,978
00466A RECEPTIONIST	1	73F	3,250	38,995
00461A MESSENGER DRIVER	2	71L	6,407	76,880

POSITIONS 27 1,739,587

VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00410A ADMINISTRATIVE SERVICES OFFICER	2	LS9	16,177	194,119		145,589	
00423A SUPV. ADMINISTRATIVE ASST. II	1	104G	7,133	85,599			42,800
00419A ADMINISTRATIVE SERVICES ANALYST I	1	82B	3,882	46,579			23,289
00472A DOCUMENT PROCESSING COORDINATOR	1	81E	3,807	45,685			22,843
00471A DOCUMENT PROCESSING ASSISTANT	2	78E	7,025	84,301			42,151

0 145,589 131,082

POSITIONS 7 276,671

TOTAL POSITIONS 34

GROSS SALARIES 2,016,259

ANTICIPATED MOU SALARY INCREASE ** 35,285

BONUS 2,714

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,054,258

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
AUTO EXPENSE	\$162,100	\$9,900	\$9,069	\$60,800	\$101,300	166.6%	\$152,200	1537.4%
TRANSPORTATION & TRAVEL	9,000	9,000	4,668	8,900	100	1.1%	0	0.0%
POSTAGE	301,400	267,700	151,260	266,260	35,140	13.2%	33,700	12.6%
STATIONERY & FORMS	1,000	1,000	0	1,000	0	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	289,000	289,500	159,270	278,700	10,300	3.7%	(500)	-0.2%
INSURANCE	733,500	656,000	657,829	665,630	67,870	10.2%	77,500	11.8%
EQUIPMENT MAINTENANCE	12,300	9,250	3,989	4,800	7,500	156.3%	3,050	33.0%
EQUIPMENT RENTS & LEASES	310,000	315,000	172,961	294,000	16,000	5.4%	(5,000)	-1.6%
BUILDING COSTS	2,305,000	2,563,030	1,270,629	2,404,030	(99,030)	-4.1%	(258,030)	-10.1%
PROFESSIONAL & SPEC. SRVCS.	188,000	221,000	108,341	173,000	15,000	8.7%	(33,000)	-14.9%
COMPUTER SERVICES & SUPPORT	0	0	0	0	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	12,500	12,500	1,477	6,000	6,500	108.3%	0	0.0%
MISCELLANEOUS	15,000	12,500	10,084	13,700	1,300	9.5%	2,500	20.0%
TOTAL	\$4,338,800	\$4,366,380	\$2,549,578	\$4,176,820	\$161,980	3.9%	(\$27,580)	-0.6%

*All amounts rounded to the nearest dollar.



Benefits Division

Mission Statement

To maintain retirement plan accounts and process retirement plan transactions in compliance with the County Employees Retirement Law of 1937, the Board of Retirement Regulations, and organizational policies.

Our Team FY 2019-2020

➔ Division Manager: Bernardo Buenaflor

- 71 budgeted positions

In Benefits, we have:

- Account Integrity Services
 - Account Settlement Unit
 - Account Maintenance Unit
 - Benefit Protection Unit
- Process Management
 - Process Analysis
- Core Benefit Services (four core teams)
- Special Benefits Services
 - Legal/Death
 - Payroll Team
 - Exceptions

FY 2019-2020 Highlights

Staffing

Benefits has identified potential new staff requirements across its specialized units. Before the request for additional staff is made, Benefits will work with the Executive Office and Business Partners to determine how many additional staff members are needed.

Overtime is being requested to handle March Madness and overall increased retirements; and 15 temporary staff are requested for a special payroll – retirement-account linking project.

Services & Supplies

The increase in Benefits Division's Service and Supplies costs are generally proportionate to the requested increase in staffing. To increase efficiency, accuracy, and confidentiality, the following are also requested in this year's budget: Dual monitors for five test workstations, private and secure work areas for section heads handling sensitive business, additional workstations for new staff, and an account settlement application.

BENEFITS DIVISION

Budget Request Highlights

FY 2019-2020

INTRODUCTION

“Aspiring to perfection through teamwork”

-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.”

STAFFING

Keeping Pace with Our Members:

Over the past several years, the volume of member transactions have increased. The Benefits Division has responded by temporarily assigning staff from our CORE Section to the Advanced Payroll Unit (APU) and our Death Legal Unit (DLU). Besides these two units, we have identified potential new staff requirements due to increased workloads or more complex processes in:

- the Benefit Protection Unit (BPU),
- the Account Settlement Unit (ASU),
- the Account Maintenance Unit (AMU),
- the Process Management Group (PMG), and
- the CORE Section.

Before we request additional staff, we will be working with the Executive Office and our business partners, to study these operational areas over the coming months to ascertain what adjustments can be made to optimize the productivity of current

staff without compromising quality, as well as verify what additional staff are truly required. We have two initiatives:

- 1) PRODUCTION METRICS- we are working with Quality Assurance and the Systems Division to develop a comprehensive Workspace Metrics System that will help us measure the amount of time it takes for Staff to complete each item of work. We hope to have this system in place by the end of calendar year 2019 so that we can use the resulting data to better assess our staffing needs.
- 2) PROCESS IMPROVEMENT- PMG continues to lead our efforts to identify opportunities to improve efficiency, reliability, and quality throughout the Benefits Division and between us and our partners. The backlog of process improvement projects in process is now at several hundred projects, so we believe that, over time, PMG's efforts may partially offset the need to increase our workforce.

Staffing Requests:

- Benefits would like to continue to supplement its regular production strategies with overtime. As in the past, overtime is being requested to manage the workload imbalances related to the annual increase in activity during March and persistently high volumes of purchases and retirement elections associated with the retirements of the "Baby Boomers." Along with the emergence of new work and unanticipated special projects, it has proven to be prudent to maintain a substantial budget for overtime.
- Special Clean-up Project: Benefits would like to hire 15 Temporary Agency Staff for a special project to link County Payroll records to the related member retirement accounts. This will achieve two objectives:
 - Linking the payroll records will set the stage for a mass data clean-up project wherein experienced Retirement Benefit Specialists will systematically review member accounts and resolve any discrepancies identified.
 - Linking the payroll records will help increase LACERA's overall efficiency. Past projects have shown that employing a team of clerks to perform this function instead of Retirement Benefit Specialists will increase both productivity and quality by allowing the Retirement Benefit Specialists to focus their attention on the more complex aspects of their work.

SERVICES AND SUPPLIES

Introduction:

The Benefits Division's Service and Supplies costs generally increase in this year's budget request proportionately to the requested increase in staffing. However, there are four notable exceptions addressed below.

Comprehensive Receivables/Payables Application to Manage the Account Settlement Process:

The process of settling amounts owed by members or owed to members is managed by the Account Settlements Unit of the Benefits Division. Currently, that unit uses an MS Access Database and an excel spreadsheet to log and track cases. However, both tools have proven inadequate to accurately, efficiently, and reliably manage the cases, especially in light of changes in CERL and LACERA's policies that require the charging of interest on outstanding balances and the implementation of more complex collection strategies and payment options. The Benefits Division is seeking to work with the Systems Division to obtain a solution that enables the Account Settlement Unit to manage the account settlement process effectively and efficiently.

Workstations for Requested New Staff:

All new staff requested in this budget would need to have fully furnished and equipped workstations. Benefits would like to work with the Systems Division and Administrative Services to plan out the necessary space and resource allocation for these workstations. Understanding that space is limited, Benefits is willing to consider creative options, like working offsite or having staff from separate shifts sharing workstations.

Section Head Private and Secure Work Areas:

Three of the four Section Heads in the Benefits Division do not have a private or secure office within which to conduct confidential business. This year, the Benefits Division would like to work with the Administrative Services Division to explore the possibility of providing secure and private work spaces for the Benefits Section Heads to ensure that sensitive and confidential conversations and work can be done in a secure and private environment.

Dual Monitors:

Based on feedback from Benefits Staff, the majority of Benefits Specialists are required to have more than three computer applications open at the same time to efficiently complete their tasks. A 2003 University of Utah and ATI Technologies study confirmed that a significant measureable gain in accuracy and productivity is achievable under these circumstances with the use of dual monitors. The Benefits Division would like to work with the Systems Division to explore the feasibility of deploying dual monitors within the Benefits Division to increase staff

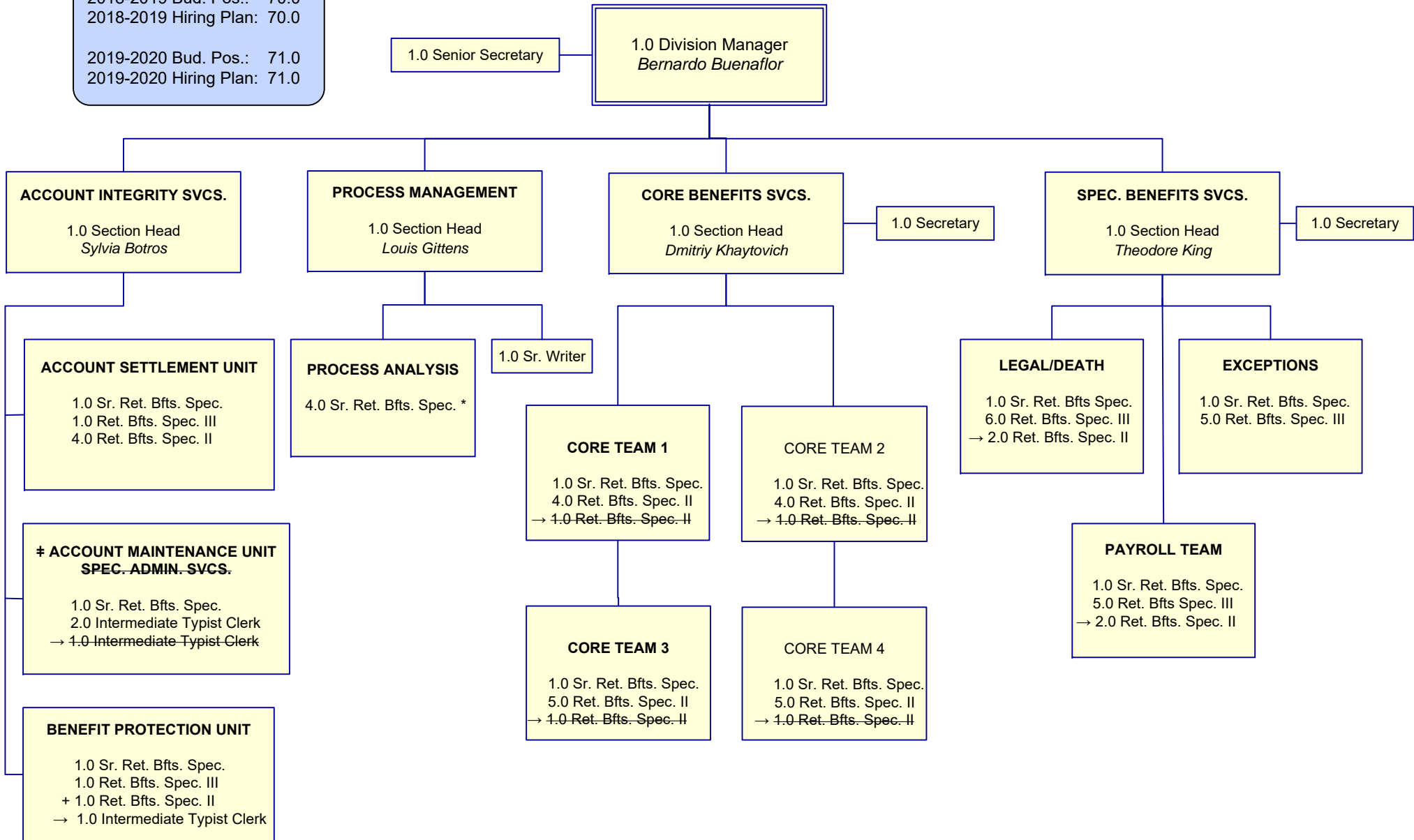
productivity, accuracy, morale, and health. We propose that five monitors be deployed at selected workstations for purposes of measuring the impact on the productivity, accuracy, morale and health of the selected workers. The program can then be expanded if the data warrants it.

BENEFITS DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 70.0
 2018-2019 Hiring Plan: 70.0

2019-2020 Bud. Pos.: 71.0
 2019-2020 Hiring Plan: 71.0



+ Added position

‡ Account Maintenance Unit was formerly known as the Special Administrative Services Unit

* Classification study for the position requested

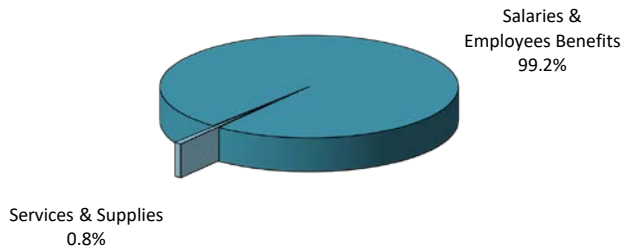
→ Position transferred from different unit

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$10,482,377	\$9,307,224	\$5,378,983	\$9,125,253	\$1,357,124	14.9%	\$1,175,153	12.6%
Services & Supplies	84,000	82,250	29,287	56,800	27,200	47.9%	1,750	2.1%
OPERATING BUDGET	\$10,566,377	\$9,389,474	\$5,408,269	\$9,182,053	\$1,384,324	15.1%	\$1,176,903	12.5%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$5,497,822	\$5,326,666	\$3,219,706	\$5,342,500	\$155,322	2.9%	\$171,156	3.2%
Total Agency Temp Salaries	809,700	0	66,162	68,600	741,100	1080.3%	809,700	100.0%
Employee Benefits (Variable)	3,413,799	3,177,151	1,630,993	2,866,900	546,899	19.1%	236,648	7.4%
Employee Benefits (Other)	400,798	408,134	181,507	406,100	(5,302)	-1.3%	(7,336)	-1.8%
OPEB Contribution	119,058	90,279	55,479	89,800	29,258	32.6%	28,779	31.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	197,800	191,075	213,332	338,800	(141,000)	-41.6%	6,725	3.5%
Bilingual Bonus	2,400	2,400	450	1,200	1,200	100.0%	0	0.0%
Sick Leave Buyback	12,000	11,000	11,353	11,353	647	5.7%	1,000	9.1%
Rideshare Allowance	29,000	0	0	0	29,000	100.0%	29,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$10,482,377	\$9,206,705	\$5,378,983	\$9,125,253	\$1,357,124	14.9%	\$1,275,672	13.9%
Salary Differential	0	100,518	-	-	-	-	(100,518)	-100.0%
TOTAL S&EB	\$10,482,377	\$9,307,224	\$5,378,983	\$9,125,253	\$1,357,124	14.9%	\$1,175,153	12.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

BENEFITS DIVISION

2019-2020 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00773A	DIVISION MANAGER	1	LS12	14,762	177,149			
00772A	SECTION HEAD, LACERA	4	LS9	37,233	446,797			
00784A	SENIOR WRITER	1	103F	8,109	97,311			
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	12	99D	92,327	1,107,920			
01311A	RETIREMENT BENEFITS SPECIALIST III	18	93K	119,387	1,432,649			
00439A	SENIOR SECRETARY	1	87J	5,929	71,152			
01310A	RETIREMENT BENEFITS SPECIALIST II	26	87D	141,374	1,696,482			
00438A	SECRETARY	2	81B	10,177	122,130			
00445A	INTERMEDIATE TYPIST-CLERK	3	72F	9,684	116,204			
POSITIONS		68			5,267,795			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	2	99D	12,366	148,394			74,197
01310A	RETIREMENT BENEFITS SPECIALIST II	1	87D	4,465	53,583	53,583	0	74,197
POSITIONS		3			127,780			
TOTAL POSITIONS		71						
GROSS SALARIES					5,395,575			
ANTICIPATED MOU SALARY INCREASE**					94,423			
BONUS					7,824			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					5,497,822			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$12,000	\$12,000	\$5,251	\$10,900	\$1,100	10.1%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	4,500	4,500	2,463	2,800	1,700	60.7%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	37,000	35,250	16,812	26,400	10,600	40.2%	1,750	5.0%
EDUCATIONAL EXPENSES	29,000	29,000	4,448	16,100	12,900	80.1%	0	0.0%
MISCELLANEOUS	1,500	1,500	312	600	900	150.0%	0	0.0%
TOTAL	\$84,000	\$82,250	\$29,287	\$56,800	\$27,200	47.9%	\$1,750	2.1%

*All amounts rounded to the nearest dollar.



Communications

Mission Statement

To create and communicate essential retirement information to LACERA members and staff. We strive for professional excellence in our work. We apply innovative thinking, contemporary advertising and marketing practices, and 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 FY 2019-2020

Chief of Communications:

→ Cynthia Martinez

- 13 budgeted positions

We have two teams within Communications, consisting of:

- Creative Coordinator
- Senior Writer
- Media Artist
- Web Support Tech
- Writer II

FY 2019-2020 Highlights

Staffing

Communications has filled several positions since the last fiscal year, including two Creative Coordinators in August 2018 and a permanent Staff Assistant in September 2018. Due to the January 2019 resignation of one of our Senior Writers, we are now moving forward with recruiting for two Writer II positions, to be followed by a Senior Writer. The classification study documentation for the Senior Media Artist was completed in 2018, and the position request is in the process of being submitted for Executive and Board approval.

Services & Supplies

The requested budget for Travel and Education has increased to accommodate team expansion. In addition, the budget has increased for newsletter printing costs, based on membership growth and higher mailing costs, due to an approximate 1 percent Standard Presort postage rate increase.



INTRODUCTION

The Communications Division has regularly scheduled projects throughout the year, as demonstrated in the attached timeline. In addition to the projects depicted in the timeline, Communications supports LACERA's 15 divisions with creative visioning, marketing strategies, artistic designs, and written content. We strive to be a valued strategic partner and surpass expectations.

Our work involves the creation of print materials (brochures, fact sheets, flowcharts, folder packages, letters, and forms), which requires research, writing, and editing. We are responsible for web design and content development across our four websites (lacera.com, intranet, HR Pros, and Board Resources). We write, direct, shoot, and edit videos. We also create materials for and host the annual HR Conference.

OUR GOALS

Communications is committed to meeting the annual and day-to-day needs of LACERA's various divisions to better serve our members. We are steadily implementing new processes and procedures to:

- Strengthen our relationships with our strategic partners
- Simplify and expedite miscellaneous requests
- Keep the lines of communication open regarding expectations and timeframes
- Meet our commitments to our strategic partners to ensure that strategic initiative deadlines are met
- Expand our multimedia content on lacera.com through the Retirement University, with additional series planned to provide benefits education to members

We are also examining new ways to improve all communication platforms and cultivating ideas for future improvements. In order to achieve our goals, we have been adding staff and promoting a team culture in our division.

STAFFING

Over the last few years, Communications has been going through a rebuilding and restructuring process to address the departure of key players while gearing up for new challenges and increased responsibilities.

Team changes in the last few years provided us with a unique opportunity to build on our progress to date while refining our hiring plan for the coming fiscal years. These changes, both the expected and unexpected, resulted in a major increase in collaboration, camaraderie, and knowledge-sharing among team members as we addressed the challenges inherent in functioning with a short staff. Due to this spike in collaboration, we have a better understanding of the necessity of every role in the division, reinforcing our ongoing progress in developing our team and increasing cohesion.

In the past year, we have added new positions in line with the restructuring and positions previously approved by your board, and output has already increased as a result.

Our Path So Far

In FY 2013-2014, your board approved the concept of a two-team structure within Communications. This new structure was envisioned to be able to handle multiple projects simultaneously, whereas in the past we had been able to focus on only a select few projects at one time. In December 2017, a second Senior Writer was hired, providing content and editorial support across teams, while the final hiring decision for Chief of Communications, which had carried over from 2017, was made in March 2018. Additionally, a third Media Artist position was filled in April 2018; two Creative Coordinators came on board in August 2018; and a permanent Staff Assistant was hired in September 2018. Due to the January 2019 resignation of one of our Senior Writers, we have moved forward with and completed the recruiting of two Writer II positions, to be followed by a Senior Writer, in order to bring the editorial staff up to four. The classification study documentation for the Senior Media Artist was completed in 2018, and the position request is in the process of being submitted for executive and board approval.

The Communications Coordinator positions are helping to ensure that all project requirements from the requesting divisions, executives, and Boards are planned and executed to the highest production standards while achieving the established deadlines. Filling the additional Writer II, Senior Writer, and Senior Media Artist positions will enable Communications to work simultaneously on various projects, enhancing our ability to meet the project workload and take on additional challenges in the coming years.

What's Next?

FY 2019-2020 promises to be a time of continued positive change, growth, and evolution. The structure of the two teams is being honed on an ongoing basis, with one team concentrated on video, print, and graphics, and the other team focused on web, print, and graphics. These two specialized teams with different artistic concentrations are enabling Communications to provide an even higher caliber of professional work, and our future hires will be recruited with an eye toward supplementing the teams' skills for maximum flexibility and efficiency.

Meeting the previously set goal of restructuring and growing the team is essential, considering the standard workload depicted in the Communications Timeline, the many and varied ad-hoc projects that Communications leads and supports, and anticipated future expectations for our department. For instance, not only will we maintain our current workload (e.g., quality quarterly newsletters, award-winning annual reports, and custom-designed calendars) and nonrecurring projects that are every bit as important and time-sensitive, we want to continue to develop our teams' skills to meet the increasing technological and design expectations of our internal clients. Examples of these kinds of projects slated for the upcoming fiscal years are producing Retirement University, Reciprocity, and Benefits videos; revamping brochures and forms, such as the Annual Benefit Statements and the Withdrawal/Reciprocity and Disability Retirement packages; and preparing for the new internet and intranet platforms. Having two robust teams will provide the resources needed to participate in these exciting future projects in a way that is productive and punctual.

Once the Communications Division is completely staffed, we want to focus on our ultimate goal: a complete rebranding of LACERA, in line with current efforts to update our Vision and Values Statements, and the CEO's vision for the organization. In addition to modernizing the logo, newsletters, and organizational collateral, we wish to establish a cohesive look going forward for all print and digital materials, and member communications. Additionally, we have an eye to automating our project request and tracking process through an online platform, which will add efficiency to project management as well as convenience for internal clients.

SERVICES AND SUPPLIES

Each of the Communications Division's line items was carefully reviewed. Within the services and supplies realm, line items remain relatively the same as previous years with a few exceptions.

As of January 27, 2019, the U.S. Postal Service (USPS) has increased mailing service rates. The Standard Presort mailings will increase by about 1 percent, which is reflected in our postage line items.

Our membership increased from about 169,000 last year to about 172,000 currently. The *PostScript* and *Spotlight* newsletter line items reflect the increase in printing and distribution costs.

The team has expanded to eleven permanent employees in 2019. 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 continued confidence in and support of the Communications Division.

THE COMMUNICATIONS' YEAR

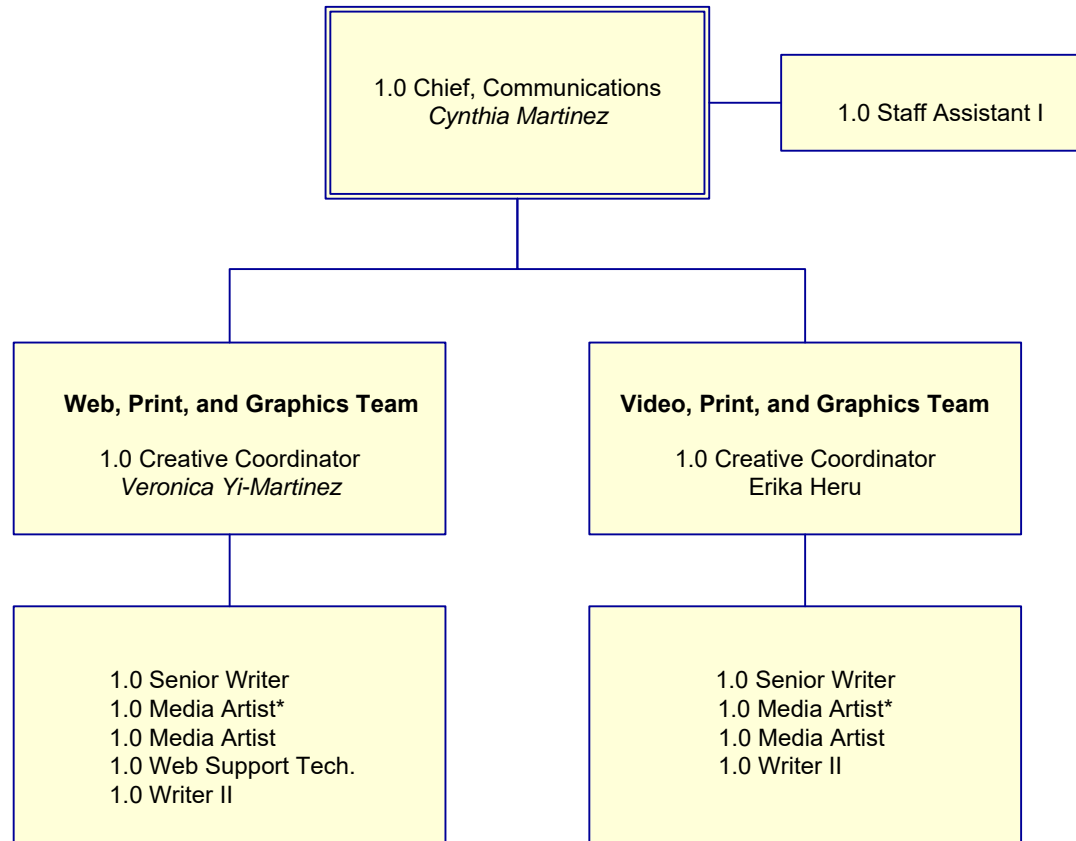


COMMUNICATIONS

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 13.0
2018-2019 Hiring Plan: 13.0

2019-2020 Bud. Pos.: 13.0
2019-2020 Hiring Plan: 13.0



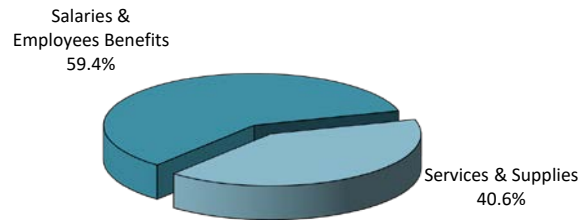
*Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

COMMUNICATIONS

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$1,459,349	\$1,293,171	\$747,281	\$1,176,200	\$283,149	24.1%	\$166,178	12.9%
Services & Supplies	998,200	1,026,050	557,659	851,400	146,800	17.2%	(27,850)	-2.7%
OPERATING BUDGET	\$2,457,549	\$2,319,221	\$1,304,940	\$2,027,600	\$429,949	21.2%	\$138,328	6.0%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$952,162	\$1,164,154	\$458,425	\$729,800	\$222,362	30.5%	(\$211,992)	-18.2%
Total Agency Temp Salaries	47,800	102,500	18,315	37,200	10,600	28.5%	(54,700)	-53.4%
LACERA Intern Program	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	360,853	245,722	232,740	328,900	31,953	9.7%	115,131	46.9%
Employee Benefits (Other)	69,414	64,596	28,711	64,300	5,114	8.0%	4,818	7.5%
OPEB Contribution	20,620	14,289	8,370	14,200	6,420	45.2%	6,331	44.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,000	3,600	720	1,800	1,200	66.7%	(600)	-16.7%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	0	0	3,500	0.0%	0	0.0%
Rideshare Allowance	2,000	0	0	0	2,000	100.0%	2,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,459,349	\$1,598,360	\$747,281	\$1,176,200	\$283,149	24.1%	(\$139,011)	-8.7%
Salary Differential	0	(305,188)	-	-	-	-	305,188	-100.0%
TOTAL S&EB	\$1,459,349	\$1,293,171	\$747,281	\$1,176,200	\$283,149	24.1%	\$166,178	12.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

COMMUNICATIONS

2019-2020 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	MO.	ACTUAL RATE	ANNUAL AMOUNT				
00794A	CHIEF, COMMUNICATIONS	1	LS10		11,685	140,223				
00779A	CREATIVE COORDINATOR	2	105G		15,477	185,725				
00784A	SENIOR WRITER	1	103F		7,311	87,738				
00789A	MEDIA ARTIST	3	97F		20,839	250,072				
00787A	WEB SUPPORT TECHNICIAN	1	93H		6,960	83,516				
00426A	STAFF ASSISTANT I	1	83C		3,997	47,962				
POSITIONS		9					795,235			
VACANT POSITIONS		# POS.	SCHEDULE	MO.	1ST STEP RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS	
00784A	SENIOR WRITER	1	103F		6,925	83,105			41,553	
00789A	MEDIA ARTIST	1	97F		5,886	70,629			35,314	
00786A	WRITER II	2	93H		10,614	127,368			63,684	
POSITIONS		4					140,551	0	0	140,551
TOTAL POSITIONS		13								
GROSS SALARIES						935,786				
ANTICIPATED MOU SALARY INCREASE**						16,376				
BONUS						0				
120-DAY RETIREE(S)						0				
TOTAL SALARIES						952,162				

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU Increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$14,000	\$20,000	\$2,733	\$6,400	\$7,600	118.8%	(\$6,000)	-30.0%
POSTAGE	312,000	342,000	184,365	264,300	47,700	18.0%	(30,000)	-8.8%
STATIONERY & FORMS	572,800	593,000	336,503	513,400	59,400	11.6%	(20,200)	-3.4%
OFFICE SUPPLIES & EQUIPMENT	12,500	12,500	4,237	5,000	7,500	150.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	43,500	28,500	19,039	36,900	6,600	17.9%	15,000	52.6%
COMPUTER SERVICES & SUPPORT	20,500	14,500	1,980	12,900	7,600	58.9%	6,000	41.4%
EDUCATIONAL EXPENSES	22,300	15,000	8,126	11,900	10,400	87.4%	7,300	48.7%
MISCELLANEOUS	600	550	677	600	0	0.0%	50	9.1%
TOTAL	\$998,200	\$1,026,050	\$557,659	\$851,400	\$146,800	17.2%	(\$27,850)	-2.7%

*All amounts rounded to the nearest dollar.



Disability Litigation

Mission Statement

To provide timely and effective legal representation to LACERA in disability retirement and service-connected survivor's benefit appeals. The goal of the Disability Litigation Office is to achieve impartial justice based on the facts and the law.

Our Team FY 2019-2020

- ➔ Chief Counsel: Vincent Lim
- 7 budgeted positions

Within Disability Litigation we have:

- Senior Staff Counsel
- Senior Management Secretaries

FY 2019-2020 Highlights

Staffing

There are currently seven full-time positions and no vacancies, with no additional staff positions requested.

Services & Supplies

Disability Litigation is increasing its request for funds for outside counsel to better reflect actual expenditures.

DISABILITY LITIGATION

Budget Request Highlights

FY 2019-2020

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 and service-connected survivor's benefit 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

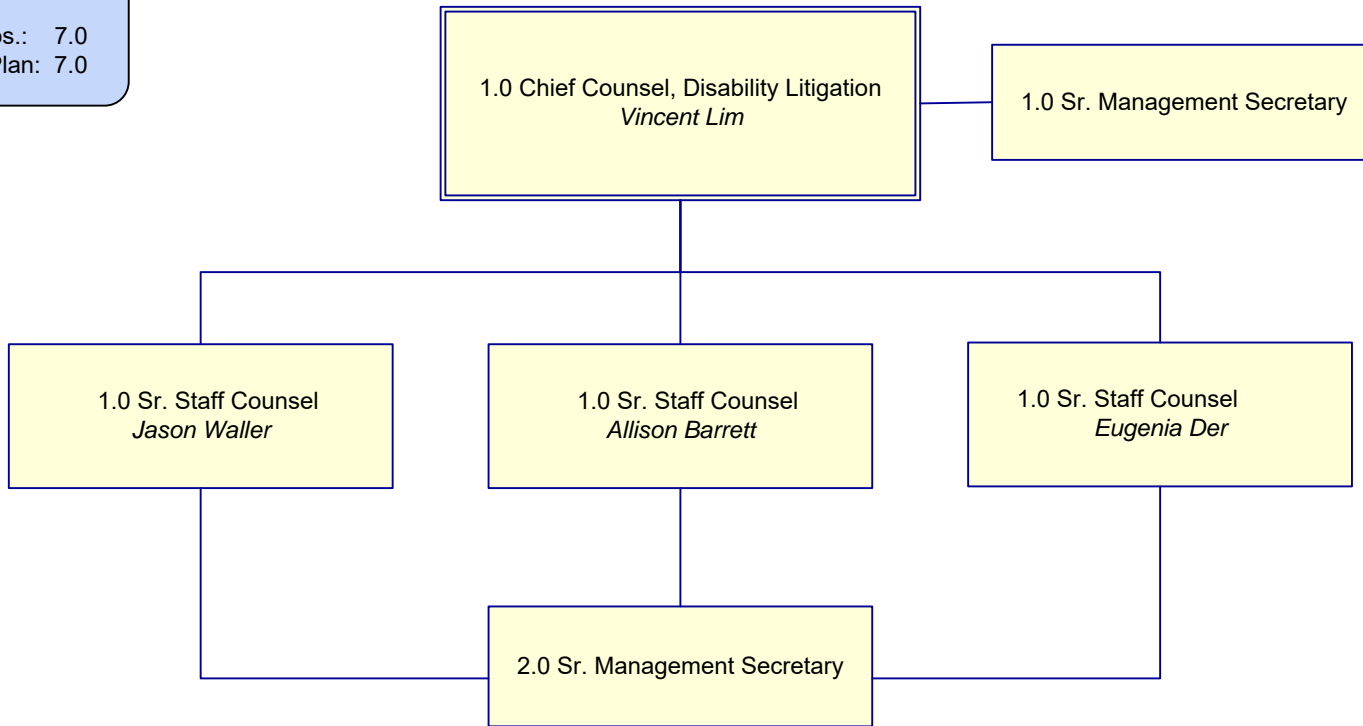
We are increasing our request for funds for outside counsel to better reflect our actual expenditures. Outside counsel is used in appeals where the applicant is an employee of LACERA, where the applicant is the survivor of an employee of LACERA, where there is an actual conflict of interest, or where there is an appearance of impropriety.

DISABILITY LITIGATION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 7.0
2018-2019 Hiring Plan: 7.0

2019-2020 Bud. Pos.: 7.0
2019-2020 Hiring Plan: 7.0

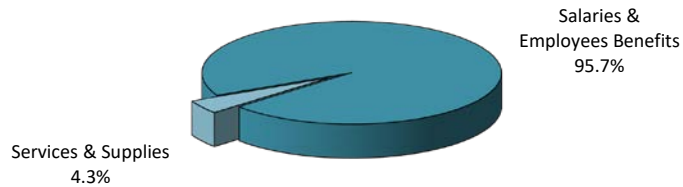


LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

DISABILITY LITIGATION

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
	PROPOSED BUDGET 2019-2020	BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$1,902,981	\$2,040,546	\$1,086,593	\$1,814,600	\$88,381	4.9%	(\$137,565)	-6.7%
Services & Supplies	85,300	80,650	34,064	59,530	25,770	43.3%	4,650	5.8%
OPERATING BUDGET	\$1,988,281	\$2,121,196	\$1,120,656	\$1,874,130	\$114,151	6.1%	(\$132,915)	-6.3%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$1,166,880	\$1,061,660	\$688,505	\$1,133,900	\$32,980	2.9%	\$105,220	9.9%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	625,765	610,505	344,030	560,900	64,865	11.6%	15,260	2.5%
Employee Benefits (Other)	85,067	98,496	43,550	98,100	(13,033)	-13.3%	(13,429)	-13.6%
OPEB Contribution	25,269	21,787	10,505	21,700	3,569	16.4%	3,482	16.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	3	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,902,981	\$1,792,449	\$1,086,593	\$1,814,600	\$88,381	4.9%	\$110,533	6.2%
Salary Differential	0	248,097	-	-	-	-	(248,097)	-100.0%
TOTAL S&EB	\$1,902,981	\$2,040,546	\$1,086,593	\$1,814,600	\$88,381	4.9%	(\$137,565)	-6.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

DISABILITY LITIGATION

2019-2020 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
09215A CHIEF COUNSEL, DISABILITY LITIGATION	1	LS18	22,114	265,372			
09213A SENIOR STAFF COUNSEL	3	LS16	52,851	634,209			
00441A SENIOR MANAGEMENT SECRETARY	3	95G	20,602	247,229			
POSITIONS	7			1,146,810			
VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
POSITIONS	0			0			
TOTAL POSITIONS	7						
GROSS SALARIES				1,146,810			
ANTICIPATED MOU SALARY INCREASE**				20,069			
BONUS				0			
120-DAY RETIREE(S)				0			
TOTAL SALARIES				1,166,880			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
AUTO EXPENSE	\$3,100	\$2,800	\$1,276	\$2,430	\$670	27.6%	\$300	10.7%
TRANSPORTATION & TRAVEL	14,000	14,000	4,406	10,900	3,100	28.4%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,800	1,800	3,072	1,500	300	20.0%	0	0.0%
LEGAL FEES & SERVICES	30,500	25,000	12,068	20,000	10,500	52.5%	5,500	22.0%
EDUCATIONAL EXPENSES	35,200	36,750	12,623	23,900	11,300	47.3%	(1,550)	-4.2%
MISCELLANEOUS	700	300	619	800	(100)	-12.5%	400	133.3%
TOTAL	\$85,300	\$80,650	\$34,064	\$59,530	\$25,770	43.3%	\$4,650	5.8%

*All amounts rounded to the nearest dollar.



Disability Retirement

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 FY 2019-2020

- ➔ Division Manager: Ricki Contreras
 - 41 budgeted positions

We have five distinct sections within Disability Retirement:

- Intake Unit
- Specialized Processing Unit
- Appeals
- Quality Assurance/Records Management
- Investigation Units I, II, and III

FY 2019-2020 Highlights

Staffing

There are currently 40 budgeted full-time positions. The division is requesting one Staff Assistant II to support our investigation units.

Additionally, the division requests a compensation study for the Disability Retirement Specialist Supervisor position, as the role and responsibilities of the position have substantially increased over the years.

Lastly, staff is requesting one agency-temporary staff member to support the Intake Team due to the anticipated extended leave of one of their Staff Assistant IIs during FY 2019-2020.

Services & Supplies

The requested budget for GL# 9803, Medical Fees, has increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020, based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

DISABILITY RETIREMENT

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Disability Retirement Services Division is responsible for investigating and evaluating disability retirement applications submitted by active, retired, and deferred members of LACERA. Staff presents recommendations to the Board of Retirement, which is the governing board responsible for adjudicating each application. Staff also administers the disability appeals process in conjunction with Disability Litigation and serves as the official Custodian of Records for all disability retirement files.

Our 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 40 budgeted full-time positions. Staff is requesting one Staff Assistant II position to support our investigation units with the organizing and indexing of all records used to assemble the administrative record, as well as creating and updating the medical listing used to document the evidence file. This position will essentially serve as an investigative assistant to our disability retirement specialists.

Additionally, staff is requesting a compensation study on the Disability Retirement Specialist Supervisor position. The role and responsibilities of the supervisor position in Disability Retirement Services has substantially increased over the years. Because Disability Retirement Services does not have an Assistant Division Manager or Section Heads, all supervisors in Disability Retirement Services act in the capacity of second in command and may act in the absence of the Division Manager.

Lastly, staff is requesting one agency-temporary staff to support the Intake Team due to the anticipated extended leave of one of their Staff Assistant IIs during FY 2019-20.

SERVICES AND SUPPLIES

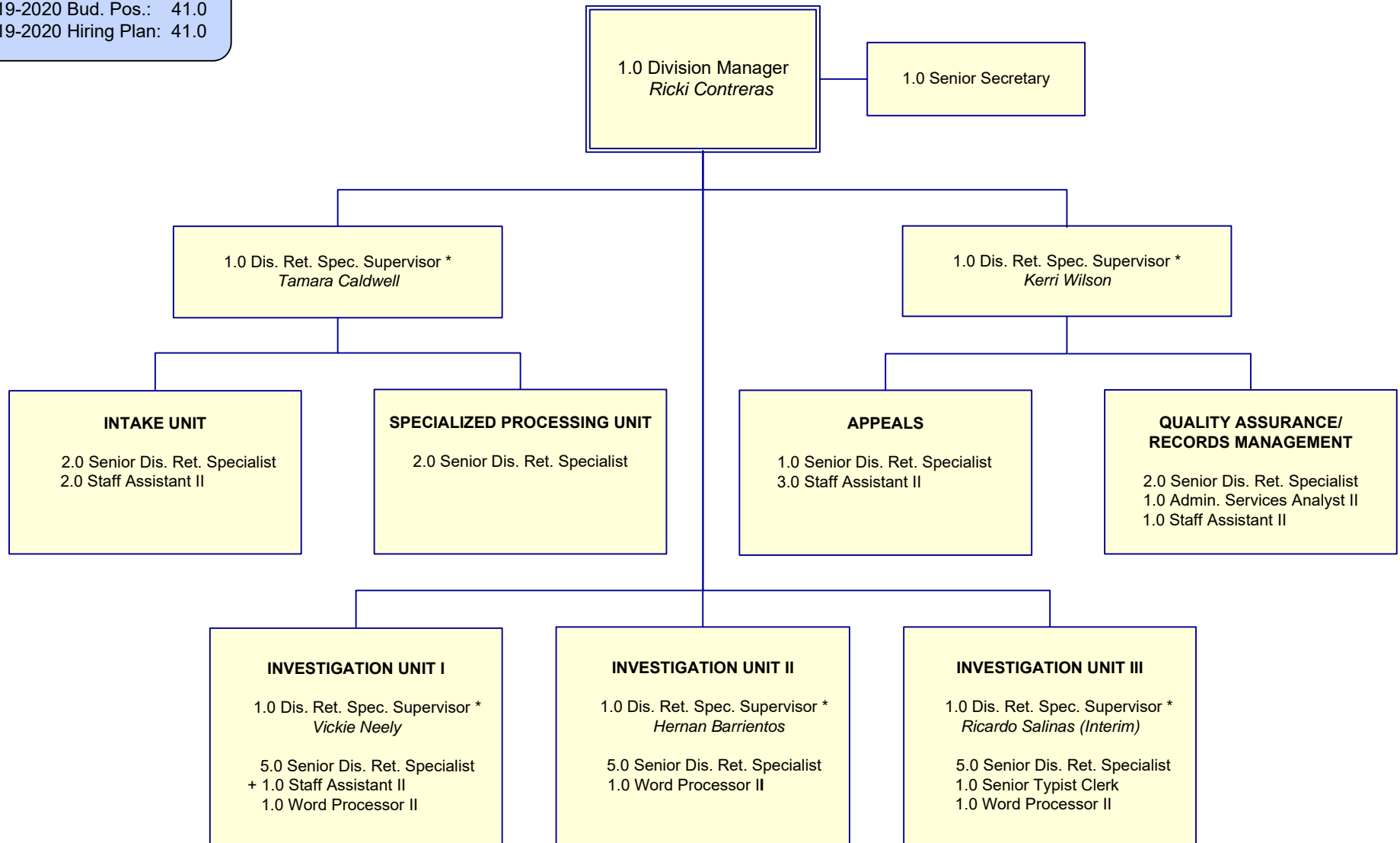
The requested budget for GL# 9803, Medical Fees, has increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020 based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

DISABILITY RETIREMENT

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 40.0
 2018-2019 Hiring Plan: 40.0

2019-2020 Bud. Pos.: 41.0
 2019-2020 Hiring Plan: 41.0



+ Added Position

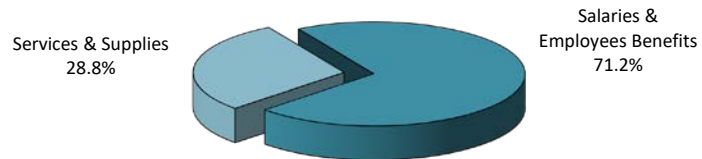
* Classification and/or compensation study requested.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

DISABILITY RETIREMENT

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$6,197,007	\$5,884,599	\$3,250,694	\$5,463,934	\$733,073	13.4%	\$312,408	5.3%
Services & Supplies	2,510,500	2,300,200	1,043,562	2,173,200	337,300	15.5%	210,300	9.1%
OPERATING BUDGET	\$8,707,507	\$8,184,799	\$4,294,257	\$7,637,134	\$1,070,373	14.0%	\$522,708	6.4%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$3,632,587	\$3,458,165	\$1,958,296	\$3,240,100	\$392,487	12.1%	\$174,422	5.04%
Total Agency Temp Salaries	36,000	42,009	43,837	50,000	(14,000)	-28.0%	(6,009)	-14.30%
Employee Benefits (Variable)	2,158,534	1,946,001	1,075,330	1,827,800	330,734	18.1%	212,533	10.92%
Employee Benefits (Other)	264,820	267,242	118,861	265,900	(1,080)	-0.4%	(2,422)	-0.91%
OPEB Contribution	78,666	59,114	35,700	58,900	19,766	33.6%	19,552	33.07%
Stipends	0	0	0	0	0	0.0%	0	0.00%
Overtime	12,400	11,972	13,437	16,000	(3,600)	-22.5%	428	3.58%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.00%
Sick Leave Buyback	6,000	4,600	5,234	5,234	766	14.6%	1,400	30.43%
Rideshare Allowance	8,000	0	0	0	8,000	100.0%	8,000	100.00%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.00%
ADJUSTED GROSS S&EB	\$6,197,007	\$5,789,103	\$3,250,694	\$5,463,934	\$733,073	13.4%	\$407,904	7.0%
Salary Differential	0	95,496	-	-	-	-	(95,496)	-100.0%
TOTAL S&EB	\$6,197,007	\$5,884,599	\$3,250,694	\$5,463,934	\$733,073	13.4%	\$312,408	5.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

DISABILITY RETIREMENT

2019-2020 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00773A	DIVISION MANAGER	1	LS12	14,329	171,951			
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	4	104H	36,108	433,294			
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	100H	170,336	2,044,038			
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	91F	6,560	78,719			
00427A	STAFF ASSISTANT II	7	90C	39,164	469,963			
00439A	SENIOR SECRETARY	1	87J	5,320	63,840			
00448A	WORD PROCESSOR II	2	80D	12,237	146,845			
00446A	SENIOR TYPIST CLERK	1	76L	4,543	54,515			
POSITIONS		39			3,463,165			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	1	104H	7,151	85,810			42,905
00427A	STAFF ASSISTANT II	1	90C	4,832	57,984	57,984	0	42,905
POSITIONS		2			100,889			
TOTAL POSITIONS		41						
GROSS SALARIES					3,564,054			
ANTICIPATED MOU SALARY INCREASE**					62,371			
BONUS					6,162			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					3,632,587			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$18,600	\$18,500	\$3,541	\$12,200	\$6,400	52.5%	\$100	0.5%
OFFICE SUPPLIES & EQUIPMENT	11,000	11,000	3,496	7,500	3,500	46.7%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	225,000	225,000	114,799	223,500	1,500	0.7%	0	0.0%
LEGAL FEES & SERVICES	50,000	50,000	21,400	35,000	15,000	0.0%	0	100.0%
DISABILITY FEES & SERVICES	2,168,000	1,968,000	891,765	1,871,000	297,000	15.9%	200,000	10.2%
EDUCATIONAL EXPENSES	36,900	26,900	8,561	23,200	13,700	59.1%	10,000	37.2%
MISCELLANEOUS	1,000	800	0	800	200	25.0%	200	25.0%
TOTAL	\$2,510,500	\$2,300,200	\$1,043,562	\$2,173,200	\$337,300	15.5%	\$210,300	9.1%

*All amounts rounded to the nearest dollar.



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 FY 2019-2020

- ➔ Chief Executive Officer: Lou Lazatin
 - 8 budgeted positions

We oversee all 15 divisions within LACERA and are made up of:

- Assistant Executive Officers
- Executive Secretaries
- Executive Board Assistants

FY 2019-2020 Highlights

Staffing

No additional staff is requested for the FY 2019-2020 budget.

Services & Supplies

The Executive Office seeks to increase the Board Offsite meeting expenses to \$200,000, reflecting an overall increase in area prices for meeting venues as well as accommodating two separate Offsite meetings.



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 benefits—as articulated through policies adopted by the Boards of Retirement and Investments.

STAFFING

The Executive Office is not requesting any additional staff for the FY 2019-20 budget.

SERVICES AND SUPPLIES

This year we are seeking to increase the Board Offsite meeting expenses to \$200,000. The increase reflects an overall increase in area prices for meeting venues as well as an increase to accommodate the two separate Board Offsites.

EXECUTIVE OFFICE

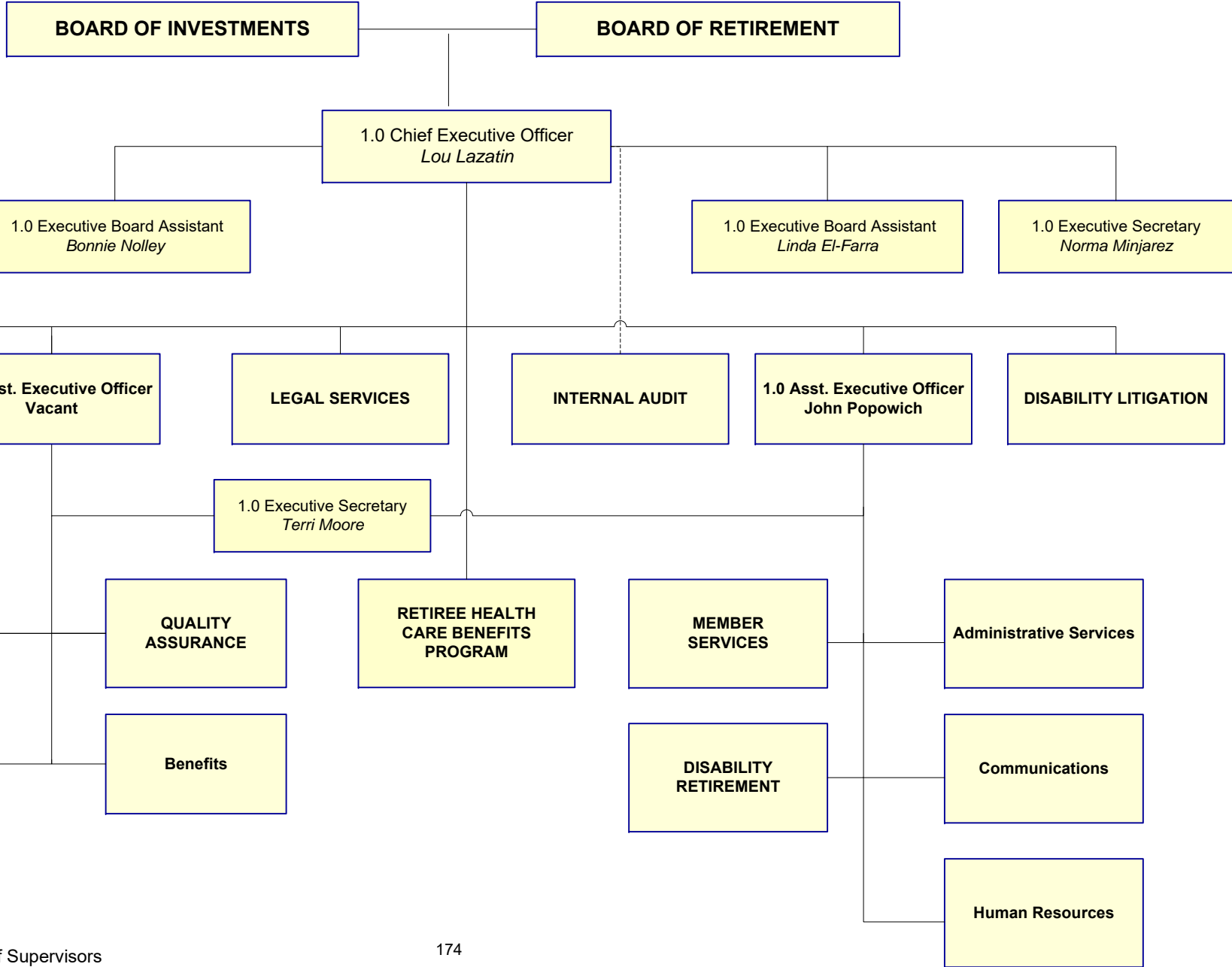
FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 8.0
 2018-2019 Hiring Plan: 8.0

2019-2020 Bud. Pos.: 8.0
 2019-2020 Hiring Plan: 7.0

Pending Board of Supervisors Approval

1.0 Deputy Chief Executive Office Ø
TBD

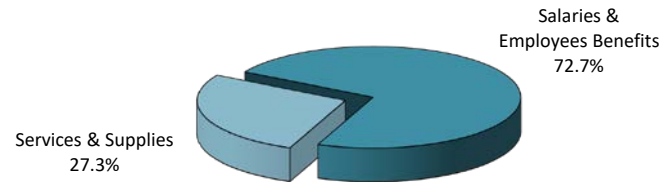


LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

EXECUTIVE OFFICE

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$1,861,060	\$1,751,696	\$1,067,743	\$1,647,400	\$213,660	13.0%	\$109,364	6.2%
Services & Supplies	697,500	632,450	258,956	486,642	210,857	43.3%	65,050	10.3%
OPERATING BUDGET	\$2,558,560	\$2,384,146	\$1,326,699	\$2,134,042	\$424,517	19.9%	\$174,414	7.3%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$1,173,131	\$1,390,137	\$629,201	\$982,200	\$190,931	19.4%	(\$217,006)	-15.6%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	507,002	503,918	316,670	466,800	40,202	8.6%	3,084	0.6%
Employee Benefits (Other)	85,523	80,958	35,795	80,600	4,923	6.1%	4,565	5.6%
OPEB Contribution	25,405	17,908	10,107	17,800	7,605	42.7%	7,497	41.9%
Stipends	65,000	65,000	38,442	60,000	5,000	8.3%	0	0.0%
Overtime	3,000	6,376	37,528	40,000	(37,000)	-92.5%	(3,376)	-52.9%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,000	1,000	0	0	1,000	0.0%	0	0.0%
Rideshare Allowance	1,000	0	0	0	1,000	100.0%	1,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,861,060	\$2,065,297	\$1,067,743	\$1,647,400	\$213,660	13.0%	(\$204,237)	-9.9%
Salary Differential	0	(313,601)	-	-	-	-	313,601	-100.0%
TOTAL S&EB	\$1,861,060	\$1,751,696	\$1,067,743	\$1,647,400	\$213,660	13.0%	\$109,364	6.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

EXECUTIVE OFFICE

2019-2020 BUDGET

<u>FILLED POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>ACTUAL MO. RATE</u>	<u>ANNUAL AMOUNT</u>			
00776L	CHIEF EXECUTIVE OFFICER	1	LR20	37,500	450,000			
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	LS16	17,509	210,103			
00745A	EXECUTIVE BOARD ASSISTANT	2	103A	17,942	215,304			
00442A	EXECUTIVE SECRETARY	2	99J	16,419	197,034			
POSITIONS		6			1,072,441			
<u>VACANT POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>1ST STEP MO. RATE</u>	<u>ANNUAL AMOUNT</u>	<u>FILLED AT 12 MONTHS</u>	<u>FILLED AT 9 MONTHS</u>	<u>FILLED AT 6 MONTHS</u>
00770A	DEPUTY CHIEF EXECUTIVE OFFICER (UC) Ø	1	LS18	15,507	186,086			
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	LS16	13,419	161,027			80,513
POSITIONS		2			347,113	0	0	80,513
TOTAL POSITIONS		8			80,513			
GROSS SALARIES					1,152,954			
ANTICIPATED MOU SALARY INCREASE**					20,177			
BONUS					0			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					1,173,131			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Position not yet approved by the Board of Supervisors and is calculated at zero percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
AUTO EXPENSE	\$18,300	\$18,250	\$7,931	\$11,142	\$7,158	64.2%	\$50	0.3%
TRANSPORTATION & TRAVEL	40,000	40,000	(4,675)	30,000	10,000	33.3%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	4,500	4,500	1,874	4,500	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	180,000	165,000	8,834	135,000	45,000	33.3%	15,000	9.1%
EDUCATIONAL EXPENSES	198,500	198,500	77,965	122,000	76,500	62.7%	0	0.0%
MISCELLANEOUS	256,200	206,200	167,028	184,000	72,200	39.2%	50,000	24.2%
TOTAL	\$697,500	\$632,450	\$258,956	\$486,642	\$210,859	43.3%	\$65,050	10.3%

*All amounts rounded to the nearest dollar.



Financial and Accounting Services

Mission Statement

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

Our Team FY 2019-2020

- ➔ Chief Financial Officer: Beulah Auten
 - 30 budgeted positions

We have three distinct sections within Financial and Accounting Services:

- General Accounting
 - Reconciliation
 - Disbursements
- Reporting and Compliance
- Investment Accounting
 - Public Markets
 - Direct Investments

FY 2019-2020 Highlights

Staffing

FASD is requesting one permanent position: an Accounting Officer II. The Accounting Officer II will be allocated to the newly created Reporting and Compliance Section.

In addition, FASD requests to maintain five agency-temporary personnel, one more than the previous fiscal year.

The request is based upon historical trends and anticipation of permanent staff potentially being on extended leaves of absence or participating in FASD learning opportunities and special projects.

Services & Supplies

The Services and Supplies total budget request represents a \$47,900, or 13.6 percent, decrease compared with the prior fiscal year, primarily attributable to a more realistic estimate of State Street Bank charges for treasury and commercial banking services.

(FASD) FINANCIAL & ACCOUNTING SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

LACERA's Mission is to Produce, Protect, and Provide the promised benefits. The Financial and Accounting Services Division (FASD) contributes to the LACERA Mission by *providing and protecting* the promised benefits through funding member payroll and organization-wide financial transactions, and ensuring compliance with regulatory and statutory financial reporting mandates.

FASD's budget request seeks to maintain financial reporting quality, complete wide-ranging financial transactions timely and accurately, support LACERA Board and organizational initiatives, while mitigating risks including normal staffing fluctuations. To accomplish this, FASD requests authorization to:

1. Add one permanent position, Accounting Officer II.

The Accounting Officer II position will be allocated to the newly created Reporting and Compliance Section, which will be primarily responsible for coordination of significant LACERA projects: Pension and Other Postemployment Benefits (OPEB) actuarial valuations and related audits; external audits of the LACERA annual financial statements; preparation of the LACERA Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR); and implementation of applicable new Governmental Accounting Standards Board (GASB) financial reporting requirements.

2. Add one agency-temporary personnel, Accountant.

The request is based upon historical trends, in anticipation of permanent staff, who will potentially be on extended leaves of absence or are expected to participate in FASD learning opportunities. Therefore, FASD also requests to maintain five agency-temporary personnel, one more than the previous fiscal year.

3. Implement the CAFR preparation software tool, which is a technology-based solution, to replace the standard labor-intensive manual process and radically benefit three different work groups in their CAFR related responsibilities: (1) for FASD in preparing the CAFR; (2) for the external auditor in reviewing/verifying the CAFR; and (3) for Communications Division in publishing the CAFR.

STAFFING

Position Request

FASD is requesting one Accounting Officer II permanent position to be allocated to the Reporting and Compliance Section. The total number of budgeted positions for the Division would increase from 29 to 30.

Reporting and Compliance Section

Directly reporting to the Assistant Chief Financial Officer, last year's *Reporting and Compliance Unit* Pilot Program proved to be extremely successful as staff worked diligently to manage the changing landscape of the OPEB Program Agent Plan transition and its effect on downstream actuarial, accounting, and financial reporting processes. Also, FASD's actuarial responsibilities have exponentially grown due to absorption of the Pension Plan actuarial valuation project management functions.

As actuarial and accounting standards persistently increase the complexity and volume of reporting requirements, additional staff is required to create a dedicated independent Section (versus a work Unit) critically tasked with the following:

1. Managing LACERA's Pension actuarial valuation project assignments as a result of a responsibility shift from the Executive Office to FASD;
2. Addressing the increasing needs and complexity in managing LACERA's OPEB actuarial valuation projects as revised under the Board's OPEB Actuarial Valuation and Audit Policy;
3. Coordinating the Pension and OPEB related actuarial educational sessions for the LACERA Boards and staff;
4. Managing the LACERA annual financial statement external audits;
5. Directing and monitoring the preparation of the LACERA annual financial reports: the CAFR and PAFR;
6. Implementing recent GASB applicable pronouncements and new Government Finance Officers Association (GFOA) award program requirements;
7. Coordinating the implementation of FASD applicable internal and external audit recommendations;

8. Monitoring the completion of all regulatory and informational financial reports FASD is responsible for; and
9. Addressing internal financial reporting requirements of the organization and assuming additional compliance and risk management related functions as the organization's needs evolve.

As both Boards' appetite for actuarial awareness has increasingly grown and as investment results continue to experience volatility, plan funding visibility is heightened. It would be prudent for LACERA to be proactive in creating a work group primarily dedicated in managing these crucial actuarial and financial reporting engagements. This also presents the opportunity to transfer organizational knowledge and provide coverage in a highly critical and specialized operational area. Further efficiencies can also be created as the Reporting and Compliance Section looks to expand and absorb project-based work of the General and Investment Accounting Sections, freeing up Section staff to mainly focus on core accounting functions within their respective Sections.

Overtime and Temporary Staff

As in the past, overtime is requested to manage the additional workload related to the annual fiscal year-end closing of the books and completion of the annual financial statement audit to generate the CAFR and PAFR. When combined with the development of anticipated new responsibilities and unforeseen special projects, maintaining a budget for overtime has proven to be prudent.

Based on past experience, we also anticipate having some permanent staff on extended leaves of absence during the fiscal period. Some permanent staff are also expected to participate in learning opportunities and special projects within the Division. We are requesting five agency-temporary staff to assist with the workload. This staff will consist of four temporary staff at the Accountant level (one more than the FY 2018-2019), and one temporary staff at the Accounting Technician I.

IMPLEMENTING A TECHNOLOGY TOOL

CAFR Preparation Tool

The LACERA CAFR continues to evolve with the frequent introduction of new GASB pronouncements, as well as GFOA award program requirements. We anticipate further CAFR disclosure enhancement requirements from GASB as the need for increased transparency amongst the financial statement users continues.

It takes a dedicated team of FASD staff to draft and finalize the CAFR. Traditionally, we have consistently relied on desktop software tools (i.e., Microsoft Word and Excel) to compile data and prepare the necessary CAFR narratives and supporting schedules. As

the existing labor-intensive process requires tracking each file separately, only one staff can access these individual files and cause changes to the data. Also, extra time is spent ensuring the accuracy of the finished product as the CAFR disclosures continue to grow in number and intricacy. As each CAFR section is completed, staff uploads close to 80 individual files to the external auditor's secured site so they can perform their CAFR review and verification. Once the footnote disclosures are completed and a CAFR draft is ready, staff spends additional time in reviewing, formatting, and assembling the individual files to provide a presentation-ready report for the external auditor's final review and audit opinion so LACERA can meet its statutory October 31st deadline.

FASD works with the Communications Division to transform this basic financial statement report into the award-winning CAFR. Staff manually uploads the same 80 individual files to a shared network drive for Communications to use as a starting point in the CAFR publication process.

Currently, staff has identified a potential software solution provider, Workiva. Its *Wdesk* platform, which our industry peers and the County Auditor-Controller are using, has received favorable reviews. Based upon the research and planning conducted during the Fiscal Year 2018-2019, this software tool has multi-user capability such that not only is it going to be highly beneficial for the three independent work groups (i.e., FASD, external auditor, and Communications Division) previously identified in generating the CAFR, but may be equally valuable for Administrative Services Division in its annual budget development and preparation responsibilities. Staff anticipates implementing *Wdesk* in conjunction with Systems Division and other impacted divisions.

The Chief Executive Officer will execute a one-year commitment in accordance with the General Purchasing Policy for LACERA to test and evaluate *Wdesk*. Financial data will be uploaded to the platform, however, there will be no direct connection to LACERA's enterprise resource planning solution (i.e., the organization's accounting application including the General Ledger) until staff makes a positive determination regarding the long-term use of *Wdesk*. At that point, staff will make a recommendation and request approval from the Board of Retirement to enter into a multi-year agreement with Workiva for its services.

SERVICES AND SUPPLIES

The Services and Supplies total budget request represents a \$47,900, or 13.6%, decrease when compared with the prior fiscal year. This is primarily attributable to a more realistic estimate of State Street Bank charges for treasury and commercial banking services.

LOOKING FORWARD

Automated Accounts Payable (A/P)

Generally, LACERA pays its service providers and reimburses staff for business related expenses using physical checks. Due to established internal controls, generating a single check can take many different LACERA staff performing distinct functions in the process.

FASD and Systems will partner to satisfy a Fiscal Year 2017-2018 external audit recommendation to improve the standard manual labor-intensive daily accounts payable (A/P) workflow process through an efficient technology-based solution. Staff envisions an automated solution, which includes digitizing the entire process beginning with purchasing and invoicing, routing and obtaining electronic approvals, through record retention following process completion. Staff has identified an industry dedicated to providing IT tools, which integrates with LACERA's current General Ledger system. Additional research and study is necessary to effect a change that will revolutionize the processing of purchasing and invoice processing at LACERA. This change will impact not only FASD in processing the daily A/P, but will also be beneficial for Administrative Services Division with its processes of approving budgeted expenses for each division, as well as handling and eventually storing completed voluminous historical payment documents.

Travel/Credit Card Expenditures Management Solution

FASD and Systems will partner to satisfy a Fiscal Year 2018-2019 internal audit recommendation which identified the need for better corporate card and travel expense support and reporting. Current travel document processes involve both paper-based payment requests and credit card documentation to determine total travel-related expenditures for each trip. Tools to assist in document and data management will result in more efficient processes and more precise financial reporting. Staff identified a module within the current Bank of America Works system for scanning and storing credit card receipts and will explore additional tools LACERA travelers (i.e., the Board and staff) can use on their mobile devices to manage paper receipts. Additional research and study is necessary to explore different platforms that can offer a more streamlined expense management and documentation process.

CONCLUSION

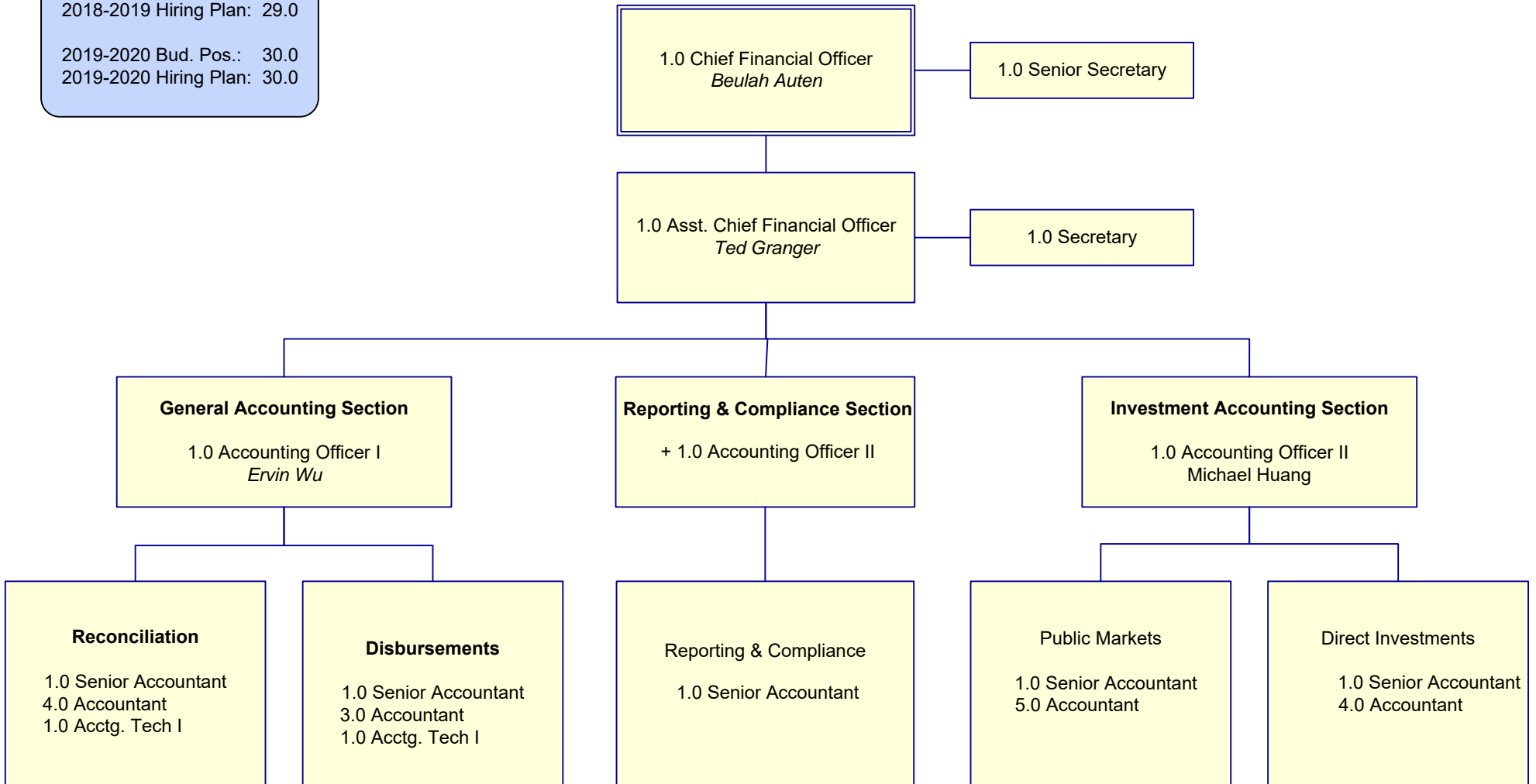
This budget request was developed to provide the Financial and Accounting Services Division with vital resources to readily contribute towards the fulfillment of LACERA's goals and objectives.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 29.0
 2018-2019 Hiring Plan: 29.0

2019-2020 Bud. Pos.: 30.0
 2019-2020 Hiring Plan: 30.0



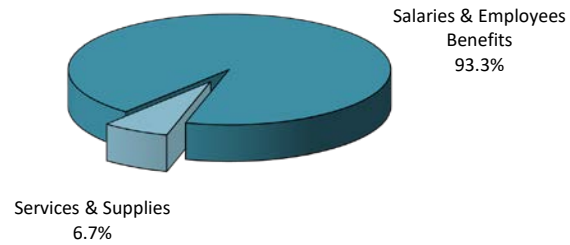
+ Added position
 * Classification study for all positions in progress

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	4,223,840	\$3,789,612	\$2,282,058	\$3,668,900	\$554,940	15.1%	\$434,228	11.5%
Services & Supplies	305,600	353,500	120,175	272,000	33,600	12.4%	(47,900)	-13.6%
OPERATING BUDGET	\$4,529,440	\$4,143,112	\$2,402,233	\$3,940,900	\$588,540	14.9%	\$386,328	9.3%

2019 -2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$2,342,420	\$2,267,512	\$1,249,919	\$2,010,200	\$332,220	16.5%	\$74,908	3.3%
Total Agency Temp Salaries	424,200	296,300	264,865	403,200	21,000	5.2%	127,900	43.2%
Employee Benefits (Variable)	1,136,928	1,018,449	625,379	982,500	154,428	15.7%	118,479	11.6%
Employee Benefits (Other)	170,765	165,245	74,413	164,500	6,265	3.8%	5,520	3.3%
OPEB Contribution	50,726	36,552	21,467	36,400	14,326	39.4%	14,174	38.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	74,300	63,720	38,200	63,500	10,800	17.0%	10,580	16.6%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	7,816	8,600	3,400	39.5%	0	0.0%
Rideshare Allowance	12,500	0	0	0	12,500	100.0%	12,500	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$4,223,840	\$3,859,778	\$2,282,058	\$3,668,900	\$554,940	15.1%	\$364,062	9.4%
Salary Differential	0	(70,166)	-	-	-	-	70,166	-100.0%
TOTAL S&EB	\$4,223,840	\$3,789,612	\$2,282,058	\$3,668,900	\$554,940	15.1%	\$434,228	11.5%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

FINANCIAL & ACCOUNTING SERVICES

2019-2020 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00800A CHIEF FINANCIAL OFFICER	1	LS12	15,209	182,503
00799A ASSISTANT CHIEF FINANCIAL OFFICER	1	LS10	12,586	151,027
00418A ACCOUNTING OFFICER II	1	103B	8,518	102,219
00417A ACCOUNTING OFFICER I	1	99F	6,925	83,106
00146A SENIOR ACCOUNTANT	4	95A	28,884	346,608
00415A ACCOUNTANT	15	90K	92,857	1,114,283
00439A SENIOR SECRETARY	1	87J	3,987	47,843
00413A ACCOUNTING TECHNICIAN I	2	82D	10,091	121,095

POSITIONS 26 2,148,684

VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00418A ACCOUNTING OFFICER II	1	103B	6,857	82,285		61,714	
00146A SENIOR ACCOUNTANT	1	95A	5,506	66,072			33,036
00415A ACCOUNTANT	1	90K	4,916	58,992			29,496
00438A SECRETARY	1	81B	3,779	45,351			22,676
					0	61,714	85,208

POSITIONS 4 146,921

TOTAL POSITIONS 30

GROSS SALARIES 2,295,606

ANTICIPATED MOU SALARY INCREASE** 40,173

BONUS 6,641

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,342,420

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA

FISCAL YEAR 2019-2020

FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$35,100	\$35,000	\$20,519	\$31,150	\$3,950	12.7%	\$100	0.3%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	1,523	2,500	\$2,500	100.0%	0	0.0%
BANK SERVICES	230,000	280,000	88,503	215,000	\$15,000	7.0%	(50,000)	-17.9%
EDUCATIONAL EXPENSES	31,500	29,500	7,937	20,800	\$10,700	51.4%	2,000	6.8%
MISCELLANEOUS	4,000	4,000	1,692	2,550	\$1,450	56.9%	0	0.0%
TOTAL	\$305,600	\$353,500	\$120,175	\$272,000	\$33,600	12.4%	(\$47,900)	-13.6%

*All amounts rounded to the nearest dollar.



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 FY 2019-2020

Human Resources Director:

➔ John Nogales

- 13 budgeted positions

We have three distinct sections with Human Resources:

- Employee and Organizational Development
- Return-to-Work/Payroll
- Talent Acquisition and Management

FY 2019-2020 Highlights

Staffing

Currently, there are no vacant positions in Human Resources. Human Resources will manage its current duties, including FY 2019-2020 recruitment and selection functions, with its current staff members. Human Resources anticipates the recruitment and hiring of one Retirement Benefits Specialists Training Class during the 2019-2020 Fiscal Year.

Services & Supplies

There are several variances in Human Resources' 2019-2020 budget compared to last fiscal year. The Intern Program was reduced from \$242,000 to \$144,000 to better reflect historical costs and anticipated needs. Registration fees increased from \$35,000 to \$40,000. Human Resources is requesting \$40,000 for the organization to participate in an engagement and satisfaction survey as part of an action plan to boost employee engagement.

The Departmental Training budget request increased from \$180,000 to \$225,000 to provide career workshops as well as staff training in crucial conversations, emotional intelligence, and time management. Management-specific training includes governance, accountability, effective collaboration, and a strengths finder. Lastly, there is a line item for the Advanced CERL Education (ACE) Program (soft skills training).

HUMAN RESOURCES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

Human Resources is responsible for providing human resources services to LACERA. Our work includes areas such as: recruitment and selection, performance and workforce management, classification and compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, employee discipline, workplace investigations, workers' compensation, career planning, conflict resolution, labor/employment law compliance, and Americans With Disabilities Act (ADA), Family Medical Leave Act (FMLA), California Family Rights Act (CFRA), and Fair Labor Standards Act (FLSA) administration.

STAFFING

LACERA's Director of Human Resources will be retiring in September 2019. A hiring committee led by LACERA's Chief Executive Officer has been selected to guide the recruitment and selection process. A search firm, chosen through the RFP process, will be utilized for this recruitment. It is anticipated a highly qualified replacement will be selected prior to the incumbent's September 2019 retirement date to facilitate a smooth transition. There are no other current or anticipated vacancies in Human Resources.

Human Resources will manage its current duties, including FY 2019-2020 recruitment and selection functions, with its current Staff Members. Human Resources anticipates the recruitment and hiring of one Retirement Benefits Specialists Training Class during the 2019-2020 Fiscal Year.

Human Resources will continue its focus on enhancing our recruitment strategies and methods to attract a highly qualified, diverse workforce to support LACERA's Mission, Values, and Vision.

During the 2018-2019 Fiscal Year, Active Assailant Readiness and Discrimination Prevention Training was conducted for all Staff Members.

Human Resources shall continue attending educational programs to remain current and expand knowledge and expertise in its functional areas. During Fiscal Year 2018-2019, one (1) Staff Member successfully completed the CALAPRS Management Academy. All Human Resources Staff Members attended the Disney Institute on Employee Engagement to continue to identify new ways to keep staff members motivated and refine the new hire orientation process.

Budget Variances

In comparing our 2019-2020 Budget to that of the previous fiscal year, notable variances are found in the following areas:

Intern Program (Program): adjusted from \$242,000 to \$144,000 to better reflect historical costs and anticipated needs for 2019-2020.

The Program has yielded candidates from California State University, Los Angeles and Northridge; California State Polytechnic University; University of California Los Angeles (UCLA); University of Southern California (USC); UC San Diego (UCSD); Columbia University; Loyola Law School; MIT; UC Berkeley, New York University (NYU), University of Texas at Austin, Cornell University, University of Pennsylvania, Emery, University of Houston, and Texas A&M.

The Program is advertised at colleges, including community colleges, and universities throughout the nation. The Program is also advertised through Toigo Foundation which finds minority students in MBA programs throughout the country and helps pave their way into careers in investments and others.

Through the Program, two Interns who worked in Investments were later hired as LACERA Staff Members. Those interns were from Columbia University and UCLA.

Employee Engagement Program: \$40,000. LACERA plans to hire a Consultant to develop an action plan to bolster employee engagement and job satisfaction. Employee Engagement Programs are shown to enhance employee recruitment and retention efforts, improve employee morale, and boost productivity and quality of work produced. LACERA then plans to participate in the *Pensions & Investments* Best Places to Work in Money Management Survey through the Best Companies Group, an independent research firm specializing in identifying and recognizing great places to work.

Registration Fees: Increase from \$35,000 to \$40,000 due to training for new Staff Members and cost increases.

Departmental Training: Increase from \$180,000 to \$225,000.

The Departmental Training Budget anticipates expenditures for Staff Member Training in the following areas:

- Crucial conversations,
- Career workshops,
- Emotional Intelligence, and
- Time Management

For Management Staff:

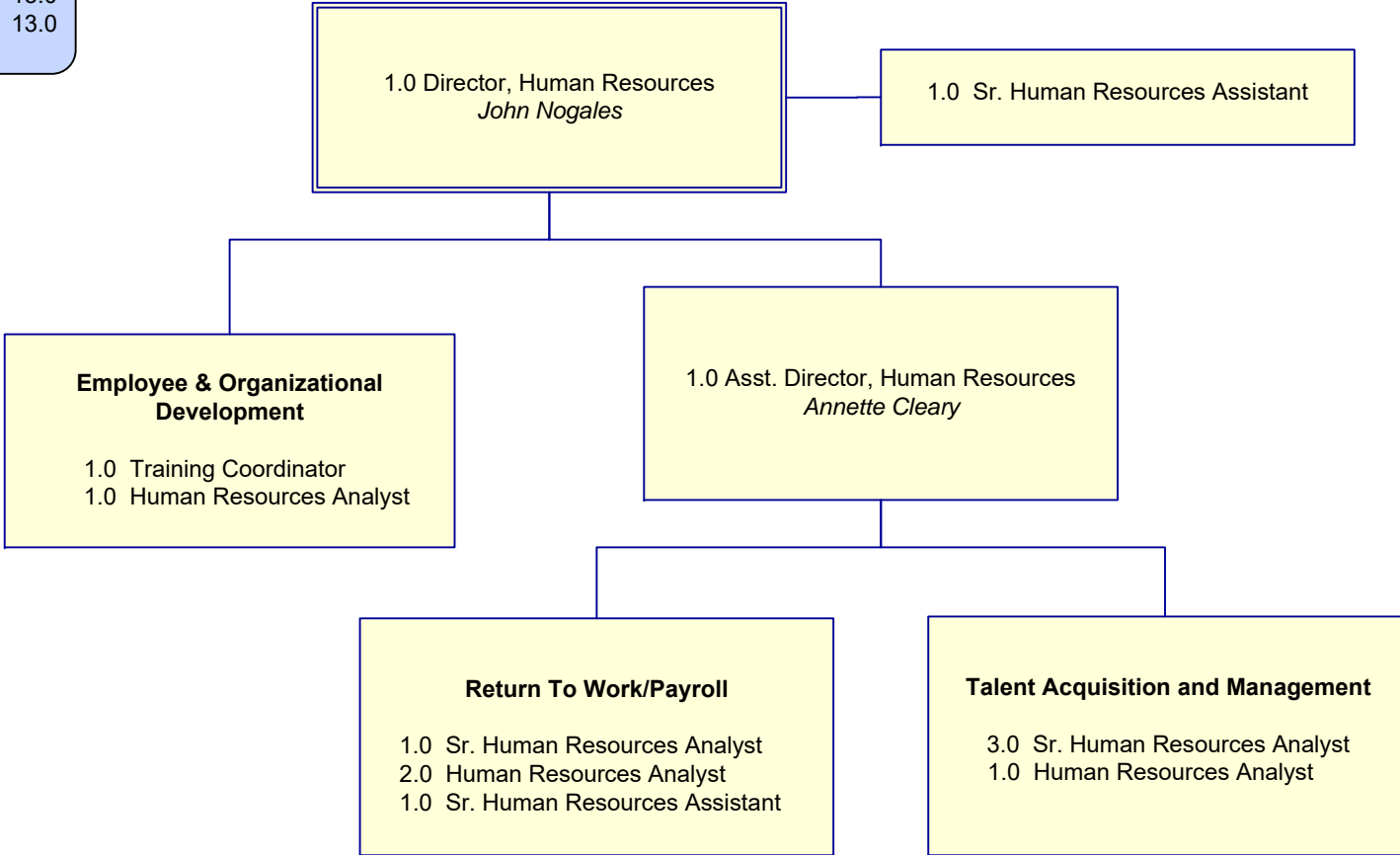
- Governance,
- Accountability,
- Effective Collaboration, and
- Strengths Finder

ACE (Accelerated CERL Education) Program: Soft skills training, which includes Leadership Ethics, Emotional Intelligence, Business Communication, Strategic Thinking, Conflict Resolution and Root Cause Analysis, among others.

HUMAN RESOURCES

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 13.0
 2018-2019 Hiring Plan: 13.0
 2019-2020 Bud. Pos.: 13.0
 2019-2020 Hiring Plan: 13.0



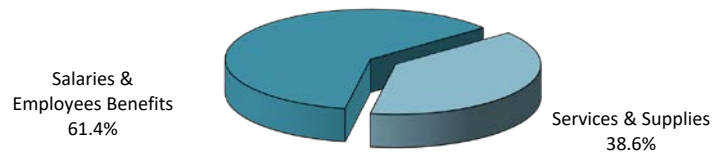
* Classification study for all position requested.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

HUMAN RESOURCES

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$2,439,274	\$2,469,656	\$1,384,914	\$2,285,000	\$154,274	6.8%	(\$30,382)	-1.2%
Services & Supplies	1,535,200	1,515,200	589,344	1,375,500	159,700	11.6%	20,000	1.3%
OPERATING BUDGET	\$3,974,474	\$3,984,856	\$1,974,258	\$3,660,500	\$313,974	8.6%	(\$10,382)	-0.3%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$1,346,210	\$1,258,552	\$818,606	\$1,325,200	\$21,010	1.6%	\$87,658	7.0%
Total Agency Temp Salaries	26,200	101,100	67,590	101,000	(74,800)	-74.1%	(74,900)	-74.1%
LACERA Intern Program	144,000	242,000	3,986	50,000	94,000	100.0%	(98,000)	100.0%
Employee Benefits (Variable)	788,571	716,115	437,458	\$689,600	98,971	14.4%	72,456	10.1%
Employee Benefits (Other)	98,140	97,050	42,911	\$96,600	1,540	1.6%	1,090	1.1%
OPEB Contribution	29,153	21,467	14,014	\$21,400	7,753	36.2%	7,686	35.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,500	1,403	349	\$1,200	300	25.0%	97	6.9%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	5,500	0	0	0	5,500	100.0%	5,500	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,439,274	\$2,437,687	\$1,384,914	\$2,285,000	\$154,274	6.8%	\$1,587	0.1%
Salary Differential	0	31,969	-	-	-	-	(31,969)	-100.0%
TOTAL S&EB	\$2,439,274	\$2,469,656	\$1,384,914	\$2,285,000	\$154,274	6.8%	(\$30,382)	-1.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019. A total of six (6) Student Professional Worker II positions will be utilized by LACERA. Two (2) in FASD, one (1) in Internal Audit, and two (2) in the Investment Office. In addition, one (1) Law Student Worker for Legal Services.

LACERA
FISCAL YEAR 2019-2020
SALARIES

HUMAN RESOURCES

2019-2020 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00425A DIRECTOR, HUMAN RESOURCES	1	LS12	14,118	169,410
00437A ASSISTANT DIRECTOR, HUMAN RESOURCES	1	LS10	11,685	140,223
00436A SENIOR HUMAN RESOURCES ANALYST	4	101A	33,988	407,856
01886A TRAINING COORDINATOR	1	100L	8,476	101,716
00434A HUMAN RESOURCES ANALYST	4	097A	29,009	348,108
00435A SENIOR HUMAN RESOURCES ASSISTANT	2	90C	12,675	152,099

POSITIONS 13 1,319,412

VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
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POSITIONS 0 0

TOTAL POSITIONS 13

GROSS SALARIES 1,319,412

ANTICIPATED MOU SALARY INCREASE** 23,090

BONUS 3,708

120-DAY RETIREE(S) 0

TOTAL SALARIES 1,346,210

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$21,000	\$18,000	\$8,446	\$18,100	\$2,900	16.0%	\$3,000	16.7%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	7,271	6,000	0	0.0%	0	0.0%
PARKING FEES	502,000	527,000	223,635	477,000	25,000	5.2%	(25,000)	-4.7%
PROFESSIONAL & SPEC. SRVCS.	303,700	308,700	134,624	262,200	41,500	15.8%	(5,000)	-1.6%
COMPUTER SERVICES & SUPPORT	36,000	40,000	3,774	35,500	500	1.4%	(4,000)	-10.0%
EDUCATIONAL EXPENSES	494,000	444,000	103,866	407,000	87,000	21.4%	50,000	11.3%
MISCELLANEOUS	172,500	171,500	107,729	169,700	2,800	1.6%	1,000	0.6%
TOTAL	\$1,535,200	\$1,515,200	\$589,344	\$1,375,500	\$159,699	11.6%	\$20,000	1.3%

*All amounts rounded to the nearest dollar.



Internal Audit Services

Mission Statement

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

Our Team FY 2019-2020

- ➔ Internal Audit Chief: Richard Bendall
 - 11 budgeted positions

We have two teams within Internal Audit, consisting of:

- Principal Internal Auditors
- Senior Internal Auditors
- Internal Auditors

FY 2019-2020 Highlights

Staffing

No additional staff positions are being requested at this time, but a classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor, and a compensation study has been requested for the Principal Internal Auditor classification. Additionally, Internal Audit would like to hire an intern through LACERA's Intern Program.

Services & Supplies

Internal Audit's requested Services and Supplies budget for FY 2019-2020 is based on actual historic expenditures, coupled with a detailed review of our business strategy needs for the year. The overall Services and Supplies budget is substantially unchanged from the prior year. External Audit Services' budget will remain \$450,000 to conduct the external financial audit, IT network and security audits, real estate investment advisor audits, and other specialized investment external audits, using approximately 80 percent of the budget. The remainder is allotted for contingent services.

INTERNAL AUDIT

Budget Request Highlights

FY 2019-2020

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

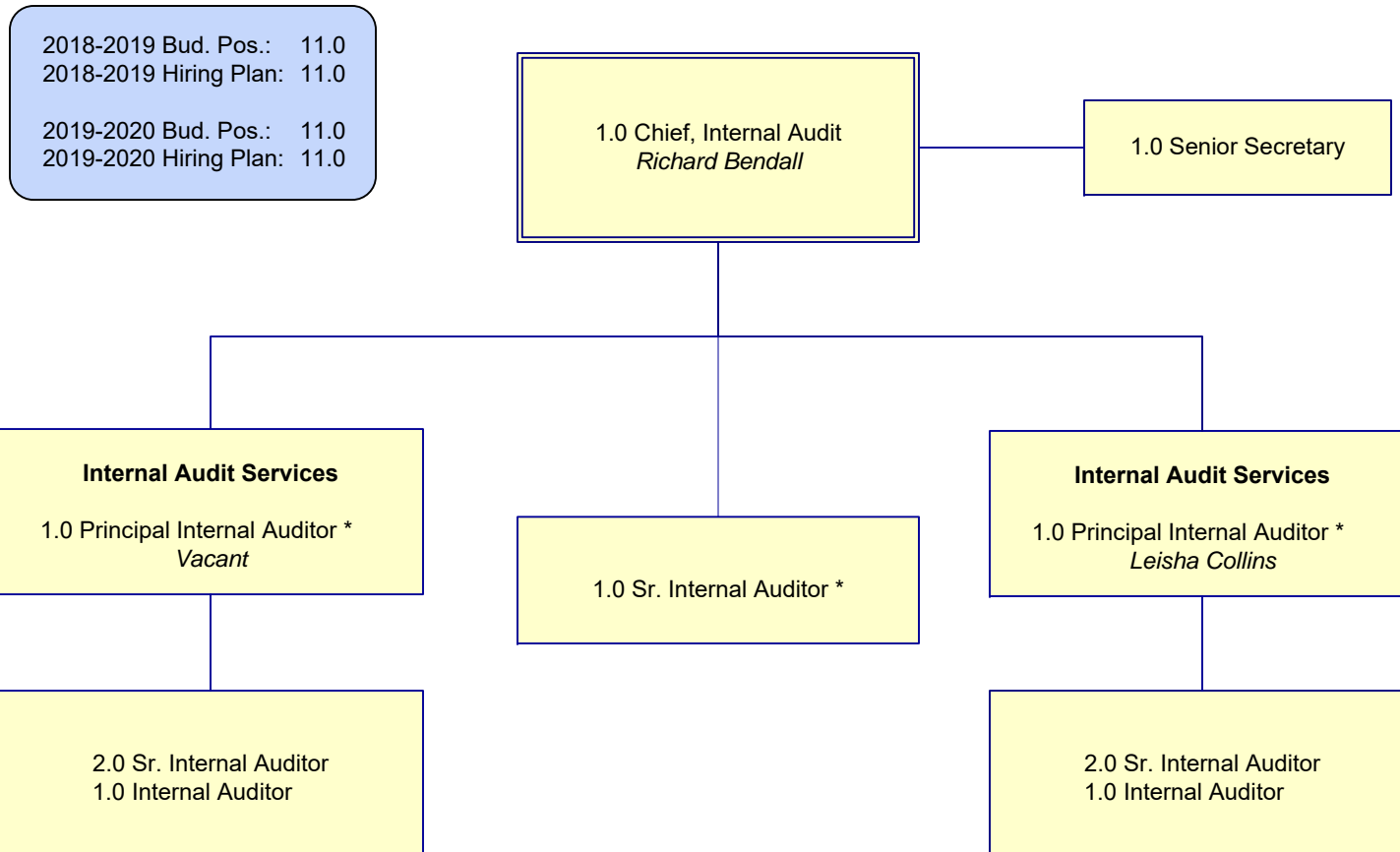
There are currently 11 budgeted full time positions. No additional staff positions are being requested at this time. A classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor. A compensation study has also been requested for the Principal Internal Auditor Classification. Furthermore, to ensure more coverage over the increasingly responsibilities of Internal Audit, we are also requesting to hire an intern through LACERA's Intern Program. An intern will provide an opportunity to mentor and prepare external professional staff into the Internal Audit Division, and a resource for completing lower level audit projects.

SERVICES AND SUPPLIES

Internal Audit's requested Services and Supplies budget for the 2019-2020 Fiscal year is based on actual historic expenditures, coupled with a detailed review of the Division's business strategy needs for the year. The overall services and supplies budget is substantially unchanged from the prior year. We have elected to keep the External Audit Services budget at \$450,000. We anticipate planned expenditures for the external financial audit, IT network and security audits, real estate investment advisor audits and other specialized investment external audits to use approximately 80 percent of the budget. The remainder will be for contingent external audit services.

INTERNAL AUDIT

FISCAL YEAR 2019-2020



2018-2019 Bud. Pos.: 11.0
 2018-2019 Hiring Plan: 11.0
 2019-2020 Bud. Pos.: 11.0
 2019-2020 Hiring Plan: 11.0

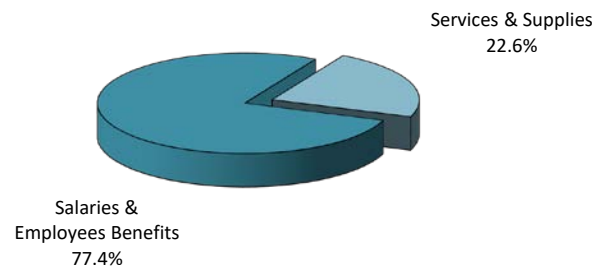
* Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$1,851,084	\$1,855,122	\$915,338	\$1,696,500	\$154,584	9.1%	(\$4,038)	-0.2%
Services & Supplies	539,500	587,500	196,111	477,850	\$61,650	12.9%	(48,000)	-8.2%
OPERATING BUDGET	\$2,390,584	\$2,442,622	\$1,111,449	\$2,174,350	\$216,234	9.9%	(\$52,038)	-2.1%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$1,168,866	\$1,230,288	\$570,925	\$1,072,000	\$96,866	9.0%	(\$61,422)	-5.0%
Total Agency Temp Salaries	0	0	8,346	16,900	(16,900)	0.0%	0	0.0%
Employee Benefits (Variable)	564,194	536,055	286,286	497,800	66,394	13.3%	28,139	5.2%
Employee Benefits (Other)	85,212	90,520	40,024	90,100	(4,888)	-5.4%	(5,308)	-5.9%
OPEB Contribution	25,312	20,023	9,703	19,200	6,112	31.8%	5,289	26.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,000	3,327	54	500	2,500	500.0%	(327)	-9.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,500	1,500	0	0	1,500	100.0%	0	0.0%
Rideshare Allowance	3,000	0	0	0	3,000	100.0%	3,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,851,084	\$1,881,713	\$915,338	\$1,696,500	\$154,584	9.1%	(\$30,629)	-1.6%
Salary Differential	0	(26,591)	-	-	-	-	26,591	-100.0%
TOTAL S&EB	\$1,851,084	\$1,855,122	\$915,338	\$1,696,500	\$154,584	9.1%	(\$4,038)	-0.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

INTERNAL AUDIT

2019-2020 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00774A CHIEF, INTERNAL AUDIT	1	LS12	14,544	174,531			
00762A PRINCIPAL INTERNAL AUDITOR	2	113D	20,825	249,901			
00763A SENIOR INTERNAL AUDITOR	5	107A	43,537	522,439			
00764A INTERNAL AUDITOR	1	100J	8,435	101,221			
00439A SENIOR SECRETARY	1	087J	4,773	57,274			
POSITIONS	10			1,105,366			
VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00764A INTERNAL AUDITOR	1	100J	6,432	77,182	0	0	38,591
POSITIONS	1			38,591			38,591
TOTAL POSITIONS	11						
GROSS SALARIES				1,143,957			
ANTICIPATED MOU SALARY INCREASE**				20,019			
BONUS				4,890			
120-DAY RETIREE(S)				0			
TOTAL SALARIES				1,168,866			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$28,000	\$30,000	\$3,142	\$23,950	\$4,050	16.9%	(\$2,000)	-6.7%
OFFICE SUPPLIES & EQUIPMENT	2,000	2,500	660	1,800	200	11.1%	(500)	-20.0%
PROFESSIONAL & SPEC. SRVCS.	471,000	521,000	180,910	420,800	50,200	11.9%	(50,000)	-9.6%
EDUCATIONAL EXPENSES	37,500	33,000	11,058	30,500	7,000	23.0%	4,500	13.6%
MISCELLANEOUS	1,000	1,000	341	800	200	25.0%	0	0.0%
TOTAL	\$539,500	\$587,500	\$196,111	\$477,850	\$61,650	12.9%	(\$48,000)	-8.2%

*All amounts rounded to the nearest dollar.



Investment Office

Mission Statement

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

Our Team FY 2019-2020

Chief Investment Officer:

➔ Jonathan Gabel

- 44 budgeted positions

We have eight distinct sections within the Investment Office:

- Real Assets
- Hedge Funds
- Private Equities
- Global Equities
- Fixed Income
- Portfolio Analytics
- Real Estate
- Corporate Governance

FY 2019-2020 Highlights

Staffing

The Investment Office is requesting three new positions: one for Portfolio Analytics–Corporate Governance, one for Fixed Income–Credit, and one for Private Equity–Co-Investments.

Services & Supplies

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team. There are no significant changes to the proposed FY 2019-2020 budget.



INTRODUCTION

The Investment Office staff responsibilities include developing and recommending prudent investment policies and risk management strategies to assist LACERA achieve return objectives established by the Board of Investments. The Investment staff is also responsible for implementing and monitoring Board-approved programs and policies.

BACKGROUND

The budget request for FY 2018-19 added four new positions to the Investment Office, increasing the budgeted positions to 41. Since July 1, 2018, 15 staff searches were conducted: 12 have concluded and three are currently underway and expected to be finalized in the current fiscal year.

Concluded Searches	Searches Underway
Finance Analyst I - Real Estate	Finance Analyst II - Real Assets
Principal Investment Officer - Real Assets	Finance Analyst III - Real Assets
Senior Investment Officer - Private Equity	Finance Analyst III - Private Equity
Finance Analyst II - Real Estate	
Finance Analyst II - Hedge Funds	
Finance Analyst III - Hedge Funds	
Finance Analyst II - Portfolio Analytics	
Finance Analyst III - Private Equity	
Senior Investment Officer - Portfolio Analytics	
Senior Investment Officer - Hedge Funds	
Finance Analyst III - Fixed Income	
Finance Analyst I - Portfolio Analytics	

Currently there are four vacant positions that are expected to be filled in FY 2018-19. Three of the four positions below are also listed above under Searches Underway.

- Finance Analyst III – Private Equity
- Finance Analyst III – Hedge Funds
- Finance Analyst III – Real Assets
- Finance Analyst III – Real Assets

STAFFING

For FY 2019-20 the Investment Office is requesting an increase in the number of budgeted positions by three.

- Three Finance Analyst III positions, one for Portfolio Analytics - Corporate Governance, one for Fixed Income – Credit, and one for Private Equity – Co-investments.
- The descriptions of the positions are listed below:

Finance Analyst III, Portfolio Analytics – Corporate Governance

This position will assist the Principal Investment Officer and Senior Investment Officer-Corporate Governance in developing and implementing corporate governance initiatives, executing proxy voting policies, and integrating environmental, social, and governance factors into the total fund investment process.

Finance Analyst III, Fixed Income – Credit

This position will assist the Principal Investment Officer in evaluating and recommending credit fund managers, developing operations and procedures, and portfolio monitoring.

Finance Analyst III, Private Equity – Co-investments

This position will assist the Principal Investment Officer and Senior Investment Officer in evaluating and recommending private equity fund managers, co-investments, and other alternative investment structures.

This will increase the net number of budgeted positions from 41 to 44.

SERVICES AND SUPPLIES

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team. There are no significant changes to the proposed FY 2019-20 budget.

INVESTMENT OFFICE

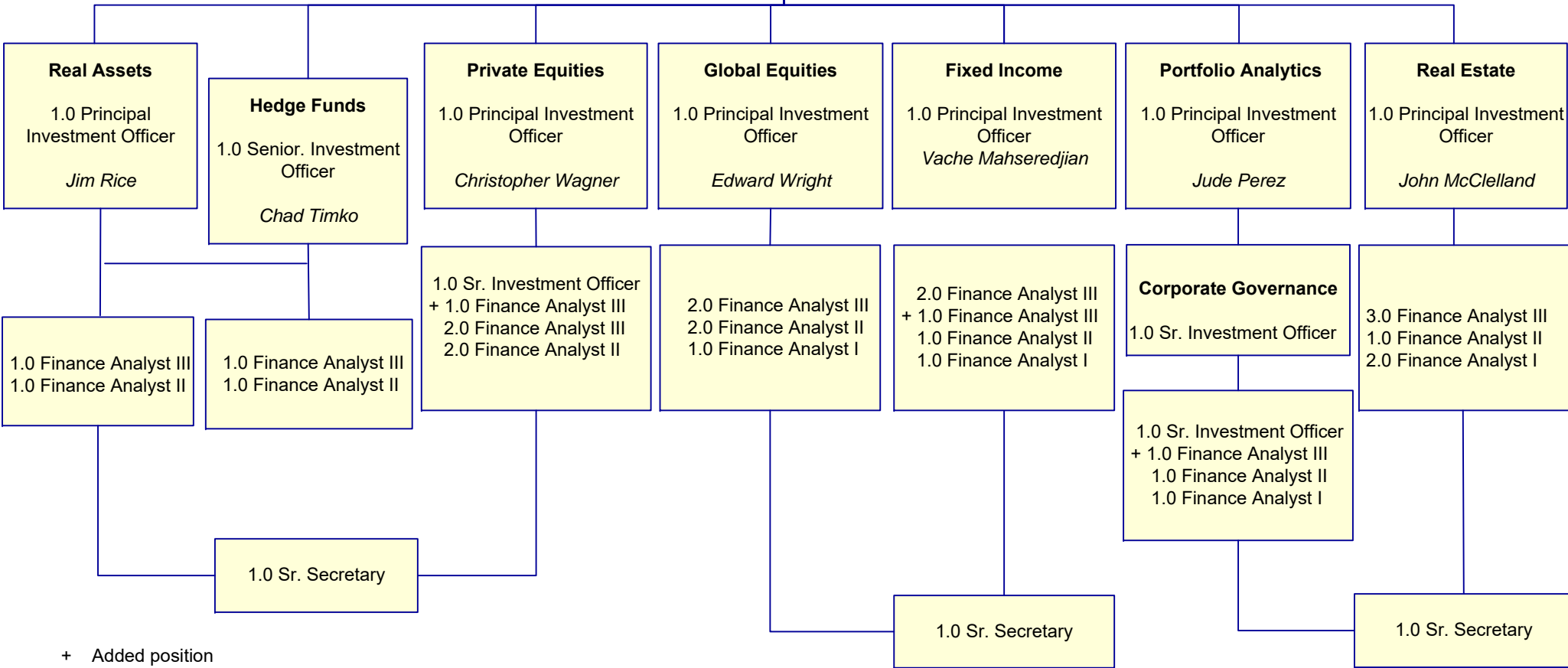
FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 41.0
 2018-2019 Hiring Plan: 41.0
 2019-2020 Bud. Pos.: 44.0
 2019-2020 Hiring Plan: 43.0

Pending Board of Supervisors Approval
 1.0 Deputy Chief Investment Officer Ø
TBD

1.0 Chief Investment Officer
Jonathan Grabel

1.0 Sr. Mgmt. Secretary



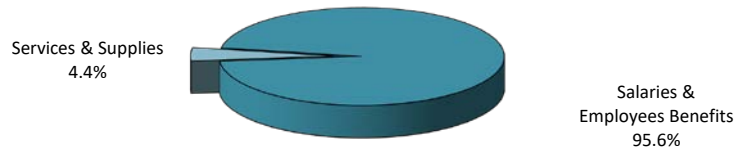
+ Added position
 Ø Not yet approved by Board of Supervisors

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$12,361,834	\$11,487,512	\$6,680,605	\$11,121,600	\$1,240,234	11.2%	\$874,322	7.6%
Services & Supplies	564,400	564,700	176,742	476,500	87,899	18.4%	(300)	-0.1%
OPERATING BUDGET	\$12,926,234	\$12,052,212	\$6,857,347	\$11,598,100	\$1,328,133	11.5%	\$874,022	7.3%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-19)	PROJECTION				
Total LACERA Salaries	\$8,031,215	\$8,050,214	\$4,532,493	\$7,461,500	\$569,715	7.6%	(\$18,999)	-0.2%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	3,563,513	3,131,265	1,854,235	2,961,000	602,513	20.3%	432,248	13.8%
Employee Benefits (Other)	585,486	574,833	254,162	572,000	13,486	2.4%	10,653	1.9%
OPEB Contribution	173,920	127,153	39,577	126,600	47,320	37.4%	46,767	36.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	2,000	138	500	(500)	-100.0%	(2,000)	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%
Rideshare Allowance	6,500	0	0	0	6,500	100.0%	6,500	100.0%
Transportation Allowance	0	7,200	0	0	0	0.0%	(7,200)	-100.0%
ADJUSTED GROSS S&EB	\$12,361,834	\$11,893,865	\$6,680,605	\$11,121,600	\$1,240,234	11.2%	\$467,969	3.9%
Salary Differential	0	(406,352)	-	-	-	-	406,352	-100.0%
TOTAL S&EB	\$12,361,834	\$11,487,512	\$6,680,605	\$11,121,600	\$1,240,234	11.2%	\$874,322	7.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

INVESTMENT OFFICE

2018-2019 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00493A CHIEF INVESTMENT OFFICER (UC)	1	LR28	46,420	557,037
00495A PRINCIPAL INVESTMENT OFFICER	2	LR23	66,317	795,806
00496A PRINCIPAL INVESTMENT OFFICER (UC)	4	LR23	109,002	1,308,027
00492A SENIOR INVESTMENT OFFICER	4	LR20	80,229	962,749
00769A FINANCE ANALYST III	7	LR16	132,657	1,591,888
00768A FINANCE ANALYST II	9	LR12	106,898	1,282,781
00767A FINANCE ANALYST I	5	103G	43,387	520,638
00441A SENIOR MANAGEMENT SECRETARY	1	95J	7,366	88,389
00439A SENIOR SECRETARY	3	87J	17,788	213,457

POSITIONS 36 7,320,773

VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
99999A DEPUTY CHIEF INVESTMENT OFFICER (UC) Ø	1	LR24	23,933	287,196			
00769A FINANCE ANALYST III	7	LR16	93,932	1,127,187			563,593
					0	0	563,593

POSITIONS 8 563,593

TOTAL POSITIONS 44

GROSS SALARIES 7,884,366

ANTICIPATED MOU SALARY INCREASE** 137,976

BONUS 8,872

120-DAY RETIREE(S) 0

TOTAL SALARIES 8,031,215

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Not yet approved by the Board of Supervisors and is calculated at 0 percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
AUTO EXPENSE	\$3,400	\$3,400	\$217	\$1,400	\$2,000	0	\$0	0
TRANSPORTATION & TRAVEL	406,000	406,000	103,545	350,600	55,400	15.8%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	11,796	8,500	(2,500)	-29.4%	0	0.0%
EDUCATIONAL EXPENSES	143,500	143,800	59,317	111,000	32,500	29.3%	(300)	-0.2%
MISCELLANEOUS	5,500	5,500	1,867	5,000	500	10.0%	0	0.0%
TOTAL	\$564,400	\$564,700	\$176,742	\$476,500	\$87,900	18.4%	(\$300)	-0.1%

*All amounts rounded to the nearest dollar.



Legal Services

Mission Statement

To provide timely and effective legal representation, advice, and counsel at the highest professional level to LACERA, the Board of Retirement and the Board of Investments, and executive management and staff.

Our Team FY 2019-2020

- ➔ Chief Counsel: Steven Rice
 - 26 budgeted positions

We have five distinct sections within Legal Services:

- Investments
- Litigation
- Legislative Affairs
- Benefits
- Disability

FY 2019-2020 Highlights

Staffing

Legal Services is requesting the following three new positions: Director of Compliance, to fulfill the Strategic Plan objective of building an operational compliance function; one Staff Counsel—Investments and one Legal Analyst—Benefits.

Three approved classification studies carry over from prior years: Senior Staff Counsel in the Investments and Litigation Sections, and Senior Legal Analyst, above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections.

Additionally, Legal Services is asking for approval of the agency-temporary and overtime budget amounts.

Services & Supplies

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount.



INTRODUCTION

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

STAFFING

New Positions

Director of Compliance: To achieve the objective of LACERA’s Strategic Plan to build an operational compliance function, the Legal Office proposes to add a Director of Compliance position. The Director of Compliance will administratively report to the Chief Counsel and be placed at the same level on the organizational chart as Senior Staff Counsel. The Director of Compliance will have the ability to report directly to the Audit Committee when necessary. The Director of Compliance will serve as the single point of responsibility to oversee the operational compliance program, including preparation and review of policies, procedures, and charters, education and training, monitoring, enforcement, and response and prevention. The Director of Compliance will also have the responsibility to serve as LACERA’s Privacy Officer.

Staff Counsel–Investments: To meet the demands created by the increasing number and complexity of LACERA’s investments and the growth of the in-house investments program across the portfolio (which already includes direct hedge funds and co-investments, among others), the Legal Office proposes to add another Staff Counsel to the existing team of three attorneys, two legal analysts, and two secretaries. The Legal Office added a Staff Counsel in 2017, who was quickly fully occupied. All of the other existing investment legal staff are also working at capacity. An additional factor is the Legal Office’s desire to improve service and achieve cost savings to the fund by taking more investment work in house, particularly to support alternative investments, as opposed to outsourcing it to outside law firms; the proposed additional staff counsel will be an important part of that effort.

Legal Analyst–Benefits: To meet the demands of the increased volume of submissions of court documents and to better serve our members, the Legal Office proposes adding one more Legal Analyst to the Benefits team. Another Legal Analyst will assist in improving the timeliness of LACERA’s responses so that our members can make informed decision regarding their pension benefits. The Legal Analyst will process domestic relations orders and related paperwork, as well as other benefit documents. In addition, the Legal Analyst will assist with the processing of administrative appeals and other member-related legal matters. The Legal Analyst will report to the Senior Staff Counsel in the Benefits Section.

Classification Studies

The Office’s organizational chart includes three classification studies that continue studies approved in prior years. These studies are intended to provide the Office with the ability to place staff in positions that accurately reflect their level of expertise, performance, and responsibility.

Senior Staff Counsel: The organizational chart for the Legal Services Office shows a classification study for Staff Counsel in the Investments and Litigation Sections so that promotional opportunities are available as may be warranted by performance and responsibilities. The Senior Staff Counsel position is an existing classification. Accordingly, this study will evaluate the work of the Staff Counsel position in these sections to determine if they conform to the requirements of the Senior Staff Counsel classification. This study was approved in past years, and continues for FY 2019-20.

Senior Legal Analyst: Senior Legal Analyst is being studied as a new position above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections. Legal Analysts perform paralegal work, and they assist the Office’s attorneys in analyzing legal and factual issues, processing investments contracts, member benefit and disability issues, court documents, and other matters, and interfacing with LACERA staff, members, and vendors. The new Senior Legal Analyst position will be used to recognize that certain Legal Analysts have a supervisory role, perform more complex work (including legal work when the analyst possesses the necessary training), and have a higher degree of responsibility and interaction with internal clients, outside counsel, members, and/or opposing parties. These additional responsibilities require a higher level of expertise, experience, and performance. This study was approved in past years, and continues for FY 2019-20.

Temporary Services and Overtime

The Agency Temporary budget of \$60,000 will provide for temporary staff to cover Legal Office needs, such as potential attorney and clerical assistance for special projects and coverage for administrative staff absences.

The Overtime budget of \$35,000 will provide for existing secretarial and Legal Analyst staff in the Investment Section of the Legal Office to work overtime to keep up with the very high volume and time-sensitive demands of the organization’s investment work and

in the Benefits Section of the office to cover March Madness and other member service needs.

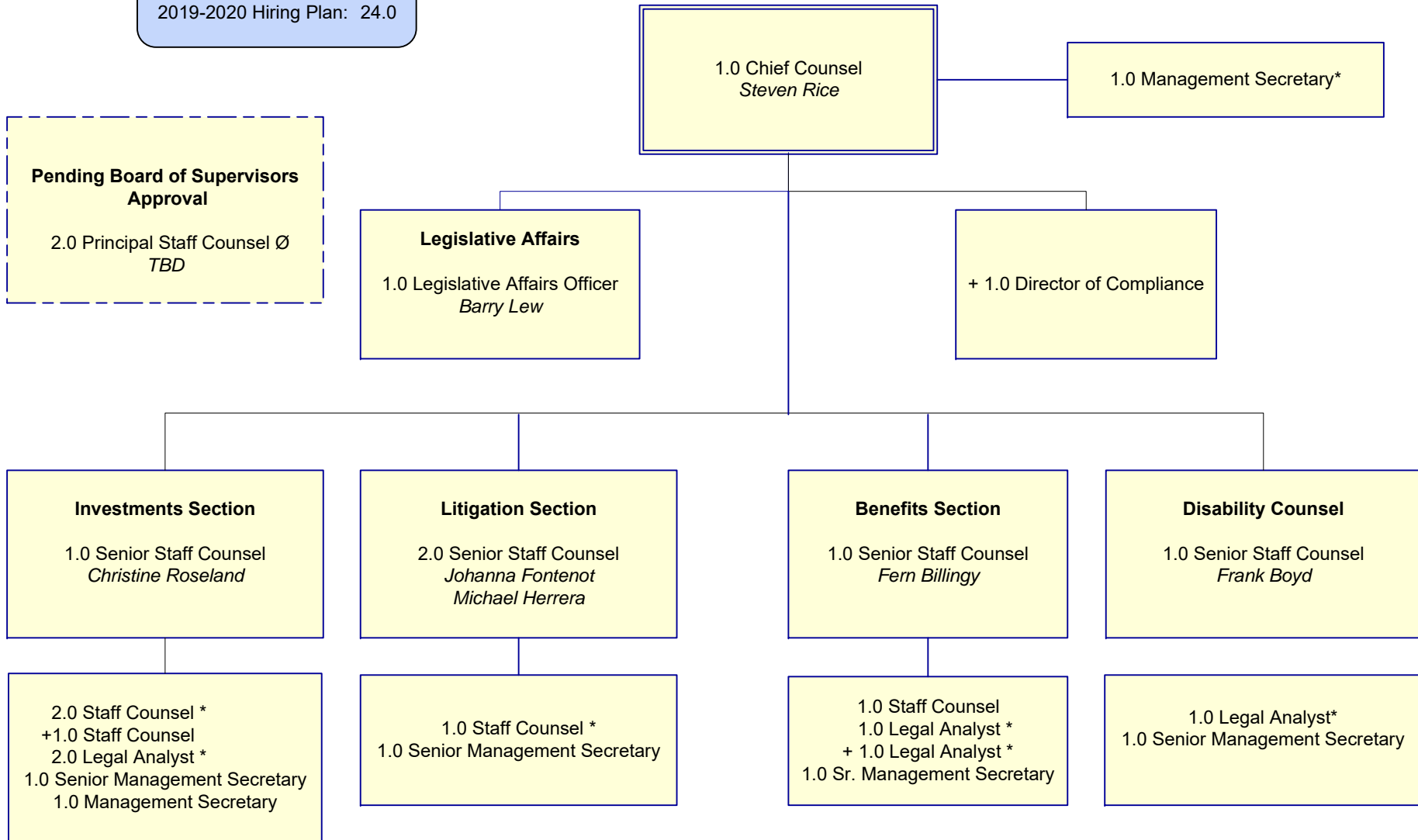
SERVICES AND SUPPLIES

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount.

LEGAL SERVICES

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 23.0
 2018-2019 Hiring Plan: 22.0
 2019-2020 Bud. Pos.: 26.0
 2019-2020 Hiring Plan: 24.0



+ Added position

* Classification study for the position requested

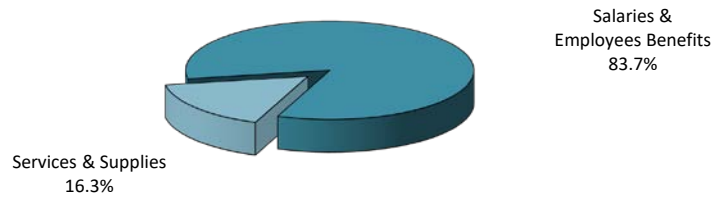
Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments and Litigation Team & 1.0 Principal Staff Counsel in Benefits and Disability Team)

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$5,385,123	\$4,928,167	\$2,769,382	\$4,648,400	\$736,723	15.8%	\$456,956	9.3%
Services & Supplies	1,051,300	1,082,150	905,057	1,252,550	(201,250)	-16.1%	(30,850)	-2.9%
OPERATING BUDGET	\$6,436,423	\$6,010,317	\$3,674,439	\$5,900,950	\$535,473	9.1%	\$426,106	7.1%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$3,304,852	\$3,199,557	\$1,743,462	\$2,900,200	\$404,652	14.0%	\$105,295	3.3%
Total Agency Temp Salaries	60,000	118,700	57,106	110,900	(50,900)	0.0%	(58,700)	-49.5%
Employee Benefits (Variable)	1,666,774	1,559,181	842,822	1,361,700	305,074	22.4%	107,593	6.9%
Employee Benefits (Other)	240,928	221,379	97,883	220,300	20,628	9.4%	19,549	8.8%
OPEB Contribution	71,568	48,969	24,121	48,800	22,768	46.7%	22,599	46.2%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	35,000	36,144	3,989	6,500	28,500	438.5%	(1,144)	-3.2%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	6,000	0	0	0	6,000	100.0%	6,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,385,123	\$5,183,929	\$2,769,382	\$4,648,400	\$736,723	15.8%	\$201,194	3.9%
Salary Differential		(255,762)	-	-	-	-	255,762	-100.0%
TOTAL S&EB	\$5,385,123	\$4,928,167	\$2,769,382	\$4,648,400	\$736,723	15.8%	\$456,956	9.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

LEGAL SERVICES

2018-2019 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
09216A	CHIEF COUNSEL	1	LS19	25,232	302,781
09213A	SENIOR STAFF COUNSEL	5	LS16	95,681	1,148,177
19212A	STAFF COUNSEL	4	LS12	56,098	673,179
00795A	LEGISLATIVE AFFAIRS OFFICERS	1	111D	10,636	127,633
09235A	LEGAL ANALYST	4	98B	30,999	371,991
00441A	SENIOR MANAGEMENT SECRETARY	3	95J	21,900	262,798
00440A	MANAGEMENT SECRETARY	2	91J	12,538	150,454

POSITIONS 20 3,037,013

VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
99999A	PRINCIPAL STAFF COUNSEL Ø	2	LS17	28,851	346,207			
99999A	DIRECTOR OF COMPLIANCE	1	LS16	13,419	161,027			80,513
19212A	STAFF COUNSEL	1	LS12	10,048	120,577			60,288
09235A	LEGAL ANALYST	1	98B	5,988	71,855			35,927
00441A	SENIOR MANAGEMENT SECRETARY	1	95J	5,616	67,390			33,695
						0	0	210,424

POSITIONS 6 210,424

TOTAL POSITIONS 26

GROSS SALARIES 3,247,437

ANTICIPATED MOU SALARY INCREASE** 56,830

BONUS 585

120-DAY RETIREE(S) 0

TOTAL SALARIES 3,304,852

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Not yet Board of Supervisors approved and is calculated at 0 percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
AUTO EXPENSE	\$4,700	\$4,150	\$3,214	\$4,700	\$0	0.0%	\$550	13.3%
TRANSPORTATION & TRAVEL	49,800	56,000	23,750	39,550	10,250	25.9%	(6,200)	-11.1%
OFFICE SUPPLIES & EQUIPMENT	7,500	7,000	4,190	6,200	1,300	21.0%	500	7.1%
PROFESSIONAL & SPEC. SRVCS.	300,300	285,500	170,724	285,300	15,000	5.3%	14,800	5.2%
LEGAL FEES & SERVICES	532,000	579,000	608,760	775,800	(243,800)	-31.4%	(47,000)	-8.1%
EDUCATIONAL EXPENSES	154,000	147,500	93,574	139,000	15,000	10.8%	6,500	4.4%
MISCELLANEOUS	3,000	3,000	844	2,000	1,000	50.0%	0	0.0%
TOTAL	\$1,051,300	\$1,082,150	\$905,057	\$1,252,550	(\$201,250)	-16.1%	(\$30,850)	-2.9%

*All amounts rounded to the nearest dollar.



Member Services Division

Mission Statement

To provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We will 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 FY 2019-2020

➔ Division Manager: Allan Cochran

- 79 budgeted positions

In Member Services, we have:

- Quality Control
- Outreach
- Call Center
- Correspondence

FY 2019-2020 Highlights

Staffing

In FY 2017-2018, Member Services hired seven graduates of the Core Benefits Training (CBT) class, and successfully integrated them into our operations. We anticipate 13 Retirement Benefits Specialist (RBS) candidates to graduate the 2019-2020 CBT class for release to Member Services in January 2020.

We are requesting two RBS IIIs for the proposed Member Care Unit.

The requested overtime budget for FY 2019-20 is \$119,500, a 3.6% increase from FY 2018-2019, to continue expanding our Saturday Pre-Retirement Seminars, individual counseling, and Neighborhood Workshop Seminars. Staff also continues to volunteer in assisting our Benefits business partners, particularly during the March Madness season. With Member Services getting closer to full staffing, For FY 2019-20, we are requesting the use of temporary agency employees for Member Services Center front desk positions, but anticipate this may be the final fiscal year for this budget item.

Services & Supplies

We are reducing our services and supplies budget request based on actual and historical expenditures trends.

MEMBER SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

More than 171,000 members, beneficiaries, and survivors rely on LACERA's Member Services Division to provide world-class service and education with kindness, care, and empathy. We connect with them on the telephone and during one-on-one counseling sessions at our Member Service Center, and correspond with them through our secure member portal, email and letters. We educate our members through educational workshops at our offices in Pasadena and at many locations throughout the County of Los Angeles. And, we listen. Member Services staff members listen carefully every day to understand the concerns of our members and provide them with superior service.

The LACERA Member Services Division is supported by other outstanding professionals throughout the organization to deliver on our LACERA mission to Produce, Protect, and Provide the Promised Benefits.

OVERVIEW

Our objectives for Fiscal Year (FY) 2019-2020 include adding:

- Two (2) Retirement Benefit Specialist III (Member Care Unit)

STAFFING

Member Services' objective is to become fully staffed and the division has worked to fill any open positions. We continue to make significant progress toward this objective and are also keenly focused on offering promotional opportunities to our staff.

During the past fiscal year, we have:

- Initiated a recruitment for a Senior Retirement Benefits Specialist to serve as a supervisor in our Correspondence Unit. This is a position that has been vacant for some time.
- Hired seven graduates of the 2017-2018 Core Benefits Training (CBT) class and successfully integrated them into our Member Services operations where they currently work in our Call Center and Member Service Center (MSC).
- In training: 13 RBS candidates for the 2019-2020 Core Benefits Training Class. Graduation and release to Member Services is anticipated in January 2020.

Once the 2019-2020 Core Benefit Training class graduates and joins Member Services, we anticipate we will have four unfilled positions out of our current 77 budgeted positions.

The remaining unfilled positions are:

- Four RBS II

To further develop our capability to provide world-class service to our members, we are requesting two more key positions to be added to Member Services for the proposed Member Care Unit.

Creation of a Member Care Unit (MCU)

We propose the creation of a new Member Care Unit within Member Services. The responsibility of this unit will be active death case management, disability with reciprocity case management, member counseling in the Member Service Center and Call Center, as well as case analysis creation for the Correspondence Unit.

The MCU will be created from the two RBS III positions requested for this fiscal year. RBS III staff members are the most experienced and capable of the Retirement Benefits Specialist classification and have the depth of knowledge and experience to offer attentive service to the members placed in the case management process.

Case management will be the primary focus of this unit's work. However, if MCU staff members have availability after they have completed their case management assignments they might be deployed throughout Member Services a portion of each day based on daily operational needs.

In the morning and afternoon they might be assigned case management responsibilities, and in the late morning and early afternoon, they would be assigned duties in the Member Service Center and Call Center, during the busiest hours. On days when there are many field events, the MCU staff members might all be assigned to counsel members in the MSC and with the creation of the MCU, and the addition of two

more RBS IIIs, this will provide the needed resources to remove case management from Outreach staff thereby freeing them to offer more field events throughout the County.

Currently, these duties are being handled by RBS III's assigned to the Outreach Section. This staff has done a tremendous job implementing our case management philosophy, but have struggled to balance competing needs of being in the field and being in the office to be available when our member's need them. Having a MCU will allow us to provide better case management service, as this will be the unit's primary responsibility, plus it will provide Member Services with additional resources to assist with the demands on the Member Services Division.

Overtime

Member Services continues to need overtime resources to expand our Saturday Pre-Retirement Seminars, individual counseling and our Neighborhood Workshop Seminars. Pre-Retirement Seminars and individual counseling appointments are now offered one Saturday each month in our Pasadena MSC. This fiscal year we expanded our Saturday services during the March Retirement rush. With the support of other divisions, Member Services provided individual counseling and Pre-Retirement Seminars during most Saturdays between January and March. This service is provided through overtime, and each seminar requires supervision and a number of Retirement Specialists.

We also offered five Neighborhood Workshop events during FY 2018-19, with presentations held at locations throughout Los Angeles County on weekends. We anticipate at least a similar number of these workshops during FY 2019-20. Staff for the Neighborhood Workshops are compensated through the Member Services overtime budget.

Member Services staff continue to volunteer to assist our Benefits business partners in processing benefits paperwork, particularly during the March Madness season. We anticipate a continuing request from Benefits for our support.

The requested overtime budget for FY 2019-20 is \$119,500, which is a 3.6 percent increase from FY 2018-19.

Agency Temporary Employees

Member Services continues to strive to staff the Member Services Center front desk with RBS IIs and end our practice of hiring temporary employees for these positions. We are much closer to this objective as Member Services is much closer to becoming fully staffed. For FY 2019-20, we are requesting the use of temporary agency staff and anticipate this may be the final fiscal year where temporary employees are employed by

Member Services.

SERVICES AND SUPPLIES

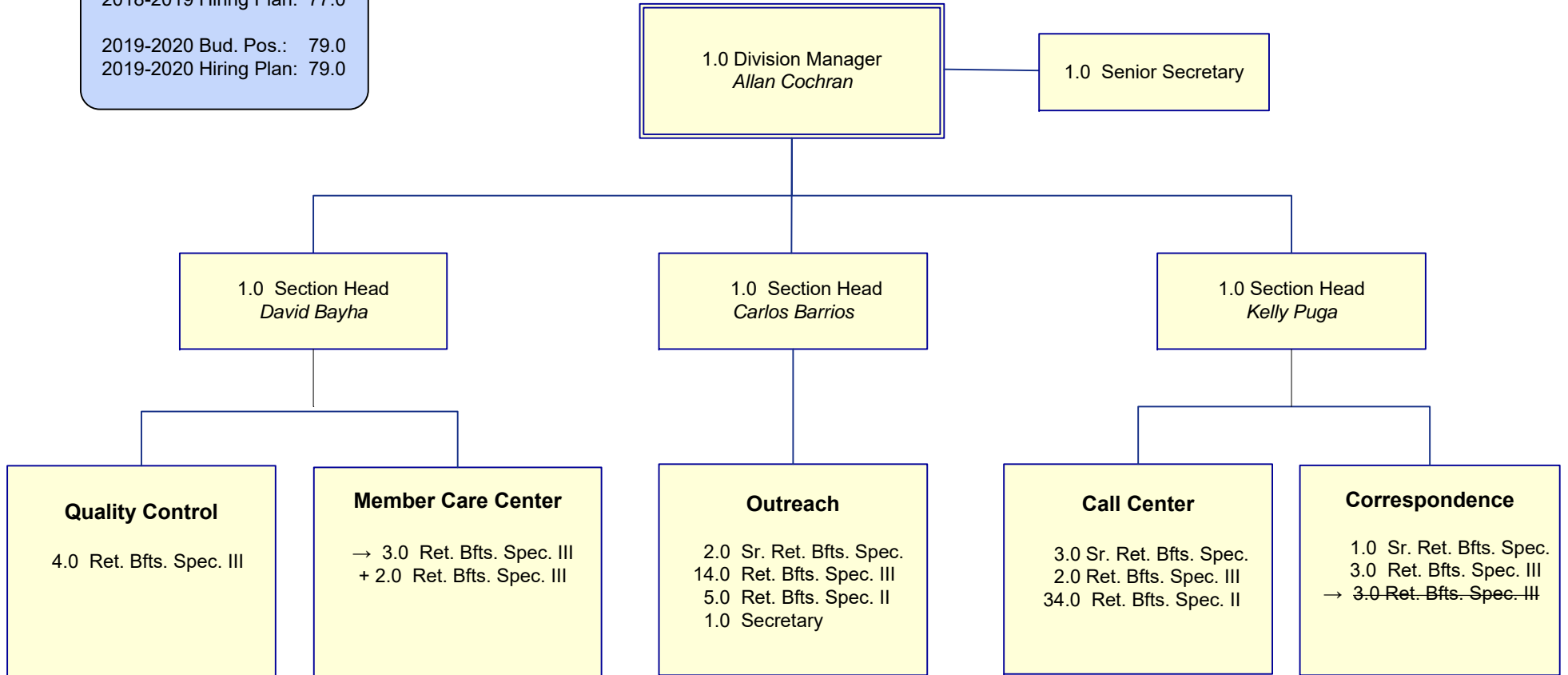
We are reducing our services and supplies budget request based on actual and historical expenditures trends.

MEMBER SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 77.0
2018-2019 Hiring Plan: 77.0

2019-2020 Bud. Pos.: 79.0
2019-2020 Hiring Plan: 79.0



+ Added position

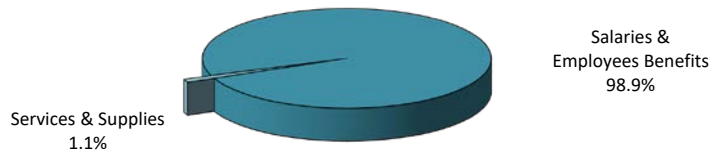
→ Position transferred from Correspondence to newly created unit Member Service Care Center

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

MEMBER SERVICES

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$8,919,633	\$8,630,096	\$4,609,393	\$7,807,000	\$1,112,633	14.3%	\$289,537	3.4%
Services & Supplies	95,000	107,500	46,333	85,400	9,600	11.2%	(12,500)	-11.6%
OPERATING BUDGET	\$9,014,633	\$8,737,596	\$4,655,726	\$7,892,400	\$1,122,233	14.2%	\$277,037	3.2%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$5,401,556	\$5,662,617	\$2,768,032	\$4,710,600	\$690,956	14.7%	(\$261,061)	-4.6%
Total Agency Temp Salaries	160,700	129,300	95,881	129,300	31,400	24.3%	31,400	24.3%
Employee Benefits (Variable)	2,677,523	2,853,056	1,378,097	2,277,100	400,423	17.6%	(175,533)	-6.2%
Employee Benefits (Other)	393,780	378,872	169,468	377,000	16,780	4.5%	14,908	3.9%
OPEB Contribution	116,974	83,806	46,495	83,400	33,574	40.3%	33,168	39.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	119,500	115,400	128,758	194,100	(74,600)	-38.4%	4,100	3.6%
Bilingual Bonus	21,600	21,600	9,900	18,900	2,700	14.3%	0	0.0%
Sick Leave Buyback	10,000	10,000	12,762	16,600	400	2.4%	7,000	70.0%
Rideshare Allowance	18,000	0	0	0	18,000	100.0%	18,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$8,919,633	\$9,254,651	\$4,609,393	\$7,807,000	\$1,112,633	14.3%	(\$335,018)	-3.6%
Salary Differential **	0	(624,555)	-	-	-	-	624,555	-100.0%
TOTAL S&EB	\$8,919,633	\$8,630,096	\$4,609,393	\$7,807,000	\$1,112,633	14.3%	\$289,537	3.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

MEMBER SERVICES

2018-2019 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00773A DIVISION MANAGER	1	LS12	12,729	152,743
00772A SECTION HEAD, LACERA	3	LS9	30,588	367,054
01312A SENIOR RETIREMENT BENEFITS SPECIALIST	5	99D	37,393	448,716
01311A RETIREMENT BENEFITS SPECIALIST III	24	93K	157,025	1,884,300
00439A SENIOR SECRETARY	1	87J	5,320	63,840
01310A RETIREMENT BENEFITS SPECIALIST II	37	87D	175,851	2,110,207
00438A SECRETARY	1	81B	5,089	61,065

POSITIONS	72	5,087,924
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VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
01312A SENIOR RETIREMENT BENEFITS SPECIALIST	1	99D	6,183	74,197.08			37,099
01311A RETIREMENT BENEFITS SPECIALIST III	4	93K	21,332	255,984			127,992
01310A RETIREMENT BENEFITS SPECIALIST II	2	87D	8,931	107,166			53,583
					0	0	218,674

POSITIONS	7	218,674
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TOTAL POSITIONS 79

GROSS SALARIES	5,306,598
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ANTICIPATED MOU SALARY INCREASE**	92,865
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BONUS	2,092
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120-DAY RETIREE(S)	0
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TOTAL SALARIES	5,401,556
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MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$42,000	\$47,500	\$24,186	\$39,300	\$2,700	6.9%	(\$5,500)	-11.6%
OFFICE SUPPLIES & EQUIPMENT	15,000	22,000	6,782	12,000	3,000	25.0%	(7,000)	-31.8%
EDUCATIONAL EXPENSES	26,700	27,000	13,578	26,100	600	2.3%	(300)	-1.1%
MISCELLANEOUS	11,300	11,000	1,787	8,000	3,300	41.3%	300	2.7%
TOTAL	\$95,000	\$107,500	\$46,333	\$85,400	\$9,600	11.2%	(\$12,500)	-11.6%

*All amounts rounded to the nearest dollar.



Quality Assurance and Metrics Division

Mission Statement

To ensure that LACERA provides the promised benefits in a timely and accurate manner. We accomplish this mission primarily by training staff and monitoring staff's output. By assuring the quality of LACERA's work product, we help maintain a high level of accuracy, reduce the rate of errors, and facilitate the efficient operation of other divisions.

Our Team FY 2019-2020

Quality Assurance Chief:

➔ Derwin Brown

- 19 budgeted positions

Within Quality Assurance, we have three Quality Audit teams, consisting of the following positions:

- Senior Quality Auditor
- Quality Auditor II

FY 2019-2020 Highlights

Staffing

There are currently no vacancies in the division. To meet audit and training demand and resume critical quality audits, we are requesting one Staff Assistant.

Services & Supplies

The division's request for services and supplies is consistent with the usual incremental increases seen each year in every division.

QUALITY ASSURANCE & METRICS

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Quality Assurance & Metrics Division (Quality Assurance) is an employee development and auditing unit within LACERA, whose mission is to ensure the quality of the work produced by other divisions.

Currently, there are 18 full-time budgeted positions: Chief, Quality Assurance & Metrics; five Senior Quality Auditors; 11 Quality Auditor IIs; and one 1 Senior Secretary.

A. Quality Auditing

Quality Assurance ensures the quality of the work produced by other divisions by monitoring, measuring, evaluating, and verifying the accuracy of the processing, calculation, and administration of retirement benefits. The quality audits are performed at three different levels, which are defined as the CORE Benefits Compliance Audit, the Inline Audit, and the Classic Audit. In FY 17-18 Quality Assurance reviewed a total of 12,942 audit samples with nine available auditors and TOP participants, as needed.

Before the end of FY 2018-19, Quality Assurance will partner with the Retiree Healthcare Division to enhance their internal quality control program. Quality Assurance involvement includes recommendations for risk assessments, audit training, developing audit criteria, communicating exceptions, and developing a corrective and preventive action plan.

B. Employee Development

To help support continuity of work quality, employee development, and performance improvement within the LACERA divisions, Quality Assurance also provides three levels of essential training. The essential training includes the following:

- CORE Benefit Administration Curriculum,
- Advanced CERL Education (ACE), and

- Refresher courses in CORE Benefits Administration for veteran staff. The majority of staff participating in these types of training courses work in the Benefits Division, the Member Services Division, the Disability Retirement Division, or the Retiree Health Care Division.

Also, as needed, Quality Assurance provides periodic, specialized training to other divisions; including, but not limited to, the Financial and Accounting Services Division; the Communications Division, and the Disability Litigation Division.

C. Special Projects

Quality Assurance also develops, tests, and promulgates the metrics used in the auditing of LACERA's work product. The majority of the metrics are derived from the law—CERL in particular. Quality Assurance is deeply involved in analyzing, testing, and validating new procedures, calculations, legislation, and system benefit-calculation programming. Examples include the beta testing of hundreds of scenarios in the benefit calculation engine used in LACERA's internal processing system, validating mass contribution rate changes for all County employees, validating member account adjustments for the felony conviction process, and analyzing new County pay codes to determine if they are pensionable under PEPRA (in conjunction with Legal Counsel). Quality Assurance also partners with the Benefits Division to address and facilitate data clean-up projects as directed by the organization's strategic goals as part of our ongoing contribution to the Quality Eco-System.

Quality Assurance involvement in these special projects gives us the insight on streamlining certain benefits processes that can be moved to the Member Portal giving the member full control of their requests. We also analyze payroll reports to streamline staff's research time in responding to our member's requests.

STAFFING

There are currently no vacancies in the division.

Effective January 1, 2019, Quality Assurance & Metrics will have a staff member performing additional duties above their current payroll title of Senior Quality Auditor with an additional responsibility bonus (ARB). This position will act in a role of an Assistant Division Manager for 12 months, based on the MOU guidelines. In FY 2020-2021, we will assess the metrics gained from the 12 months of additional duties and may request to convert this position from a Senior Quality Auditor to an Assistant Division Manager.

Since November 1, 2016, we have assigned Quality Auditor IIs to a series of analytical processes related to PEPRA pay codes, System Benefit Calculation Engine testing, and Special Projects with the goal of expanding their analytical skills and gathering data to develop a new classification of Senior Quality Analyst position in Quality Assurance. The new duties also include quality financial audits for the Payroll Maintenance, First Payments, Collections, Disability Effective Date, and the NSCD/SCD tax audit processes. We currently have two (2) Senior Quality Auditors and one (1) Quality Auditor II with an

additional responsibility bonus (ARB) acting in this capacity. We request a job specification study to be conducted on these positions with the goal of changing the payroll title from Senior Quality Auditor to Senior Quality Analyst based on the significant change in their duties.

The demand and need for additional audit services and new-hire training in our member-facing divisions has grown significantly, corresponding with our growing membership. The following section describes these audit services and training programs.

A. Implementation of Account Settlement Unit (ASU) Audit

The Executive Office, Benefits, and Member Services management have agreed that there is a business need to audit the Account Settlement Unit (ASU) transactions. This unit collects overpayments of contributions from our members. Based on an upward trend in the amount of appeals related to collections, Quality Assurance identified a specific need to provide oversight and auditing to this sensitive process. Benefits Management and Quality Assurance agreed to develop an audit plan, training, and monitoring for this unit through transactional reviews. The ASU audit is a new audit and due to the complexity of the ASU account adjustment calculations, statute of limitations rules, and legal guidelines, the audit plan may be developed over a period of time. This audit will take approximately two to three hours per case. The sampling will start at 100 percent and will be reevaluated after one year of audit data is collected.

B. Core Benefits Training

Core Benefits Training Program spans a total of 250 full work days. It comprises 131 classroom days (approximately 1,048 hours) of training and approximately 3,200 hours of preparation for seasoned trainers (more for beginning trainers). It also comprises 119 days (952 hours) of production in which the QA Auditors audit 50 percent of the trainees' work in addition to their regular weekly/monthly audit duties. The trainees process approximately 1,200 to 2,300 member requests over the 119 days (952 hours) of production during the one-year program.

Quality Assurance currently has seven staff assigned to classroom training duties. During the Core Benefits trainee production periods, these seven trainers, as well as all of the auditors, evaluate the trainees' production while maintaining their regular audit activities. Also, during the production periods, as the new hires gain skill and momentum, their production increases, which increases the audit volume throughout the program.

C. Annual Refresher Training

Refresher Training comprises approximately 40 days of classroom training with approximately 1,000 hours of preparation time. It's currently handled by the same seven (7) trainers that facilitate Core Benefits Training. To allocate training resources for the Refresher Training, we scheduled it during the Core Benefits Production period when the trainers are available for classroom lectures. During the Refresher Training the Staff Assistant will assist with the preparation of training materials, exams, assessments, and evaluations. This function by the Staff Assistant will allow existing auditors/trainers to

focus on completing audit assignments and training program evaluations because their training preparation time will be reduced by 50 percent.

D. LACERA Strategic Initiative/Advanced CERL Education (ACE) Program

The ACE program is currently six modules, comprising six half-day sessions from 8:00 a.m. to noon for a total of 144 hours of classroom training with approximately 500 hours of preparation time. These duties are handled by four (4) QA trainers. The Staff Assistant will assist with the training preparation, all of which will allow existing auditors and trainers to focus on completing audit assignments and training program evaluations.

STAFFING REQUEST

In order for Quality Assurance to successfully fulfill these training demands and requests for additional audit services, and to resume critical audits in our member-facing divisions, we are requesting one (1) Staff Assistant II.

The Staff Assistant II will provide administrative support to the Quality Assurance Training Unit and all its programs and projects, including ad hoc requests. Other responsibilities will be a variety of tasks and duties ranging from reviewing and validating policies and procedures, training materials, and assessments; to analyzing training data related to the effectiveness of the training tools, length of sessions, and delivery; and maintaining training records for the division.

The Staff Assistant II will play a critical role by providing administrative support and process efficiency in reducing the training preparation hours for trainers by 50 percent. Other tasks include working with outside consultants and HR to gather training data through focus group reports for a SWOT analysis. The Staff Assistant II duties and responsibilities will assist the trainers and the division in being more efficient in preparing, delivering, and evaluating training for the following programs:

1. CORE Benefit Training
2. Advanced CERL Education (ACE)
3. Refresher Training

The Staff Assistant II will also provide technical support in the Audit Unit by supporting the Data Input audit function, which audits 10 percent of the three high-risk processes in the Data Input unit: Direct Deposit, Federal/State Tax, and Beneficiary Change. This will allow QA to allocate resources in other audit areas or increase sample sizes for underperforming processes. The position will also assist in preparing audit analysis by generating reports, audit trend data, scheduling Observation Audits, and production reports for management review and coordinating calibration meetings with our partners to ensure alignment with criteria, audit best practices, and sustainable production strategies.

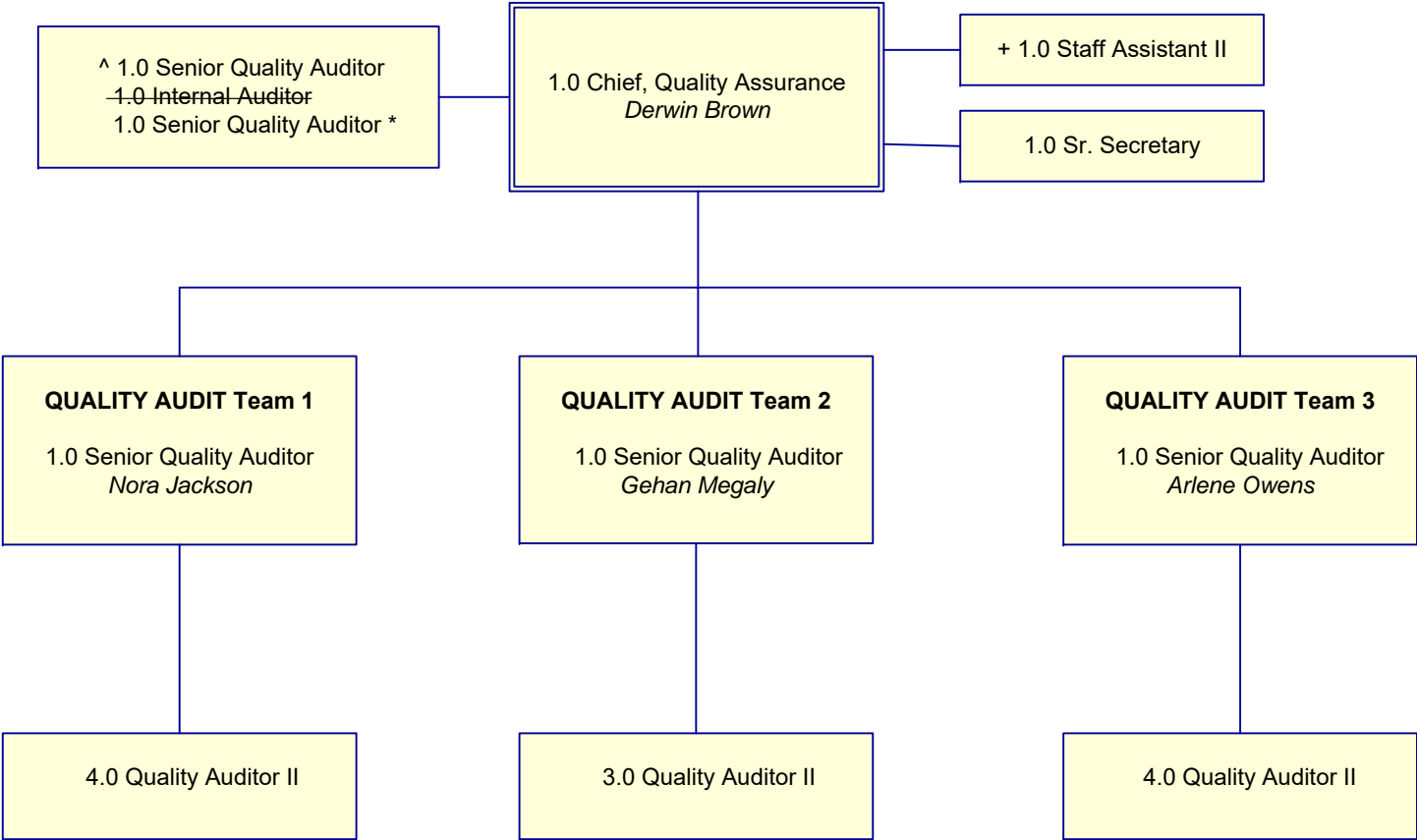
SERVICES AND SUPPLIES

Our request for services and supplies is consistent with the usual incremental increases seen each year in every division – this is simply the cost of doing business.

2018-2019 Bud. Pos.: 18.0
 2018-2019 Hiring Plan: 18.0
 2019-2020 Bud. Pos.: 19.0
 2019-2020 Hiring Plan: 19.0

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2019-2020



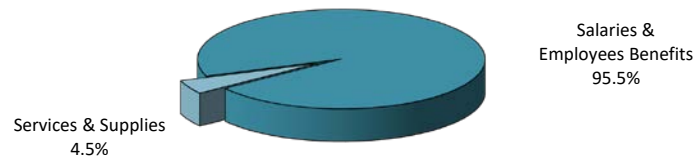
+ Added position
 ^ Position swap from Internal Auditor to Senior Quality Auditor to reflect actual filled position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$3,177,189	\$3,024,222	\$1,509,811	\$2,588,108	\$589,081	22.8%	\$152,967	5.1%
Services & Supplies	150,000	143,000	27,322	121,850	28,149	23.1%	7,000	4.9%
OPERATING BUDGET	\$3,327,189	\$3,167,222	\$1,537,133	\$2,709,958	\$617,230	22.8%	\$159,967	5.1%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$1,822,643	\$1,698,958	\$934,532	\$1,567,700	\$254,943	16.3%	\$123,685	7.3%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	1,178,702	1,137,022	498,666	861,608	317,094	36.8%	41,680	3.7%
Employee Benefits (Other)	132,873	129,855	57,415	129,300	3,573	2.8%	3,018	2.3%
OPEB Contribution	39,470	28,724	17,159	28,600	10,870	38.0%	10,746	37.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,000	1,871	2,039	900	100	11.1%	(871)	-46.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	2,500	0	0	0	2,500	100.0%	2,500	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,177,189	\$2,996,430	\$1,509,811	\$2,588,108	\$589,081	22.8%	\$180,759	6.0%
Salary Differential	0	27,793	-	-	-	-	(27,793)	-100.0%
TOTAL S&EB	\$3,177,189	\$3,024,222	\$1,509,811	\$2,588,108	\$589,081	22.8%	\$152,967	5.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

QUALITY ASSURANCE

2018-2019 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00780A	CHIEF, QUALITY ASSURANCE	1	LS12	12,729	152,743			
00765A	INTERNAL AUDITOR	1	106B	8,311	99,735			
00798A	SENIOR QUALITY AUDITOR	4	104C	37,056	444,672			
00797A	QUALITY AUDITOR II	11	99A	82,311	987,731			
00439A	SENIOR SECRETARY	1	87J	5,929	71,152			
POSITIONS		18			1,756,034			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00765A	INTERNAL AUDITOR [^]	(1)	106B	(8,311)	(99,735)	(99,735)		
00798A	SENIOR QUALITY AUDITOR	1	104C	8,311	99,735	99,735		
00427A	STAFF ASSISTANT II	1	90C	4,832	57,984			28,992
POSITIONS		1			28,992	0	0	28,992
TOTAL POSITIONS		19						
GROSS SALARIES					1,785,026			
ANTICIPATED MOU SALARY INCREASE**					31,238			
BONUS					6,379			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					1,822,643			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
[^] Internal Auditor position deleted to reduce underfill and reflect actual filled position of Sr. Quality Auditor II
[^] Internal Auditor monthly rate reflects actual salary of filled Sr. Quality Auditor II position
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$38,200	\$48,500	\$13,179	\$34,850	\$3,350	9.6%	(\$10,300)	-21.2%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	2,998	3,500	0	0.0%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	50,000	45,000	0	45,000	5,000	0.0%	5,000	100.0%
EDUCATIONAL EXPENSES	57,300	45,000	11,145	37,500	19,800	52.8%	12,300	27.3%
MISCELLANEOUS	1,000	1,000	0	1,000	0	0.0%	0	0.0%
TOTAL	\$150,000	\$143,000	\$27,322	\$121,850	\$28,150	23.1%	\$7,000	4.9%

*All amounts rounded to the nearest dollar.



Systems Division

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 FY 2019-2020

Information Systems Manager:

→ James P. Brekk

- 60 budgeted positions

We have four distinct sections within Systems:

- Systems Development
- Member Systems and Applications
 - Business Requirements Administration
 - Application Development
- Technology
 - Infrastructure (Operations and Implementation)
 - Support (Operations and Implementation)
- Information Security

FY 2019-2020 Highlights

Staffing

Systems Division is supporting a drastically increasing technology portfolio as part of the organizational desire to extend technology deployment and increase the use of collaboration tools, operations management software, and remote access. At the same time, we are keeping cybersecurity at the forefront, and are mindful of the issues of staff attrition and a growing need for operational specialists.

Starting with FY 2019-2020, Systems will begin an incremental, multi-year restructuring process focused on developing dedicated service delivery units; creating a dedicated cybersecurity operation; increasing application development resources; and utilizing external specialized resources and increasing internal specialization. We have made adjustments to the budgeted positions by removing classifications currently not in use and replacing them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count.

Services & Supplies

Notable projects included in the budget requests include \$300,000 for telecommunications system updates to increase capacity and bring our system to the current revision; and \$150,000 for network switch equipment for an incremental capacity upgrade to accommodate more staff members and peripherals.

SYSTEMS

Budget Request Highlights

FY 2019-2020

Introduction and Systems Division Review

LACERA is an organization with extensive business rules and operating requirements. There is no other 37-Act county that equals the complexities of Los Angeles County's plan design, compensation, and benefit structures. As these factors and related laws continue to evolve, our plan administration demands accordingly sophisticated technologies to help automate and facilitate operations. Additionally, each of LACERA's 15 divisions has specific application needs, along with their own requirements for technology support.

Systems provides a comprehensive set of technology products and services for every LACERA division. From another view, Systems staff also supply a full spectrum of technology layers, ranging from base infrastructure all the way up to end-user applications. Below is a highlight of the products and services provided by Systems today:

- **Network infrastructure** including data and voice wiring, network routing and switching, Internet connection and local area networking.
- Multi-operating system **servers** (totaling to several hundred), **mainframe**, and **midrange** computing installation configuration, support, backup, and administration.
- **Centralized network and user management** system providing access, security, workstation, resource management, policy management, application configuration and network administration.
- **Biometric, single-sign-on, and multi-factor** authentication systems.
- Technology **environmental systems** including multiple battery backup systems, cooling systems, generator, and temperature containment infrastructures.
- Integrating, installing, supporting, and maintaining **several hundred unique user applications, desktop computers**, operating systems, and productivity suites.

- **Multi-disciplined application architecture**, design, development, lifecycle management, and support including Java Enterprise, .NET, MFC, C++, C#, Visual Basic, COBOL, HTML5, CSS3, JavaScript, Angular, and PowerShell.
- **Disaster recovery** program including hot-site management, warm-site, co-location, data replication, and multi-tiered backup program.
- **Telecommunication systems** design, implementation, and support including applications and servers, supplying call recording, screen recording, call routing, call management, and **member record integration for two call centers**. To date, the system has nearly 5 million recorded member interactions.
- **Audiovisual systems** including Board operations, recording, conference room presentation systems, teleconferencing, and offsite support.
- **Over 1 Petabyte** (one million-million bytes) of storage under management, including member data, business and accounting records, emails, and user files.
- **Member document imaging and workflow system**, three **enterprise content management systems**, and specialized **document repository systems** supporting business and member operations.
- **Member Workspace Suite** automates LACERA's complex retirement business rules, integrates with one of three enterprise content management systems holding over 20-million member documents, provides access to the member-centric database containing records of member interactions including call recording, facilitates workflows triggered by member requests by phone, mail, web, or in person, performs complex benefits calculations, generates reports and benefit estimates, and most importantly drives the monthly member retirement payments.
- **Member-focused lacera.com front-end web architecture**, development, accessibility standards, device-agnostic optimization, and **back-end development** including web servers, traffic management, and content delivery.
- **Member Portal** web application design and development, including dedicated application servers, supplying self-service functions to 78,000 registered members and payees.
- **Business analyst** staff translate retirement plans, rules, laws, payment terms, and tax calculations into requirements, software architectural designs, program specifications, and program code changes; create and execute unit testing plans, acceptance test plans, system test plans, and implementation plans.
- In-house designed and developed **Board agenda** digitization, publication, retention and search application environment, supporting access-level security, permanent archival, scanning and paper-sourced input.
- **Over 30 additional custom, in-house developed applications** providing critical business and member service functions, utilized by every division of LACERA.
- **Mobile and portable device management** system providing security, application and mobile device deployment, and tracking, including support for Board agenda management.

- **General ledger** system implementation, analysis, support, backup, and maintenance with modules including reconciliation, receivable, payable, purchase order, inventory control, forms, reports, and 1099 generation.
- Support and integration for **externally hosted systems and applications** including those from the County of Los Angeles, banking relationships, member services related, and others.
- **End-user helpdesk** support responding to an average of 600-800 requests per month.
- Technology and emerging **system research, evaluation, testing, and development.**
- Deployment, maintenance, and connectivity to over **250 printers and scanners.**
- **Vendor, contract, and license management** for technology products and services.
- **Physical security** including keycard system, surveillance camera, storage systems, servers, and access-control.
- **Cybersecurity** analysis, monitoring, strategies, and management for each server, computer, printer, network device, application, system, and user; intruder detection and prevention systems.
- **Support and operating hours** including 24x365 on-call support, Systems staff on site weekdays from 5:30 AM to 10 PM, business hours from 7 AM to 6 PM, and afterhours and weekends for maintenance and upgrades.
- Systems fiscal year 2018-2019 **services and supplies budget:** \$6.16 million.

Near-Term Strategies

Building on our 2017 major overhaul that included new desktop computers, servers, email, operating systems, security, and much more, Systems is continuing to buildout the system infrastructure that will pave the way for our future. The new design emphasizes mobility, scalability, collaboration, and capacities to support the modern workforce. Although not yet visible to the user community, we expect to progressively introduce these new capabilities in the near future.

Behind the scenes, our emerging architecture will shift routine systems and operations into “right-sized” cloud solutions. Over time, the move is expected to help us better utilize our staffing resources by allowing them to focus on delivery services to our internal customers. As a fundamental requirement, the workplan also aims to strengthen our cybersecurity posture.

A key component of *paying the promised benefit* is ensuring that each member and their survivor accurately and reliably *receives* their promised benefit. The lifecycle of our services to our members is extensive. The Member Workspace Suite is a set of modular applications and systems that supply a considerable set of member service functions. Used by 12 of the 15 divisions at LACERA, the Suite includes a workflow engine, document management system, secure storage, member interaction histories and

recordings, and a benefits calculation engine that processes retirements and monthly benefit payments. One important benefit of maintaining an in-house member system is that we can produce data analytics by our exacting needs, allowing for exceptional insights into our operation. Because of its modular design, we continue to see opportunities to extend Workspace's functions and features. Going forward, we expect to deliver additional features while leveraging the well-established system framework.

Also, on the docket are upgrades interlinked with several member-service-critical technologies. Within the next several years, we expect to 1) migrate the mainframe to a distributed server platform, 2) convert the remaining retirement calculation logic to a more modern language, and 3) transition the underlying database system to one that is more widely supported. Each upgrade is an iterative and intricate process, requiring much planning and testing. Although complex, the benefits of the upgrade are many. Aside from overall cost savings, support, enhancements, and future integration will all become easier to obtain. Lastly, the new platforms can be more resilient to disasters and allow us to utilize cloud technologies, which will translate to better service for our members.

Looking Ahead

Departing from the previous multi-year strategic plan, we are developing our proposed mid-term and long-term information technology strategic vision and plan. The work will take a holistic look at the future of LACERA's technology development, focusing on long term evolution and continuous improvements that provide nimble response to business needs. The heart of the vision will consider and incorporate each division's desire to further utilize technology and automation while placing significant emphasis on cybersecurity. Additionally, we expect to leverage and incorporate outsourced services into our plans where appropriate. Staff look forward to engaging the Board for dialoging and guidance as we chart into our future.

Staffing

With an organizational desire to further extend technology deployment and increase the use of collaboration tools, operations management software, and remote access, Systems must accordingly construct a staffing framework to meet the demands. Whenever a new system or application is provided to a user community, Systems staff are undertaking the responsibility of developing the expertise to deploy, support, secure, and administer any such product. Through each new system, there is a material and cumulative **transfer of workload** from the benefited user community into Systems staff.

For each system, application, server, or user, **cybersecurity** cannot simply be a topic of discussion and concern. Although security was historically an adjunct part of system support, today's reality necessitates a forefront attention and dedicated effort.

The third area of staffing concern is the **attrition** of LACERA's institutional knowledge through retirement or other reasons. We recognize the importance of maintaining staff

with the complex and proprietary retirement system knowledge. When implementing solutions, knowledge of LACERA's business operation is an essential component.

Lastly, although the Systems Division has managed to support a drastically increasing technology portfolio using a largely generalist staff base, long-term sustainability will require more **specialization**. Our current staffing is insufficient to support our current environment. An influx of specialists will help to normalize our current operational needs. There are opportunities to leverage outsourced expertise, but there will always be a need for in-house resources that can effectively support and administer our systems.

///

Starting with fiscal year 2019 to 2020, Systems Division will begin an incremental, multi-year restructuring process focused on the following areas:

- Developing dedicated service delivery units: Two dedicated areas will be created with the ultimate goal of improving end-user response time. Units that are concentrated to deliver back-end server support and front-end applications to the user community will allow Systems to more quickly fulfill user requests. This provides relief from the current model where support personnel are also tasked with service delivery.
- Creating a dedicated cybersecurity operation: This unit will include full-time security analysts that monitor the threat landscape and serve as a cross-functional, enterprise-wide cybersecurity review and mitigation team. The Chief Information Security Officer will focus on policies, enforcement, and operational issues.
- Increasing application development resources: With a comprehensive suite of in-house developed applications that provide specialized functions to LACERA's operation, additional resources are required to maintain the expanded organizational desire for functions and features. The developers and analysts will also help to retain institutional knowledge and establish skills that are needed to support our specific business rules.
- Utilizing external specialized resources and increasing internal specialization: As we are waiting for additional classifications to become available, we are increasing our temporary staffing budget to supplement our workforce with specialists from manufacturers and vendors. At the same time, we will look to hire permanent staff who can dedicate their efforts to our operation.

We have made adjustments to the budgeted positions in two ways—removed classifications currently not in use and replaced them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count. We will return to the Boards at such time when additional staff count is required.

Overtime

The overtime budget is primarily used for 1) after-hour system maintenance and upgrades, 2) emergency system support, 3) Saturday member service hours, and 4) extended office hours during peak months.

One-Time Services and Supplies

Telecommunications Systems Update: \$300,000

LACERA's current telecommunications system has been in service since 2011. Since that time, LACERA staff count has increased by over 130. Updates are required to both increase capacity and bring our system to the current revision. In particular, additional call center agents requires additional licensing. This funding provides for new server software, including call management, conferencing, messaging, additional licenses as well as migrating servers to updated environments.

Network Switch Equipment: \$150,000

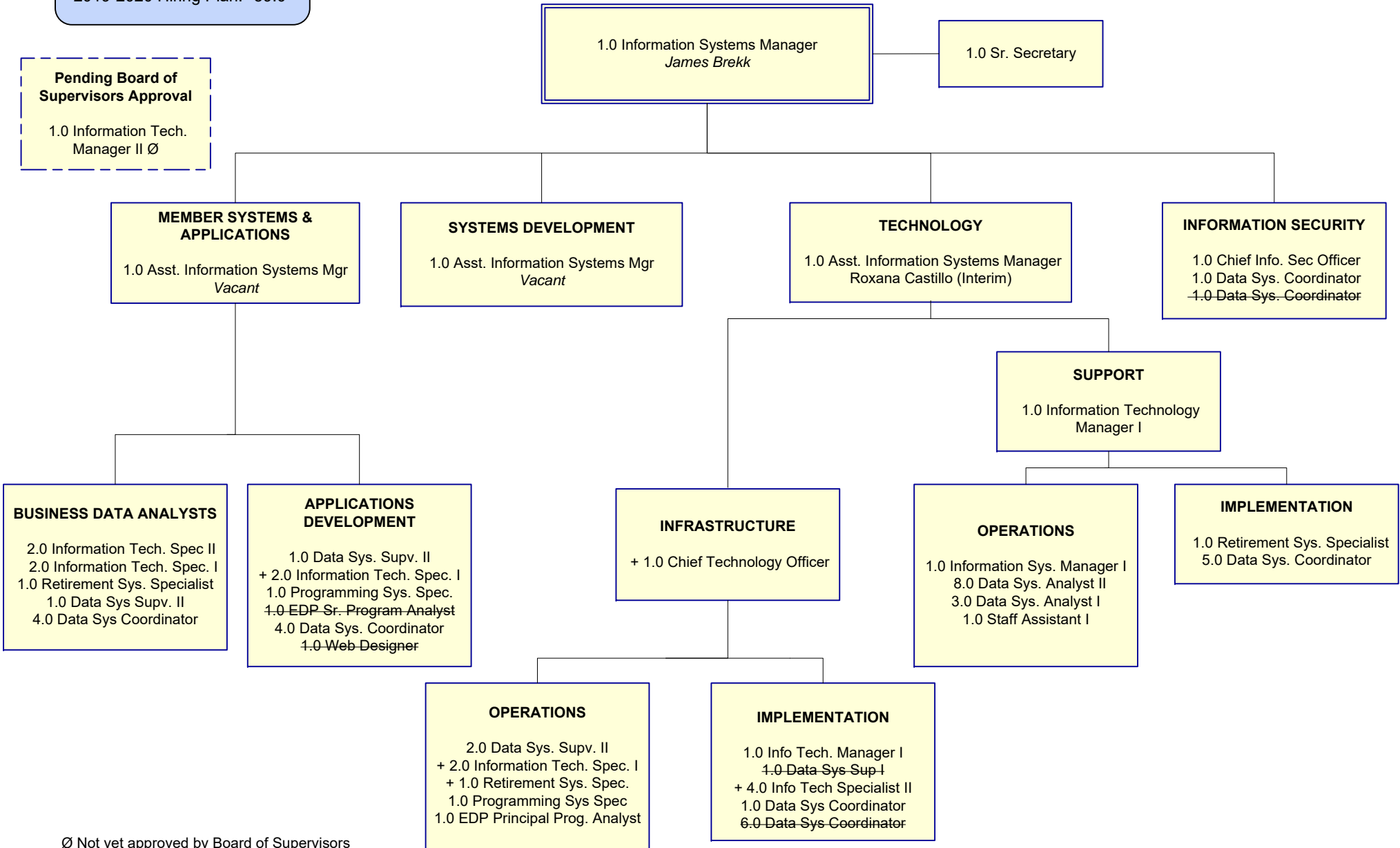
At the heart of the local area network is the network switch. It interconnects computers, printers, and servers to one another. Similar to the need for increased telecommunications capacity, additional switching equipment is also needed. LACERA has experienced growth in not only employees, but peripherals such as printers and scanners. This funding provides for an incremental capacity upgrade.

SYSTEMS DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 60.0
 2018-2019 Hiring Plan: 60.0
 2019-2020 Bud. Pos.: 60.0
 2019-2020 Hiring Plan: 59.0

Pending Board of Supervisors Approval
 1.0 Information Tech. Manager II Ø



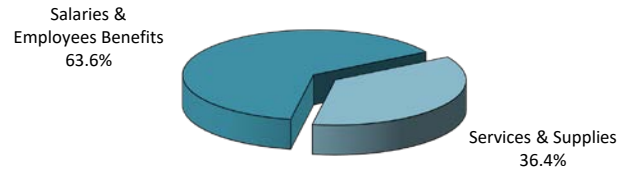
Ø Not yet approved by Board of Supervisors
 + Added position
 - Deleted position

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

SYSTEMS DIVISION

	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET		
	PROPOSED BUDGET 2019-2020	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-19)					PROJECTION
Salaries & Employees Benefits	\$11,031,887	\$9,192,677	\$5,702,771	\$9,243,100	\$1,788,787	19.4%	\$1,839,210	20.0%
Services & Supplies	6,303,900	6,163,810	1,986,544	5,757,400	546,500	9.5%	140,090	2.3%
OPERATING BUDGET	\$17,335,787	\$15,356,487	\$7,689,316	\$15,000,500	\$2,335,287	15.6%	\$1,979,300	12.9%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$6,055,234	\$7,348,043	\$2,952,498	\$4,955,800	\$1,099,434	22.2%	(\$1,292,809)	-17.6%
Total Agency Temp Salaries	1,700,000	992,000	1,085,743	1,412,700	287,300	20.3%	708,000	71.4%
Employee Benefits (Variable)	2,546,989	2,311,242	1,350,102	2,248,800	298,189	13.3%	235,747	10.2%
Employee Benefits (Other)	441,434	396,270	175,961	394,300	47,134	12.0%	45,164	11.4%
OPEB Contribution	131,129	87,655	48,217	87,300	43,829	50.2%	43,474	49.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	130,100	130,100	78,662	130,000	100	0.1%	(0)	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	6,000	11,589	14,200	(2,200)	-15.5%	6,000	100.0%
Rideshare Allowance	15,000	0	0	0	15,000	100.0%	15,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$11,031,887	\$11,271,310	\$5,702,771	\$9,243,100	\$1,788,787	19.4%	(\$239,423)	-2.1%
Salary Differential **	0	(2,078,633)	-	-	-	-	2,078,633	-100.0%
TOTAL S&EB	\$11,031,887	\$9,192,677	\$5,702,771	\$9,243,100	\$1,788,787	19.4%	\$1,839,210	20.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

SYSTEMS DIVISION

2018-2019 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00783A	INFORMATION SYSTEMS MANAGER	1	LS14	17,575	210,905
00781A	ASST. INFORMATION SYSTEMS MANAGER	1	LS12	21,750	261,000
00460A	DATA SYSTEMS SUPERVISOR II	3	115A	37,112	445,345
00782A	INFORMATION SYSTEMS MANAGER I	1	114G	12,270	147,241
02644A	RETIREMENT SYSTEMS SPECIALIST	2	114F	24,419	293,034
00453A	EDP PRINCIPAL PROG. ANALYST	1	114D	12,180	146,155
02600A	PROGRAMMING SYSTEMS SPEC.	1	111J	11,368	136,411
00469A	DATA SYSTEMS COORDINATOR	14	109E	141,625	1,699,498
00458A	DATA SYSTEMS ANALYST II	8	103E	70,258	843,094
00457A	DATA SYSTEMS ANSLYST I	3	100J	20,854	250,248
00439A	SENIOR SECRETARY	1	87J	5,929	71,152
00426A	STAFF ASSISTANT I	1	83C	4,454	53,450

POSITIONS 37 4,557,533

VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00781A	ASST. INFORMATION SYSTEMS MANAGER	2	LS12	20,096	241,154			120,577
00806A	CHIEF INFO. SEC. OFFICER	1	LS12	10,048	120,577			60,288
00805A	CHIEF TECHNOLOGY OFFICER, LACERA	1	LS12	10,048	120,577			60,288
99999A	INFORMATION TECH. MANAGER II Ø	1	LS12	10,048	120,577			
00803A	INFORMATION TECH. MANAGER I	2	LS11	18,694	224,329			112,164
00802A	INFORMATION TECHNOLOGY SPECIALIST II	6	121J	68,205	818,464			409,232
00801A	INFORMATION TECHNOLOGY SPECIALIST I	6	116G	59,263	711,157			355,578
00460A	DATA SYSTEMS SUPERVISOR II	1	115A	9,471	113,652			56,826
02644A	RETIREMENT SYSTEMS SPECIALIST	1	114F	9,333	111,996			55,998
02600A	PROGRAMMING SYSTEMS SPEC.	1	111J	8,667	104,006			52,003
00469A	DATA SYSTEMS COORDINATOR	1	109E	8,129	97,552			48,776
						0	0	1,331,732

POSITIONS 23 1,331,732

TOTAL POSITIONS 60

GROSS SALARIES 5,889,264

ANTICIPATED MOU SALARY INCREASE** 103,062

BONUS 4,079

120-DAY RETIREE(S) 1 58,829

TOTAL SALARIES 6,055,234

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue

Vacancies are shown at the 1st Step

*All amounts rounded to the nearest dollar.

Ø Not yet approved by Board of Supervisors and is calculated at 0 percent filled.

** Gross salaries are multiplied by 1.75% to calculate anticipated MOU Increase

Seven (7) Data Systems Coordinator's, one (1) Data Sys. Sup I, one (1) EDP Sr. Program Analyst, and one (1) Web Designer positions have been deleted

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
COMMUNICATIONS	\$731,000	\$1,011,000	\$370,196	\$911,900	(\$180,900)	-19.8%	(\$280,000)	-27.7%
TRANSPORTATION & TRAVEL	32,500	32,500	8,926	22,500	10,000	44.4%	0	0.0%
POSTAGE	380,000	370,000	226,830	370,000	10,000	2.7%	10,000	2.7%
OFFICE SUPPLIES & EQUIPMENT	477,800	482,510	68,025	409,500	68,300	16.7%	(4,710)	-1.0%
EQUIPMENT MAINTENANCE	615,200	605,400	174,739	524,300	90,900	17.3%	9,800	1.6%
PROFESSIONAL & SPECIALIZED SERVICES	886,600	879,600	312,676	774,400	112,200	14.5%	7,000	0.8%
COMPUTER SERVICES & SUPPORT	3,120,400	2,722,400	817,287	2,722,400	398,000	14.6%	398,000	14.6%
EDUCATIONAL EXPENSES	59,400	59,400	7,533	21,400	38,000	177.6%	0	0.0%
MISCELLANEOUS	1,000	1,000	332	1,000	0	0.0%	0	0.0%
TOTAL	\$6,303,900	\$6,163,810	\$1,986,544	\$5,757,400	\$546,500	9.5%	\$140,090	2.3%

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2019

	Current Year		Prior Year ACTUAL FOR FY 2017-2018
	EXPENSES AS OF 9/30/2018	PROJECTED FOR FY 2018-2019	
Pension Trust Fund:			
Investment Management Fees			
U.S. Equity	\$ 4,450,604	\$ 17,802,415	\$ 16,818,977
Non-U.S. Equity	8,215,127	32,860,514	35,662,758
Fixed Income	7,175,398	28,798,683	29,302,295
Cash and Short-Term	145,758	583,034	863,690
Mortgage Loan Services	19,022	76,022	85,879
Private Equity	1,584,848	8,148,108	8,929,938
Real Estate	-	31,549,493	31,624,575
Hedge Funds	470,472	1,823,955	1,832,305
Commodities	1,153,542	4,614,169	4,240,243
Total Investment Management Fees	23,214,772	126,256,394	129,360,659
Other Investment Expenses			
Consultants			
General Investment Portfolio	-	395,000	430,000
Private Equity	275,000	1,107,364	1,181,000
Real Estate	-	306,300	303,007
Other Consulting Fees	37,628	126,178	100,433
	312,628	1,934,842	2,014,441
Custodians			
Banking and Treasury	658,737	2,634,949	2,851,984
Hedge Funds	69,952	251,542	146,291
Mortgages	-	5,000	5,000
	728,689	2,891,490	3,003,275
Performance and Other Fees	44,476,805	77,829,128	53,396,210
Investment Legal Counsel	-	688,083	978,734
Total Other Investment Expenses	45,518,122	83,343,543	59,392,660
Total Management Fees and Other Investment Expenses	\$ 68,732,893	\$ 209,599,937	\$ 188,753,319
Actuarial Consulting Services	64,678	557,746	450,521
Total Pension Fund Non-Administrative Expenses	\$ 68,797,571	\$ 210,157,683	\$ 189,203,840
Retiree Health Care (RHC) Program Funds:			
Fixed Income Management Fees	\$ 16,844	\$ 67,682	\$ 61,768
Short-Term Management Fees	4,297	9,088	7,500
Custodian Fees	8,249	32,947	30,017
Total RHC Program Non-Administrative Expenses	\$ 29,391	\$ 109,717	\$ 99,286
Other Post Employment Benefits (OPEB) Trust Fund:			
Enhanced Cash Management Fees	\$ 2,997	\$ 10,280	\$ 79,146
Global Equity Management Fees	29,438	120,040	242,789
Fixed Income Management Fees	201,667	348,583	21,428
Real Estate Management Fees	14,719	60,076	1,514
General Investment Portfolio Consultant	13,750	55,000	55,000
Custodian Fees	57,447	233,331	79,855
Total OPEB Trust Non-Administrative Expenses	\$ 320,017	\$ 827,311	\$ 479,733

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 2018-2019 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 millions of 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 add or change their information to include address, benefits, tax selection, deduction, etc.

Systems continues to work on expanding the functionality of Workspace. During FY 2017-18 Systems completed the migration of the client in basket processes (which allows us to distribute and work on member requests electronically) to the Workspace platform. This was a major milestone in our technology modernization project. We are continuing our focus on the integration of the disability work processes into Workspace, and have begun to look at the requirements for migrating Retiree Healthcare processes into Workspace as well. All of these projects will dramatically increase our ability to provide quality and timely service to our members and their beneficiaries.

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 nationwide 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. Beginning in FY 2017-18, the Outreach team added the concepts of Neighborhood Workshops to their efforts to reach out to members. These quarterly workshops are held throughout the County and combine the traditional workshop presentations and discussions with limited one-on-one counseling in the field. This effort helps personalize the workshop experience that our members receive

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, tax elections, 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

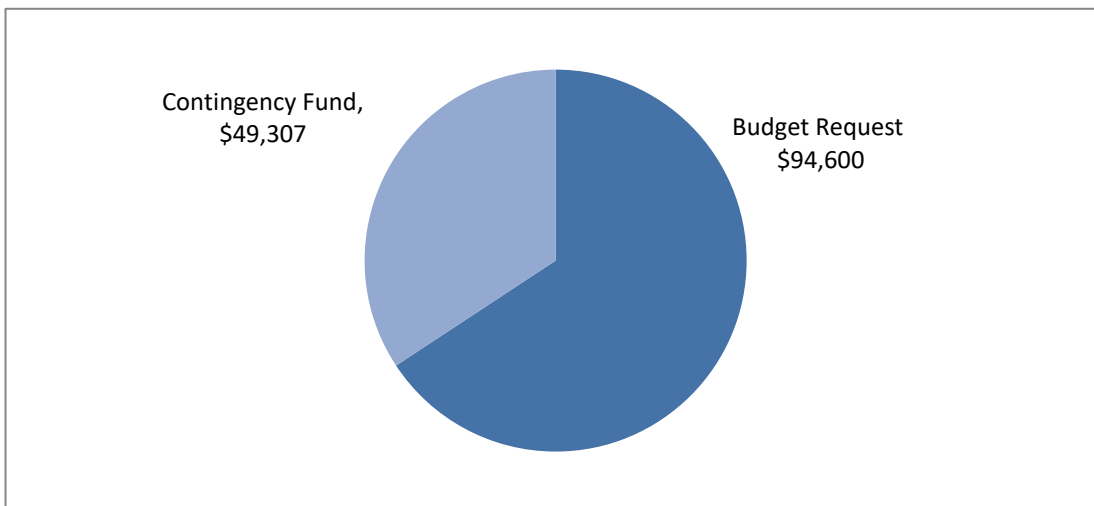
Another outstanding outreach tool, supported by Communications and Systems, is our web page, LACERA.com. The home page's five key sections, "About LACERA", "Benefits", "Health Care", "Investments", and "Publications", provides an excellent overview of our organization and quality information about plan benefits. Currently members can access a considerable amount of information regarding their benefits; in fact we have over 1,500 web pages and countless PDF documents are available online.

Also on the home page are various calculators that we have introduced over time. We currently support calculators for Plan Transfer, 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 61,500 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 2019-2020
BASIS FOR BUDGET AND CONTINGENCY FUND CALCULATION
(Amounts in Thousands)

Actuarial Accrued Liability (as of June 30, 2018)	<u><u>\$68,527,354</u></u>
Statutory Budget Appropriation * (Twenty-one hundredths of 1% of the AAL)	143,907
Total Statutory Budget Appropriation	<u>143,907</u>
Less 2019-2020 Operating Budget Request	<u>94,600</u>
BALANCE REMAINING FOR CONTINGENCY FUND	<u><u>\$49,307</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 Benefits Program

Mission Statement

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

Our Team FY 2019-2020

Retiree Healthcare Director:

→ Cassandra Smith

- 31 budgeted positions

We have four distinct sections within Retiree Healthcare:

- Operations
- Member Correspondence and Advocacy
- Audits/Financial
- Call Center

FY 2019-2020 Highlights

Staffing

Retiree Healthcare currently has 28 budgeted positions. We are requesting the addition of two new Retirement Benefits Specialist II positions in the Call Center to assist with increased member calls due to special mailings such as the Medicare Part B verification notice and RHC Annual Letter Packet, plus the extra workload associated with March Madness enrollments. In addition, we are requesting one Accountant that will be housed in RHC and all cost will be allocated to RHC. Oversight of the Accountant will be under Financial Accounting Services Division (FASD).

We are also requesting a classification study for upgrading six Retirement Benefits Specialist II positions to level III.

Overtime is being requested to manage the high-volume March Madness workload, processing of Medicare Part B premium verifications, the dependent database audit, and any unanticipated special projects and mailings that regularly occur.

Services & Supplies

We are reducing our Special Retiree Mailing budget request to \$400,000.

An RHC Benefit Program administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month. For the 2019-2020 plan year, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in the next 2020 FY.



INTRODUCTION

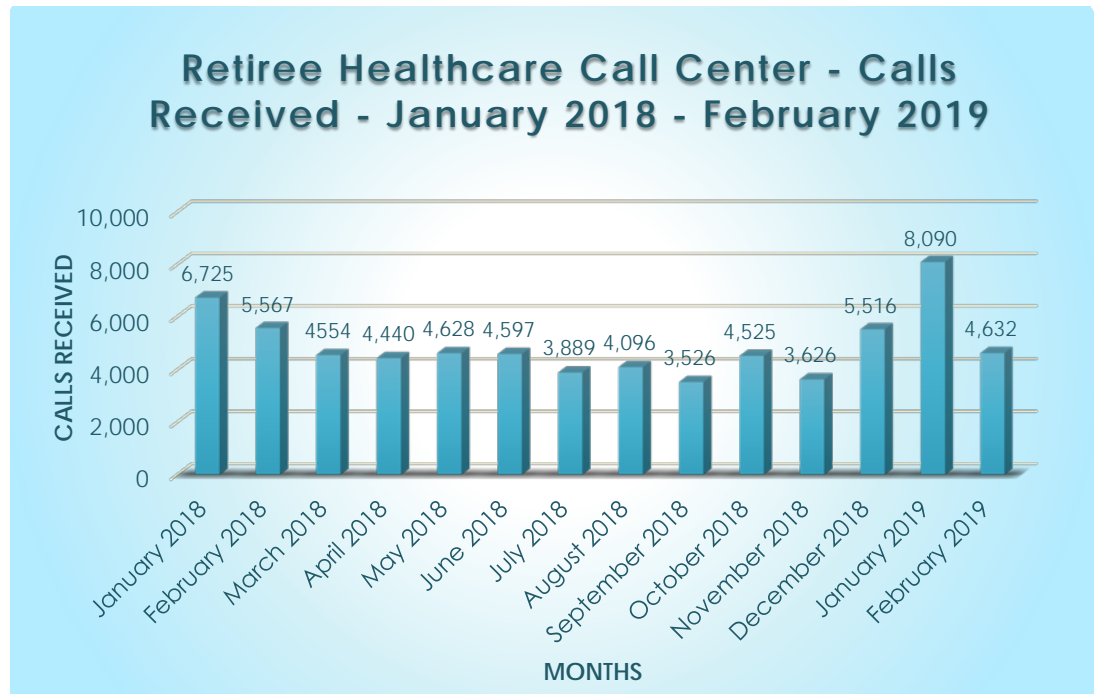
The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members and their eligible dependents. This budget request for Fiscal Year 2019-2020 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many complex changes in Federal and State Programs such as the Affordable Care Act (ACA), Medicare and Social Security as applicable to the RHCBP, in addition to the general health care landscape. This budget will provide the division with the support needed to deliver timely quality service to our retired members and their eligible dependents.

STAFFING

There are currently twenty-eight (28) budgeted positions. We are requesting to add the following changes for the 2019-2020 Fiscal Year:

- Add two (2) Retirement Benefits Specialist II
 - We are requesting two (2) additional Retirement Benefits Specialist II in the Call Center to assist our division with the ever-increasing volume of member calls due to special mass mailings such as the annual Medicare Part B Premium Verification Notice, RHC Annual Letter Packet, and other unanticipated mass mailing projects. Staff continue to respond to complex Social Security and Medicare questions as they relate to the RHC benefits and enrollments for retired members. Most of our members that we assist are elderly and require more time for assistance. In addition to Call Center duties, staff also performs other administrative functions to support the Operations and Audits staff.

Below is a chart showing the number of calls received per month from January 2018 to February 2019. A spike in call volume for the months of January 2018 and January 2019 necessitated Operations, Audit, and management staff to assist the Call Center staff:



Classification Study

- Upgrade six (6) Retirement Benefits Specialist II to Retirement Benefits Specialist III level
 - Staff is requesting a classification study of six (6) RBS II levels. Staff are performing duties that are commensurate with a higher-level classification. The duties performed include processing medical and dental/vision enrollment forms, prior period adjustments for healthcare premiums as well Part B premium reimbursements, billings, resolving insurance carrier issues on behalf of the members, and composing correspondence to members. Staff also assists in resolving complex healthcare eligibility, prescription and medical benefit claims issues between the member and the carrier. The workload in this unit continues to increase, because of increasing healthcare enrollments and Part B verifications. In addition, staff provides support to Call Center by assisting with incoming calls during increases in call volume resulting from the annual mailing of the Medicare Part B premium Notice, other unanticipated mass mailings such as Medicare Part D Retiree Drug Subsidy Program, well as March Madness.

- Add one (1) Account position
 - We are requesting one (1) Accountant position. The Accountant position will assist in the monthly Retiree Healthcare reconciliation reports, monthly healthcare premium reports, COBRA and Non-Deduct transactions, annual Domestic Partner project, Retiree Drug Subsidy annual reconciliation, member billing transactions, financial reporting, and OPEB project. The Accountant will be on RHC's organizational chart, housed in RHC, and cost will be allocated to RHC. However, oversight of the Accountant will be under Financial Accounting Services Division (FASD).

Overtime is being requested to manage the workload related to the high volume of enrollment forms received resulting from March Madness, processing of Medicare Part B premium verifications, dependent database audit, and for any unanticipated special projects and special mailings that regularly occur.

SERVICES AND SUPPLIES

Postage - Special Retiree Mailings

Our Postage - Special Retiree Mailing account is primarily used to fund the postage costs and printing 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
- Non-discrimination Notices in compliance with ACA 1557
- Medicare Part B Premium Verification Notices
- Other unanticipated special mailings

We are reducing our Special Retiree Mailing budget request to \$400,000.

Professional and Specialized Services - Audits

We have budgeted \$500,000 to cover the cost of conducting the following program audits. Please note that some audit costs are estimated and be finalized through a request-for-proposal process.

Dependent Eligibility Audit	\$200,000
Retiree Drug Subsidy Program Audit	\$235,000
Anthem /Cigna Claims Audits	\$65,000
<hr/> Total	<hr/> \$500,000

The following discussion provides insight into each audit category.

❖ Dependent Eligibility Audit

For fiscal year 2019-20, we plan to perform 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 healthcare costs 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, Benefits and Legislative Committee.

❖ Anthem/Cigna Claim Audits

The annual Anthem Blue Cross PPO Medical and Cigna Dental/Vision Indemnity Claims Audits ensure our indemnity plan carriers comply with our contractual agreements and the insurers are paying claims in accordance with the plan benefits.

Professional and Specialized Services - OPEB Actuarial Valuation

The Board of Retirement approved the OPEB Valuation moving from biennial valuations to annual valuations under GASB 74/75 reporting requirements. This change will result in an increase of \$375,000.

FUNDING AND OPERATING EXPENSES

The Retiree Healthcare Benefits Program's (RHCBP) 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. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, a RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

For the 2019/2020 plan year, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in the next 2020 FY. As mentioned during last year's budgetary process, staff's ongoing responsibilities and increasing costs of administering the program due to increased membership, operational costs, and implementation of the ever complex and myriads of federal and Medicare rules and regulations, may necessitate the need to again, review the current administrative fee.

Below is a chart of RHCBP's revenue and expenses over the past ten (10) years based on the administrative fee:

ADMINISTRATIVE FEE

Fiscal Year Ending	Fee	Revenue	Expenses	Surplus/(Deficit)
2009	\$3.00	2,940,784	3,581,972	(641,188)
2010	\$3.00	3,013,440	3,110,301	(96,861)
2011	\$3.00	3,062,112	3,532,195	(470,083)
2012	\$3.00	3,133,352	3,232,274	(98,922)
2013	\$3.00	3,351,652	4,597,261	(1,245,609)
2014	\$5.00	5,466,487	5,006,498	459,989
2015	\$5.00	5,578,149	5,424,333	153,816
2016	\$5.00	5,984,986	5,279,617	705,369
2017	\$8.00	9,631,327	5,326,190	4,305,137
2018**	\$8.00	9,559,745	5,681,953	3,877,792

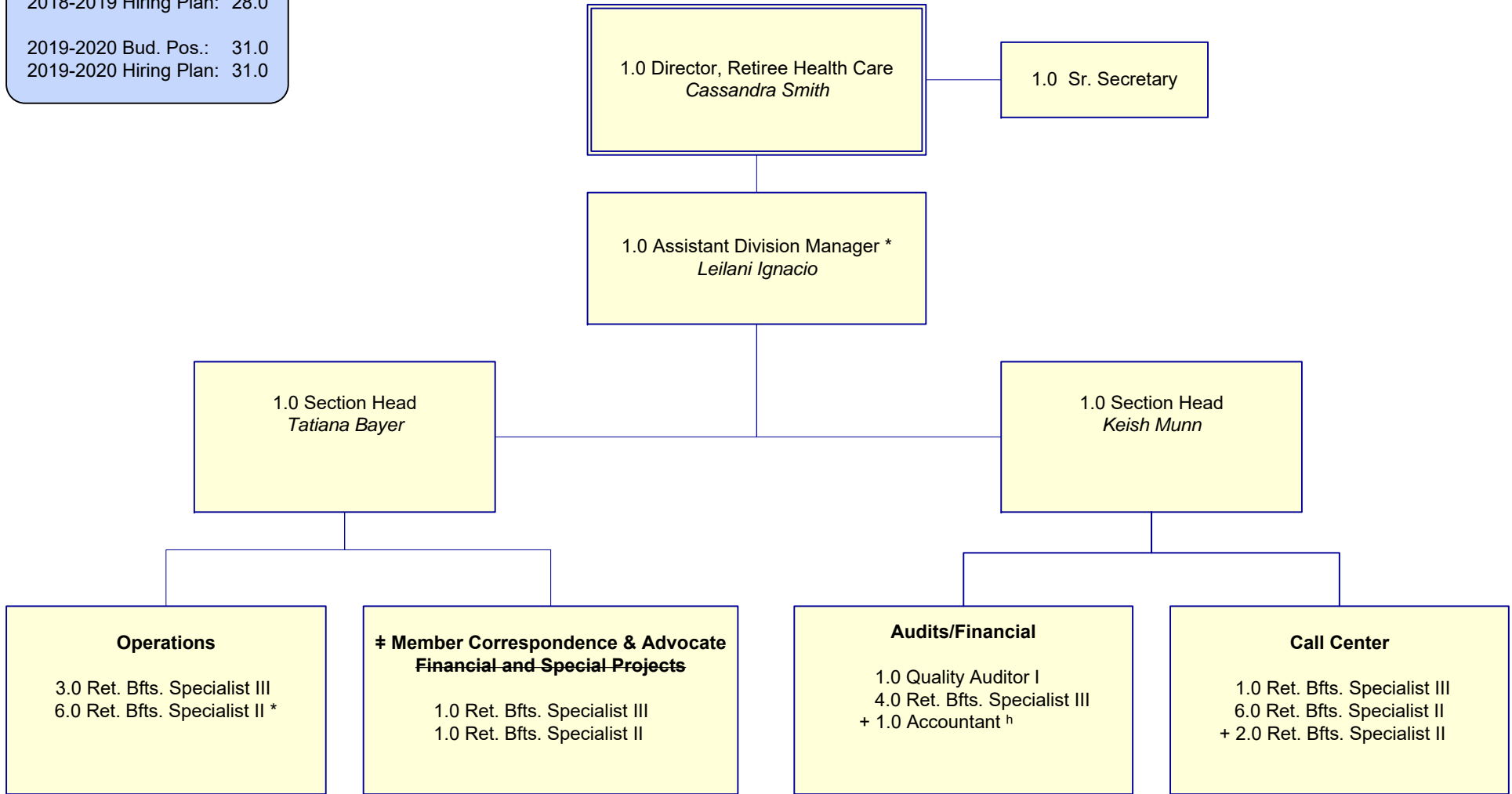
**As of January 2019, latest available.

July - Dec 2018	4,874,823	1,683,479	3,191,344
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RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 28.0
 2018-2019 Hiring Plan: 28.0
 2019-2020 Bud. Pos.: 31.0
 2019-2020 Hiring Plan: 31.0



+ Added position

* Classification study for the position requested

≠ Unit name changed from Financial and Special Projects to Member Correspondence & Advocate

^h Accountant will be housed in FASD to perform essential financial-related functions for RHC

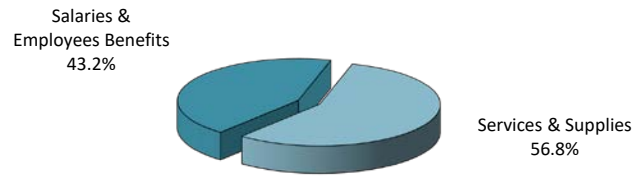
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

FINAL BUDGET SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Salaries & Employees Benefits	\$3,556,664	\$3,397,199	\$1,723,882	\$2,811,877	\$744,787	26.5%	\$159,465	4.7%
Services & Supplies	4,668,186	4,302,854	636,373	3,712,354	955,833	25.7%	365,332	8.5%
OPERATING BUDGET	\$8,224,850	\$7,700,052	\$2,360,255	\$6,524,231	\$1,700,620	26.1%	\$524,797	6.8%

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
Total LACERA Salaries	\$2,227,726	\$2,274,873	\$1,122,614	\$1,815,800	\$411,926	22.7%	(\$47,147)	-2.1%
Total Agency Temp Salaries	60,300	132,100	27,804	53,800	6,500	12.1%	(71,800)	-54.4%
Employee Benefits (Variable)	1,087,095	1,112,580	543,304	882,877	204,218	23.1%	(25,485)	-2.3%
OPEB Contribution	48,243	34,424	15,796	34,300	13,943	40.6%	13,819	40.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	113,700	36,245	6,235	15,000	98,700	658.0%	77,455	213.7%
Bilingual Bonus	3,600	2,400	2,250	3,600	0	0.0%	1,200	50.0%
Sick Leave Buyback	10,000	10,000	5,878	6,500	3,500	53.8%	0	0.0%
Rideshare Allowance	6,000	0	0	0	6,000	100.0%	6,000	100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,556,664	\$3,602,621	\$1,723,882	\$2,811,877	\$744,787	26.5%	(\$45,957)	-1.3%
Salary Differential	0	(205,423)	-	-	-	-	205,423	-100.0%
TOTAL S&EB	\$3,556,664	\$3,397,199	\$1,723,882	\$2,811,877	\$744,787	26.5%	\$159,465	4.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019 except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

RETIREE HEALTHCARE BENEFITS PROGRAM

2018-2019 BUDGET

<u>FILLED POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>ACTUAL MO. RATE</u>	<u>ANNUAL AMOUNT</u>			
00793A	DIRECTOR, RETIREE HEALTHCARE	1	LS14	15,151	181,809			
00771A	ASSISTANT DIVISION MANAGER	1	LS10	12,400	148,795			
00772A	SECTION HEAD	2	LS9	17,162	205,941			
01311A	RETIREMENT BENEFITS SPECIALIST III	8	93K	55,114	661,364			
00439A	SENIOR SECRETARY	1	87J	5,929	71,152			
01310A	RETIREMENT BENEFITS SPECIALIST II	9	87D	49,559	594,712			
	POSITIONS	22			1,863,774			
<u>VACANT POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>1ST STEP MO. RATE</u>	<u>ANNUAL AMOUNT</u>	<u>FILLED AT 12 MONTHS</u>	<u>FILLED AT 9 MONTHS</u>	<u>FILLED AT 6 MONTHS</u>
00797A	QUALITY AUDITOR I	1	93K	5,333	63,996			31,998
01311A	RETIREMENT BENEFITS SPECIALIST III	1	93K	5,333	63,996			31,998
01310A	RETIREMENT BENEFITS SPECIALIST II	6	87D	26,792	321,499			160,750
00415A	ACCOUNTANT	1	90K	4,916	58,992			29,496
	POSITIONS	9			254,242	0	0	254,242
	TOTAL POSITIONS	31						
	GROSS SALARIES				2,118,015			
	ANTICIPATED MOU SALARY INCREASE**				37,065			
	BONUS				310			
	120-DAY RETIREE(S)	1			72,336			
	TOTAL SALARIES				2,227,726			

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

DIVISION	FYE 2017		FYE 2018		FYE 2019		FYE 2020
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$68,400	\$60,337	\$72,500	\$43,250	\$132,100	\$53,800	\$60,300
GRAND TOTAL	\$68,400	\$60,337	\$72,500	\$43,250	\$132,100	\$53,800	\$60,300

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2017		FYE 2018		FYE 2019		FYE 2020
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$12,834	\$10,000	\$30,700	\$5,400	\$36,245	\$15,000	\$113,700
GRAND TOTAL	\$12,834	\$10,000	\$30,700	\$5,400	\$36,245	\$15,000	\$113,700

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2018-2019	Vacancy (as of 04/22/19)	%	Budgeted Positions 2019-2020*	Vacancy	%
Retiree Healthcare	28	6	21%	31	9	29%
	28	6	21%	31	9	29%

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

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-19)	PROJECTION				
TRANSPORTATION & TRAVEL	\$51,000	\$55,000	\$28,529	\$47,500	\$3,500	7.4%	(\$4,000)	-7.3%
POSTAGE	400,000	450,000	23,541	250,000	150,000	60.0%	(50,000)	-11.1%
OFFICE SUPPLIES & EQUIPMENT	5,000	4,000	5,993	4,500	500	11.1%	1,000	25.0%
OPERATIONAL COSTS	2,550,186	1,634,354	74,654	1,634,354	915,832	56.0%	915,832	56.0%
PROFESSIONAL AND SPECIALIZED SERVICES	1,626,500	2,127,500	485,253	1,751,500	(125,000)	-7.1%	(501,000)	-23.5%
EDUCATIONAL EXPENSES	35,500	32,000	18,403	24,500	11,000	44.9%	3,500	10.9%
TOTAL	\$4,668,186	\$4,302,854	\$636,373	\$3,712,354	\$955,832	25.7%	\$365,332	8.5%

*All amounts rounded to the nearest dollar.

OPEB

Other Post-Employment Benefits

Overview

Los Angeles County Other Post-Employment Benefits (OPEB) Trust

In May 2012, the County hired the LACERA Board of Investments to manage and invest the Other Post-Employment Benefits (OPEB) Trust assets. 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 beneficiaries of LACERA members.

Until FY 2016-2017, the OPEB Trust's participating employers were the County and LACERA. In FY 2016-2017, the OPEB trust was divided into three distinct portions: the County OPEB, LACERA's portion of the County OPEB, and the Superior Court OPEB. Beginning in FY 2017-2018, the costs of administering the program were displayed separately, based on the size of the participating agencies.

The participating employers are responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust.

(OPEB) OTHER POST-EMPLOYMENT BENEFITS

Budget Request Highlights

FY 2019-2020

Cost Allocation: The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County), LACERA and the Superior Court maintain a Retiree Healthcare Program (RHP) for their members. In FY 2012-2013, the County established a trust in order to fund this program. In FY 2016-17, the Superior Court established a trust to participate in the program. Beginning in FY 2017-2018, the costs of administering the program were displayed separately, based on the size of the participating agencies. The Board of Investments of LACERA is the trustee and investment manager for the trusts.

The Trust Agreements between the County, Superior Court and LACERA stipulate that “...*the Trustee (LACERA) shall be entitled to payment or reimbursement of all its reasonable and appropriate expenses incurred in administering or investing the Trust...*” In other words, LACERA will not expend its principal or operating allocation to administer the Trusts. Instead, the Trust Agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB trust.

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

A Method for Tracking OPEB Trust Expenses

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

Each division utilizes staff and resources to administer the OPEB Trust. In estimating the costs to administer the trust, LACERA considers the amount of time expended by employees as a share of the total cost of salaries and benefits. In estimating the

additional costs used to administer the trust, LACERA also considers the share of the total costs of services and supplies.

Cost Methodology

There are four categories of expenses applicable to our cost methodology as follows:

Direct Costs of Salaries and Employee Benefits

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

Indirect Services and Supplies

These costs were estimated by taking the overall cost of services and supplies for LACERA and dividing it by the total number of employees. This provides LACERA with a “per employee cost” which is then multiplied by the overall percentage of hours worked on OPEB.

Indirect Salaries and Employee Benefits

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these divisions are added up, then divided by the number of LACERA employees to determine a per employee cost. This total is then multiplied by the overall percentage of hours worked on OPEB.

Direct Services and Supplies

Direct Services and Supplies costs are based on actual payment requests that are applicable to OPEB.

Allocation of Costs

The total overhead cost is divided amongst County, LACERA, and the Superior Court. The shared cost is allocated in a hybrid method that considers fund size, effort, and resources to approximate a fair and equitable allocation. These allocations are scheduled to be reviewed every two years. The current allocation is:

- County: 75 percent
- LACERA: 5 percent
- Superior Court: 20 percent

Reconciliation of Actual Costs

At the close of each fiscal year, the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.

OPEB COST ALLOCATION

FISCAL YEAR 2019-2020

	PROPOSED BUDGET 2019-2020	CURRENT YEAR 2018-2019			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-19)	PROJECTION				
Salaries & Employees Benefits	\$155,183	\$120,475	\$72,940	\$115,000	\$40,183	34.9%	\$34,708	28.8%
Services & Supplies	100,610	100,201	51,048	107,572	(6,962)	-6.5%	409	0.4%
OPERATING BUDGET	\$ 255,793	\$220,676	\$123,988	\$222,572	\$33,221	14.9%	\$35,117	15.9%

2018 - 2019 PROPOSED BUDGET

