

FINAL

Administrative and Retiree Healthcare Benefits Budgets

FISCAL YEAR 2017-2018

FINAL

LACERA

FISCAL YEAR 2017-2018

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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.

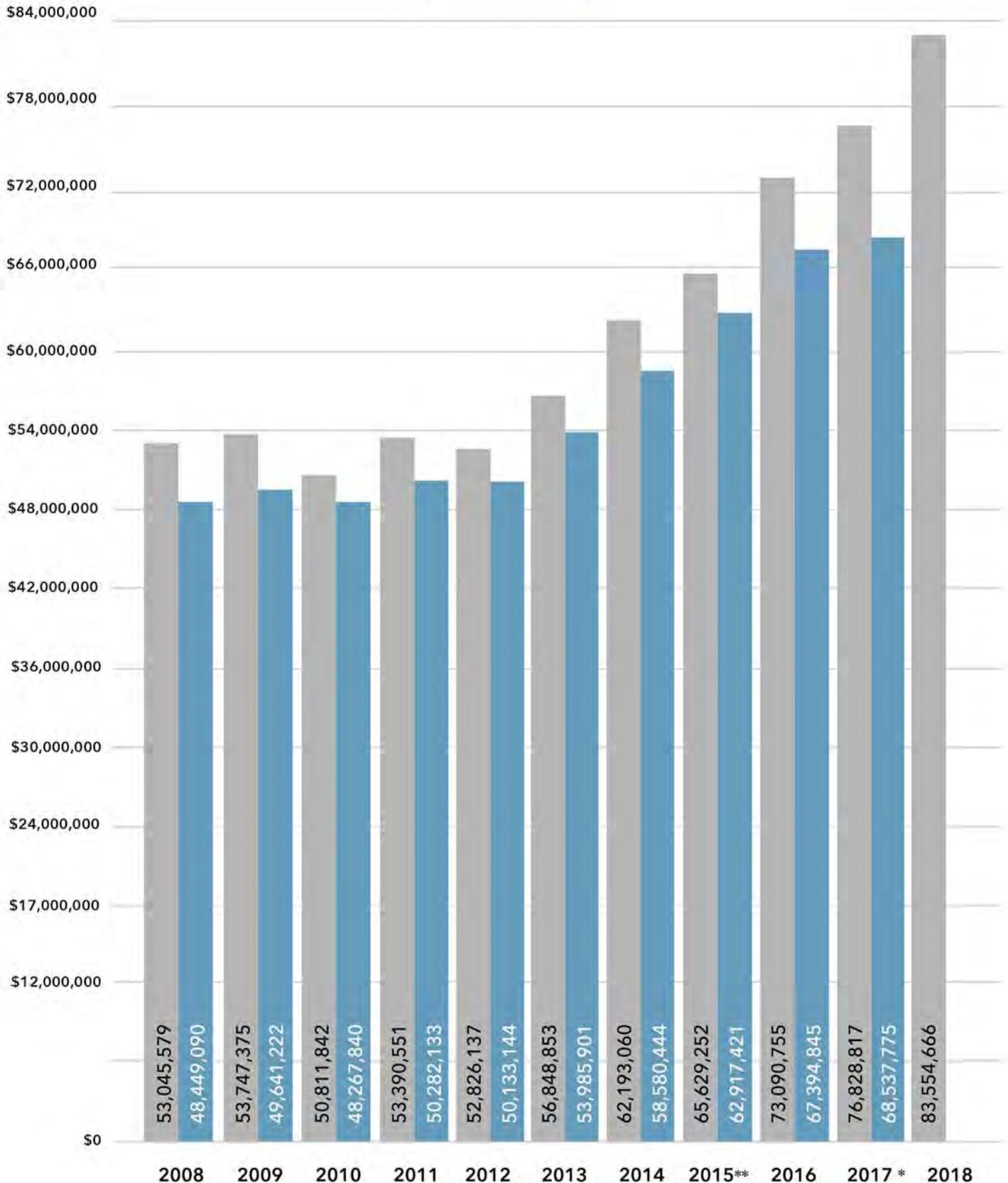


Achieving our MISSION through
shared VALUES and a collective VISION.

HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

[2008-2018]



*The totals for the budget year ending 2017 are projected expenditures based on YTD figures through 2-28-17.

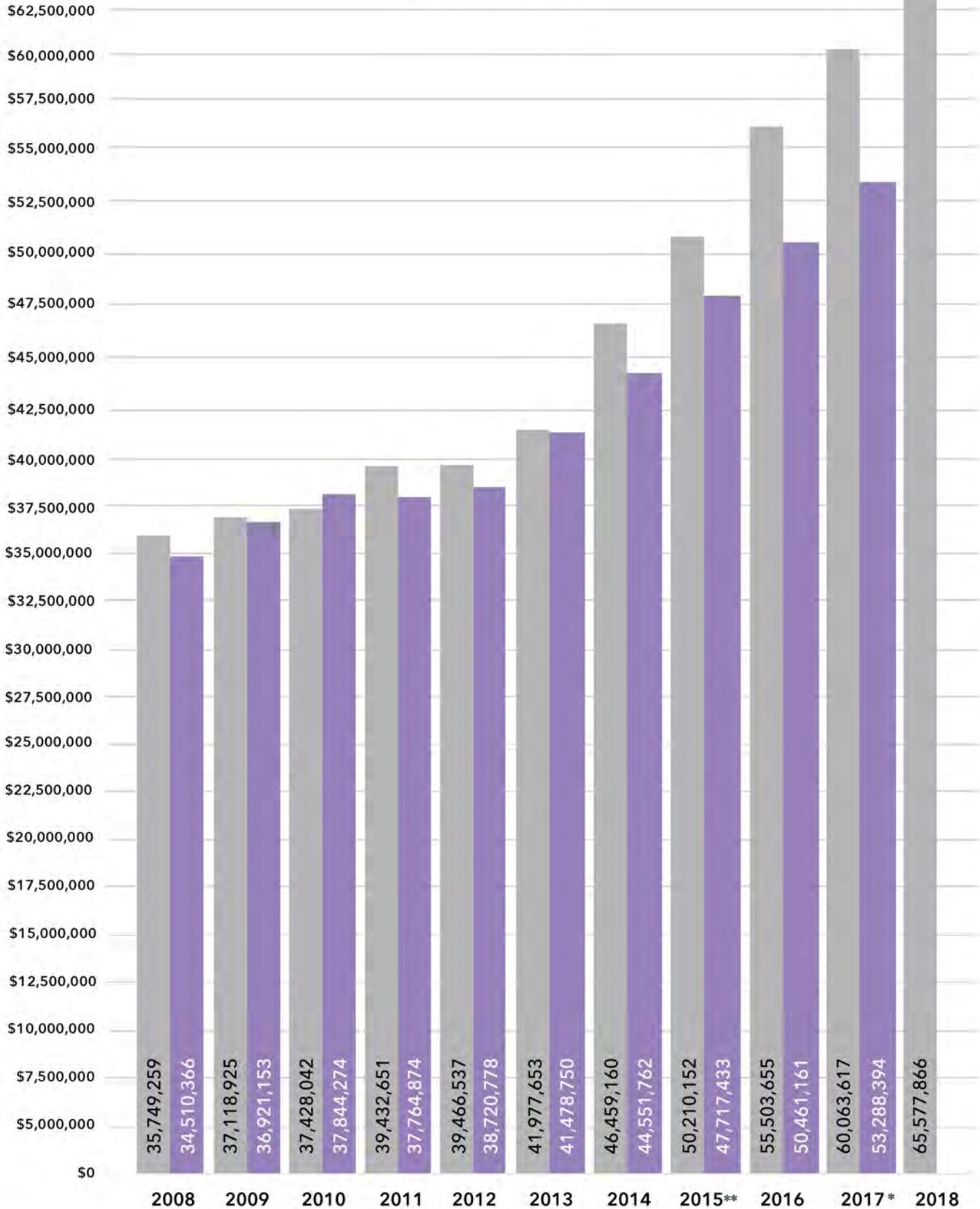
**Corrected. Initial Proposed Budget displayed the projected expenditure for FY ending 2015.

- Approved Budget
- Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

[2008-2018]



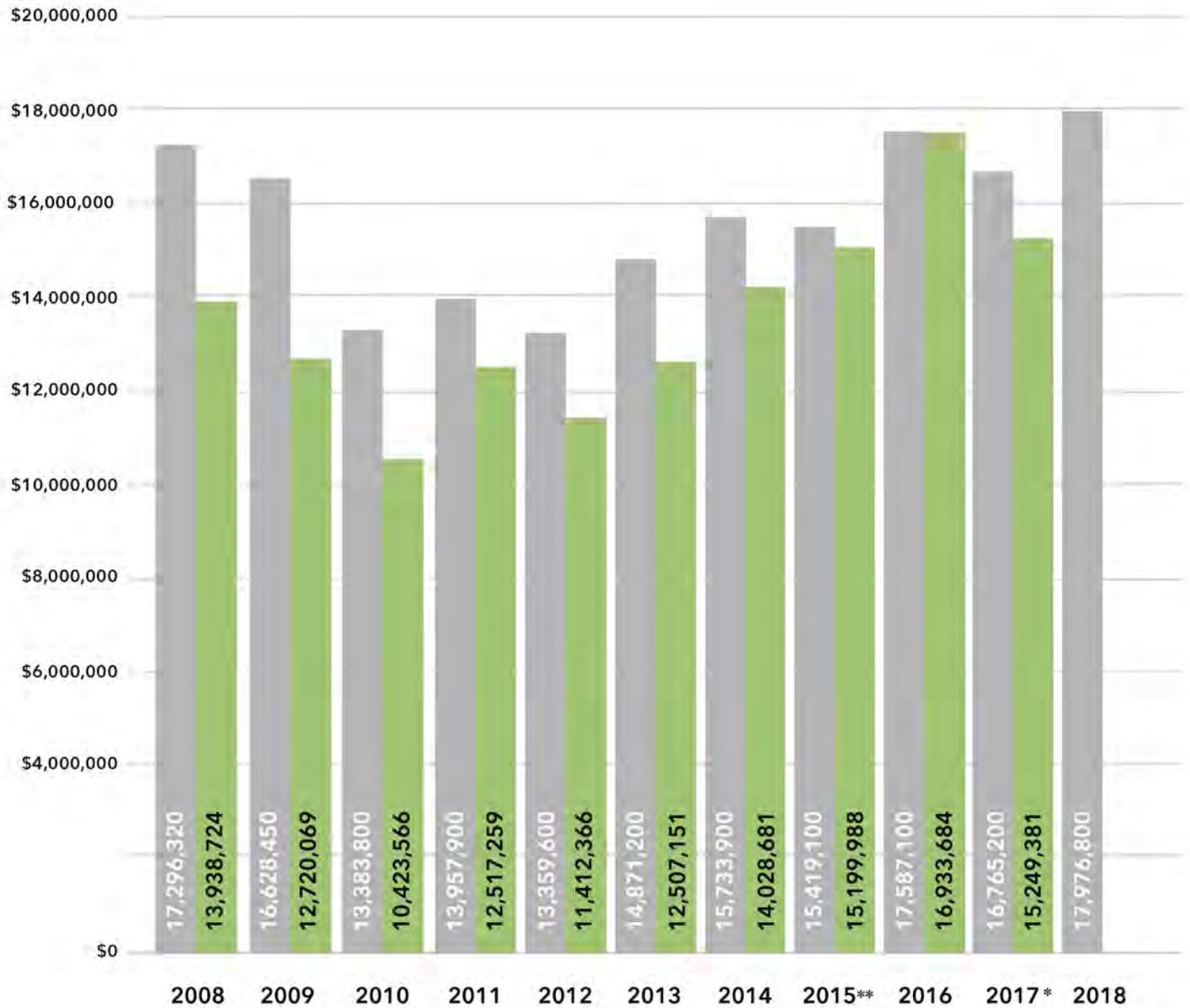
*The totals for the budget year ending 2017 are projected expenditures based on YTD figures through 2-28-17.
 **Corrected. Initial Proposed Budget displayed the projected expenditure for FY ending 2015.

● Approved Budget
 ● Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Services and Supplies

[2008-2018]



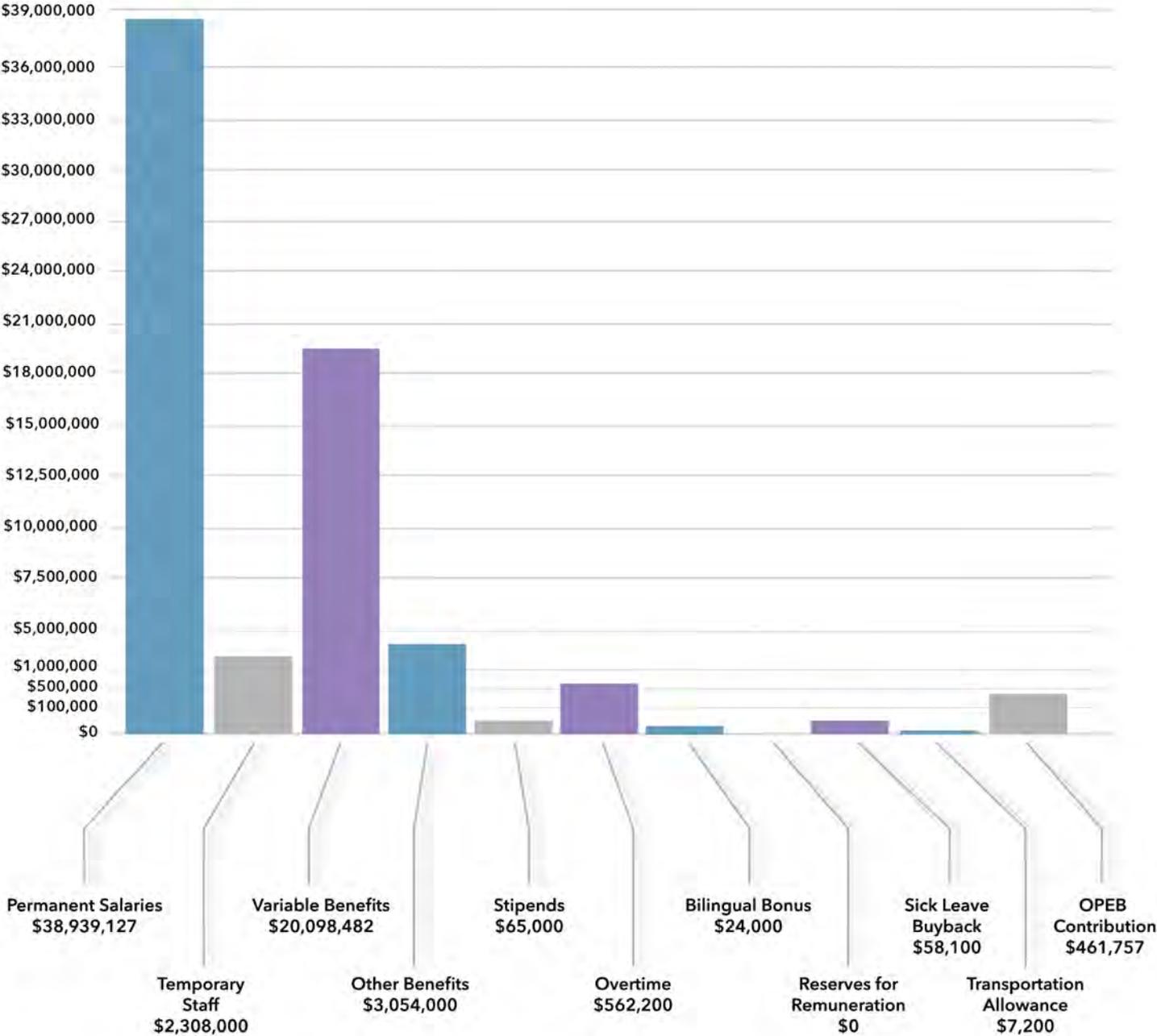
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- Approved Budget
- Actual Expenditures

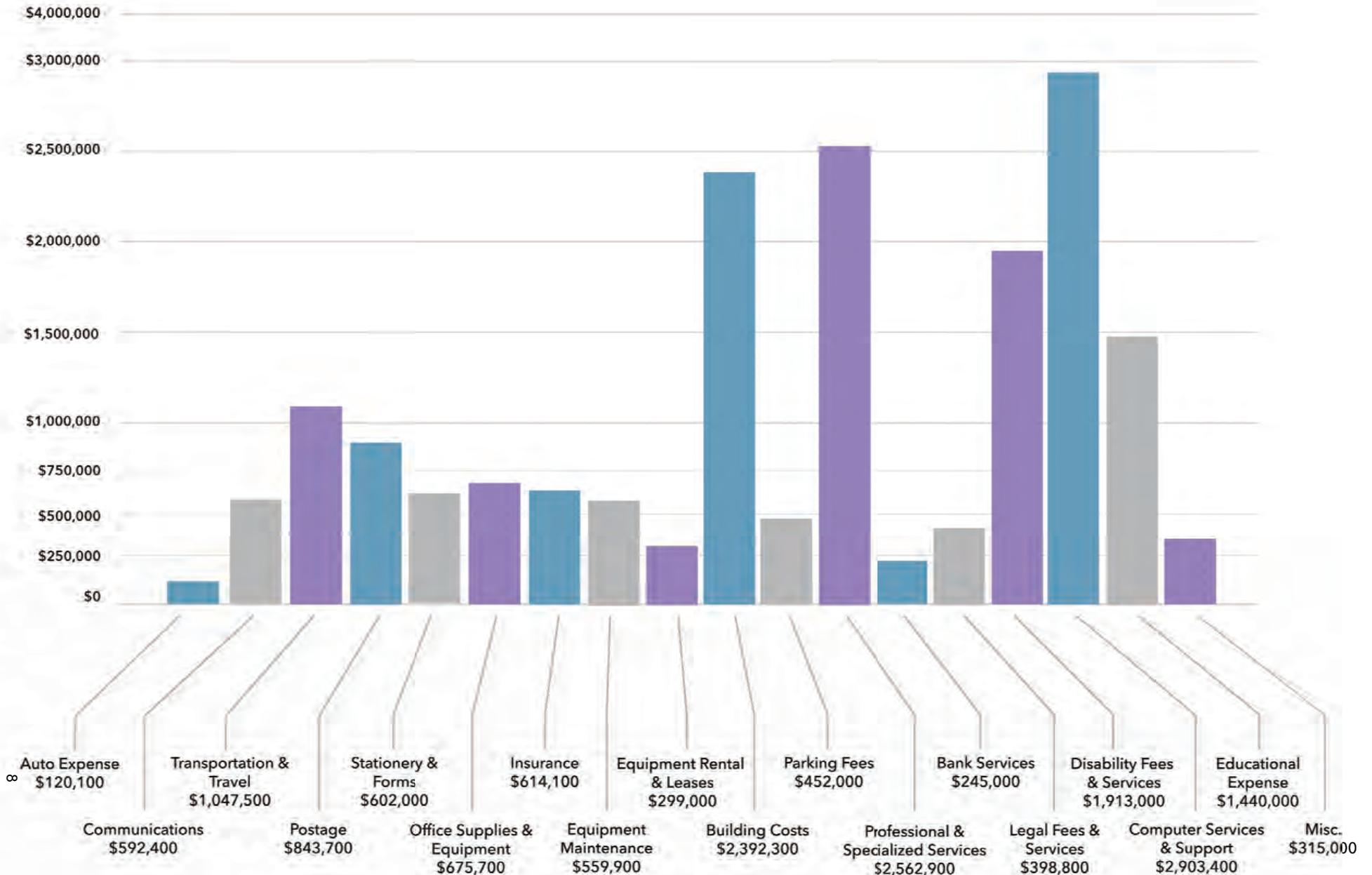
SALARIES AND EMPLOYEE BENEFITS

[Fiscal Year 2017-2018]



SERVICES AND SUPPLIES

[Fiscal Year 2017-2018]





EXECUTIVE SUMMARY

Budget Request Highlights

[FY 2017-2018]

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 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 FY 2017–18 Strategic Plan. We believe 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.

The FY 2017–18 budget requests represent increased spending of \$6,725,849, from \$76,828,817 in FY 2016–17 to \$83,554,666 in FY 2017–18. This is an increase of 8.8 percent, primarily due to the requested staffing additions.

Changes to Final Proposed Budget since Budget Hearings

The Final Proposed FY 2017–18 Budget represents a 2.2 percent increase over the budget presented to the Boards as part of the Budget Hearing process. As previously explained, this reflects approvals by the Boards to increase the Chief Investment Officer's salary and the new classifications and compensation adjustments included in the Management Study. These approvals could not be included in the previously proposed budget because they occurred after the February 28th cut-off date for inclusion in the initial proposed budget. The following chart explains increases by budget category:

	Final Proposed Budget FY 2017–18	Budget Proposed During Hearings FY 2017–18	\$ Change	% Change
Salaries & Employee Benefits	\$65,577,866	\$63,845,876	\$1,731,990	2.7%
Recurring Services & Supplies	\$16,741,800	\$16,663,700	\$78,100	0.5%
+ One time costs	\$1,235,000	\$1,235,000	\$0	0.0%
Total Services & Supplies	\$17,976,800	\$17,898,700	\$78,100	0.4%
Grand Total	\$83,554,666	\$81,744,576	\$1,810,090	2.2%
Contingency	\$47,063,682	\$48,873,772	(\$1,810,090)	(3.7%)

The 0.5 percent increase in recurring Services & Supplies reflects additional costs to support the new positions requested by the Executive Office, Investment Office, and the Legal Office. These additions include slight increases to Travel and Education categories in the budget.

This executive summary provides a snapshot of budget requests related to Staffing Additions, Classification Studies, Anticipated Major Initiatives & Goals, Other Notable Changes, and two new sections: About the Budget and Addressing Vacancies.

Staffing Additions

Administrative Services

Number of New Positions	Title of Requested Position	Section/Unit
1	Administrative Services Analyst I	Document Processing Center
1	Document Processing Assistant	Document Processing Center

Each month, the Document Processing Center (DPC) staff processes electronic images of thousands pieces of incoming and outgoing member services and retiree healthcare documents—and various other member communications—received both electronically and via the postal service. Staff also provides imaging services to all divisions within LACERA and is an integral part of our records management process.

The DPC processed nearly 1,674,000 pages of member and internal documents during FY 2015–16. This was an increase of approximately 194,000 pages of records (11.6 percent) compared to FY 2014–15. A trend analysis indicates that over the last several years there has been a steady increase in the number of pages being processed as LACERA's membership continues to grow and the organization continues to digitize more internal records. Based on the average increase in pages processed during the last five years, the Document Processing Center (DPC) is projected to process approximately 1,754,000 pages in FY 2016–17 and 1,834,000 in FY 2017–18.

The DPC has done a tremendous job in keeping up with the increasing demand; however, in order to continue to meet our service-level commitments, manage increased internal projects, and manage the Board Agenda scanning process, additional positions are needed in the Document Processing Center: Administrative Services Analyst I and Document Processing Assistant.

Benefits

Number of New Positions	Title of Requested Position	Section/Unit
1	Section Head	Benefit Protection Unit

The Benefit Protection Unit, formed in December of 2015, has led to reduced costs and risks as well as increased quality of service to our members. For example, by allowing only the Benefit Protection Unit to have access to sensitive online resources used to locate members and identify deaths, the risk of a privacy breach has been reduced.

The team of one Senior Retirement Benefit Specialist and one Retirement Benefit Specialist III was officially budgeted in FY 2016–17 and now coordinates LACERA's death verification and member identity verification functions. In FY 2017–18, the Benefits Division would like to add a Section Head to serve as the Benefit Protection Officer (BPO). The BPO will lead the unit's expanding role in the organization by:

- Developing and promoting the unit's vision of excellent customer service while protecting the promised benefits;
- Cultivating strong working relationships with LACERA's Division Management; Executive Office and Boards, and outside agencies and vendors, and
- Championing and developing new processes and tools to serve LACERA's members.

Communications

Number of New Positions	Title of Requested Position	Section/Unit
1	Web Support Technician	–
2	Writer II	–

FY 2017–18 promises to be a time of positive change, growth, and restructuring in Communications. We will further refine the two-team structure approved in FY 2013–14 with the goal of simultaneously maintaining our current workload and supporting nonrecurring projects that are every bit as important and time-sensitive. Examples of these kinds of projects slated for the upcoming fiscal years are:

- Producing LACERA Retirement University, Medicare 101, 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.

We are requesting the addition of a Web Support Technician position. Communications currently has a Web Support Technician who is underfilling a Media Artist position. By adding the position, it will open up the Media Artist position.

We are also requesting the addition of two Writer II positions, since the number of projects requiring content development will continue to grow and increase in complexity.

Executive Office

Number of New Positions	Title of Requested Position	Section/Unit
1	Deputy Chief Executive Officer	–

This budget request includes the addition of a Deputy Chief Executive Officer (DCEO) as previously discussed with the Boards. The DCEO will provide additional oversight to the benefit programs, including Retiree Healthcare, and will allow the Chief Executive Officer to continue to focus on Board priorities and strategic initiatives in the Investment Office. The DCEO will also provide guidance and mentoring opportunities for the existing executive level staff as the organization prepares for the eventual retirements of the Chief Executive Officer and one of the Assistant Executive Officers. The DCEO will supervise and support the Assistant Executive Officers and may have direct program oversight responsibility.

Human Resources

Number of New Positions	Title of Requested Position	Section/Unit
1	Human Resources Analyst	Return-to-Work/Payroll

During the past several years, Human Resources has seen an increase in the number of protected employee leave cases we have been called upon to administer. Administering these cases can be time-consuming, as LACERA's Human Resources must ensure we comply with multiple complex and ever-changing employment laws governing this area.

LACERA employee leave cases have grown by more than 20 percent since 2015 alone and are increasingly difficult for current assigned staff to manage. In the past, staff had an assigned workload of 40–50 cases each. Today, with the assistance of the immediate supervisor, a single staff member dedicated to this task manages a workload of more than 100 cases.

Given the increased number of cases, coupled with the increased complexity and compliance requirements dictated by laws covering this area, Human Resources is

requesting to add one additional Human Resources Analyst position to its Return-to-Work/Payroll Unit.

Internal Audit

Number of New Positions	Title of Requested Position	Section/Unit
1	Senior Internal Auditor	–

Internal Audit provides independent, objective assurance and consulting activities that improve LACERA’s operations. Due to the increase in anticipated audit work in the area of compliance, staff requests the addition of one Senior Internal Auditor position. Also, given the increasing complexity and importance of security controls in information technology, staff requests that one Senior Internal Auditor position be converted to a Senior Information Technology Auditor position.

Investment Office

Number of New Positions	Title of Requested Position	Section/Unit
1	Deputy Chief Investment Officer	–
2	Finance Analyst III	Hedge Funds Fixed Income & Commodities
2	Finance Analyst I	Fixed Income Real Estate
1	Senior Secretary	Hedge Funds Private Equity

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

For FY 2017–18, the Investment Office is requesting six new positions (five investment professionals and one support staff) in order to meet goals. For instance, the Finance Analyst III position will select direct hedge fund investments as part of the Board of Investment’s approved plan to reach the 5 percent allocation target.

The request also includes the addition of a Deputy Chief Investment Officer (DCIO) as approved by the Boards as part of the recent Management Study request. As discussed with the Boards, the addition of a DCIO will further the synergies gained from the regular and systematic cross-collaboration across asset classes. This will become more evident as the investment staff engage risk identification and measurement tools.

Furthermore, the investment staff could benefit from adding a team member with additional skill sets.

Legal Office

Number of New Positions	Title of Requested Position	Section/Unit
2	Principal Staff Counsel	–

This request includes the addition of two Principal Staff Counsel positions as previously discussed with the Boards. LACERA's Chief Counsel directly supervises the work of all five sections, namely, litigation, benefits, investments, disability, and legislative. The Legal Division has become increasingly busy across all sections, and this trend is expected to continue. The Chief Legal Counsel is heavily involved in monitoring, at a close level, the work of all sections. In addition, the Chief Counsel spends significant time on governance, fielding questions from Board members and the Chief Executive Officer, and assisting management with a wide variety of strategic business issues. It is also anticipated that the Chief Counsel will become directly involved in organizational compliance as LACERA establishes a formal compliance function.

The addition of the two Principal Staff Counsel positions will improve the management of the Legal Division's personnel. Work will be improved, now and in the future, by adding additional senior leadership to assist with the day-to-day workload through managing deadlines, follow-up on the flow of work, and communicating as needed with the management and staff in other divisions. It is anticipated the sections allocated to the Principal Staff Counsel will be grouped into a Benefits/Disability/Legislation team and a Litigation/Investments team. The Chief Counsel will supervise and mentor each Principal Staff Counsel and initially oversee the compliance function.

Member Services

Number of New Positions	Title of Requested Position	Section/Unit
3	Retirement Benefits Specialist II	Call Center

Member Services fulfills our goals to connect, educate, and serve our members through our Contact Center (Call Center and Correspondence), Quality Control, and Outreach sections. We build relationships, honor our fiduciary duty to fully inform our members, and are compassionate and faithful to those we serve.

Throughout the years, Member Services has been found to be the "gateway" to other divisions within LACERA, with staff promoting to Benefits, Disability Retirement Services, and Quality Assurance. As a gateway division, it is increasingly difficult to

maintain staffing levels in Member Services as staff promote or leave faster than we are able to train them. This has created a number of vacancies in the Division. There are currently 67 budgeted positions, 10 of which are vacant. Our plan to fill open positions within Member Services must be a multi-year endeavor, as it takes a considerable amount of time to hire and train new staff for the Member Services division.

With the goal of staffing to meet service levels, Member Services is requesting three additional Retirement Benefit Specialist II (RBS II) positions for the Call Center. Our Call Center’s success is measured by our ability to meet or exceed the Key Performance Indicator (KPI) goal of 100 percent. The KPI is an overall metric that consists of a weighted average of a set of metrics that allow management to see how well the Call Center is meeting its goals. The KPI is weighted to reflect the importance of quality customer service and accuracy vs. speed of service.

Over the last five years, our KPI average score of 95 percent came close to meeting the KPI target of 100 percent. We have missed the target due to missing our Grade of Service (GOS) goal of answering 80 percent of the calls within 60 seconds. The average call duration over the last five years is 5 minutes and 43 seconds. The current fiscal year average call duration has risen to over 6 minutes. To meet the GOS goal, we need to add additional RBS II positions, as requested.

Systems

Number of New Positions	Title of Requested Position	Section/Unit
1	Chief Information Security Officer	–
1	Information Technology Manager II	–
2	Information Technology Manager I	–
2	Information Technology Specialist II	–
2	Information Technology Specialist I	–

LACERA’s Systems division is a full-service, end-to-end technology operation. Today, the dependency on technology and reliance on security are not only unavoidable, they are also essential. With the blazing demand for technology resources, our greatest challenges are hiring and retaining qualified staff. Recognizing this important need, the Board of Retirement and Board of Investments approved new and revised information technology classifications in order to help LACERA compete in the labor market. The new positions requested for FY 2017–18 are the first phase of our staffing-up efforts.

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 a result of myriad influences. 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, level of responsibilities, or work assignment(s). 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 the classification studies that were approved in FY 2016–17 and provides an update on their current status and/or results. Table 2 provides information about the classification studies scheduled to begin in FY 2017–18.

Table 1. Status of Classification Studies Requested in FY 2016–17

Division	Position	Section/Unit	Number of Positions Studied	Status/Result
Benefits	Retirement Benefits Specialist (RBS) II	Benefit Protection Unit	1	Completed: Position upgraded to RBS III Search underway for RBS III
	Sr. RBS	Benefit Protection Unit	1	Completed: This vacant position was downgraded Search underway for RBS III
	Sr. RBS	Process Management	3	In Process

Division	Position	Section/Unit	Number of Positions Studied	Status/Result
Communications	Media Artist	Web Print and Graphics/ Video, Print and Graphics	2	In Process
Disability Retirement Services	Word Processor II	Investigation Units	3	Withdrawn
FASD	All	All	29	In Process: Consultant hired
Human Resources	Human Resources Analyst	Management	1	Completed: Position upgraded to Sr. Human Resources Analyst
Internal Audit	Secretary	N/A	1	Completed: Position upgraded to Sr. Secretary Search underway for Sr. Secretary
Investment Office	Principal Investment Officer	Risk & Performance	1	In Process
Legal Services	Legal Analyst	Benefits and Investments Sections	2	In Process
	Management Secretary	Benefits	1	In Process
	Staff Counsel	Investments	1	In Process
	Senior Staff Counsel	Legal Services	2	Completed: Positions Upgraded to Principal Staff Counsel
	Senior Staff Counsel	Legal Services - Investments	1	In Process

Table 2. Classification Studies Scheduled to Begin in FY 2017–18

Division	Position	Section/Unit	Number of Positions Studied	Status/Results
All Divisions	Secretary	All		Scheduled for FY 2017-18
Legal Services	Senior Staff Counsel	Legal Services - Benefits	1	Scheduled for FY 2017-18

Anticipated Major Initiatives and Goals

It is necessary to distinguish between recurring expenses and one-time project expenses. Recurring expenses include fuel, insurance, maintenance, etc., and are accounted for annually. Operating expenses 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.

Recurring expenses represent the annual operating costs of funding the daily operations of LACERA. The recurring expenses being requested for FY 2017-18 comprise \$16,741,800 (93.1 percent) of the total Services and Supplies request. This is a 3.5 percent increase compared to FY 2016 -17.

The one-time project costs represent \$1,235,000 (6.9 percent) of the total Services and Supplies request. This is a 111 percent increase compared to FY 2016 -17.

For FY 2017-18, the total Services and Supplies request, which includes both recurring expenses and one-time project expenses, is \$17,976,800. This represents a 7.2 percent increase compared to FY 2016 -17.

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 vehicles, 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 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

information provides an overview of the FY 2017-18 one-time project expenses, by division.

Administrative Services

In support of LACERA's hiring plan, Administrative Services is recommending and seeks the Boards' approval for a large renovation project costing \$650,000 that will impact three divisions: Investments, Quality Assurance, and Internal Audit. This renovation project is critical to ensure that LACERA has ample workspace for expected growth that will be required to support the Strategic Plan initiatives and day-to-day operations over the next five years.

Systems

Resiliency: Uninterrupted Power Supply (UPS) System Replacement—\$220,000

The UPS system is the first line of defense against power anomalies and a key part of our resiliency program. Our current UPS system was first put into service in 1997. With dedicated maintenance and upkeep, we were able to stretch its operating life beyond the typical period. Staff has determined that in order to mitigate the risk of future failures, a replacement is indicated.

Premise and User Security: Keycard System and Dual Factor Authentication—\$125,000

LACERA Gateway Plaza's keycard security system was implemented more than 20 years ago. Although the system has received upgrades over time, its fundamental design remains limited to capabilities and compatibilities of the past days. With the keycard system replacement, we look to modernize the infrastructure with today's open standards. The new system will help to mitigate age-related breakdowns and improve our premise security control.

Call Centers: Queue Management and Recording Expansion—\$115,000

Increased member interactions and complex cases are contributing to longer wait times. An upgraded queue management system will help to maximize member service resources, keep members informed of their place in queue and wait time, as well as track member service history through real-time dashboards and reports. This system will help us improve the member experience over time.

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.

Benefits

An examination of work processes led to the determination that the work performed by the Data Input Unit, which currently resides in Member Services, more closely aligns with the benefit processing work occurring in the Benefits division. Therefore, the unit and its three Intermediate Typist Clerks will transfer from Member Services to Benefits.

Disability Litigation

The Disability Litigation Division's FY 2017-18 budget request for Services & Supplies represents a 27.5 percent reduction in the Services & Supplies request in comparison to the FY 2016 -17 budget request, primarily as a result of decreasing requested funds for retaining outside legal counsel.

Financial & Accounting Services

The Financial & Accounting Services Division includes the upgrade of two positions approved as part of the Management Study by both Boards. The Division Manager and Assistant Division Manager positions were upgraded to the Chief Financial Officer and Assistant Chief Financial Officer positions. This change does not reflect additional staff added to the budget, so we are including this in the notable changes section of the executive summary.

Financial & Accounting Services Division's FY 2017–18 Services & Supplies request represents a 16.5 percent increase compared to the current fiscal year. This increase is attributed to an increase in spending on professional development and staff, as well as increased fees charged by the treasury and banking service provider.

Human Resources

In comparing our FY 2017–18 budget to the current fiscal year budget, notable variances are found in the following areas:

- *Human Resources Consulting*: Decreased from \$200,000 to \$100,000 due to reduced funds earmarked for salary survey consulting.
- *Departmental Training*: Increased from \$235,000 to \$350,000 to provide computer software training to LACERA's staff to support the rollout of LACERA's upgraded computer system, an offsite Supervisor Leadership Training, and Candidate Interviewing Training to enhance candidate selection skills.

Investments

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team, as follows:

- *Transportation and Travel*: FY 2016–17 approved budget was increased by \$65,800 in anticipation of additional staff for a total of \$401,500,

- *Educational Expense:* FY 2016–17 approved budget was increased by \$25,900 in anticipation of additional staff for a total of \$149,400.

Legal Services

Last year the Boards approved three (3) new positions for the Office, including a Legal Analyst for the Disability Section and a Staff Attorney and Senior Management Secretary for the Investment Section. The Legal Analyst position has been filled. However, the two Investment Section positions have not yet been filled.

To anticipate the possibility that there may be additional delay in filling these positions, we propose a staffing budget for Overtime and Outside Agency Temporary in the amount of \$35,000 and \$68,000, respectively.

The budget for Legislative Advocacy services is increased from \$65,000 in FY 2016–17 to \$140,000 in FY 2017–18 to include the addition of a federal legislative advocate to the existing California state legislative advocate.

Member Services

The requested overtime budget for FY 2017–18 is \$115,400, a 6 percent increase from FY 2016–17. We are also requesting the use of outside agency temporary employees while we complete the recruiting, hiring, and training process for the requested RBS II positions.

Member Services' Services & Supplies request also represents a 23 percent decrease from FY 2016-17 projected total expenditure. This can be attributed to right-sizing the request to align with trends.

Quality Assurance

The Quality Assurance & Metrics Division's FY 2017–18 Services & Supplies budget request represents a 74 percent increase compared to FY 2016–17 projected expenditures. This increase can be attributed to the transfer of \$45,000 from the Executive Office budget for our CEM membership and pension benchmarking services.

Systems

Enterprise Systems: Management and User Applications Expansion—\$250,000

Picking up from our enterprise-wide user system upgrades, we plan to further enhance user applications and integrate system management by improving accessibility, security, deployment, and functionality. The first wave of upgrades included a comprehensive suite of hardware, software, systems, and specialized designs. The next phase is positioned to maximize the newly deployed workstations, operating systems, and base applications.

Retiree Healthcare

Retiree Healthcare has budgeted \$787,000 to cover the cost of conducting the following program audits (please note that some audit costs are estimated and will be finalized through a request-for-proposal process):

Dependent Eligibility Audit	\$300,000
Retiree Drug Subsidy Audit	\$407,000
Anthem/Cigna Claims Audits	\$80,000
<u>Total</u>	<u>\$787,000</u>

The OPEB Valuation is required every other year under GASB 74/75 reporting requirements. We will soon be completing the 2016 valuation and will not be required to conduct another until 2018. This resulted in a decrease of \$315,000.

About this Budget

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

Salaries & Employee Benefits

The projected spending for Salaries & Employee Benefits is based on the fifth step of each salary range for all represented employees and the mid-point control, which represents the middle of the respective salary ranges for all non-represented employees as of February 28, 2017, and the addition of any new or upgraded positions requested in this budget. This represents the Gross Salaries. (See Salaries & Employee Benefits Category Summary on page 77)

However, there are additional factors to consider that are not accounted for in just the gross salaries. It is understood that some employees are above or below the mid-point of their respective range and may move throughout the year. There are also certification, additional responsibility, and out of class bonuses that should be taken into account. In years when there are Memoranda of Understanding (MOUs) that are scheduled to expire or are being negotiated, there may also be an increase in salaries that occur. Additionally, it is known that vacant positions (both current positions and newly requested positions) will not be filled at the beginning of the fiscal year. These variances can contribute to the gap between the budgeted amount and the actual amount spent at fiscal year end.

In an effort to account for these variances, we employ a Salary Differential Calculation. The Salary Differential Calculation is like a lever that moves the overall gross salaries up or down based on the expected variances. For example, the total gross salary amount is increased for positions above the control point and those who are receiving a bonus. The salaries can also be increased to account for any expected MOU negotiated

increases (an estimate of which is included in this year's Salary Differential Calculation). Likewise, the salaries can be decreased to account for any positions below the control point and for the estimated time that a position may be vacant throughout the year (this year it is based on a default vacancy of six (6) months, and adjusted based on the status or expected status of recruiting efforts).

The total Differential for the fiscal year is applied to the Gross Salaries to determine the total Permanent Salaries. (See Salaries & Employee Benefits Category Summary on page 77) The Permanent Salaries are then added to the Agency Temporary Costs, Variable Benefits, Other Benefits, OPEB Contributions, Stipends, Overtime, Bilingual Bonuses, Sick Leave Buybacks, and Transportation Allowances to determine the total Salaries & Employee Benefits amount.

The Salary Differential Calculation helps the budget team meet the goal of bringing the projected spending plan (the budget) as close to the actual spending as possible.

Services & Supplies

The Services & 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 based on projected needs for the next fiscal year. (See Services & Supplies Summary on page 90)

Rightsizing the Salaries & Employee Benefits Budget Projection

The budget team recognizes the budget indicates a projected budget to actual gap for FY 2016–17 in the amount of \$8,291,042. This gap represents a projected under expenditure of \$6,775,223 in Salaries & Employee Benefits resulting from a significant number of vacant positions and an under expenditure of \$1,515,819 in Services & Supplies.

The Salary Differential Calculation is as much an art as it is a science. It requires the budget team to predict, based on historical data and discussions with managers and Human Resources, any expected changes in staffing and salaries throughout the coming year. The budget team reviews the Salary Differential Calculation each year to determine how accurately we predicted the budget to actual for the prior fiscal year and makes adjustments to the calculation for the next fiscal year.

The budget team has revised our methodology for predicting the reduction in permanent salaries as a result of vacancies by extending the default vacancy period to six (6) months for the Salary Differential Calculation for FY 2017–18. Last year's calculation assumed a much shorter vacancy period. The team then adjusted the expected vacancy period further based on an estimate of when the scheduled recruitments will

take place. For example, Human Resources is currently recruiting for a large class of Retirement Benefit Specialists I. This class is expected to start shortly after the new fiscal year begins; therefore, the vacancy period for these positions is significantly shorter than six (6) months.

The budget team feels the variation in budget to projected actual for Services & Supplies for FY 2016–17 is within acceptable limits.

Addressing the 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 the 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 89 shows there are 47 vacant positions as of May 22, 2017. The proposed budget will add new positions, increasing the expected number of vacant positions to 75 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 there are multiple reasons why budgeted positions may remain vacant longer than anticipated. For example:

- Human Resources struggled to recruit qualified Systems Division staff due to salary ranges not being competitive in the labor market. Recently, your Boards took action to resolve this issue and it is expected the Systems Division will begin recruiting and filling the new positions within the coming fiscal year. Over time, the Division will address the unused positions that may no longer be needed.
- The Member Services Division has struggled to maintain staffing levels as budgeted. The Member Services budget highlights (see page 199) demonstrates this is a result of internal promotions and long lead times to train staff to fill the vacant positions. Additionally, we are finding it increasingly difficult to find qualified applicants in the tightening labor market.

- The Administrative Services Division has also reported challenges in finding qualified applicants to consider for hiring. In addition, the division has a number of vacant positions that are being held open as staff completed Career Development opportunities in other divisions within LACERA.

Recognizing 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 is engaging a recruiting consultant to review LACERA’s recruiting procedures. The consultant will be selected and begin the review before the end of the current fiscal year. Human Resources looks forward to the review and hopes to acquire additional best practices that can be employed to improve LACERA’s ability to identify qualified candidates for consideration.

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

Division	Position	Section/Unit	Number of Available	Status/Result
Administrative Services	Administrative Services Analyst I	Record Management	1	In Progress (Bulletin Posted – Interviewing)
	Administrative Services Analyst III	Procurement	1	
Benefits	Intermediate Clerk Typist	Data Input	1	In Progress (Bulletin Posted – Interviewing)
Communications	Chief, Communications	Division	1	In Progress (Resume Canvass Posted)
Disability Retirement Services	Senior Disability Retirement Specialist (Recruiting Disability Retirement Specialist for training)	Division	1	In Progress (Bulletin Posted – Interviewing)
	Disability Retirement Specialist Supervisor	Division	1	

Division	Position	Section/Unit	Number of Available	Status/Result
Financial Accounting Services	Accounting Officer II		1	In Progress (Bulletin Posted)
Investments	Finance Analyst II	Fixed Income	1	In Progress (Bulletin Posted – Interviewing)
Internal Audit	Senior Secretary	Division	1	In Progress (Bulletin Posted – Interviewing)
	Senior Internal Auditor	Division	1	
Legal Services	Staff Counsel – Investments		1	In Progress (Resume Canvass Posted)
Member Services	Retirement Benefit Specialist I	Contact Center (Call Center)	8*	In Progress (Bulletin Posted)
	Retirement Benefit Specialist III	Quality Control	1	In Progress
Total in Progress			32	

*Total will increase to 10 if the proposed budget is approved, increasing the total in progress to 34. Class is scheduled to start shortly after the fiscal year begins.

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

Division	Position	Section/Unit	Number of Available	Status/Result
Financial Accounting Services	Accountant	Disbursements	1	Pending
	Accountant	Reconciliation	1	Pending
	Accountant	Public Markets	1	Pending
	Senior Secretary	Division	1	Pending
Total Pending (Not Started)			4	

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. Therefore, we are seeking your Boards' approval of the proposed FY 2017-18 Budget.

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



L//CERA

OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

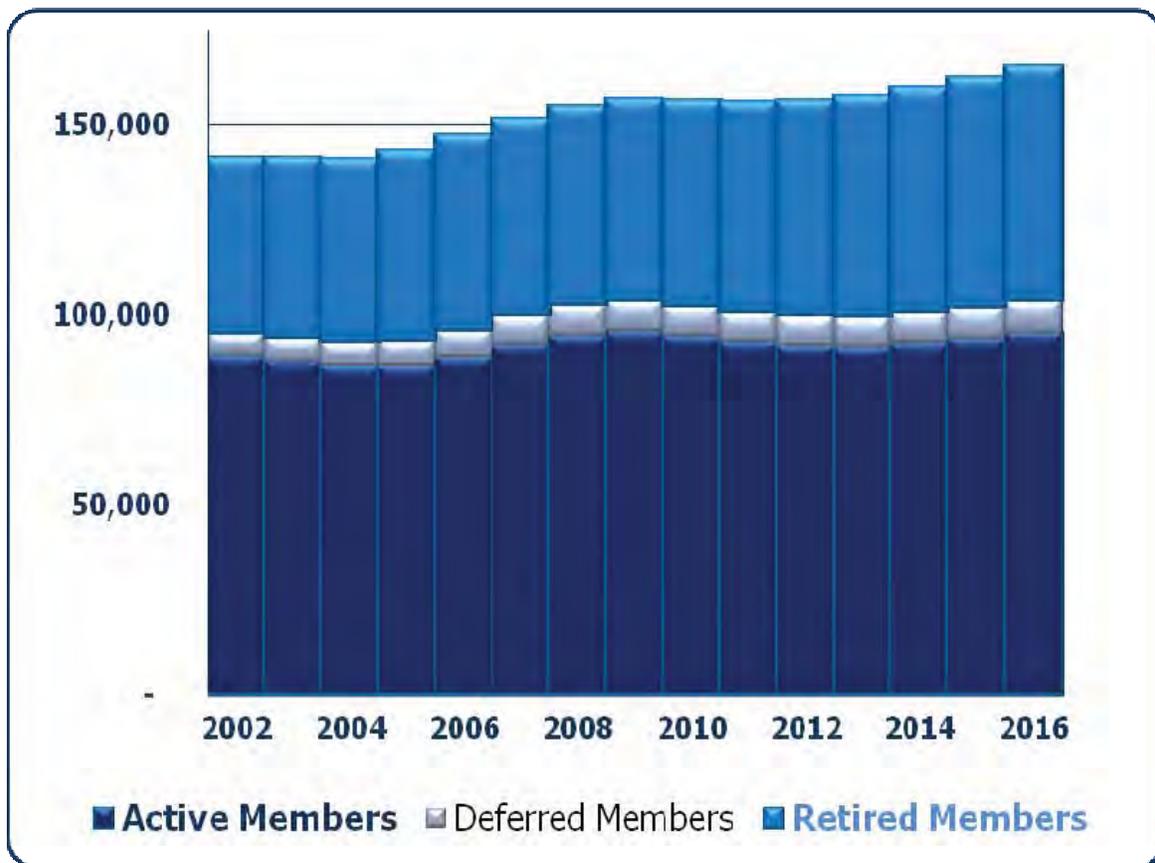
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.

OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



OUR MISSION

Produce, Protect, and Provide the Promised Benefits

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

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 QUALITY SERVICE •

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

• 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.

STRATEGIC INITIATIVES



Modernization of Information Technology

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

• Disability Retirement •

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

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2015-16
Disability Process Management	FY 2017-18
Board and Management Metrics Reporting	FY 2017-18
Disability Medical Document Portal – System	FY 2017-18
Disability Medical Document Portal – Training	FY 2017-18
Case Management	FY 2017-18

• 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
Digital Appeal Packages	FY 2016-17
E-Board Package – Disability Appeal Cases	FY 2016-17
Planning Writ Process Management	FY 2016-17
Implement Writ Process Management	FY 2017-18
Appeal Process Management	FY 2017-18
Retire Legacy System: Tracker	FY 2017-18

• 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 meta data to efficiently and effectively manage work objects.

Task	Implementation
Job Ticket 1.0 – Planning	FY 2013-14
Job Ticket 1.0 – Prototyping	FY 2015-16
Job Ticket 1.0 – Production	FY 2017-18
Job Ticket 2.0 – Reporting	FY 2017-18
Job Ticket 3.0 – Case Management	FY 2018-19
Job Ticket 4.0 – Audit Version	FY 2019-20

• 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
Board Package Web Posting	FY 2015-16
Digital Archive: BOI Back file – Implement	FY 2016-17
Digital Archive: BOR Committee – Implement	FY 2016-17
Digital Archive – Disability Case Back file – Evaluate	FY 2017-18
Digital Archive – RFP	FY 2017-18
Digital Archive – Actuary Reports	FY 2018-19
Digital Archive – Accounting Reports	FY 2018-19
Digital Archive – Brochures	FY 2018-19
Digital Archive – Summary Plan Descriptions	FY 2018-19
Digital Archive – Retiree Healthcare Program	FY 2018-19

• LACERA.com •

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

Task	Implementation
Beneficiary Update	FY 2013-14
Portal Redesign	FY 2016-17
Secure Message Center	FY 2016-17
LACERA.com Redesign	FY 2017-18
On-Line Pension Verification	FY 2017-18
On-Line Form – Service Credit Purchase	FY 2018-19
On-Line Form – Disability Application	FY 2018-19
On-Line Retirement Elections	FY 2019-20

• Retiree Healthcare Program •

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

Task	Implementation
Develop Needs Assessment	FY 2017-18

• 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 and 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
Member Service Center Queue System – Planning	FY 2017-18
Call Recording – Benefits Division – Planning	FY 2017-18
Call Recording – Disability Division – Planning	FY 2017-18
Replace Call Recording System	FY 2018-19

• Workspace •

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

Task	Implementation
Replace Green Screens	FY 2017-18
Retire CICS	FY 2017-18
COBOL Program Replacement – Planning	FY 2017-18
Update Estimate Program	FY 2017-18
Multiple Plan Streams	FY 2018-19
Reengineer 1st Payment – Planning	FY 2018-19



Quality Ecosystem

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

• 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 to provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regiments. 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 our daily business practices.

Task	Implementation
Create Compliance Program Charter	FY 2017-18
Implement Organizational Compliance Committee	FY 2017-18
Develop Compliance Reporting Protocols	FY 2017-18
Develop Policy Governance Procedures and Training	FY 2018-19
Develop and Deliver Compliance and Ethics Training	FY 2018-19
Inventory LACERA Policies and Standardize	FY 2019-20
Conduct Best Practices Review	FY 2019-20

• Advanced CERL Education (ACE) Certification •

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

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

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

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

• In-Line Quality Audits •

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

Task	Implementation
Increase the In-Line Audit Ratio to 60%	FY 2015-16
Increase the In-Line Audit Ratio to 75%	FY 2016-17
Assess Program Resource Requirements	FY 2017-18

• Member Centric Process Management •

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

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

• Member Communications •

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

Task	Implementation
Outreach Web Video – New Member	FY 2014-15
Active Member Benefit Statement	FY 2017-18
Retirement Estimate Document	FY 2017-18
Retirement University – Course 1	FY 2017-18
Retirement University – Course 2	FY 2018-19
Member Survey – Customer Needs	FY 2019-20

• Student Internship Program •

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

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

• Board Room Operations •

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintain 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
Board Room Branding Entryway	FY 2017-18
Board Room Branding Meeting Room	FY 2017-18
Board Room Speaker Timer and Signal	FY 2017-18

• Succession Planning •

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

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



Scrubbing Legacy Data

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

• Member Data Evaluation •

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

Task	Implementation
Multiple Sworn Statements – 2,800	FY 2014-15
MOU Retroactive Salary Adjustments – 26,000	FY 2014-15
Missing Service Credit – 1,000	FY 2015-16
Back Contributions Uncollected – 1,000	FY 2015-16
Service Contract not Resident – 1,000	FY 2015-16
Recalculate Contracts Uncompleted – 4,000	FY 2017-18



Implementing PEPRA

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

Task	Implementation
PEPRA Implementation Needs Assessment	FY 2016-17
PEPRA Implementation Tactical Plan	FY 2017-18

INVESTMENT OFFICE STRATEGIC PLAN

LACERA Board Off-Site
January 27, 2017

Vache Mahseredjian, CFA, CAIA, FRM, ASA – Interim CIO

**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

INVESTMENT DIVISION MISSION STATEMENT

The Investment Division strives to be a premier institutional investor seeking to meet LACERA's investment objectives in accordance with LACERA's Mission, Vision, and Values. We are united in our pursuit of excellence and committed to implementing LACERA's policies and procedures, consistent with LACERA's investment beliefs, and always mindful of our fiduciary duty to LACERA's members.

GOALS & PRIORITIES

- Recap by Individual Asset Class
- Multi-Asset Initiatives:
 - Collaborating with Meketa
 - Risk Management (TruView)
 - Corporate Governance
 - “Other Opportunities” Allocation
 - Special Programs
- Proposed New Team Structure:
 - Risk & Performance
- Planning for the Future

ASSET ALLOCATION

Asset Class	Target as of 12/31/2016	Target for 4Q-2018
U.S. Equity	23.8%	22.3%
Non-U.S. Equity Developed Markets (Unhedged)	21.6%	19.2%
Fixed Income	25.4%	27.8%
Private Equity	10.0%	10.0%
Real Estate	11.0%	11.0%
Commodities	2.8%	2.8%
Hedge Funds	3.4%	5.0%
Cash	2.0%	2.0%

STRATEGIC PLAN: FY 2017 – 2018

Private Equity:

- Implement AB2833 Compliance
 - Request GPs utilize ILPA fee template
 - Work with outside consultant (Pavilion) to gather data
 - Develop reporting procedures
- Complete separately managed account reviews (Pathway, JP Morgan, Morgan Stanley) and RFPs
- Continue global search for top-quartile managers

STRATEGIC PLAN: FY 2017 – 2018

Global Equity:

- Review and revise Emerging Manager Program
- Assess opportunities to enhance ESG/Corporate Governance integration into manager selection and monitoring
- Initiate U.S. and Non-U.S. Equity structure reviews
- Further utilize benefits of factor analysis in portfolio management

STRATEGIC PLAN: FY 2017 – 2018

Fixed Income & Commodities:

- Fixed Income Structure Review
- Commodities Structure Review
- Address Meketa's Operational Recommendations regarding Securities Lending and Cash Management

STRATEGIC PLAN: FY 2017 – 2018

Real Estate:

- Reduce allocation to reach 11% target (be a net seller)
- Position portfolio more defensively by increasing exposure to:
 - Apartments
 - Industrial Properties
 - RE Debt (as a lender)
- Diversify by increasing exposure to international investments

STRATEGIC PLAN: FY 2017 – 2018

Hedge Funds:

- Implement 2017 Investment Plan and create direct portfolio by allocating \$500 million across several managers
- Monitor wind-down of San Gabriel 2, the Grosvenor-managed credit portfolio funded in 2013.
- Enhance risk aggregation to incorporate direct portfolio
- Hire 1 analyst

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Collaborating with Meketa

The following projects are in addition to asset class reviews for public equities, fixed income, and commodities:

- Annual Review of IPS
- Review of Benchmarks
- Review of Fees
- “Other Opportunities” policy
- Triennial Asset/Liability optimization in 2018
- OPEB Trust IPS and asset allocation

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: TruView (“Risk 1.0”)

- Ongoing refinement of output (data validation & Alts modeling)
- Expect initial total plan risk report by Q2 2017
- Multiple presentations and educational sessions, starting with February Committee meeting

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Corporate Governance

- Educational “deep dives” on selected topics
- Refresh and customize corporate governance principles and proxy policy to align with best practice
- Seek Committee guidance and Board direction on priorities

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: “Other Opportunities”

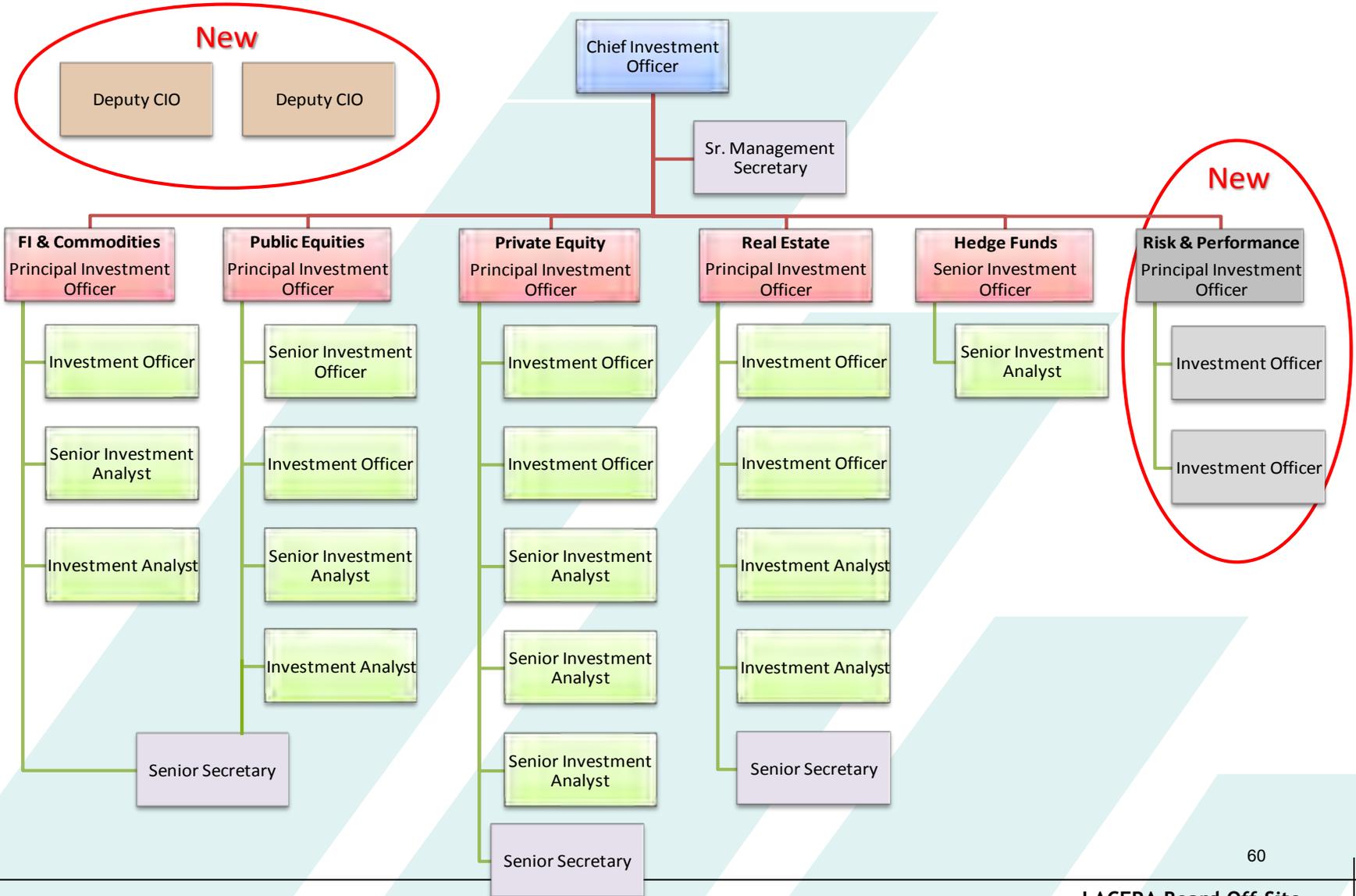
- Establish policies, procedures, and guidelines including:
 - Scope of “asset class”
 - Return expectations/Benchmarks/Risk Management
 - Staff structure and processes for strategy due diligence, manager selection & monitoring, portfolio structure, and reporting
 - Board approval process
 - Role of external advisors

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Special Programs

- Securities Lending Review and possible RFP
- Transition Management panel

STAFFING STRUCTURE



PROPOSED NEW TEAM: RISK & PERFORMANCE

- Increased portfolio complexity and heightened regulations create a need for specialists in Risk and Performance Measurement, Compliance, and Operations
- New team will provide services across the various asset classes, allowing for specialization of skills and closer collaboration among investment staff
- Team PIO is already in budget
 - Candidate search pending selection of permanent CIO

KEY SERVICE PROVIDERS

A Stable team of recently-hired service providers

- General Consultant
 - Meketa hired in 2015 / Rebid in 2020
- Real Estate Consultant
 - Townsend re-hired in 2015 / Rebid 2021
- Private Equity Consultant
 - Stepstone hired in 2016 / Rebid in 2022
- Actuarial Consultant
 - Milliman re-hired in 2011 / Search currently underway
- Custodian
 - State Street hired in 2013 / Rebid in 2023

PLANNING FOR THE FUTURE

Beyond 2017-2018

- Separate Account for Indexed U.S. Equity
 - Voting of proxies
 - Securities Lending Revenue
- Manage Assets Internally
 - Potential Strategies
 - Indexed U.S. Equity Assets
 - Cash
 - Core Bonds

RETIREE HEALTHCARE PROGRAM

Strategic Plan Proposal

Yesterday, Today, Tomorrow

FYE 2018-2020

OVERVIEW

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

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

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

OUR MISSION

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

OUR CORE VALUES

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

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

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

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

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

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

OUR OBJECTIVES

PRUDENT FIDUCIARY

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

RESPONSIVE AND QUALITY SERVICES

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

COMMUNICATION

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

QUALITY WORKFORCE

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

MANAGE GROWTH AND CHANGE

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

OUR HISTORY

The 1970s

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

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

The 1980s

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

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

The 1990s

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

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

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

The Twenty-First Century

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

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

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

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

OUR STRATEGIC INITIATIVES

Successful Implementation of 2014 RHC Program Changes

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

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

Continued Integration of Information Technology

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

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

Workspace

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

GOAL	IMPLEMENTATION DATE
Streamline generation and mailing of confirmation letter upon member election via Workspace	FY 2018-2019
Automate monthly premium reconciliation process	FY 2018-2019
Electronic submission to carriers	FY 2017-2018

Member Interaction and Communication

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

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

GOAL	IMPLEMENTATION DATE
Implement new seminar for members becoming Medicare eligible	FY 2017-2018
Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website	FY 2016-2017
Develop Medicare 101 Packet	FY 2017-2018
Administrative Guideline Update	FY 2016-2017
Certify member Medicare coverage	FY 2018-2019

Quality Assurance & Special Projects Section

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

GOAL	IMPLEMENTATION DATE
Create RHC Billing, Legal Hold, and Death Guidelines	FY 2015-2016
Create RHC Reconciliation Guidelines	FY 2015-2016
Dependent database audit RFP	FY 2017-2018
RHC Consultant RFP	FY 2016-2017
LTC Implementation	FY 2016-2017
RHC Operating Information	FY 2016-2017
Dependent database audit completion	FY 2018-2019

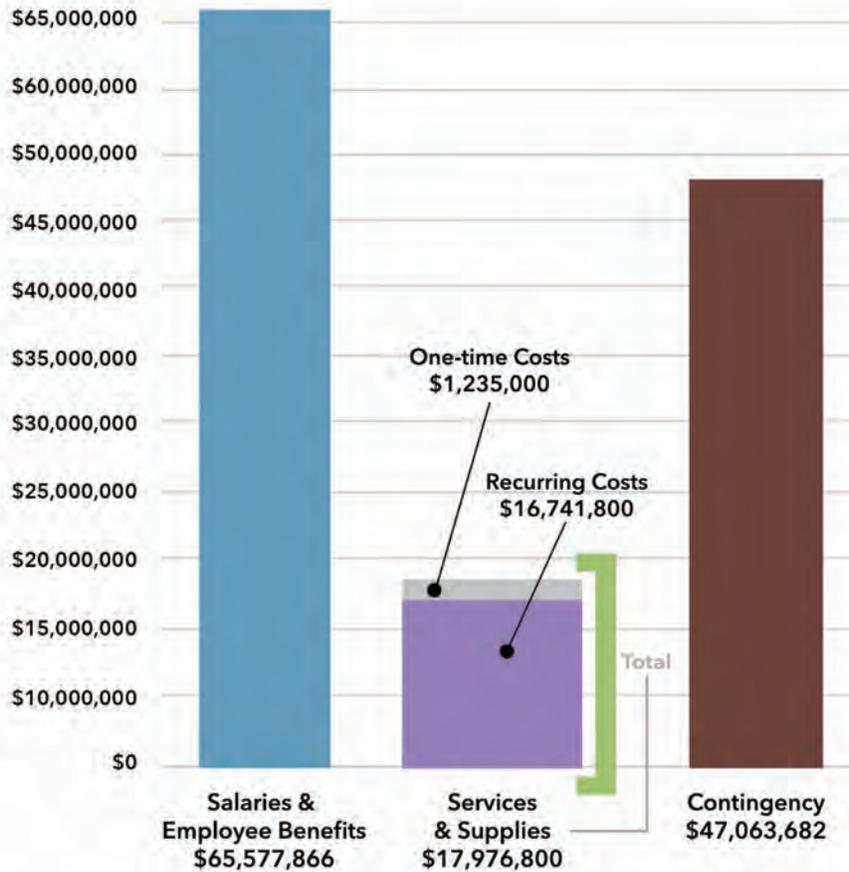
Audits Section

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

GOAL	IMPLEMENTATION DATE
Create RHC Audits training and Guidelines	FY 2015-2016
Anthem Blue Cross Audit Guidelines	FY 2017-2018
Medicare HICN and eff. Dates project	FY 2018-2019

TOTAL BUDGET REQUEST CATEGORY SUMMARY

[Fiscal Year 2017-2018]



	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016 - 2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD (02-28-17)	PROJECTION	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$65,577,866	\$60,063,617	\$32,189,086	\$53,288,394	\$12,289,472	23.1%	\$5,514,249	9.2%
RECURRING SERVICES & SUPPLIES	\$16,741,800	\$16,180,200	\$7,791,567	\$14,664,381	\$2,077,419	14.2%	\$561,600	3.5%
+ One-time costs	\$1,235,000	\$585,000	\$31,325	\$585,000	\$650,000	111.1%	\$650,000	111.1%
TOTAL SERVICES & SUPPLIES	\$17,976,800	\$16,765,200	\$7,822,892	\$15,249,381	\$2,727,419	17.9%	\$1,211,600	7.2%
GRAND TOTAL	\$83,554,666	\$76,828,817	\$40,011,978	\$68,537,775	\$15,016,891	21.9%	\$6,725,849	8.8%
CONTINGENCY	\$47,063,682	\$42,491,534					\$4,572,148	10.8%

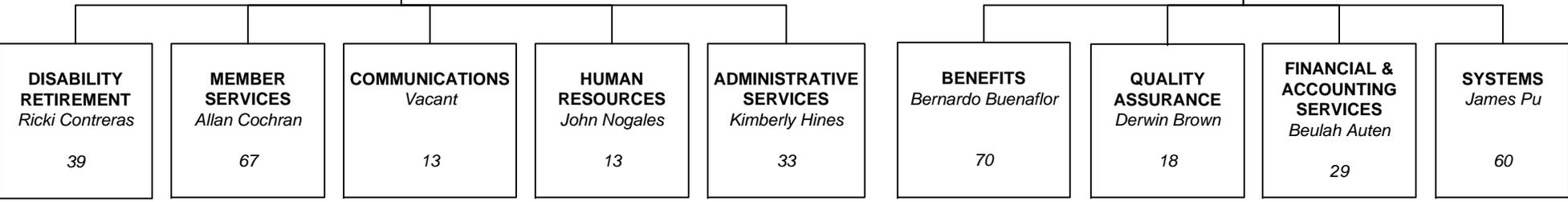
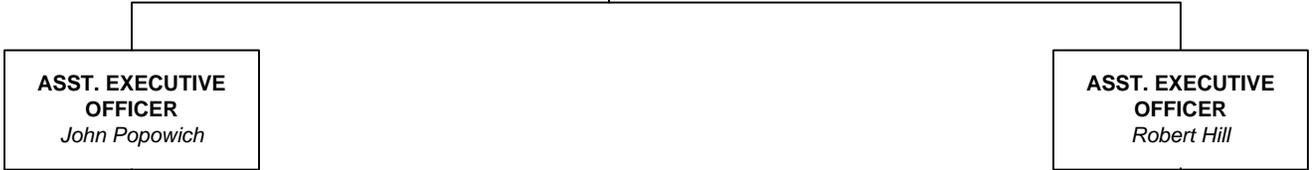
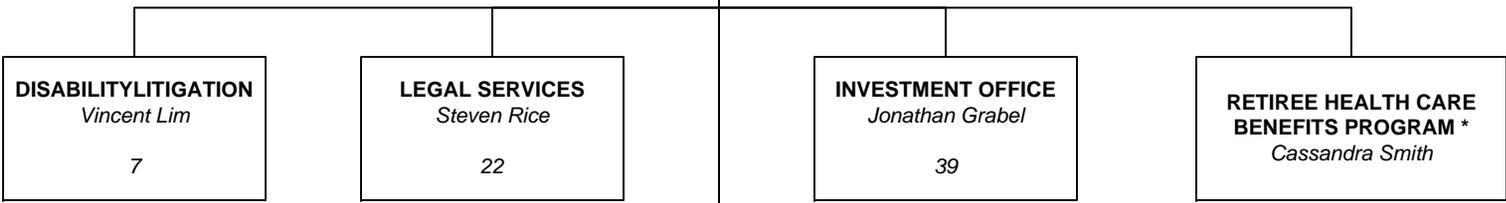
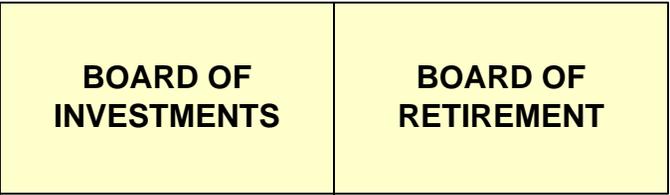
LACERA
FISCAL YEAR 2017-2018
FINAL OVERALL REQUEST
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016 - 2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Administrative Services	\$7,386,168	\$7,368,631	\$3,967,969	\$6,380,830	\$1,005,338	15.8%	\$17,537	0.2%
Benefits	8,899,372	7,605,843	4,699,281	7,411,408	1,487,964	20.1%	1,293,528	17.0%
Board of Retirement	201,700	168,200	82,022	145,775	55,925	38.4%	33,500	19.9%
Board of Investments	215,300	172,700	129,298	181,800	33,500	18.4%	42,600	24.7%
Communications	2,290,973	2,208,310	1,001,367	1,742,642	548,331	31.5%	82,663	3.7%
Disability Litigation	1,967,252	1,759,282	1,014,141	1,689,100	278,152	16.5%	207,970	11.8%
Disability Retirement	7,418,978	7,455,199	3,502,366	6,062,881	1,356,097	22.4%	(36,221)	-0.5%
Executive Office	2,362,018	2,221,731	1,324,409	1,981,694	380,324	19.2%	140,287	6.3%
Financial & Accounting Services	3,821,946	3,893,424	2,178,218	3,731,118	90,828	2.4%	(71,478)	-1.8%
Human Resources	3,562,397	3,183,524	1,719,884	3,286,500	275,897	8.4%	378,873	11.9%
Internal Audit	2,502,534	2,262,211	1,110,692	2,015,983	486,551	24.1%	240,322	10.6%
Investment Office	10,790,428	8,935,094	4,588,108	7,333,000	3,457,428	47.1%	1,855,333	20.8%
Legal Services	5,255,868	4,413,294	2,686,873	4,204,273	1,051,595	25.0%	842,574	19.1%
Member Services	7,311,366	7,033,529	3,825,042	6,313,989	997,377	15.8%	277,837	4.0%
Quality Assurance	2,935,863	2,439,475	1,360,734	2,262,500	673,363	29.8%	496,388	20.3%
Systems	16,632,505	15,708,368	6,821,574	13,794,282	2,838,223	20.6%	924,137	5.9%
GRAND TOTAL	\$83,554,666	\$76,828,817	\$40,011,978	\$68,537,775	\$15,016,891	21.9%	\$6,725,849	8.8%

*All amounts rounded to the nearest dollar.

LACERA FISCAL YEAR 2017-2018

FY 2017-18 Budgeted Positions: 429.0



* For details, see Retiree Healthcare Budget

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016 - 2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Gross Salaries	\$40,878,665	\$36,820,014	-	-	-	-	-	-
Salary Differential	(1,939,538)	\$ (166,094)	-	-	-	-	-	-
Permanent Salaries	\$38,939,127	\$36,653,921	\$19,869,469	\$32,112,944	\$6,826,183	21.3%	\$2,285,206	6.2%
Outside Agency Temporary Staffing	2,308,000	2,498,900	999,170	2,031,062	276,938	13.6%	(190,900)	-7.6%
Variable Benefits								
Retirement	6,887,602	6,500,674	3,211,508	5,464,700	1,422,902	26.0%	386,928	6.0%
FICA Contribution	620,118	534,759	311,931	507,800	112,318	22.1%	85,359	16.0%
County Subsidy - Insurance	2,352,414	1,400,076	853,000	1,434,850	917,564	63.9%	952,338	68.0%
Options Plan	3,549,344	3,031,341	1,757,908	2,894,400	654,944	22.6%	518,003	17.1%
Life Insurance	24,500	16,671	8,277	16,550	7,950	48.0%	7,829	47.0%
Health Insurance Temps	183,283	134,120	103,483	166,600	16,683	10.0%	49,163	36.7%
Flexible Benefit Plan	75,025	75,004	37,773	63,300	11,725	18.5%	21	0.0%
Thrift Plan/Horizons	1,293,604	1,008,610	561,846	952,200	341,404	35.9%	284,994	28.3%
Savings Plan	965,535	742,461	420,677	721,200	244,335	33.9%	223,074	30.0%
Pension Savings Plan	41,210	18,948	11,200	24,100	17,110	71.0%	22,262	117.5%
Megaflex	4,105,847	3,431,442	2,032,951	3,047,023	1,058,824	34.7%	674,405	19.7%
Total	20,098,482	16,894,106	9,310,553	15,292,723	4,805,759	31.4%	3,204,376	19.0%
Other Benefits	3,054,000	2,995,000	1,442,342	2,960,200	93,800	3.2%	59,000	2.0%
OPEB Contribution	461,757	234,716	116,888	234,800	226,957	96.7%	227,041	0.0%
Stipends	65,000	173,000	36,249	55,000	10,000	18.2%	(108,000)	-62.4%
Overtime	562,200	524,675	371,749	554,800	7,400	1.3%	37,525	7.2%
Bilingual Bonus	24,000	24,000	6,200	10,400	13,600	130.8%	0	0.0%
Reserves for Remuneration	0	0	0	0	0	0.0%	0	0.0%
Sickleave Buyback	58,100	58,100	36,466	36,467	21,633	59.3%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	100.0%	0	0.0%
S&EB TOTAL	\$65,577,866	\$60,063,617	\$32,189,086	\$53,288,394	\$12,289,472	23.1%	\$5,514,249	9.2%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Administrative Services	\$3,208,168	\$3,452,631	\$1,696,598	\$2,769,650	\$438,518	15.8%	(\$244,463)	-7.1%
Benefits	8,815,072	7,522,143	4,674,776	7,347,408	1,467,664	20.0%	1,292,928	17.2%
Communications	1,279,873	1,220,910	535,684	918,700	361,173	39.3%	58,963	4.8%
Disability Litigation	1,907,052	1,676,282	988,688	1,634,700	272,352	16.7%	230,770	13.8%
Disability Retirement	5,158,378	5,050,899	2,640,555	4,434,081	724,297	16.3%	107,479	2.1%
Executive Office	1,909,318	1,812,031	1,001,305	1,597,800	311,518	19.5%	97,287	5.4%
Financial & Accounting Services	3,483,346	3,602,824	2,050,313	3,478,718	4,628	0.1%	(119,478)	-3.3%
Human Resources	2,047,997	1,782,924	1,036,740	1,807,000	240,997	13.3%	265,073	14.9%
Internal Audit	1,897,534	1,662,211	987,354	1,650,883	246,651	14.9%	235,322	14.2%
Investment Office	10,225,228	8,463,794	4,253,626	6,878,400	3,346,828	48.7%	1,761,433	20.8%
Legal Services	4,592,468	3,923,194	2,227,337	3,631,900	960,568	26.4%	669,274	17.1%
Member Services	7,231,366	6,929,629	3,789,208	6,249,789	981,577	15.7%	301,737	4.4%
Quality Assurance	2,806,263	2,364,975	1,339,672	2,212,600	593,663	26.8%	441,288	18.7%
Systems Division	11,015,805	10,599,168	4,967,230	8,676,765	2,339,040	27.0%	416,637	3.9%
S&EB TOTAL	\$65,577,866	\$60,063,617	\$32,189,086	\$53,288,394	\$12,289,472	23.1%	\$5,514,249	9.2%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL AGENCY TEMPORARY STAFFING
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Administrative Services	\$122,500	\$151,600	\$87,861	\$101,212	\$21,288	21.0%	(\$29,100)	-19.2%
Benefits	24,400	35,000	25,425	41,700	(17,300)	-41.5%	(10,600)	-30.3%
Communications	143,300	67,500	0	28,000	115,300	411.8%	75,800	112.3%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	104,200	28,400	0	23,200	81,000	349.1%	75,800	266.9%
Executive Office	0	0	0	0	0	0.0%	0	0.0%
Financial & Accounting Services	143,200	75,200	88,352	155,250	(12,050)	-7.8%	68,000	90.4%
Human Resources	39,200	0	0	30,000	9,200	30.7%	39,200	0.0%
Internal Audit	26,100	0	0	0	26,100	0.0%	26,100	0.0%
Investment Office	35,000	30,000	30,105	39,500	(4,500)	-11.4%	5,000	16.7%
Legal Services	68,000	42,200	0	0	68,000	0.0%	25,800	61.1%
Member Services	75,100	142,000	72,697	112,200	(37,100)	-33.1%	(66,900)	-47.1%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	1,527,000	1,927,000	694,730	1,500,000	27,000	1.8%	(400,000)	-20.8%
TOTAL	\$2,308,000	\$2,498,900	\$999,170	\$2,031,062	\$276,938	13.6%	(\$190,900)	-7.6%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2015		FYE 2016		FYE 2017		FYE 2018
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$51,800	\$141,833	\$119,600	\$166,641	\$151,600	\$101,212	\$122,500
Benefits	89,400	57,936	23,000	43,350	35,000	41,700	24,400
Communications	73,500	196,962	79,500	84,826	67,500	28,000	143,300
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	114,500	58,570	0	16,702	28,400	23,200	104,200
Executive Office	0	0	0	0	0	0	0
Financial Services	131,100	12,815	113,000	30,831	75,200	155,250	143,200
Human Resources	0	0	0	0	0	30,000	39,200
Internal Audit	0	0	0	0	0	0	26,100
Investment Office	77,500	33,982	79,200	26,976	30,000	39,500	35,000
Legal Services	37,500	85,514	81,500	15,197	42,200	0	68,000
Member Services	0	86,708	12,000	80,418	142,000	112,200	75,100
Quality Assurance	0	0	0	0	0	0	0
Systems	1,027,000	952,825	1,927,000	936,537	1,927,000	1,500,000	1,527,000
GRAND TOTAL	\$1,602,300	\$1,627,145	\$2,434,800	\$1,401,478	\$2,498,900	\$2,031,062	\$2,308,000

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL OTHER BENEFITS
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Workers Compensation	\$541,000	\$558,000	\$271,507	\$552,420	(\$11,420)	-2.1%	(\$17,000)	-3.0%
Retiree Health Insurance	2,327,000	2,275,000	1,062,482	\$2,247,220	79,780	3.6%	52,000	2.3%
Long-Term Disability Insurance	136,000	112,000	78,634	\$110,880	25,120	22.7%	24,000	21.4%
Life Insurance-Split Dollar	18,000	18,000	17,999	\$18,000	0	0.0%	0	0.0%
Unemployment Insurance Benefit	32,000	32,000	11,720	\$31,680	320	1.0%	0	0.0%
TOTAL	\$3,054,000	\$2,995,000	\$1,442,342	\$2,960,200	\$93,800	3.2%	\$59,000	2.0%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL OVERTIME REQUEST
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016 - 2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Administrative Services	\$20,200	\$21,504	\$15,164	\$20,000	\$200	1.0%	(\$1,304)	-6.1%
Benefits	175,400	165,200	115,344	172,500	2,900	1.7%	10,200	6.2%
Communications	6,900	2,376	4,127	4,700	2,200	46.8%	4,524	190.4%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	14,000	21,376	5,096	8,700	5,300	60.9%	(7,376)	-34.5%
Executive Office	3,100	2,280	0	2,000	1,100	55.0%	821	36.0%
Financial & Accounting Services	52,900	52,084	36,026	45,000	7,900	17.6%	817	1.6%
Human Resources	6,200	3,093	805	1,300	4,900	376.9%	3,107	100.5%
Internal Audit	2,000	2,000	896	1,900	100	5.2%	(0)	0.0%
Investment Office	0	0	1,003	1,400	(1,400)	-100.0%	0	0.0%
Legal Services	35,000	12,118	26,371	35,000	0	0.0%	22,883	188.8%
Member Services	115,400	108,684	109,363	157,600	(42,200)	-26.8%	6,716	6.2%
Quality Assurance	1,000	3,950	1,487	2,000	(1,000)	-50.0%	(2,950)	-74.7%
Systems Division	130,100	130,010	56,066	102,700	27,400	26.7%	91	0.1%
TOTAL	\$562,200	\$524,675	\$371,749	\$554,800	\$7,400	1.3%	\$37,525	7.2%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL OVERTIME
HISTORY OF EXPENDITURES

DIVISION	FYE 2015		FYE 2016		FYE 2017		FYE 2018
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$19,331	\$3,319	\$9,665	\$7,390	\$21,504	\$20,000	\$20,200
Benefits	165,200	208,641	165,200	162,711	165,200	172,500	175,400
Communications	1,538	1,931	1,763	2,632	2,376	4,700	6,900
Disability Litigation	0	731	0	0	0	0	0
Disability Retirement	15,803	12,662	18,389	15,570	21,376	8,700	14,000
Executive Office	0	6,077	1,500	2,442	2,280	2,000	3,100
Financial Servcies	41,008	52,162	41,302	49,211	52,084	45,000	52,900
Human Resources	3,093	1,271	3,093	110	3,093	1,300	6,200
Internal Audit	1,054	556	2,000	446	2,000	1,900	2,000
Investment Office	0	0	0	395	0	1,400	0
Legal Services	4,119	400	0	286	12,118	35,000	35,000
Member Services	74,261	154,724	92,805	126,553	108,684	157,600	115,400
Quality Assurance	1,029	0	1,975	1,371	3,950	2,000	1,000
Systems	87,551	116,061	110,000	100,432	130,010	102,700	130,100
GRAND TOTAL	\$413,987	\$558,535	\$447,692	\$469,549	\$524,675	\$554,800	\$562,200

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL BILINGUAL BONUS
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Benefits Division	\$2,400	\$2,400	\$550	\$800	\$1,600	200.0%	\$0	0.0%
Member Services Division	21,600	21,600	5,650	9,600	12,000	125.0%	0	0.0%
TOTAL	\$24,000	\$24,000	\$6,200	\$10,400	\$13,600	130.8%	\$0	0.0%

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL BUDGETED POSITION CHANGES

DIVISION	POSITION TITLE	SALARY	VARIABLE BENEFITS	TOTAL SALARY & EMPLOYEE BENEFIT CHANGES
Administrative Services	(1.00) Internal Auditor	(\$99,983)	(\$51,606)	(\$151,589)
	1.00 Supv. Administrative Asst. II	95,884	49,491	145,375
	(1.00) Administrative Services Analyst III	(74,935)	(38,678)	(113,612)
	1.00 Administrative Services Analyst I	52,145	26,915	79,060
	1.00 Document Processing Assistant	47,151	24,337	71,488
	1.00	20,263	10,459	30,722
Benefits	1.00 Section Head	110,896	57,239	168,135
	1.00 Ret. Bfts. Spec III	71,676	36,996	108,672
	(1.00) Ret. Bfts. Spec. II	(60,022)	(30,980)	(91,002)
	3.00 Intermediate Typist-Clerk	120,754	62,327	183,081
	4.00	243,304	125,581	368,885
Communications	1.00 Web Support Technician	71,327	36,815	108,142
	2.00 Writer II	142,654	73,631	216,285
	3.00	213,981	110,446	324,427
Executive Office	1.00 Deputy Chief Executive Officer	212,614	109,741	322,355
	1.00	212,614	109,741	322,355
Financial & Accounting	1.00 Chief Financial Officer	159,205	82,174	241,379
	(1.00) Division Manager	(137,766)	(71,108)	(208,873)
	1.00 Asst. Chief Financial Officer	137,766	71,108	208,873
	(1.00) Assistant Division Manager	(119,213)	(61,532)	(180,745)
	0.00	39,992	20,642	60,634
Human Resources	1.00 Human Resources Analyst	78,136	40,330	118,466
	1.00	78,136	40,330	118,466

LACERA

FISCAL YEAR 2017-2018

FINAL BUDGETED POSITION CHANGES

DIVISION		POSITION TITLE	SALARY	VARIABLE BENEFITS	TOTAL SALARY & EMPLOYEE BENEFIT CHANGES
Internal Audit	1.00	Senior Internal Auditor	102,475	52,892	155,367
	1.00	Senior Secretary	60,764	31,363	92,127
	(1.00)	Secretary	(50,752)	(26,196)	(76,948)
	1.00		112,486	58,060	170,546
Investment Office	1.00	Deputy Chief Investment Officer	325,552	168,034	493,586
	2.00	Finance Analyst III	365,071	188,432	553,503
	2.00	Finance Analyst I	186,642	96,335	282,977
	1.00	Senior Secretary	60,764	31,363	92,127
	6.00		938,028	484,165	1,422,193
Legal Services	2.00	Principal Staff Counsel	395,560	204,169	599,729
	2.00		395,560	204,169	599,729
Member Services	3.00	Ret. Bfts. Spec. II	\$180,066	\$92,941	\$273,007
	(3.00)	Intermediate Typist Clerk	(120,754)	(62,327)	(183,081)
	0.00		59,312	30,614	89,926
Quality Assurance	1.00	Internal Auditor	99,983	51,606	151,589
	1.00		99,983	51,606	151,589
Systems	1.00	Chief Info. Sec. Officer	159,205	82,174	241,379
	1.00	Information Tech. Manager II	137,766	71,108	208,873
	2.00	Information Tech. Manager I	256,308	132,294	388,601
	2.00	Information Technology Specialist II	316,311	163,265	479,576
	2.00	Information Technology Specialist I	274,824	141,851	416,675
	8.00		\$1,144,414	\$590,691	\$1,735,105
Net Amount of Position Changes	28.00	Amount Requested	\$3,558,073	\$1,836,504	\$5,394,577

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2017-2018

FINAL BUDGETED POSITIONS

2017-2018
BUDGET

		<u>BUD POS</u>	<u>SCH.</u>	<u>MONTHLY RATE</u>	<u>AMOUNT</u>
00415A	ACCOUNTANT	15	87A	5,506	991,080
00417A	ACCOUNTING OFFICER I	1	95H	6,960	83,516
00418A	ACCOUNTING OFFICER II	1	99D	7,681	92,175
00413A	ACCOUNTING TECHNICIAN I	3	78F	4,367	157,215
00419A	ADMINISTRATIVE SERVICES ANALYST I	2	78D	4,345	104,291
00420A	ADMINISTRATIVE SERVICES ANALYST II	4	87H	5,602	268,900
00421A	ADMINISTRATIVE SERVICES ANALYST III	2	91H	6,245	149,869
00410A	ADMINISTRATIVE SERVICES OFFICER	2	LS9	9,241	221,791
99999A	ASSISTANT CHIEF FINANCIAL OFFICER	1	LS12	11,480	137,766
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	LS12	11,480	137,766
00778A	ASSISTANT EXECUTIVE OFFICER	1	LS16	15,332	183,982
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	LS16	15,332	183,982
00781A	ASST. INFORMATION SYSTEMS MANAGER	3	LS12	11,480	413,297
00794A	CHIEF, COMMUNICATIONS	1	LS10	9,934	119,213
09216A	CHIEF COUNSEL	1	LS20	20,475	245,702
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	LS18	17,718	212,614
00776L	CHIEF EXECUTIVE OFFICER	1	LR20	24,465	293,582
99999A	CHIEF FINANCIAL OFFICER	1	LS14	13,267	159,205
9999A	CHIEF INFORMATION SECURITY OFFICER	1	LS14	13,267	159,205
00493A	CHIEF INVESTMENT OFFICER (UC)	1	LR28	36,230	434,765
00774A	CHIEF, INTERNAL AUDIT	1	LS14	13,267	159,205
00780A	CHIEF, QUALITY ASSURANCE	1	LS12	11,480	137,766
00779A	CREATIVE COORDINATOR	2	101J	8,210	197,034
00457A	DATA SYSTEMS ANALYST I	3	96L	7,203	259,324
00458A	DATA SYSTEMS ANALYST II	8	99G	7,739	742,901
00469A	DATA SYSTEMS COORDINATOR	22	105G	9,106	2,403,913
00459A	DATA SYSTEMS SUPERVISOR I	1	105G	9,106	109,269
00460A	DATA SYSTEMS SUPERVISOR II	4	111C	10,610	509,267
99999A	DEPUTY CHIEF EXECUTIVE OFFICER (UC)	1	LS18	17,718	212,614
99999A	DEPUTY CHIEF INVESTMENT OFFICER (UC)	1	LR24	27,129	325,552
00425A	DIRECTOR, HUMAN RESOURCES	1	LS14	13,267	159,205
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	100K	8,010	480,595
00773A	DIVISION MANAGER	4	LS12	11,480	551,062
00471A	DOCUMENT PROCESSING ASSISTANT	10	74G	3,929	471,512
00472A	DOCUMENT PROCESSING COORDINATOR	2	77G	4,261	102,258
00453A	EDP PRINCIPAL PROG. ANALYST	1	110F	10,403	124,832
00452A	EDP SR. PROGRAMMER ANALYST	1	102A	8,270	99,240
00442A	EXECUTIVE SECRETARY	4	95L	7,011	336,524
00767A	FINANCE ANALYST I	6	99J	7,777	559,925
00768A	FINANCE ANALYST II	8	LR12	11,390	1,093,436
00769A	FINANCE ANALYST III	10	LR16	15,211	1,825,354
00434A	HUMAN RESOURCES ANALYST	4	93C	6,511	312,545
00445A	INTERMEDIATE TYPIST-CLERK	3	68H	3,354	120,754
00783A	INFORMATION SYSTEMS MANAGER	1	LS17	16,482	197,780
00782A	INFORMATION SYSTEMS MANAGER I	1	110J	10,480	125,758
99999A	INFORMATION TECHNOLOGY MANAGER I	2	LS11	10,679	256,308
99999A	INFORMATION TECHNOLOGY MANAGER II	1	LS12	11,480	137,766
99999A	INFORMATION TECHNOLOGY SPECIALIST I	2	114A	11,451	274,824
99999A	INFORMATION TECHNOLOGY SPECIALIST II	2	119C	13,180	316,311
00765A	INTERNAL AUDITOR	1	102D	8,332	99,983
00764A	INTERNAL AUDITOR	2	96L	7,203	172,883
09235A	LEGAL ANALYST	4	94D	6,707	321,932
00795A	LEGISLATIVE AFFAIRS OFFICER	1	107F	9,589	115,070
00440A	MANAGEMENT SECRETARY	2	87L	5,643	135,438
00789A	MEDIA ARTIST	4	93H	6,592	316,429
00461A	MESSENGER DRIVER	2	68B	3,305	79,324
00762A	PRINCIPAL INTERNAL AUDITOR	2	109F	10,124	242,976
00495A	PRINCIPAL INVESTMENT OFFICER	2	LR23	25,237	605,678
00496A	PRINCIPAL INVESTMENT OFFICER (UC)	3	LR23	25,237	908,518
99999A	PRINCIPAL STAFF COUNSEL	2	LS17	16,482	395,560
00463A	PROCUREMENT ASSISTANT I	1	78A	4,313	51,756
00464A	PROCUREMENT ASSISTANT II	2	82A	4,808	115,392
02600A	PROGRAMMING SYSTEMS SPEC.	2	107L	9,707	232,977
00797A	QUALITY AUDITOR II	11	95C	6,874	907,392
00466A	RECEPTIONIST	1	69H	3,445	41,339

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2017-2018

FINAL BUDGETED POSITIONS

2017-2018
BUDGET

		<u>BUD POS</u>	<u>SCH.</u>	<u>MONTHLY RATE</u>	<u>AMOUNT</u>
01310A	RETIREMENT BENEFITS SPECIALIST II	57	83F	5,002	3,421,245
01311A	RETIREMENT BENEFITS SPECIALIST III	42	90A	5,973	3,010,392
02644A	RETIREMENT SYSTEMS SPECIALIST	2	110H	10,454	250,898
00438A	SECRETARY	4	77D	4,229	203,009
00772A	SECTION HEAD, LACERA	7	LS9	9,241	776,270
00416A	SENIOR ACCOUNTANT	5	91C	6,168	370,064
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	96K	7,186	1,897,080
00436A	SENIOR HUMAN RESOURCES ANALYST	4	97C	7,257	348,345
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	86E	5,412	129,899
00763A	SENIOR INTERNAL AUDITOR	5	103C	8,540	512,373
00492A	SENIOR INVESTMENT OFFICER	4	LR20	20,314	975,083
00441A	SENIOR MANAGEMENT SECRETARY	8	91L	6,291	603,901
00798A	SENIOR QUALITY AUDITOR	4	100E	7,912	379,785
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	20	95F	6,925	1,662,108
00439A	SENIOR SECRETARY	11	83L	5,064	668,400
09213A	SENIOR STAFF COUNSEL	8	LS16	15,332	1,471,853
00446A	SENIOR TYPIST CLERK	2	73B	3,779	90,702
00784A	SENIOR WRITER	3	99H	7,758	279,275
00426A	STAFF ASSISTANT I	2	79E	4,476	107,433
00427A	STAFF ASSISTANT II	5	86E	5,412	324,747
09212A	STAFF COUNSEL	3	LS12	11,480	413,297
00423A	SUPV. ADMINISTRATIVE ASST. II	2	100J	7,990	191,769
01186A	TRAINING COORDINATOR	1	97B	7,239	86,869
00788A	WEB DESIGNER	1	96D	7,081	84,968
00787A	WEB SUPPORT TECHNICIAN	1	89K	5,944	71,327
00448A	WORD PROCESSOR II	4	76F	4,137	198,572
00786A	WRITER II	2	89K	5,944	142,654
		<u>429</u>			<u>\$40,767,708</u>
	120-DAY RETIREE(S)	2			<u>110,957</u>
	TOTAL GROSS SALARIES				\$40,878,665
	SALARY DIFFERENTIAL				(\$1,939,538)
	TOTAL PERMANENT NET SALARIES				<u>\$38,939,127</u>

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

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS

SUMMARY

As of May 22, 2017

Division	Budgeted Positions 2016-2017	Vacancy (as of 05/22/17)	%	Budgeted Positions 2017-2018*	Vacancy	%
Administrative Services	31	6	19%	33	8	24%
Benefits	66	0	0%	70	1	1%
Communications	10	3	30%	13	6	46%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	39	3	8%	39	3	8%
Executive	7	0	0%	8	1	13%
Financial Account Services	29	6	21%	29	6	21%
Human Resources	12	0	0%	13	1	8%
Internal Audit	10	2	20%	11	3	27%
Investments	33	3	9%	39	9	23%
Legal Services	20	2	10%	22	4	18%
Member Services	67	10	15%	67	13	19%
Quality Assurance	18	0	0%	18	0	0%
Systems	52	12	23%	60	20	33%
	401	47	12%	429	75	17%

* Includes new requested positions. We plan to fill as many vacant positions as possible.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES AND SUPPLIES
SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2 0 1 6 - 2 0 1 7			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Administrative Services	\$4,178,000	\$3,916,000	\$2,271,371	\$3,611,180	\$566,820	15.7%	\$262,000	6.7%
Benefits	84,300	83,700	24,505	64,000	20,300	31.7%	600	0.7%
Board of Retirement	201,700	168,200	82,022	145,775	55,925	38.4%	33,500	19.9%
Board of Investment	215,300	172,700	129,298	181,800	33,500	18.4%	42,600	24.7%
Communications	1,011,100	987,400	465,683	823,942	187,158	22.7%	23,700	2.4%
Disability Litigation	60,200	83,000	25,453	54,400	5,800	10.7%	(22,800)	-27.5%
Disability Retirement	2,260,600	2,404,300	861,811	1,628,800	631,800	38.8%	(143,700)	-6.0%
Executive Office	452,700	409,700	323,104	383,894	68,806	17.9%	43,000	10.5%
Financial & Accounting Services	338,600	290,600	127,905	252,400	86,200	34.2%	48,000	16.5%
Human Resources	1,514,400	1,400,600	683,145	1,479,500	34,900	2.4%	113,800	8.1%
Internal Audit	605,000	600,000	123,339	365,100	239,900	65.7%	5,000	0.8%
Investment Office	565,200	471,300	334,481	454,600	110,600	24.3%	93,900	19.9%
Legal Services	663,400	490,100	459,536	572,373	91,027	15.9%	173,300	35.4%
Member Services	80,000	103,900	35,834	64,200	15,800	24.6%	(23,900)	-23.0%
Quality Assurance	129,600	74,500	21,062	49,900	79,700	159.7%	55,100	74.0%
Systems	5,616,700	5,109,200	1,854,344	5,117,517	499,183	9.8%	507,500	9.9%
S&S TOTAL	\$17,976,800	\$16,765,200	\$7,822,892	\$15,249,381	\$2,727,419	17.9%	\$1,211,600	7.2%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2 0 1 6 - 2 0 1 7			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Auto Expense	\$120,100	\$70,200	\$11,661	\$61,067	\$59,033	96.7%	\$49,900	71.1%
Communications	592,400	580,800	291,447	578,800	13,600	2.3%	11,600	2.0%
Transportation and Travel	1,047,500	885,100	515,611	811,275	236,225	29.1%	162,400	18.3%
Postage	843,700	798,300	623,419	775,970	67,730	8.7%	45,400	5.7%
Stationery and Forms	602,000	598,500	229,252	482,842	119,158	24.7%	3,500	0.6%
Office Supplies and Equipment	675,700	609,000	239,487	544,900	130,800	24.0%	66,700	11.0%
Insurance	614,100	637,100	492,752	583,760	30,340	5.2%	(23,000)	-3.6%
Equipment Maintenance	559,900	530,400	101,075	525,100	34,800	6.6%	29,500	5.6%
Equipment Rents and Leases	299,000	284,000	151,551	195,000	104,000	53.3%	15,000	5.3%
Building Costs	2,392,300	2,194,000	1,152,061	2,134,000	258,300	12.1%	198,300	9.0%
Parking Fees	452,000	442,000	238,095	430,000	22,000	5.1%	10,000	2.3%
Professional and Spec. Svcs.	2,562,900	2,315,600	844,173	2,058,850	504,050	24.5%	247,300	10.7%
Bank Services	245,000	200,000	92,402	190,000	55,000	28.9%	45,000	22.5%
Legal Fees and Services	398,800	439,300	401,847	518,900	(120,100)	-23.1%	(40,500)	-9.2%
Disability Fees and Services	1,913,000	2,053,000	734,085	1,394,000	519,000	37.2%	(140,000)	-6.8%
Computer Services and Support	2,903,400	2,605,300	927,603	2,590,217	313,183	12.1%	298,100	11.4%
Educational Expense	1,440,000	1,278,200	390,373	1,058,300	381,700	36.1%	161,800	12.7%
Miscellaneous	315,000	244,400	385,998	316,400	(1,400)	-0.4%	70,600	28.9%
S&S TOTAL	\$17,976,800	\$16,765,200	\$7,822,892	\$15,249,381	\$2,727,419	17.9%	\$1,211,600	7.2%

*All amounts rounded to the nearest dollar.

FY 2017-2018
LACERA
SERVICES AND SUPPLIES
FINAL ONE TIME COSTS

DIVISION	DESCRIPTION	AMOUNT
Administrative Services	Renovation/Upgrades	\$ 650,000
Systems	UPS Replacement	\$ 220,000
	Queue Management	\$ 75,000
	DB2 Replacement	\$ 75,000
	Keycard Security System Upgrade	\$ 75,000
	Technology Center Reorganization	\$ 50,000
	Workstation Security	\$ 50,000
	Call Recording Expansion	\$ 40,000
		\$ 1,235,000

We produce, protect, and provide the promised benefits.

The Board

Composed of eleven members:

- Elected 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 appointed members by the Los Angeles County Board of Supervisors
- County Treasurer and Tax Collector serves as an ex-officio member

Responsibilities

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

FY 2017-2018 Highlights

SERVICES & SUPPLIES

In FY 2015 –16, LACERA began separating the Board Member expenses from the Executive Office budget as a way to provide greater transparency regarding board expenses. As such, the Board's Services and Supplies budget request has been separated from the Executive Office budget request and will have its own individual budget.



Budget for FY 2017-2018



Board of Retirement

FISCAL YEAR 2017-2018

SHAWN R. KEHOE

Chair
Elected by Safety Members

VIVIAN H. GRAY

Vice Chair
Elected by General Members

WILLIAM DE LA GARZA

Secretary
Elected by Retired Members

MARVIN ADAMS

Appointed by Board of Supervisors

ALAN J. BERNSTEIN

Appointed by Board of Supervisors

ANTHONY BRAVO

Appointed by Board of Supervisors

YVES CHERY

Elected by General Members

JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member

KEITH KNOX

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

DAVID L. MUIR

Alternate Retired Member
Elected by Retired Members

RONALD A. OKUM

Appointed by Board of Supervisors

WILLIAM R. PRYOR

Alternate Member
Elected by Safety Members





BOARD OF RETIREMENT

Budget Request Highlights

[FY 2017-2018]

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 elect one member and one alternate member. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

Historically, the Board of Retirement budget was included in the Executive Office budget. FY 2015-16 was the first year the board's expenses were captured to reflect their own operations. This method provides greater transparency regarding board expenses. As such, the board's Services and Supplies budget request has been separated from the Executive Office budget request with its own individual budget. The Board of Retirement budget is based on actual expenditure trends.

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

BOARD OF RETIREMENT

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	201,700	168,200	82,022	145,775	55,925	38.4%	33,500	19.9%
OPERATING BUDGET	\$201,700	\$168,200	\$82,022	\$145,775	\$55,925	38.4%	\$33,500	19.9%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
COMMUNICATIONS	\$3,400	\$3,400	\$1,486	\$2,200	\$1,200	54.5%	\$0	0.0%
TRANSPORTATION & TRAVEL	153,000	119,500	49,444	101,875	51,125	50.2%	33,500	28.0%
EDUCATIONAL EXPENSES	45,300	45,300	31,091	41,700	3,600	8.6%	0	0.0%
TOTAL	\$201,700	\$168,200	\$82,022	\$145,775	\$55,925	38.4%	\$33,500	19.9%

*All amounts rounded to the nearest dollar.

We produce, protect, and provide the promised benefits.

The Board

Composed of nine members:

- Four appointed members 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 members
- County Treasurer and Tax Collector serves as an ex-officio member

Responsibilities

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



FY 2017-2018 Highlights

SERVICES & SUPPLIES

In FY 2015 –16, LACERA began separating the Board Member expenses from the Executive Office budget as a way to provide greater transparency regarding board expenses. As such, the Board's Services and Supplies budget request has been separated from the Executive Office budget request and will have its own individual budget.



Budget for FY 2017-2018



Board of Investments

FISCAL YEAR 2017-2018

DAVID GREEN

Chair
Elected by General Members

SHAWN R. KEHOE

Vice Chair
Elected by Safety Members

JOSEPH KELLY

Secretary
County Treasurer and Tax Collector
Ex-Officio Member

KEITH KNOX

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

WAYNE MOORE

Appointed by Board of Supervisors

RONALD A. OKUM

Appointed by Board of Supervisors

DIANE A. SANDOVAL

Elected by Retired Members

HERMAN B. SANTOS

Elected by General Members

MICHAEL SCHNEIDER

Appointed by Board of Supervisors

VALERIE ROSE VILLARREAL

Appointed by Board of Supervisors





BOARD OF INVESTMENTS

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

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

SERVICES AND SUPPLIES

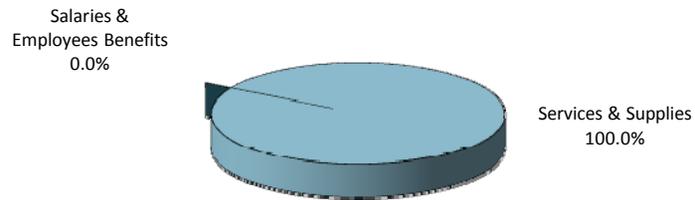
Historically, Board of Investments budget requests were included as part of the Executive Office budget. However, in FY 2015-16, LACERA began separating the Board Member expenses from the Executive Office budget as a way to provide greater transparency regarding board expenses. As such, the board's Services and Supplies budget request has been separated from the Executive Office budget request and will have its own individual budget. The Board of Investments budget is based on actual expenditure trends.

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

BOARD OF INVESTMENTS

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17) PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	215,300	172,700	129,298	33,500	18.4%	42,600	24.7%
OPERATING BUDGET	\$215,300	\$172,700	\$129,298	\$33,500	18.4%	\$42,600	24.7%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
COMMUNICATIONS	\$2,000	\$2,400	\$993	\$1,600	\$400	25.0%	(\$400)	-16.7%
TRANSPORTATION & TRAVEL	153,000	110,000	109,057	135,000	18,000	13.3%	43,000	39.1%
EDUCATIONAL EXPENSES	60,300	60,300	19,248	45,200	15,100	33.4%	0	0.0%
TOTAL	\$215,300	\$172,700	\$129,298	\$181,800	\$33,500	18.4%	\$42,600	24.7%

*All amounts rounded to the nearest dollar.



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 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 2017–2018

Administrative Services –
Kimberly Hines

- 33 budgeted positions

We have two distinct sections within Admin. Services:

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

FY 2017-2018 Highlights

STAFFING

There are six vacant positions that Administrative Services expects to fill by December 2017. Also requesting two additional positions to manage significantly increased workload: one Document Processing Assistant and one Administrative Services Analyst I.

SERVICES & SUPPLIES

In order to support LACERA's hiring plan, Administrative Services is recommending a large renovation project estimated at \$650,000 that will impact three divisions: Investments, Quality Assurance, and Internal Audit.



Budget for FY 2017-2018



ADMINISTRATIVE SERVICES

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

The Administrative Services Division is responsible for providing the following support services to LACERA:

- Budget administration,
- Document Processing Center,
- Facilities Management,
- Mail Processing Services,
- Procurement, and
- Word Processing.

In addition, Administrative Services manages the following special programs:

- Business Continuity,
- Health and Safety,
- Records and Information Management,
- Ride Share, and
- Risk Management.

Administrative Services staff directly serves LACERA membership through the Document Processing Center (DPC), where each month staff processes electronic images of thousands pieces of incoming and outgoing member service and retiree healthcare documents—and various other member communications—received both electronically and via the postal service.

STAFFING

Administrative Services has 32 budgeted full time positions. At this time, there are six (6) vacancies throughout the division. The vacancies are for the following positions:

- Administrative Services Analyst, III, Budget
- Administrative Services Analyst, I, Records and Information Management
- Receptionist, Document Processing Center (DPC)
- Document Processing Assistant, DPC

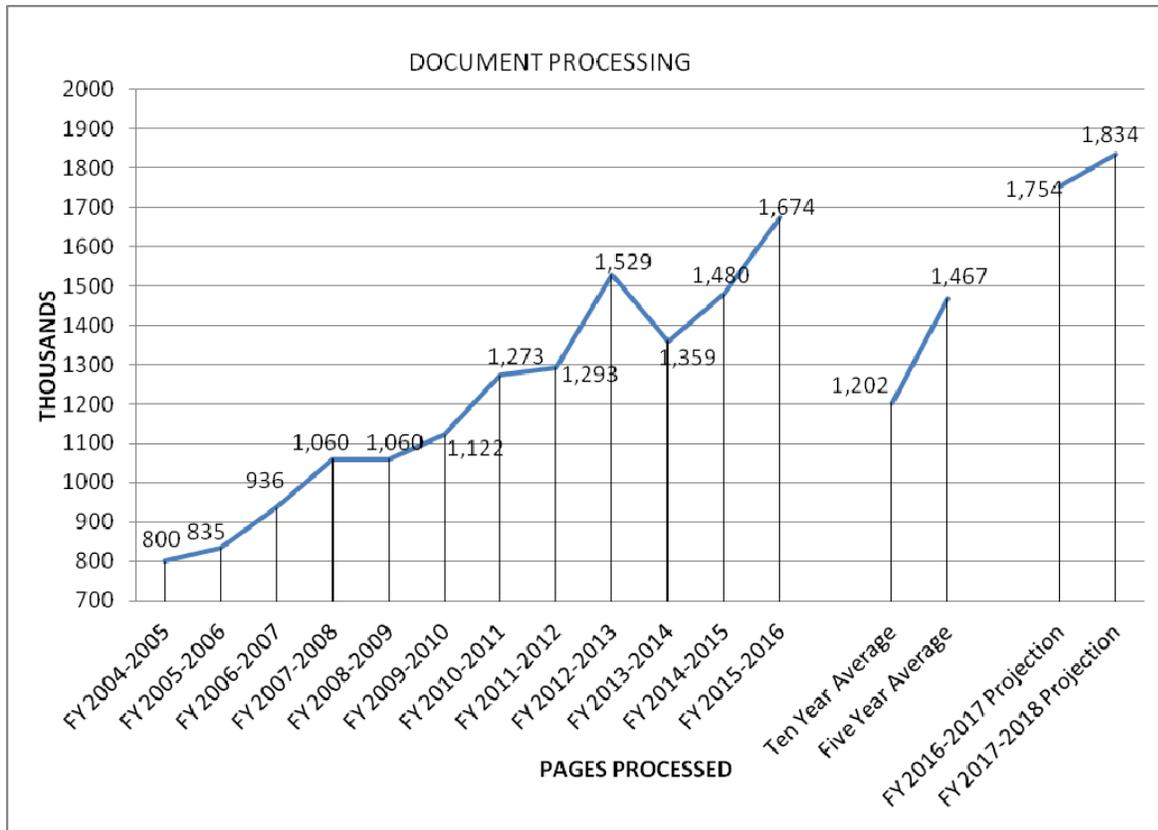
- Document Processing Coordinator, DPC
- Messenger Driver

These positions are vacant for a number of reasons, including: staff participation in the Career Development Program, retirements, and difficulty finding qualified candidates. Of the six vacancies, three (3) positions currently have open exams: two (2) positions are expected to be filled by April 2017, and one (1) remaining position is expected to be filled no later than December 2017.

Position Request – DPC

The DPC is tasked with scanning and correctly indexing (assigning the document to the correct document type and the correct member's account) all incoming and outgoing member related documents, as well as processing board documents including agendas, minutes, and other documents that must be preserved in accordance with sound governance practices. All incoming member documents are expected to be processed (scanned and indexed) within one business day. Outgoing and member-centric work product records such as worksheets, historical payroll records, and other documents are expected to be scanned within two business days so they are available for relevant staff to view, should a member call requiring additional services. It is in the processing of the outgoing document types that DPC is currently experiencing a backlog. In order to maintain the level of accuracy and commitment to minimal processing times for member documents, lower priority documents are not being processed within the prescribed period.

The DPC processed nearly 1,674,000 pages of member and internal documents during FY 2015-16. This was an increase of approximately 194,000 pages of records (11.6 percent) compared to FY 2014-15. A trend analysis (shown on the graph below) indicates that over the last several years there has been a steady increase in the number of pages being processed as LACERA's membership continues to grow and the organization continues to digitize more internal records.



Please note that there was a decrease in the volume of pages processed in FY 2014-15, which has been attributed to a decrease in the number of retirement applications received.

The analysis projects that the DPC will process 1,754,000 pages in FY 2016-17 and 1,834,000 in FY 2017-18, based on the average increase in pages processed during the last five years.

The DPC has done a tremendous job in keeping up with the increased demand. In order to continue to meet our service level commitments, manage increased internal projects, and manage the board agenda scanning process, however, Administrative Services is requesting two additional positions; One (1) Document Processing Assistant and one (1) Administrative Services Analyst, I.

The Document Processing Assistant (DPA) team handles the intake of all the member documents received by U.S. Mail, FAX, and/or hand delivered to the Member Service Center. The DPA teams perform the following functions:

- Batching and sorting member mail,
- Scanning the documents
- Indexing the documents, and
- Perform a quality control process to ensure accuracy.

The documents are then routed online so that LACERA's Retirement Benefits Specialists are able to access the documents for processing. This process has an established customer service level of same-day processing for member documents and a two-day processing time for documents that are generated internally.

The Administrative Services Analyst I position will handle the duties of the Board agenda process, which include:

- Scanning documents
- Creating bookmarks
- Saving agenda packets into appropriate network folders
- Performing quality checks of the electronic images
- Troubleshooting, and
- Making adjustments to equipment and software when necessary.

The analyst will also handle special projects and assist with more complex data analysis, such as compiling quality control metrics and workload statistics. In addition, he or she will be responsible for creating and maintaining an operating instruction database for all five units in the DPC.

SERVICES AND SUPPLIES

The Services and Supplies budget has no significant increase from the FY 2016-17 budget request, with one exception discussed below. However, there are various line items that include small increases attributable to vendor or overall supplier cost increases.

Renovation: \$650,000

In support of LACERA's hiring plan, Administrative Services is recommending, and seeks the Board's approval for, a large renovation project that will impact three divisions: Investments, Quality Assurance (QA), and Internal Audit.

Given the projected hiring plan for the Investments Division, it is necessary to expand their current square footage to allow sufficient space for additional offices and one additional conference room and to develop a comprehensive space plan that includes workgroup locations for ease of collaboration among staff. In order to provide sufficient space for an expansion of this size, the Quality Assurance Division will be permanently moved to another floor, and Internal Audit will gain space for the addition of two offices and a workroom.

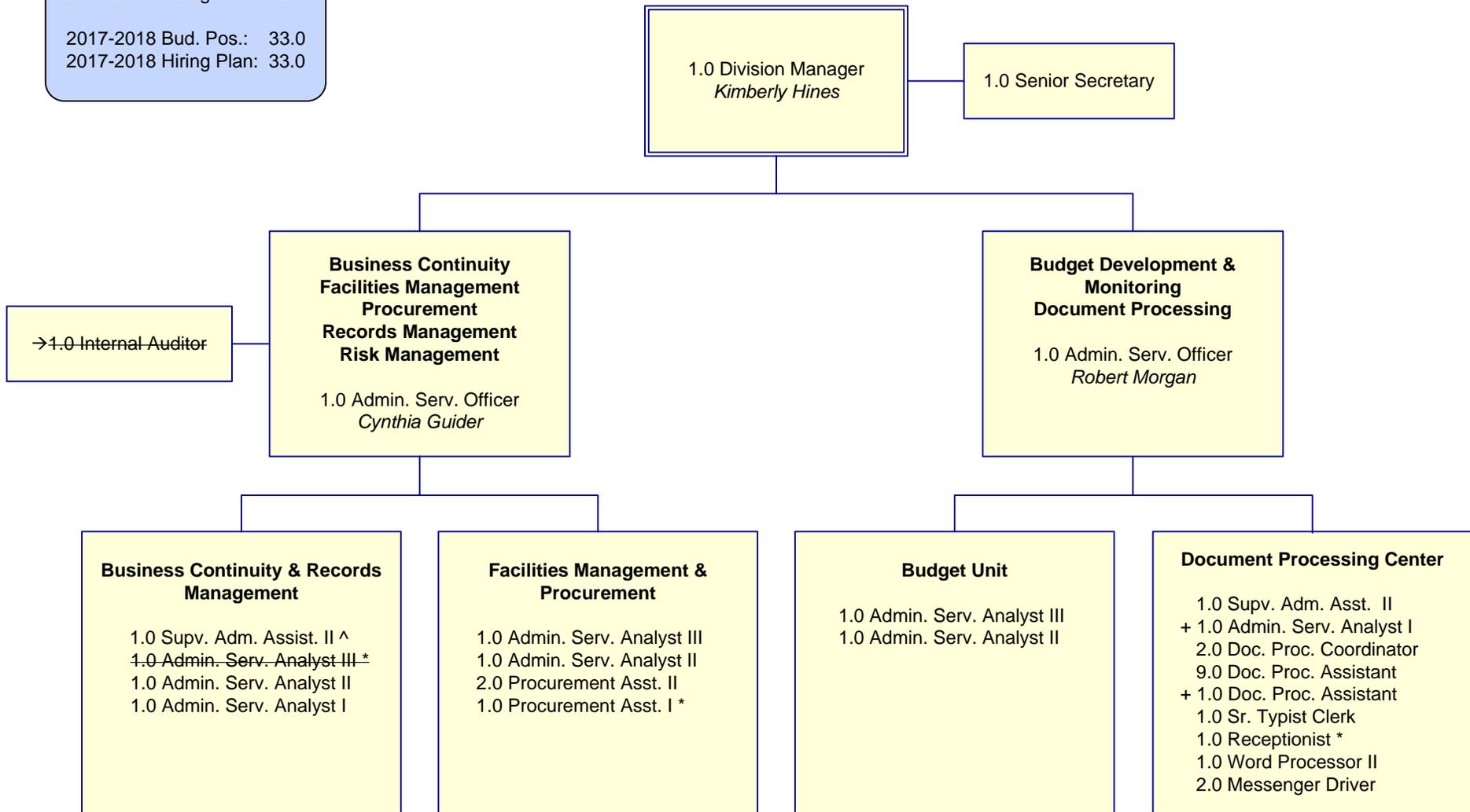
These projects will be managed concurrently in the design phase to ensure a comprehensive and cohesive approach. The relocation of QA will be completed first, with Investments and Internal Audit to follow.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 33.0
 2017-2018 Hiring Plan: 33.0



+ Added position

→ Transferred Internal Auditor position to Quality Assurance during FY 16-17

^ Position upgrade from Admin. Serv. Analyst III to Supv. Adm. Assist. II as a result of classification study. (Classification study finalized on May 25, 2016.)

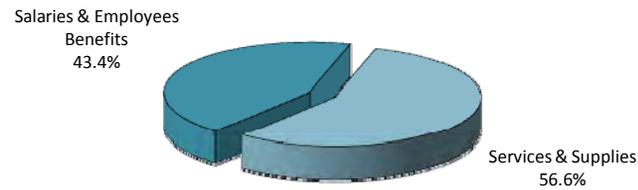
* Classification study for the position requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$3,208,168	\$3,452,631	\$1,696,598	\$2,769,650	\$438,518	15.8%	(\$244,463)	-7.1%
Services & Supplies	4,178,000	3,916,000	2,271,371	3,611,180	566,820	15.7%	262,000	6.7%
OPERATING BUDGET	\$7,386,168	\$7,368,631	\$3,967,969	\$6,380,830	\$1,005,338	15.8%	\$17,537	0.2%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Total LACERA Salaries	\$2,024,500	\$2,004,236	\$1,003,536	\$1,660,244	\$364,256	21.9%	\$20,263	1.0%
Total Agency Temp Salaries	122,500	151,600	87,861	101,212	21,288	21.0%	(29,100)	-19.2%
Employee Benefits (Variable)	1,025,109	1,021,254	494,826	801,750	223,359	27.9%	3,854	0.4%
Employee Benefits (Other)	146,248	169,033	81,357	165,700	(19,452)	-11.7%	(22,785)	-13.5%
OPEB Contribution	22,112	13,247	6,808	13,700	8,412	61.4%	8,865	66.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	20,200	21,504	15,164	20,000	200	1.0%	(1,304)	-6.1%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	7,044	7,044	256	3.6%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,367,969	\$3,388,175	\$1,696,598	\$2,769,650	\$598,319	21.6%	(\$20,206)	-0.6%
Salary Differential **	(159,802)	64,455	-	-	-	-	(224,257)	-347.9%
TOTAL S&EB	\$3,208,168	\$3,452,631	\$1,696,598	\$2,769,650	\$438,518	15.8%	(\$244,463)	-7.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

ADMINISTRATIVE SERVICES DIVISION

		2017-2018 BUDGET							
		16-17 BUDGT. POS.	BUDGT.			BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION		
			POS.	SCHEDULE	MO. RATE	AMOUNT			
00773A	DIVISION MANAGER	1	1	LS12	11,480	137,766			
00410A	ADMINISTRATIVE SERVICES OFFICER	2	2	LS9	9,241	221,791			
00765A	INTERNAL AUDITOR	1	0	102D	8,332	0	(1)	(99,983)	Transferred Internal Auditor to Quality Assurance
00423A	SUPV. ADMINISTRATIVE ASST. II	1	2	100J	7,990	191,769	1	95,884	Upward reclassification from ASA III
00421A	ADMINISTRATIVE SERVICES ANALYST III	3	2	91H	6,245	149,869	(1)	(74,935)	Upward reclassification to Supv. Admin. Asst. II
00420A	ADMINISTRATIVE SERVICES ANALYST II	3	3	87H	5,602	201,675			
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764			
00464A	PROCUREMENT ASSISTANT II	2	2	82A	4,808	115,392			
00419A	ADMINISTRATIVE SERVICES ANALYST I	1	2	78D	4,345	104,291	1	52,145	Add 1 Admin. Serv. Analyst I
00463A	PROCUREMENT ASSISTANT I	1	1	78A	4,313	51,756			
00472A	DOCUMENT PROCESSING COORDINATOR	2	2	77G	4,261	102,258			
00448A	WORD PROCESSOR II	1	1	76F	4,137	49,643			
00471A	DOCUMENT PROCESSING ASSISTANT	9	10	74G	3,929	471,512	1	47,151	Add 1 Doc. Proc. Assistant
00446A	SENIOR TYPIST CLERK	1	1	73B	3,779	45,351			
00466A	RECEPTIONIST	1	1	69H	3,445	41,339			
00461A	MESENTER DRIVER	2	2	68B	3,305	79,324			
PERMANENT POSITIONS		32	33				1		
GROSS SALARIES						2,024,500		20,263	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 2,024,500	

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

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
AUTO EXPENSE	\$91,800	\$48,900	\$1,457	\$42,500	\$49,300	116.0%	\$42,900	87.7%
TRANSPORTATION & TRAVEL	8,700	11,900	1,922	4,000	4,700	117.5%	(3,200)	-26.9%
POSTAGE	220,000	212,300	203,583	208,270	11,730	5.6%	7,700	3.6%
STATIONERY & FORMS	3,500	3,500	0	0	3,500	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	288,300	276,000	146,770	226,800	61,500	27.1%	12,300	4.5%
INSURANCE	614,100	637,100	492,752	583,760	30,340	5.2%	(23,000)	-3.6%
EQUIPMENT MAINTENANCE	19,500	20,000	3,473	14,700	4,800	32.7%	(500)	-2.5%
EQUIPMENT RENTS & LEASES	299,000	284,000	151,551	195,000	104,000	53.3%	15,000	5.3%
BUILDING COSTS	2,392,300	2,194,000	1,152,061	2,134,000	258,300	12.1%	198,300	9.0%
PROFESSIONAL & SPEC. SRVCS.	222,600	190,600	111,082	172,550	50,050	29.0%	32,000	16.8%
COMPUTER SERVICES & SUPPORT	0	15,500	0	15,400	(15,400)	-100.0%	(15,500)	-100.0%
EDUCATIONAL EXPENSES	8,000	12,000	311	2,700	5,300	196.3%	(4,000)	-33.3%
MISCELLANEOUS	10,200	10,200	6,412	11,500	(1,300)	-11.3%	0	0.0%
TOTAL	\$4,178,000	\$3,916,000	\$2,271,371	\$3,611,180	\$566,820	15.7%	\$262,000	6.7%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Benefits –

Bernie Buenaflores

- 70 budgeted positions

In Benefits, we have:

- Process Management
- Core Benefits Services (4 teams)
- Special Benefits Services
 - Legal/Death
 - Special Admin. Services
 - Payroll Team
 - Exceptions
- Benefit Protection Unit
- Data Input Unit



FY 2017-2018 Highlights

STAFFING

Benefits requests the following: Hiring a new class of Retirement Benefit Specialist trainees; adding a Section Head to serve as Benefit Protection Officer; and transferring the Data Input Unit, composed of three Intermediate Typist Clerks, from Member Services to the Benefits division. Benefits also requests supplementing its regular production strategies with overtime.



Budget for FY 2017-2018



BENEFITS DIVISION

Budget Request Highlights

[FY 2017-2018]

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 percent accuracy is our defined goal, our vision is PERFECTION.”

The Benefits Division’s budget request this year seeks to keep pace with our members’ needs while mitigating normal staffing fluctuations. To do this, the division requests the authorization to:

- Hire a new class of Retirement Benefit Specialist trainees.
- Supplement its regular production strategies with overtime.
- Add a Section Head to serve as the Benefit Protection Officer (BPO) in the Benefit Protection Unit (BPU). This unit protects our members and the fund from losses due to member identity and status discrepancies. This work enhances the quality of LACERA’s service to those members whose benefits are most at risk due to potential fraud, lost contact, or a disputed status. The BPO leads this unit by:
 - Developing and promoting the unit’s vision of excellent customer service while protecting the promised benefits;
 - Cultivating strong working relationships with LACERA's Division Management, Executive Office, and boards, as well as outside agencies and vendors; and
 - Championing and developing new processes and tools to serve LACERA's members.
- Transfer the Data Input Unit from the Member Services Division to the Benefits Division. Three Intermediate Typist Clerks will be transferred in conjunction with this reorganization, which we anticipate will increase synergy by better aligning the functions of the unit with the division in which it operates.

STAFFING

Hiring in Anticipation of Normal Staff Fluctuations

It takes more than one year to train Retirement Benefit Specialists to fill vacancies in LACERA's benefit operations. To mitigate the projected loss of staffing due to retirements and transfers to other divisions, the Benefits Division has hired slightly more staff than needed at the time, each fiscal year. Doing so has enabled the division to maintain an appropriate number of trained staff in spite of significant staff turnover during the past several years.

In the coming fiscal years, the division anticipates more staff retirements and transfers to other LACERA divisions. To address that trend, we will seek to hire additional trainees.

Overtime

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

ENHANCING LACERA'S SERVICE AND QUALITY

Benefit Protection Unit

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

The team (one Senior Retirement Benefit Specialist and one Retirement Benefit Specialist III) was officially budgeted in FY 2016-17 and now coordinates LACERA's death verification and member identity verification functions. They resolve issues that place members' benefits at risk because:

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

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

The Benefits Division would like to add a Section Head to serve as the BPO. The BPO will lead the unit's expanding role in the organization by:

- Developing and promoting the unit's vision of excellent customer service while protecting the promised benefits;
- Cultivating strong working relationships with LACERA's Division Management, Executive Office and Boards, and outside agencies and vendors; and
- By consolidating functions that were previously spread amongst several divisions and by championing and developing new processes and tools to serve LACERA's members, while focusing on benefit protection and LACERA's customer service vision, the new Section Head serving as the Benefit Protection Officer will help increase the productivity and quality of both BPU and the larger LACERA team.

Data Input Unit

The Data Input Unit currently resides in the Member Services Division and consists of three Intermediate Typist Clerks who perform high-volume data entry transactions, such as:

- Processing basic member account requests, such as changes to beneficiaries, addresses, direct deposit accounts, and other similar member requests, and
- Processing of various member documents, such as birth certificates, death certificates, and marriage certificates.

In the coming fiscal year, LACERA will transfer the Data Input Unit from the Member Services Division to the Benefits Division. Three intermediate Typist Clerks will be transferred in conjunction with this reorganization, which we anticipate will increase synergy by better aligning the functions of this unit with the Division in which it operates.

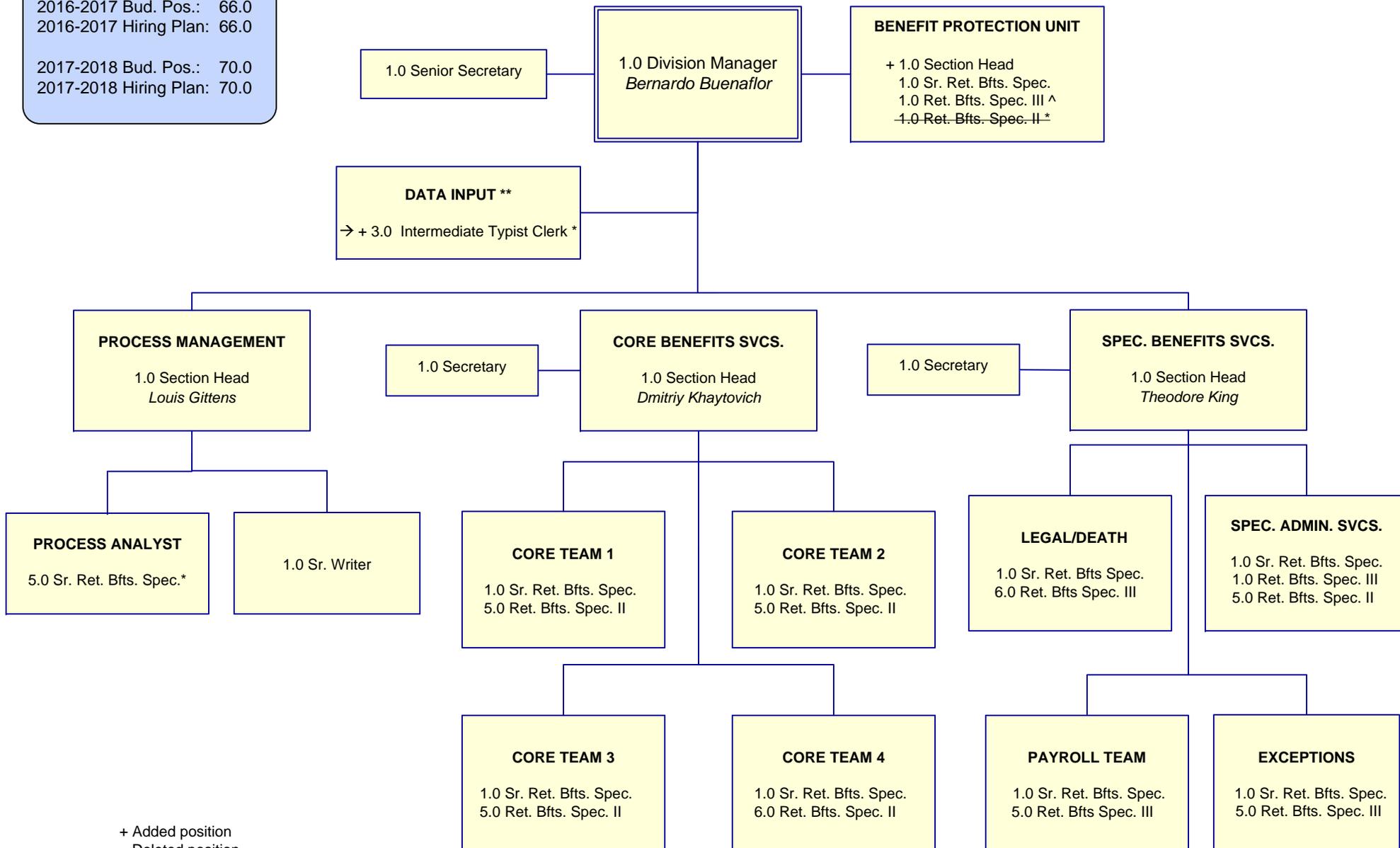
SERVICES AND SUPPLIES

For most line items, the Benefits Division is not requesting any significant increases or decreases to its Services and Supplies budget for FY 2017-18. Our request is based on actual and historical expenditure trends. However, in anticipation of greater participation in training programs, like CEBS, due to the influx of new staff and renewed interest in career development throughout the division. Management and staff also plan to provide training to key supervisors and staff in the Benefits Division to help them create and maintain a well organized system of policies, procedures, training, and tools geared toward improving quality throughout the division.

BENEFITS DIVISION

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 66.0
 2016-2017 Hiring Plan: 66.0
 2017-2018 Bud. Pos.: 70.0
 2017-2018 Hiring Plan: 70.0



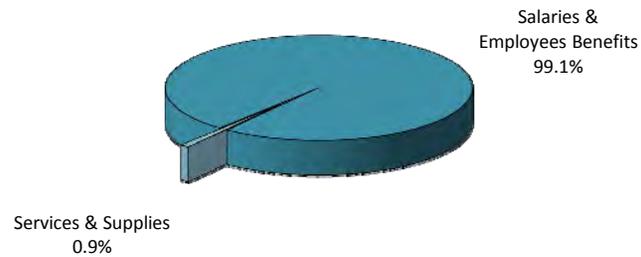
+ Added position
 — Deleted position
 ^ Position upgrade from Ret. Bfts. Spec. II to Ret. Bfts. Spec. III as a result of classification study. (Classification study finalized on July 28, 2016.)
 * Classification study for the position requested
 → ****** Data Input Unit to be transferred from Member Services.

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	\$8,815,072	\$7,522,143	\$4,674,776	\$7,347,408	\$1,467,664	20.0%	\$1,292,928	17.2%
Services & Supplies	84,300	83,700	24,505	64,000	20,300	31.7%	600	0.7%
OPERATING BUDGET	\$8,899,372	\$7,605,843	\$4,699,281	\$7,411,408	\$1,487,964	20.1%	\$1,293,528	17.0%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$4,971,674	\$4,728,370	\$2,931,890	\$4,400,000	\$571,674	13.0%	\$243,304	5.1%
Total Agency Temp Salaries	24,400	35,000	25,425	41,700	(17,300)	-41.5%	(10,600)	-30.3%
Employee Benefits (Variable)	2,928,667	2,381,322	1,397,677	2,326,600	602,067	25.9%	547,345	23.0%
Employee Benefits (Other)	408,103	370,002	178,788	362,700	45,403	12.5%	38,101	10.3%
OPEB Contribution	61,704	28,997	17,993	36,000	25,704	71.4%	32,707	112.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	175,400	165,200	115,344	172,500	2,900	1.7%	10,200	6.2%
Bilingual Bonus	2,400	2,400	550	800	1,600	200.0%	0	0.0%
Sick Leave Buyback	11,000	11,000	7,108	7,108	3,892	54.8%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$8,583,347	\$7,722,290	\$4,674,776	\$7,347,408	\$1,235,939	16.8%	\$861,057	11.2%
Salary Differential **	231,724	(200,147)	-	-	-	-	431,871	-215.8%
TOTAL S&EB	\$8,815,072	\$7,522,143	\$4,674,776	\$7,347,408	\$1,467,664	20.0%	\$1,292,928	17.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

BENEFITS DIVISION

	16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE		
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00773A DIVISION MANAGER	1	1	LS12	11,480	137,766			
00772A SECTION HEAD, LACERA	3	4	LS9	9,241	443,583	1	110,896	Add 1 Section Head
00784A SENIOR WRITER	1	1	99H	7,758	93,092			
01312A SENIOR RETIREMENT BENEFITS SPECIALIST	14	14	95F	6,925	1,163,476			
01311A RETIREMENT BENEFITS SPECIALIST III	17	18	90A	5,973	1,290,168	1	71,676	1 Upward reclassification from Ret. Bfts. Spec. II
00439A SENIOR SECRETARY	1	1	83L	5,064	60,764			
01310A RETIREMENT BENEFITS SPECIALIST II	27	26	83F	5,002	1,560,568	(1)	(60,022)	1 Upward reclassification to Ret. Bfts. Spec. III
00438A SECRETARY	2	2	77D	4,229	101,505			
00445A INTERMEDIATE TYPIST-CLERK	0	3	68H	3,354	120,754	3	120,754	Transfer 3 Int. Typist Clerk from Member Services
PERMANENT POSITIONS	66	70				4		
GROSS SALARIES					4,971,674		243,304	
120-DAY RETIREE(S)					0			
TOTAL SALARIES						\$ 4,971,674		

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$12,000	\$12,000	\$4,343	\$9,200	\$2,800	30.4%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	2,434	3,500	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	35,000	34,400	11,148	33,300	1,700	5.1%	600	1.7%
EDUCATIONAL EXPENSES	32,800	32,800	6,049	17,200	15,600	90.7%	0	0.0%
MISCELLANEOUS	1,000	1,000	531	800	200	25.0%	0	0.0%
TOTAL	\$84,300	\$83,700	\$24,505	\$64,000	\$20,300	31.7%	\$600	0.7%

*All amounts rounded to the nearest dollar.



Mission Statement

Our mission is to create and communicate essential retirement information to LACERA members and staff. We strive for professional excellence in our work. We apply innovative thinking, contemporary advertising and marketing practices, and use technology to create LACERA-wide solutions. Our work is professionally produced in an easy-to-understand, attractive, accurate, and timely manner. We collaborate with our strategic partners and aim to exceed their expectations. In fulfilling our mission, we generate creative solutions and apply “good value” budgetary consideration.



Our Team FY 2017–2018

Communications –
Chief (Vacant)

- 13 budgeted positions

Within Communications, we have:

- Staff Assistant
- Creative Coordinators
- Writers
- Web Support Technician
- Media Artists

FY 2017-2018 Highlights

STAFFING

Communications is requesting the addition of one Web Support Technician and two Writer II positions. We plan to fill the following vacant positions: Chief of Communications, Creative Coordinator, Senior Media Artist (pending classification study), Media Artist, and Senior Writer.

SERVICES & SUPPLIES

Increase in travel and education budget to accommodate team expansion. Increase in printing costs for newsletters due to growth in membership.



Budget for FY 2017-2018



COMMUNICATIONS

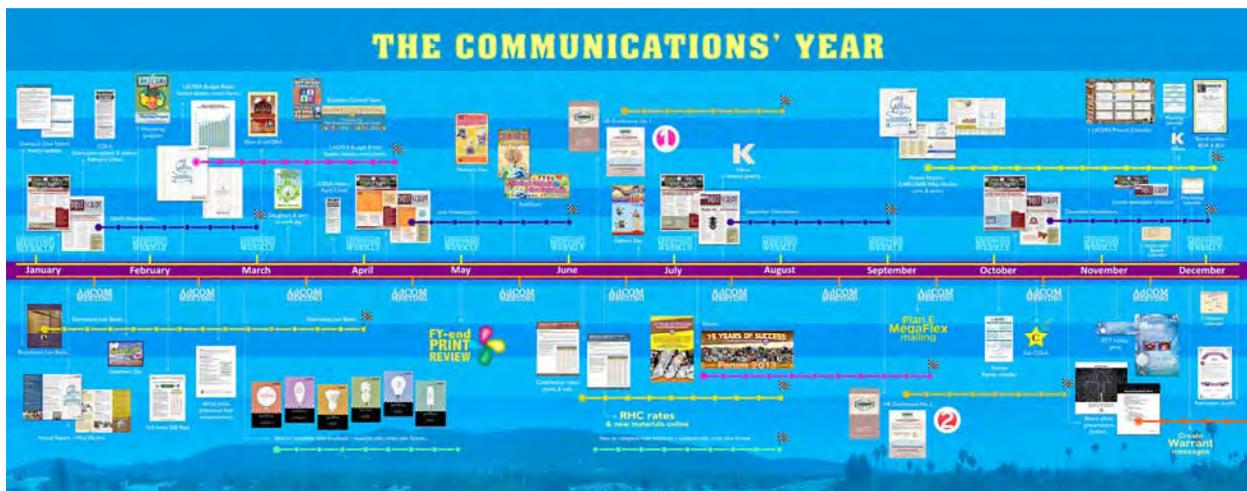
Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

The Communications Division has regularly scheduled projects throughout the year, as demonstrated in the timeline below. In addition to the projects depicted in the timeline, the Communications Division 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 needs of LACERA. In addition, we are implementing new processes and procedures to:

- improve 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 strategic initiative deadlines are met
- expand our multimedia content on lacera.com through the Retirement University

We are also examining new ways to improve all communication platforms and develop ideas for future improvements. In order to achieve our goals, we will need to rebuild, restructure, and grow the Communications team.

STAFFING

Similar to what happens with all great sports teams, the Communications team must go through a rebuilding and restructuring process to address the departure of key players and gear up for new challenges.

The proposed restructuring of the Communications Division, including the added positions approved by your board in FY 2013–2014, was the beginning of that process. The team had hoped to have a majority of the approved vacant positions filled by now. However, due to unforeseen circumstances, such as the departure of our former Chief of Communications, we have not yet met our goal of filling these positions.

The changes within the team have presented us with a unique opportunity to learn from our progress to date and refine our hiring plan for this fiscal year. The changes have also necessitated a major increase in collaboration and knowledge-sharing among team members as we meet the challenges inherent in functioning with a short staff. Due to this spike in collaboration, we have a better understanding of the necessity of each role in this division, reinforcing the importance of our current plan to restructure and grow.

Our Path So Far

In FY 2013–14, the 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 FY 2014–15, two supervisors (Creative Coordinators/Project Managers) and a Sr. Writer were hired. One of the two Creative Coordinators has since left LACERA, so the position is currently vacant.

In FY 2016–17, the board approved a classification study for two of our Media Artist positions in order to create a Senior Media Artist job classification. The job classification study is currently in progress. The Staff Assistant I position was filled. Our Chief of Communications departed, leaving that position unfilled along with the unfilled Creative Coordinator and one of the Media Artist positions. Efforts to fill these positions will carry over into FY 2017–18. We are currently recruiting for the Chief of Communications position.

What's Next?

FY 2017–18 promises to be a time of positive change, growth, and restructuring. We will further refine the structure of two teams. One team will concentrate on video, print, and graphics; the other team will focus on web, print, and graphics. Creating two specialized teams with different artistic concentrations will enable Communications to provide an even higher caliber of professional work. Additionally, we will be recruiting with an eye towards creating overlap in the team's skills.

Meeting this goal of restructuring and growing the team is essential, considering the standard workload depicted in the Communications Timeline as well as the many and varied ad-hoc projects that Communications leads and supports. For instance, we want to be able to simultaneously maintain our current workload (e.g., quality quarterly newsletters, award-winning annual reports, and well-designed calendars) and at the same time support nonrecurring projects that are every bit as important and time-sensitive. Examples of these kinds of projects slated for the upcoming fiscal years are:

- Producing Retirement University, Medicare 101, 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.

We are requesting the addition of a Web Support Technician. Communications currently has a Web Support Technician who is underfilling a Media Artist position. By adding the position, it will open up the Media Artist position and the organization chart will reflect the employee as a member of the team. The Web Support Technician is an important part of the Communications team. A key responsibility of the position is ensuring that the LACERA information disseminated to staff and our members is accurate, organized, and cohesive. This is done by performing web research and archiving, posting current LACERA agendas and minutes, and collaborating with media artists and writers—all activities that serve to bring broad, high-level, up-to-date knowledge to the Communications team, the rest of LACERA, and our members.

We are also requesting the addition of two Writer II positions. The number of projects requiring content development will continue to grow and increase in complexity. Our team needs to acquire writers with technical as well as creative writing skills, since Communications is responsible for strategizing, developing, and/or maintaining everything from forms to newsletters. The additional writer positions will enable Communications to work simultaneously on various projects, enhancing our ability to meet the needs of all divisions, executive, and the boards.

In summary, we are requesting the addition of one Web Support Technician and two Writer II positions. We plan to fill the following vacant positions:

- One (1) Chief of Communications
- One (1) Creative Coordinator
- One (1) Senior Media Artist (pending classification study)
- One (1) Media Artist, and
- One (1) Senior Writer.

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 22, 2017, the U.S. Postal Service (USPS) announced an increase in postage. The Standard Pre-Sort mailings will increase by 2 percent, which is reflected in our postage line items.

Our membership increased from 162,000 to 165,000 in 2017. The *PostScript* and *Spotlight* newsletter line items reflect the increase in printing costs.

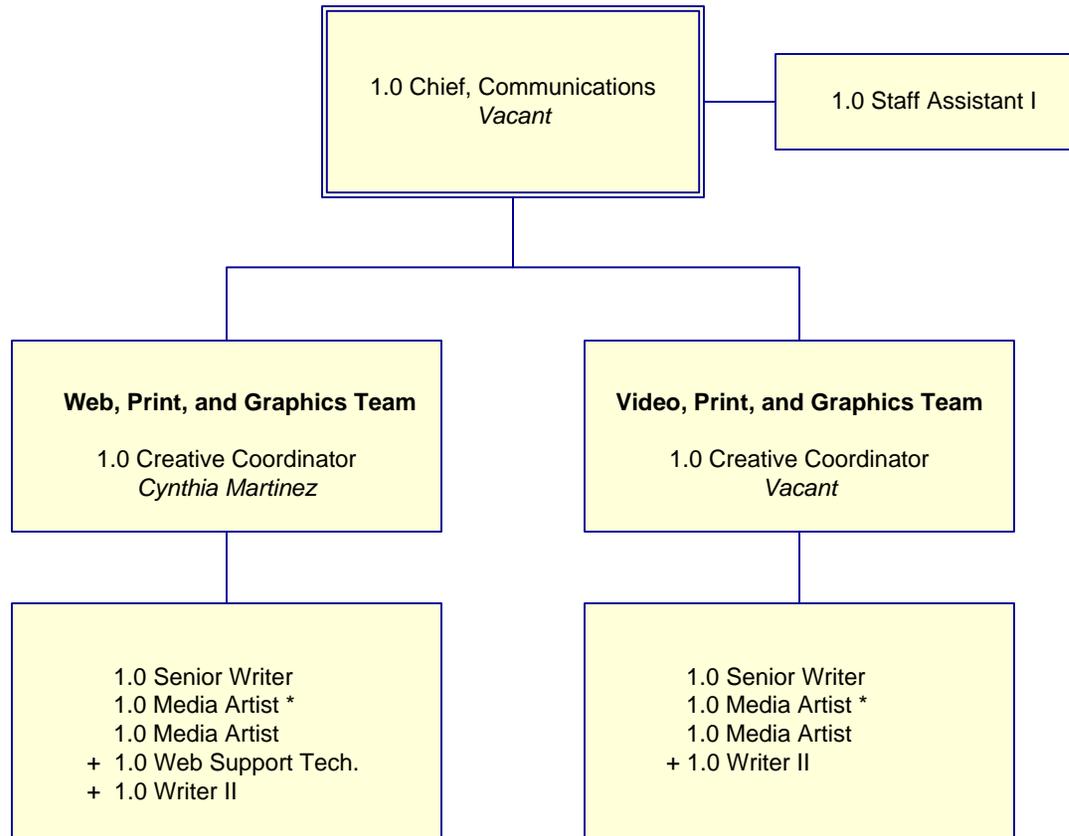
The team is expanding from seven (7) to thirteen (13) permanent employees. In order to give staff an opportunity for training and to attend conferences, there is an increase in the travel and education budget.

Thank you for your continued confidence and support in the Communications Division.

COMMUNICATIONS

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 10.0
 2016-2017 Hiring Plan: 10.0
 2017-2018 Bud. Pos.: 13.0
 2017-2018 Hiring Plan: 13.0



+ Added position

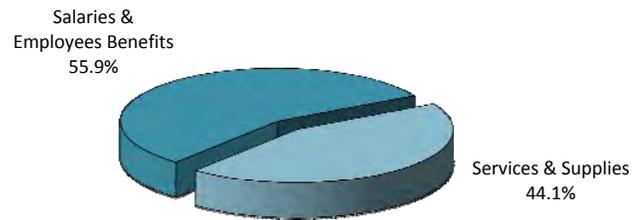
* Classification study for the position requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	\$1,279,873	\$1,220,910	\$535,684	\$918,700	\$361,173	39.3%	\$58,963	4.8%
Services & Supplies	1,011,100	987,400	465,683	823,942	187,158	22.7%	23,700	2.4%
OPERATING BUDGET	\$2,290,973	\$2,208,310	\$1,001,367	\$1,742,642	\$548,331	31.5%	\$82,663	3.7%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,086,556	\$872,575	\$346,402	\$576,700	\$509,856	88.4%	\$213,981	24.5%
Total Agency Temp Salaries	143,300	67,500	0	28,000	115,300	411.8%	75,800	112.3%
Employee Benefits (Variable)	399,711	247,292	150,647	238,100	161,611	67.9%	152,419	61.6%
Employee Benefits (Other)	52,258	67,602	32,438	67,000	(14,742)	-22.0%	(15,344)	-22.7%
OPEB Contribution	7,901	5,298	2,070	4,200	3,701	88.1%	2,603	49.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	6,900	2,376	4,127	4,700	2,200	46.8%	4,524	190.4%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,700,126	\$1,266,143	\$535,684	\$918,700	\$781,426	85.1%	\$433,983	34.3%
Salary Differential **	(420,253)	(45,233)	-	-	-	-	(375,020)	829.1%
TOTAL S&EB	\$1,279,873	\$1,220,910	\$535,684	\$918,700	\$361,173	39.3%	\$58,963	4.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

COMMUNICATIONS

	16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE		
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00794A	1	1	LS10	9,934	119,213			
00779A	2	2	101J	8,210	197,034			
00784A	2	2	99H	7,758	186,183			
00789A	4	4	93H	6,592	316,429			
00787A	0	1	89K	5,944	71,327	1	71,327	Add 1 Web Support Technician
00786A	0	2	89K	5,944	142,654	2	142,654	Add 2 Writer II
00426A	1	1	79E	4,476	53,716			
PERMANENT POSITIONS	10	13				3		
GROSS SALARIES					1,086,556		213,981	
120-DAY RETIREE(S)						0		
TOTAL SALARIES							\$ 1,086,556	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$19,700	\$11,000	\$906	\$8,300	\$11,400	137.3%	\$8,700	79.1%
POSTAGE	288,700	296,000	209,166	277,700	11,000	4.0%	(7,300)	-2.5%
STATIONERY & FORMS	598,500	595,000	229,252	482,842	115,658	24.0%	3,500	0.6%
OFFICE SUPPLIES & EQUIPMENT	15,000	12,000	3,337	8,400	6,600	78.6%	3,000	25.0%
PROFESSIONAL & SPEC. SRVCS.	31,200	26,200	19,226	26,200	5,000	19.1%	5,000	19.1%
COMPUTER SERVICES & SUPPORT	32,500	21,500	190	4,000	28,500	712.5%	11,000	51.2%
EDUCATIONAL EXPENSES	25,000	25,400	3,170	16,000	9,000	56.3%	(400)	-1.6%
MISCELLANEOUS	500	300	436	500	0	0.0%	200	66.7%
TOTAL	\$1,011,100	\$987,400	\$465,683	\$823,942	\$187,158	22.7%	\$23,700	2.4%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Disability Litigation –

Vincent Lim

- 7 budgeted positions

Within Disability Litigation, we have:

- Senior Staff Counsel
- Senior Management Secretaries



FY 2017–2018 Highlights

SERVICES & SUPPLIES

Requesting a reduction in funds for outside counsel based on actual historical expenditures.



Budget for FY 2017-2018



DISABILITY LITIGATION

Budget Request Highlights

[FY 2017-2018]

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 (7) budgeted full time positions. No additional staff positions are being requested at this time.

SERVICES AND SUPPLIES

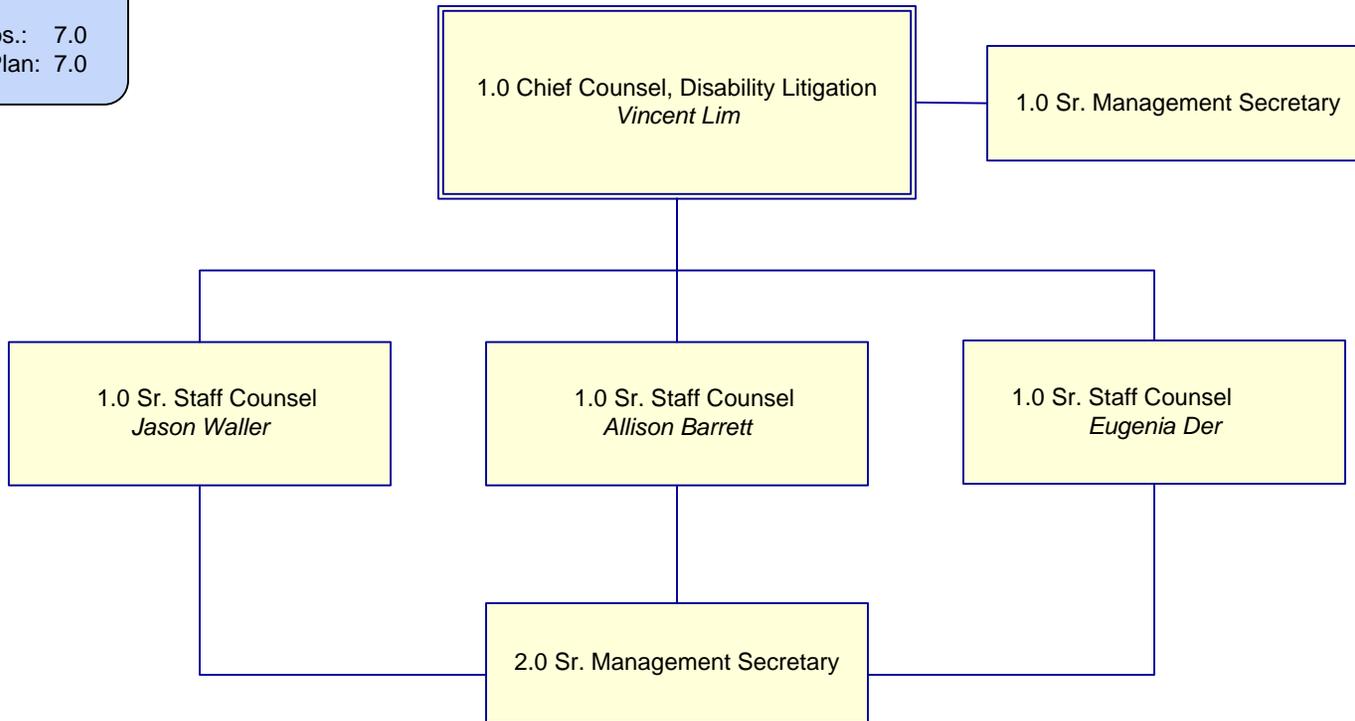
We are reducing our request for funds for outside counsel based on actual historical expenditures. Outside counsel is used in appeals where the applicant is an employee of LACERA, where the applicant is the survivor of an employee of LACERA, where there is an actual conflict of interest, or where there is an appearance of impropriety.

DISABILITY LITIGATION

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 7.0
2017-2018 Hiring Plan: 7.0

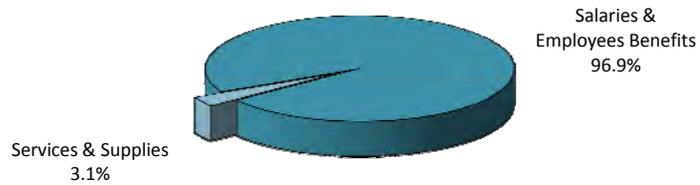


LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	\$1,907,052	\$1,676,282	\$988,688	\$1,634,700	\$272,352	16.7%	\$230,770	13.8%
Services & Supplies	60,200	83,000	25,453	54,400	5,800	10.7%	(22,800)	-27.5%
OPERATING BUDGET	\$1,967,252	\$1,759,282	\$1,014,141	\$1,689,100	\$278,152	16.5%	\$207,970	11.8%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$991,022	\$991,022	\$615,599	\$997,300	(\$6,278)	-0.6%	\$0	0.0%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	619,819	585,391	329,443	547,600	72,219	13.2%	34,428	5.9%
Employee Benefits (Other)	92,597	81,919	39,307	81,100	11,497	14.2%	10,679	13.0%
OPEB Contribution	14,000	6,420	4,338	8,700	5,300	60.9%	7,581	118.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	0	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,717,439	\$1,664,751	\$988,688	\$1,634,700	\$82,739	5.1%	\$52,688	3.2%
Salary Differential **	189,613	11,531	-	-	-	-	178,082	1544.4%
TOTAL S&EB	\$1,907,052	\$1,676,282	\$988,688	\$1,634,700	\$272,352	16.7%	\$230,770	13.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

DISABILITY LITIGATION

		<u>2017-2018 BUDGET</u>					<u>CHANGE</u>	
		<u>16-17 BUDGT. POS.</u>	<u>BUDGT. POS.</u>	<u>SCHEDULE</u>	<u>MO. RATE</u>	<u>AMOUNT</u>	<u>BUDGT. POS.</u>	<u>AMOUNT CHANGE JUSTIFICATION</u>
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	1	LS18	17,718	212,614		
09213A	SENIOR STAFF COUNSEL	3	3	LS16	15,332	551,945		
00441A	SENIOR MANAGEMENT SECRETARY	3	3	91L	6,291	226,463		
PERMANENT POSITION		<u>7</u>	<u>7</u>				<u>0</u>	
GROSS SALARIES						991,022		0
120-DAY RETIREE(S)						0		
TOTAL SALARIES								\$ 991,022

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
AUTO EXPENSE	\$3,600	\$3,900	\$1,263	\$3,000	\$600	20.0%	(\$300)	-7.7%
TRANSPORTATION & TRAVEL	8,000	8,000	1,690	5,600	2,400	42.9%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,500	736	3,200	(200)	-6.3%	(500)	-14.3%
LEGAL FEES & SERVICES	10,800	57,300	16,327	33,900	(23,100)	-68.1%	(46,500)	-81.2%
EDUCATIONAL EXPENSES	34,500	10,000	5,360	8,500	26,000	305.9%	24,500	245.0%
MISCELLANEOUS	300	300	78	200	100	50.0%	0	0.0%
TOTAL	\$60,200	\$83,000	\$25,453	\$54,400	\$5,800	10.7%	(\$22,800)	-27.5%

*All amounts rounded to the nearest dollar.



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 2017–2018

Disability Retirement –

Ricki Contreras

- 39 budgeted positions

We have three distinct sections within Disability Retirement:

- Intake & Specialized Processing
- Appeals & Quality Assurance/ Records Management
- Investigation Units (3 units)



FY 2017-2018 Highlights

STAFFING

Disability Retirement Services requests an agency temporary staff budget of \$104,200 due to a long-term leave of absence at the Senior Disability Retirement Specialist position.

SERVICES & SUPPLIES

The requested budget for Medical Fees has decreased by approximately 9 percent due to the current fiscal year projection and historical trending.



Budget for FY 2017-2018



DISABILITY RETIREMENT

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

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

Our division contracts for professional services for both the investigation and appeals processes. Services for which we contract include panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.

STAFFING

There are currently 39 budgeted full-time positions. No additional staff positions are being requested for the FY 2017-18; however, staff requests an agency temporary staff budget of \$104,200 due to a long-term leave of absence at the Senior Disability Retirement Specialist position.

SERVICES AND SUPPLIES

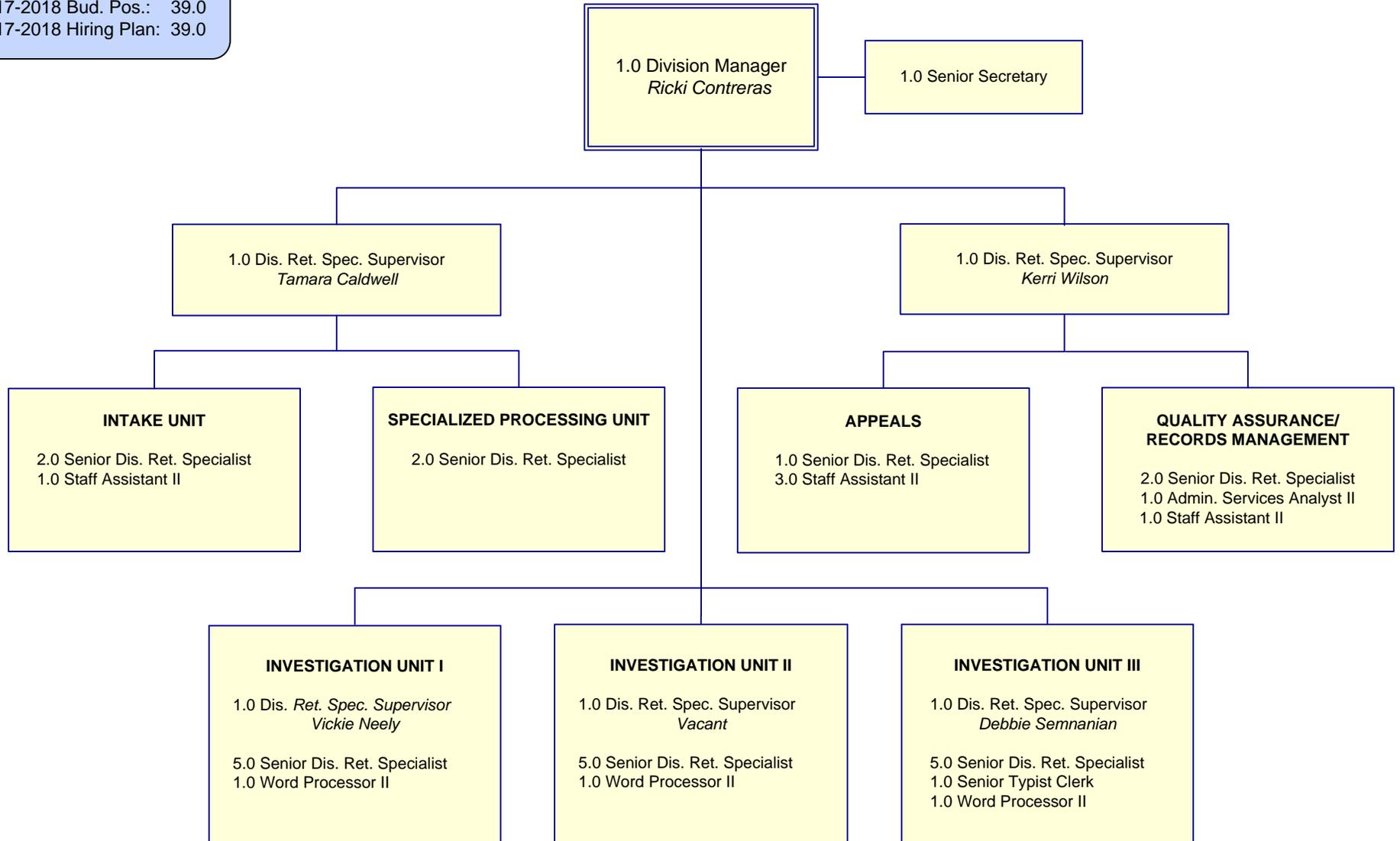
The requested budget for #9803 Medical Fees has decreased by approximately 9 percent due to the current fiscal year projection and historical trending.

DISABILITY RETIREMENT

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 39.0
 2017-2018 Hiring Plan: 39.0

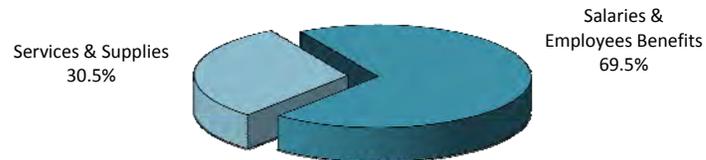


LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

DISABILITY RETIREMENT

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$5,158,378	\$5,050,899	\$2,640,555	\$4,434,081	\$724,297	16.3%	\$107,479	2.1%
Services & Supplies	2,260,600	2,404,300	861,811	1,628,800	631,800	38.8%	(143,700)	-6.0%
OPERATING BUDGET	\$7,418,978	\$7,455,199	\$3,502,366	\$6,062,881	\$1,356,097	22.4%	(\$36,221)	-0.5%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Total LACERA Salaries	\$3,202,104	\$3,162,456	\$1,632,361	\$2,700,000	\$502,104	18.6%	\$39,648	1.25%
Total Agency Temp Salaries	104,200	28,400	0	23,200	81,000	349.1%	75,800	266.90%
Employee Benefits (Variable)	1,677,734	1,667,976	868,659	1,429,500	248,234	17.4%	9,758	0.59%
Employee Benefits (Other)	241,547	249,952	120,335	247,500	(5,953)	-2.4%	(8,405)	-3.36%
OPEB Contribution	36,521	19,589	11,023	22,100	14,421	65.3%	16,933	86.44%
Stipends	0	0	0	0	0	0.0%	0	0.00%
Overtime	14,000	21,376	5,096	8,700	5,300	60.9%	(7,376)	-34.51%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.00%
Sick Leave Buyback	4,600	4,600	3,081	3,081	1,519	49.3%	0	0.00%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.00%
ADJUSTED GROSS S&EB	\$5,280,707	\$5,154,349	\$2,640,555	\$4,434,081	\$846,626	19.1%	\$126,358	2.5%
Salary Differential **	(122,329)	(103,450)	-	-	-	-	(18,879)	18.2%
TOTAL S&EB	\$5,158,378	\$5,050,899	\$2,640,555	\$4,434,081	\$724,297	16.3%	\$107,479	2.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

DISABILITY RETIREMENT

	16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE	
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480	137,766	
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	5	100K	8,010	480,595	
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	22	96K	7,186	1,897,080	
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	1	87H	5,602	67,225	
00427A	STAFF ASSISTANT II	5	5	86E	5,412	324,747	
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764	
00448A	WORD PROCESSOR II	3	3	76F	4,137	148,929	
00446A	SENIOR TYPIST CLERK	1	1	73B	3,779	45,351	
PERMANENT POSITIONS		39	39				0
GROSS SALARIES						3,162,456	0
120-DAY RETIREE(S)			1		3,304	39,648	
TOTAL SALARIES						\$ 3,202,104	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$17,500	\$17,500	\$2,910	\$13,000	\$4,500	34.6%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	8,000	10,000	1,794	7,800	200	2.6%	(2,000)	-20.0%
PROFESSIONAL & SPEC. SRVCS.	225,000	223,000	96,195	132,600	92,400	69.7%	2,000	0.9%
LEGAL FEES & SERVICES	75,000	75,000	18,568	70,000	5,000	0.0%	0	100.0%
DISABILITY FEES & SERVICES	1,913,000	2,053,000	734,085	1,394,000	519,000	37.2%	(140,000)	-6.8%
EDUCATIONAL EXPENSES	21,300	25,300	8,257	10,900	10,400	95.4%	(4,000)	-15.8%
MISCELLANEOUS	800	500	0	500	300	60.0%	300	60.0%
TOTAL	\$2,260,600	\$2,404,300	\$861,811	\$1,628,800	\$631,800	38.8%	(\$143,700)	-6.0%

*All amounts rounded to the nearest dollar.



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 2017–2018

Executive Office –
Gregg Rademacher

- 8 budgeted positions



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

- Deputy Chief Executive Officer
- Assistant Executive Officers
- Board Secretaries
- Executive Secretaries

FY 2017-2018 Highlights

STAFFING

In recognition of the LACERA Boards' recent approval of the addition of a new classification for a Deputy Chief Executive Officer, LACERA (DCEO), the Executive Office is requesting this position for FY 2017-18. The DCEO will provide executive-level support for benefit programs and administrative-related divisions as well as greater mentoring opportunities for executive and management staff.

SERVICES & SUPPLIES

In an effort to create greater transparency and efficiency in the budget process, both Boards' budgets were separated beginning FY 2015–16 from the Executive Office budget. This fiscal year we are requesting to increase the Board Offsite meeting expenses to \$100,000. The increase reflects an overall increase in area prices for meeting venues, an increase to accommodate the expansion of the Annual Board Offsite from a three- to four-day format, and the addition of a Mid-Year Board of Investments Offsite.



Budget for FY 2017-2018



EXECUTIVE OFFICE

Budget Request Highlights

[FY 2017-2018]

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

In recognition of the LACERA boards' recent approval of the addition of a new classification for a Deputy Chief Executive Officer, LACERA (DCEO) the Executive Office is requesting one DCEO position for FY 2017–18. The

Deputy Chief Executive Officer

The DCEO will provide executive level support for benefit programs and administrative related Divisions that will enable the CEO to continue to increase operational support for the investment program. This added position will also provide Executive Office staff to provide development and mentoring to the individual in the position, which will ensure continuity of succession at the appointed time.

SERVICES AND SUPPLIES

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

In an effort to create greater transparency and efficiency in the budget process, both boards' budgets were separated from the Executive Office budget beginning with FY 2015-16.

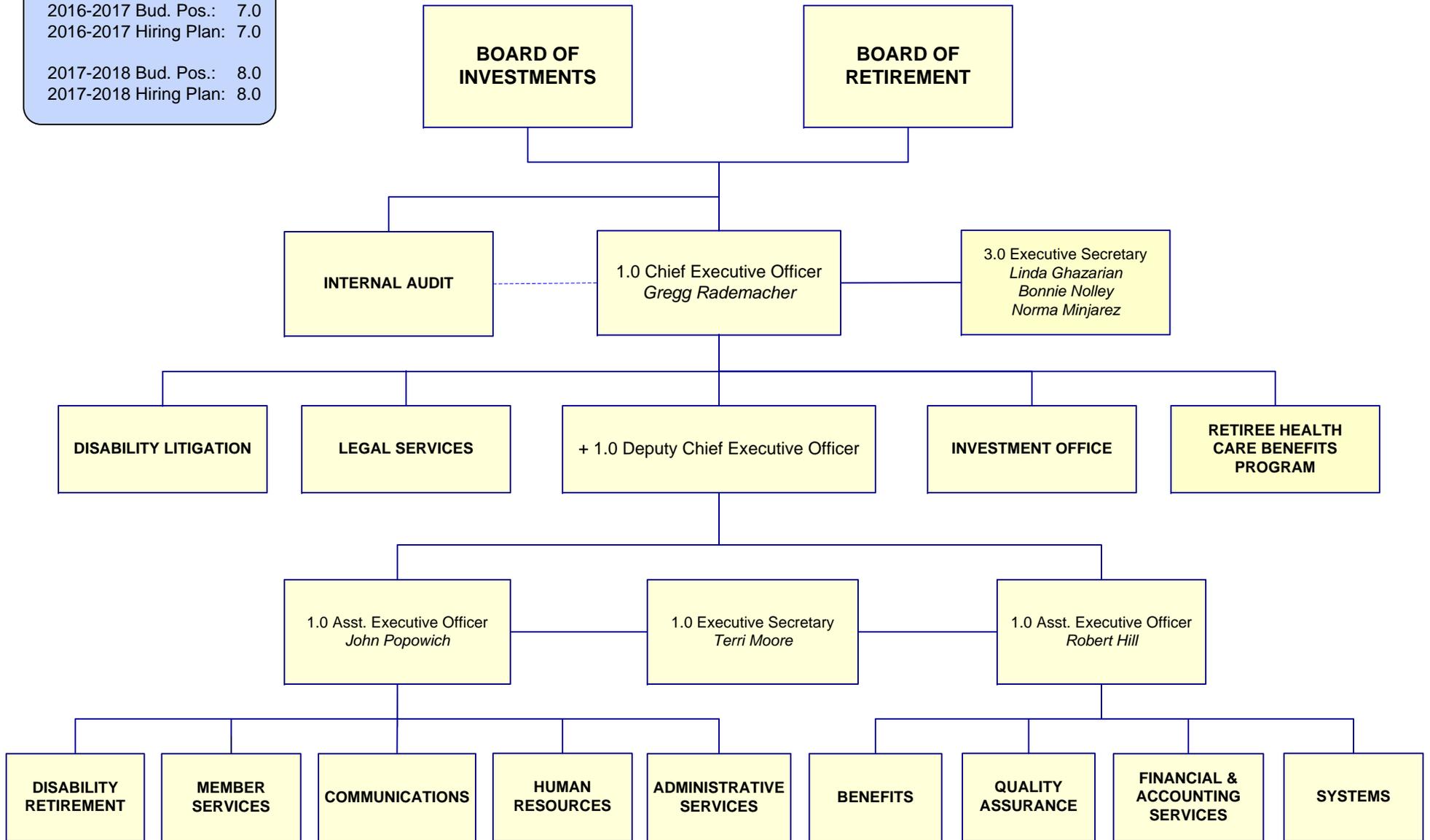
This year we are seeking to increase the Board Off-Site meeting expenses to \$100,000. The increase reflects an overall increase in area prices for meeting venues as well as

an increase to accommodate the expansion of the Annual Board Off-Site from a three day to four day format, as well as the addition of a Mid-Year Board of Investments Off-Site.

EXECUTIVE OFFICE

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 7.0
 2016-2017 Hiring Plan: 7.0
 2017-2018 Bud. Pos.: 8.0
 2017-2018 Hiring Plan: 8.0



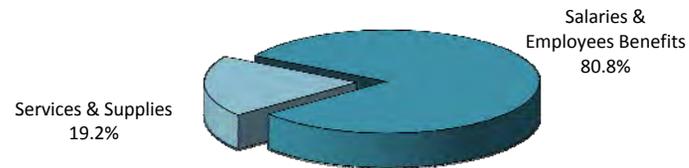
+ Added position

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	\$1,909,318	\$1,812,031	\$1,001,305	\$1,597,800	\$311,518	19.5%	\$97,287	5.4%
Services & Supplies	452,700	409,700	323,104	383,894	68,806	17.9%	43,000	10.5%
OPERATING BUDGET	\$2,362,018	\$2,221,731	\$1,324,409	\$1,981,694	\$380,324	19.2%	\$140,287	6.3%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,281,991	\$900,888	\$630,473	\$1,014,100	\$267,891	26.4%	\$381,103	42.3%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	589,227	575,851	292,718	440,500	148,727	33.8%	13,376	2.3%
Employee Benefits (Other)	89,990	79,592	38,190	78,800	11,190	14.2%	10,399	13.1%
OPEB Contribution	13,606	6,238	3,674	7,400	6,206	83.9%	7,369	118.1%
Stipends	65,000	173,000	36,249	55,000	10,000	18.2%	(108,000)	-62.4%
Overtime	3,100	2,280	0	2,000	1,100	55.0%	821	36.0%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,043,916	\$1,738,847	\$1,001,305	\$1,597,800	\$446,116	27.9%	\$305,068	17.5%
Salary Differential **	(134,598)	73,183	-	-	-	-	(207,781)	-283.9%
TOTAL S&EB	\$1,909,318	\$1,812,031	\$1,001,305	\$1,597,800	\$311,518	19.5%	\$97,287	5.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

EXECUTIVE OFFICE

		2017-2018 BUDGET				CHANGE			
	16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION	
00776L	CHIEF EXECUTIVE OFFICER	1	1	LR20	24,465	293,582			
99999A	DEPUTY CHIEF EXECUTIVE OFFICER (UC)	0	1	LS18	17,718	212,614	1	212,614	Add 1 Deputy Chief Executive Officer
00778A	ASSISTANT EXECUTIVE OFFICER	1	1	LS16	15,332	183,982			Salary range adjustment from LS14 to LS16 as a result of the Management Study finalized 5/10/17
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	1	LS16	15,332	183,982			Salary range adjustment from LS14 to LS16 as a result of the Management Study finalized 5/10/17
00442A	EXECUTIVE SECRETARY	4	4	95L	7,011	336,524			
	PERMANENT POSITIONS	7	8				1		
	GROSS SALARIES					1,210,683		212,614	
	120-DAY RETIREE(S)		1		5,942	71,309			
TOTAL SALARIES							\$ 1,281,991		

MAPP Tier I and Tier II positions are shown at control point as of 04/01/17
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
AUTO EXPENSE	\$17,000	\$13,000	\$6,931	\$11,994	\$5,006	41.7%	\$4,000	30.8%
TRANSPORTATION & TRAVEL	29,000	25,500	7,976	18,000	11,000	61.1%	3,500	13.7%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,000	797	2,600	900	34.6%	500	16.7%
PROFESSIONAL & SPEC. SRVCS.	120,000	150,000	85,816	145,000	(25,000)	-17.2%	(30,000)	-20.0%
EDUCATIONAL EXPENSES	130,000	118,000	19,603	114,500	15,500	13.5%	12,000	10.2%
MISCELLANEOUS	153,200	100,200	201,982	91,800	61,400	66.9%	53,000	52.9%
TOTAL	\$452,700	\$409,700	\$323,104	\$383,894	\$68,806	17.9%	\$43,000	10.5%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Financial & Accounting Services (FASD) – Beulah Auten

- 29 budgeted positions



We have two distinct sections within Financial and Accounting Services:

- General Accounting
 - Payments Recovery
 - Reconciliation
 - Disbursements
- Investment Accounting
 - Public Markets
 - Direct Investments

FY 2017-2018 Highlights

STAFFING

FASD is requesting overtime for additional workload associated with several new, complex investment programs. FASD also anticipates having some staff on extended leaves of absence during this fiscal period. Thus, FASD is requesting two agency temporary staff, one at the Accounting Technician I level and one at the Accountant level. This budget request also includes the LACERA Boards' recent approval of the reclassification of the Division Manager position to Chief Financial Officer, LACERA (CFO), and the Assistant Division Manager position to Assistant Chief Financial Officer, LACERA (ACFO). These reclassifications will be effective July 1, 2017.

SERVICES & SUPPLIES

Requesting an increase of 17 percent over the prior year for professional development requirements and fees charged by the treasury and banking service provider.



Budget for FY 2017-2018





FASD FINANCIAL & ACCOUNTING SERVICES

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

The Financial and Accounting Services Division (FASD) is primarily responsible for LACERA's financial reporting, in compliance with regulatory and statutory mandates. FASD is divided into two functional sections: Investment Accounting and General Accounting Sections. Both sections maintain financial and accounting records that are used to prepare LACERA's Comprehensive and Popular Annual Financial Reports (CAFR and PAFR).

Investment Accounting

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

General Accounting

The General Accounting Section is responsible for:

- The receipt and recording of retirement and other post-employment benefit contributions from members and employers (i.e., Los Angeles County and outside Districts),
- Recording and reconciliation of the retirees' benefit payments and associated tax withholdings,
- Processing of the administrative and non-administrative related expense payments to vendors for the Retirement Fund, Other Post-Employment Benefits (OPEB) Trust, and the Retiree Healthcare Program, and
- Accounting for LACERA's benefit payment recovery efforts.

STAFFING

As a result of the Board of Investments' initiatives, the Investment Office Division communicated several new and complex investment programs that are designed to achieve the funds' desired investment performance targets. These strategies, which will require commitment from our Investment Accountants, include but are not limited to the following:

- New investment mandates within the OPEB Trust unitized structure,
- Expansion of the hedge fund direct program,
- Additional international real estate co-mingled funds,
- Other hybrid/more sophisticated investment opportunities,
- Additional emerging market debt funds, and
- A new opportunistic fixed income strategy.

At a minimum, these undertakings demand additional financial information from LACERA that is provided to and exchanged with investment managers and the custodian bank. The ability to support the Investment Office and these investment programs as they are implemented will be monitored with the intention that staffing levels enable FASD to continue to provide a high level of service.

In FY 2016-17, as a result of a Management Study and its approval by the Boards, two (2) positions within FASD have been reclassified effective FY 2017-18; the Division Manager position has been upwardly classified to the position of Chief Financial Officer (CFO), LACERA, and the Assistant Division Manager has been upwardly classified to the position of Assistant Chief Financial Officer (ACFO), LACERA. The upward reclassifications have changed the respective salary schedules as well, with the CFO moving from schedule LS-12 to schedule LS-14, and the ACFO moving from schedule LS-10 to schedule LS-12.

Overtime and Temporary Staff

Overtime is requested for the additional workload associated with:

- The customary fiscal year-end closing of the books and completion of the annual financial statement audit,
- Working with stakeholder groups to implement new accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB),
- Working with the newly hired external financial statement auditors and with consulting and auditing actuaries,
- Additional training time required to support new FASD management personnel,
- Designing and implementing processes and procedures as a result of new Board of Investments initiatives, and
- Special projects, which include providing information for unanticipated requests, producing ad-hoc reports, and responding to public records requests.

We also anticipate having some staff on an extended leave of absence during the fiscal period. Thus, we have included a request for two agency temporary staff:

- One (1) at the Accounting Technician I level and
- One (1) at the Accountant level.

SERVICES AND SUPPLIES

The services and supplies total budget request represents an increase of 17 percent over the prior year, attributed to the following:

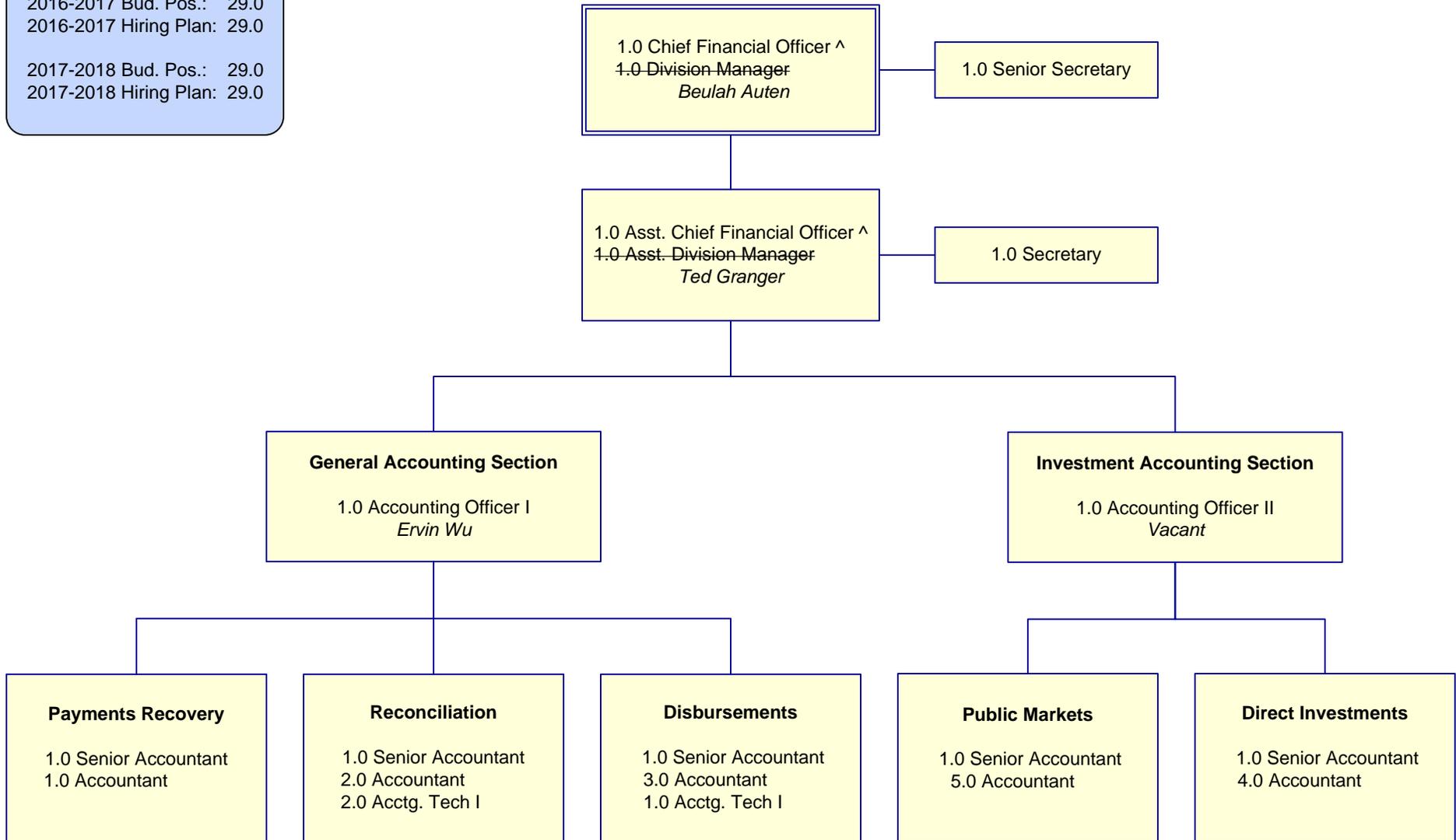
- Increase in professional development requirements due to additional staff who have obtained professional credentials, and
- Increase in fees charged by our treasury and banking service provider for anticipated additional services and accounts added to the relationship.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 29.0
 2017-2018 Hiring Plan: 29.0



^ Title change from "Division Manager" to "Chief Financial Officer" and "Asst. Division Manager" to "Asst. Chief Financial Officer" as a result of Management classification study. (Classification study finalized on 5/10/2017)

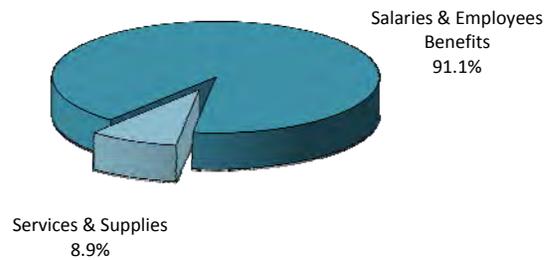
* Classification study for all positions requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Salaries & Employees Benefits	3,483,346	\$3,602,824	\$2,050,313	\$3,478,718	\$4,628	0.1%	(\$119,478)	-3.3%
Services & Supplies	338,600	290,600	127,905	252,400	86,200	34.2%	48,000	16.5%
OPERATING BUDGET	\$3,821,946	\$3,893,424	\$2,178,218	\$3,731,118	\$90,828	2.4%	(\$71,478)	-1.8%

2017 -2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$2,102,537	\$2,062,544	\$1,260,018	\$2,120,700	(\$18,163)	-0.9%	\$39,992	1.9%
Total Agency Temp Salaries	143,200	75,200	88,352	155,250	(12,050)	-7.8%	68,000	90.4%
Employee Benefits (Variable)	1,107,869	1,103,412	567,371	961,900	145,969	15.2%	4,456	0.4%
Employee Benefits (Other)	155,911	177,230	86,090	175,500	(19,589)	-11.2%	(21,319)	-12.0%
OPEB Contribution	23,573	13,889	7,889	15,800	7,773	49.2%	9,684	69.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	52,900	52,084	36,026	45,000	7,900	17.6%	817	1.6%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	4,568	4,568	7,432	162.7%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,597,990	\$3,496,360	\$2,050,313	\$3,478,718	\$119,272	3.4%	\$101,630	2.9%
Salary Differential **	(114,643)	106,464	-	-	-	-	(221,108)	-207.7%
TOTAL S&EB	\$3,483,346	\$3,602,824	\$2,050,313	\$3,478,718	\$4,628	0.1%	(\$119,478)	-3.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

FINANCIAL AND ACCOUNTING SERVICES

		2017-2018 BUDGET				CHANGE		
		16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
99999A	CHIEF FINANCIAL OFFICER	0	1	LS14	13,267	159,205	1	159,205 1 Upward reclassification from Division Manager
00773A	DIVISION MANAGER	1	0	LS12	11,480	0	(1)	(137,766) 1 Upward reclassification to Chief Financial Officer
99999A	ASSISTANT CHIEF FINANCIAL OFFICER	0	1	LS12	11,480	137,766	1	137,766 1 Upward reclassification from Asst. Division Manager
00771A	ASSISTANT DIVISION MANAGER	1	0	LS10	9,934	0	(1)	(119,213) 1 Upward reclassification to Asst. Chief Financial Officer
00418A	ACCOUNTING OFFICER II	1	1	99D	7,681	92,175		
00417A	ACCOUNTING OFFICER I	1	1	95H	6,960	83,516		
00416A	SENIOR ACCOUNTANT	5	5	91C	6,168	370,064		
00415A	ACCOUNTANT	15	15	87A	5,506	991,080		
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764		
00413A	ACCOUNTING TECHNICIAN I	3	3	78F	4,367	157,215		
00438A	SECRETARY	1	1	77D	4,229	50,752		
PERMANENT POSITIONS		29	29				0	
GROSS SALARIES						2,102,537		39,992
120-DAY RETIREE(S)						0		
TOTAL SALARIES								\$ 2,102,537

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$49,100	\$48,600	\$19,826	\$34,800	\$14,300	41.1%	\$500	1.0%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	694	2,000	\$3,000	150.0%	0	0.0%
BANK SERVICES	245,000	200,000	92,402	190,000	\$55,000	28.9%	45,000	22.5%
EDUCATIONAL EXPENSES	35,500	33,000	13,262	22,400	\$13,100	58.5%	2,500	7.6%
MISCELLANEOUS	4,000	4,000	1,720	3,200	\$800	25.0%	0	0.0%
TOTAL	\$338,600	\$290,600	\$127,905	\$252,400	\$86,200	34.2%	\$48,000	16.5%

*All amounts rounded to the nearest dollar.



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 2017–2018

Human Resources –
John Nogales

- 13 budgeted positions

We have three distinct sections within Human Resources:

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



FY 2017-2018 Highlights

STAFFING

Human Resources is requesting the addition of one Human Resources Analyst position in Return-to-Work/Payroll due to the increase in the number of protected employee leave cases as well as the increased complexity of compliance requirements dictated by laws covering this area.

SERVICES & SUPPLIES

The budget for Human Resources Consulting decreased due to reduced funds earmarked for salary survey consulting. The budget for Recruitment decreased due to reduced funds earmarked for Executive Recruitment. The Departmental Training budget reflects an increase from \$235,000 to \$350,000 due to major training expenditures anticipated this fiscal year, such as computer software training for LACERA's entire staff.



Budget for FY 2017-2018



HUMAN RESOURCES

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

Human Resources is responsible for providing human resource 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
- American Disability Act (ADA)/Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA)/Fair Labor Standards Act (FLSA) administration.

STAFFING

Currently, there are no vacant positions in Human Resources. Human Resources will manage its FY 2017-18 recruitment and selection duties with its current staff. We anticipate the recruitment and hiring of one Retirement Benefits Specialists Training Class during FY 2017-18.

Human Resources will work with a consultant to review our current recruitment and selection program and will implement the consultant's recommendations as appropriate. In the area of succession planning, we look forward to partnering with LACERA's Executive Office to design and implement a formalized program.

During the past several years, Human Resources has seen an increase in the number of protected employee leave cases we have been called upon to administer. Administering these cases can be time-consuming, as LACERA's Human Resources must ensure we comply with multiple complex and ever-changing employment laws governing this area. This includes complying with provisions and procedures required by the FMLA, ADA, and CFRA while also administering LACERA's Workers' Compensation Program. LACERA employee leave cases have grown by more than 20 percent since 2015 alone, and are increasingly difficult for current assigned staff to manage. In the past, staff had an assigned workload of 40-50 cases each. Today, with the assistance of the immediate supervisor, a single staff member dedicated to this task manages a workload of more than 100 cases. Given the increased number of cases, coupled with the increased complexity and compliance requirements dictated by laws covering this area, Human Resources is requesting to add to its budget one additional Human Resources Analyst position to its Return-to-Work/Payroll Unit.

Human Resources staff is encouraged to expand their knowledge in all functional areas of Human Resources. During FY 2016-17, two staff members completed certificate programs in the area of compensation fundamentals, and one completed a certification program in workplace investigations. Additionally, two of our staff members are continuing their pursuit of college degrees.

Notable Budget Variances

In comparing our FY 2017-18 budget to that of the previous fiscal year, notable variances are found in the following areas:

Human Resources Consulting: Decreased from \$200,000 to \$100,000 due to reduced funds earmarked for salary survey consulting.

Anticipated key expenditures for this account include:

- \$30,000, earmarked for hiring an outside consultant to complete a classification and compensation study of LACERA's Secretarial positions.
- \$40,000, earmarked for anticipated cost to hire an outside consultant to assist with the design of LACERA's Succession Planning Program.

Recruitment: Remains at \$75,000 for the anticipated key expenditures:

- \$15,000, earmarked to participate in outside job fairs and promote LACERA's Internship Program.
- \$20,000, earmarked for recruitment advertising and sourcing.
- \$15,000, earmarked for pre-employment testing.

Departmental Training: Increased from \$235,000 to \$350,000.

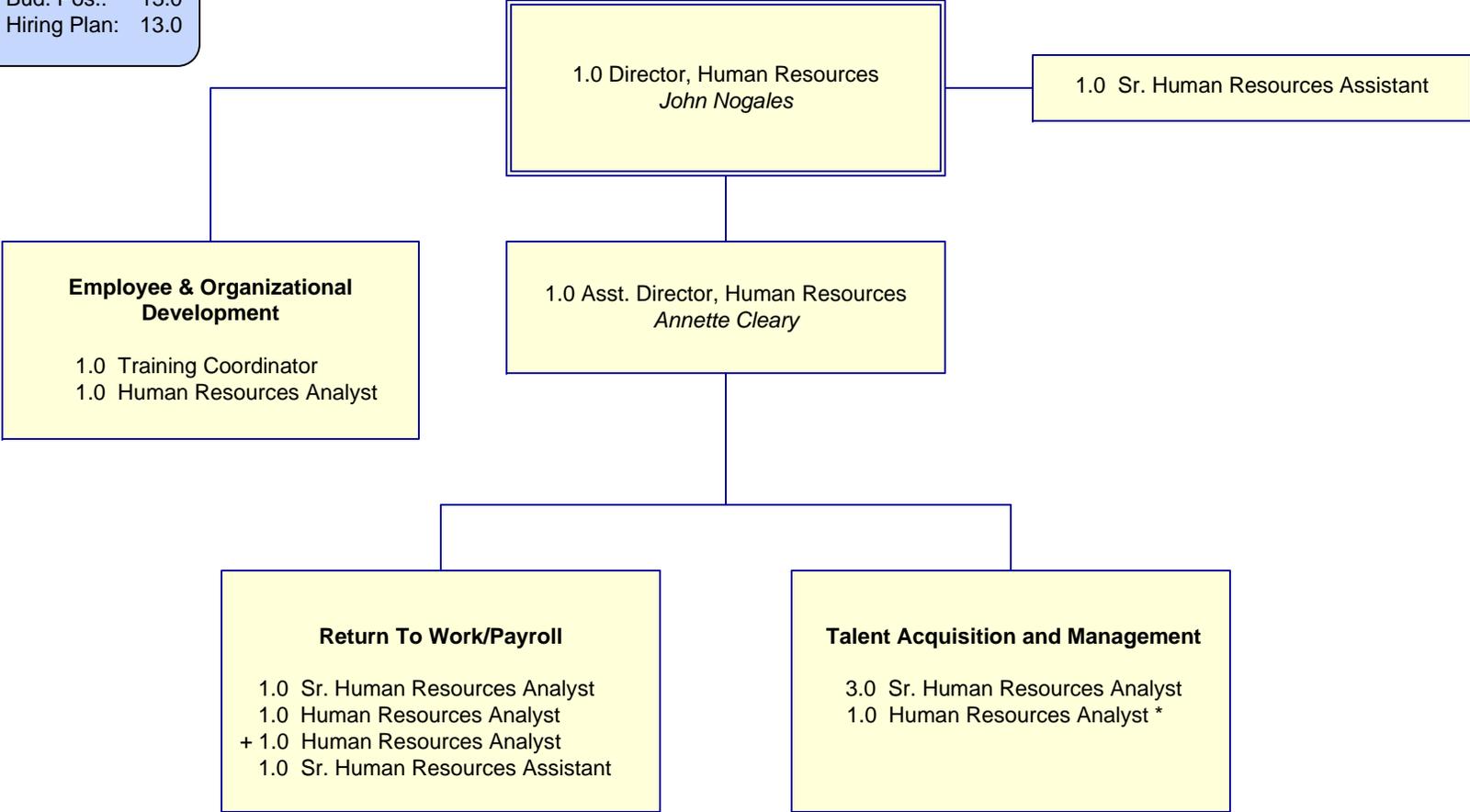
The Departmental Training budget anticipates major training expenditures in the following areas:

- \$160,000, earmarked for providing computer software training to LACERA's entire staff to support the rollout of LACERA's upgraded computer system.
- \$40,000, for Supervisor offsite Leadership Training.
- \$60,000, for Candidate Interviewing Training to enhance hiring Managers and Supervisors' candidate selection skills.
- \$20,000, for LACERA's Annual Forum.

HUMAN RESOURCES

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 12.0
 2016-2017 Hiring Plan: 12.0
 2017-2018 Bud. Pos.: 13.0
 2017-2018 Hiring Plan: 13.0



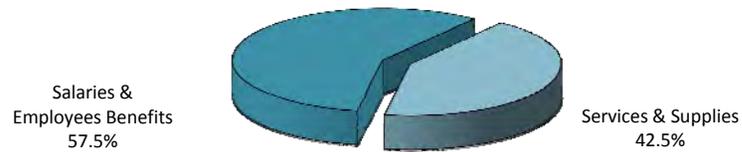
+ Added position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

HUMAN RESOURCES

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$2,047,997	\$1,782,924	\$1,036,740	\$1,807,000	\$240,997	13.3%	\$265,073	14.9%
Services & Supplies	1,514,400	1,400,600	683,145	1,479,500	34,900	2.4%	113,800	8.1%
OPERATING BUDGET	\$3,562,397	\$3,183,524	\$1,719,884	\$3,286,500	\$275,897	8.4%	\$378,873	11.9%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,174,629	\$1,021,893	\$656,400	\$1,095,600	\$79,029	7.2%	\$152,735	14.9%
Total Agency Temp Salaries	39,200	0	0	30,000	9,200	30.7%	39,200	0.0%
Employee Benefits (Variable)	723,855	590,008	332,348	583,000	140,855	24.2%	133,847	22.7%
Employee Benefits (Other)	91,987	89,348	42,872	88,500	3,487	3.9%	2,639	3.0%
OPEB Contribution	13,908	7,002	4,315	8,600	5,308	61.7%	6,906	98.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	6,200	3,093	805	1,300	4,900	376.9%	3,107	100.5%
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%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,049,778	\$1,711,344	\$1,036,740	\$1,807,000	\$242,778	13.4%	\$338,434	19.8%
Salary Differential **	(1,781)	71,580	-	-	-	-	(73,361)	-102.5%
TOTAL S&EB	\$2,047,997	\$1,782,924	\$1,036,740	\$1,807,000	\$240,997	13.3%	\$265,073	14.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

HUMAN RESOURCES

		<u>2017-2018 BUDGET</u>					<u>CHANGE</u>	
		16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00425A	DIRECTOR, HUMAN RESOURCES	1	1	LS14	13,267	159,205		Salary range adjustment from LS10 to LS14 as a result of the Management Study finalized 5/10/17
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	1	LS12	11,480	137,766		Salary range adjustment from LS8 to LS12 as a result of the Management Study finalized 5/10/17
00436A	SENIOR HUMAN RESOURCES ANALYST	4	4	97C	7,257	348,345		
01186A	TRAINING COORDINATOR	1	1	97B	7,239	86,869		
00434A	HUMAN RESOURCES ANALYST	3	4	93C	6,511	312,545	1	78,136 Add 1 Human Resources Analyst
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	2	86E	5,412	129,899		
PERMANENT POSITIONS		12	13				1	
GROSS SALARIES						1,174,629		78,136
120-DAY RETIREE(S)						0		
TOTAL SALARIES							\$ 1,174,629	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$18,000	\$16,400	\$6,126	\$15,200	\$2,800	18.4%	\$1,600	9.8%
OFFICE SUPPLIES & EQUIPMENT	6,000	7,500	2,793	4,500	1,500	33.3%	(1,500)	-20.0%
PARKING FEES	452,000	442,000	238,095	430,000	22,000	5.1%	10,000	2.3%
PROFESSIONAL & SPEC. SRVCS.	291,500	318,800	153,215	391,700	(100,200)	-25.6%	(27,300)	-8.6%
COMPUTER SERVICES & SUPPORT	35,000	35,000	12,159	30,100	4,900	16.3%	0	0.0%
EDUCATIONAL EXPENSES	582,000	467,000	104,289	415,100	166,900	40.2%	115,000	24.6%
MISCELLANEOUS	129,900	113,900	166,467	192,900	(63,000)	-32.7%	16,000	14.0%
TOTAL	\$1,514,400	\$1,400,600	\$683,145	\$1,479,500	\$34,900	2.4%	\$113,800	8.1%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Internal Audit –
Richard Bendall

- 11 budgeted positions

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

- Principal Internal Auditors
- Senior Internal Auditors
- Internal Auditors



FY 2017-2018 Highlights

STAFFING

To ensure more coverage over the increasing responsibilities of Internal Audit, we are requesting the addition of one Senior Internal Auditor position and a classification study to convert one Senior Internal Auditor position to a Senior Information Technology Auditor position. We are also requesting to hire an intern through the internship program that Human Resources is developing.



Budget for FY 2017-2018



INTERNAL AUDIT

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

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

- Performing risk assessments,
- Planning annual audit work to address these risks, and
- Providing LACERA management and staff with consulting services related to strengthening internal controls and mitigating risks.

Internal Audit uses innovative technologies, such as automated audit software. We also employ value-added audit techniques, such as Control Self Assessment, for assessing risk and seeking best-practice solutions to improve processes. Staff is challenged to stay abreast of changes in technology that affect both the tools Internal Audit utilizes as well as the functions audited. This is achieved through continuous educational training and through co-sourcing arrangements, whereby staff participates in audits with and receives training from external experts.

STAFFING

There are currently 10 budgeted full-time positions. Due to the increase in anticipated audit work in the area of compliance (related to the establishment of a more formal compliance framework at LACERA), staff requests the addition of one Senior Internal Auditor position. Also, given the increasing complexity and importance of security controls in information technology, staff requests that one Senior Internal Auditor position be converted to a Senior Information Technology Auditor position. Human Resources (HR) completed a classification study for the position, in addition to a Systems Division study performed in 2016. However, the position will be asterisked on

the FY 2017-18 budget organization chart for Internal Audit, pending HR's establishment of the new position.

Internal Audit is aware that Human Resources is developing a new Internship Program. We anticipate hiring one Intern to ensure more coverage over the increasing responsibilities of Internal Audit. In addition to gaining a resource for completing audit projects, hiring an intern would create an opportunity to mentor and prepare a student for a career in internal auditing.

SERVICES AND SUPPLIES

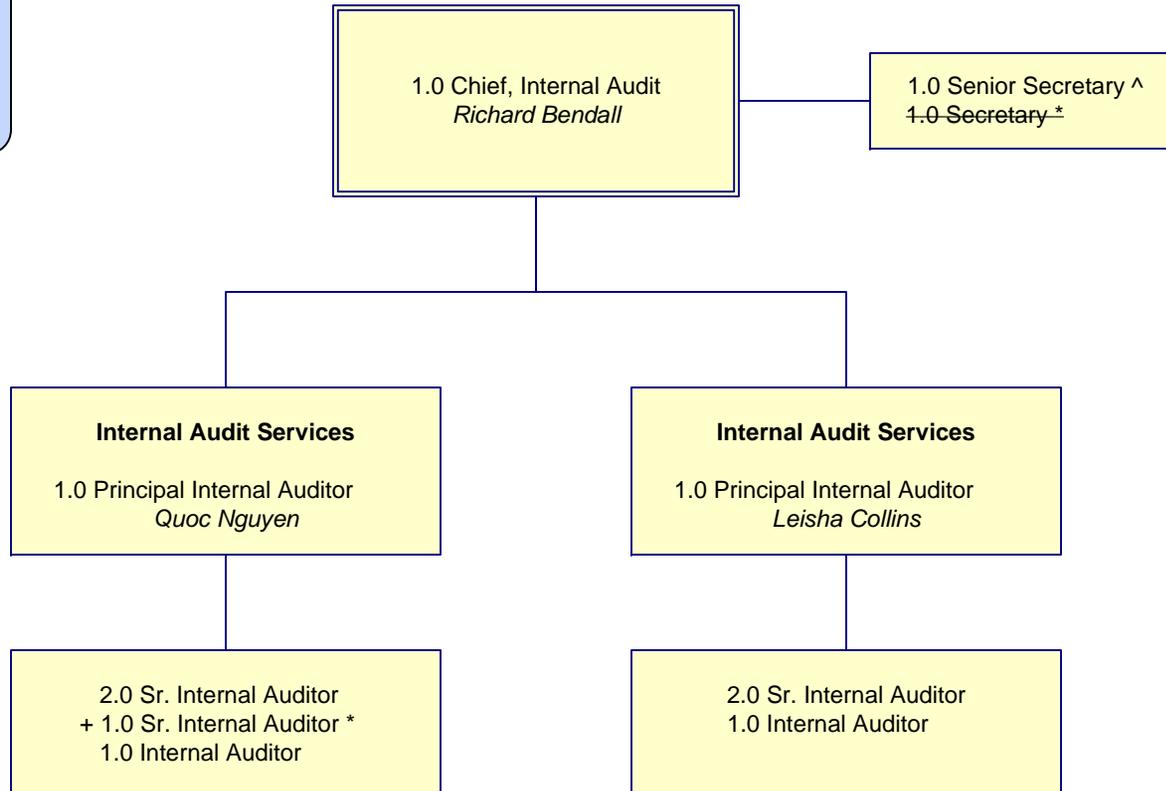
Internal Audit's requested Services and Supplies budget for FY 2017-18 is based on actual historic expenditures, coupled with a detailed review of the division's business strategy needs for the year. There are no significant increases from the prior year.

INTERNAL AUDIT

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 11.0
 2017-2018 Hiring Plan: 11.0



+ Added position

— Deleted position

^ Position upgrade from Secretary to Senior Secretary as a result of classification study. (Classification study finalized on 11/14/2016)

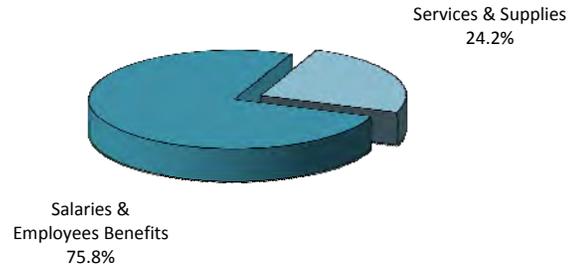
* Classification study for the position requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

INTERNAL AUDIT

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$1,897,534	\$1,662,211	\$987,354	\$1,650,883	\$246,651	14.9%	\$235,322	14.2%
Services & Supplies	605,000	600,000	123,339	365,100	\$239,900	65.7%	5,000	0.8%
OPERATING BUDGET	\$2,502,534	\$2,262,211	\$1,110,692	\$2,015,983	\$486,551	24.1%	\$240,322	10.6%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,148,201	\$1,014,275	\$644,233	\$1,059,400	\$88,801	8.4%	\$133,926	13.2%
Total Agency Temp Salaries	26,100	0	0	0	26,100	0.0%	26,100	0.0%
Employee Benefits (Variable)	662,499	488,474	295,217	493,550	168,949	34.2%	174,025	35.6%
Employee Benefits (Other)	86,713	87,877	42,166	87,000	(287)	-0.3%	(1,164)	-1.3%
OPEB Contribution	13,111	6,887	4,208	8,400	4,711	56.1%	6,224	90.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	2,000	2,000	896	1,900	100	5.2%	(0)	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,500	1,500	633	633	867	137.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,940,124	\$1,601,013	\$987,354	\$1,650,883	\$289,241	17.5%	\$339,110	21.2%
Salary Differential **	(42,590)	61,198	-	-	-	-	(103,788)	-169.6%
TOTAL S&EB	\$1,897,534	\$1,662,211	\$987,354	\$1,650,883	\$246,651	14.9%	\$235,322	14.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

INTERNAL AUDIT

		2017-2018 BUDGET					CHANGE		
		16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00774A	CHIEF, INTERNAL AUDIT	1	1	LS14	13,267	159,205			Salary range adjustment from LS12 to LS14 as a result of the Management Study finalized 5/10/17
00762A	PRINCIPAL INTERNAL AUDITOR	2	2	109F	10,124	242,976			
00763A	SENIOR INTERNAL AUDITOR	4	5	103C	8,540	512,373	1	102,475	Add 1 Senior Internal Auditor
00764A	INTERNAL AUDITOR	2	2	96L	7,203	172,883			
00439A	SENIOR SECRETARY	0	1	83L	5,064	60,764	1	60,764	Upward reclassification from Secretary
00438A	SECRETARY	1	0	77D	4,229	0	(1)	(50,752)	Upward reclassification to Sr. Secretary
PERMANENT POSITIONS		10	11				1		
GROSS SALARIES						1,148,201		112,486	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 1,148,201	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$30,000	\$23,800	\$11,843	\$22,700	\$7,300	32.2%	\$6,200	26.1%
OFFICE SUPPLIES & EQUIPMENT	2,000	1,000	1,582	2,000	0	0.0%	1,000	100.0%
PROFESSIONAL & SPEC. SRVCS.	540,000	525,000	99,695	310,300	229,700	74.0%	15,000	2.9%
EDUCATIONAL EXPENSES	32,000	49,200	9,824	29,100	2,900	10.0%	(17,200)	-35.0%
MISCELLANEOUS	1,000	1,000	394	1,000	0	0.0%	0	0.0%
TOTAL	\$605,000	\$600,000	\$123,339	\$365,100	\$239,900	65.7%	\$5,000	0.8%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Investment Office –
Jonathan Grabel

- 39 budgeted positions

We have seven distinct sections within the Investment Office:

- Risk & Performance
- Public Equities
- Fixed Income & Commodities
- Hedge Funds
- Private Equities
- Real Estate
- Corporate Governance



FY 2017-2018 Highlights

STAFFING

For FY 2017–18, the Investment Office is requesting six new positions:

- Deputy Chief Investment Officer
- Finance Analyst III (Investment Officer), Hedge Funds
- Finance Analyst III (Investment Officer), Fixed Income
- Finance Analyst I, Fixed Income
- Finance Analyst I, Real Estate
- Senior Secretary, Hedge Funds and Private Equities



Budget for FY 2017-2018



INVESTMENT OFFICE

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

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

BACKGROUND

The budget request for FY 2016-17 added five (5) new positions to the Investment Office, increasing the budgeted positions to 33. Since July 1, 2016, eight (8) staff searches were conducted: seven (7) have concluded and the one (1) underway is expected to be finalized in the current fiscal year.

Concluded Searches	Searches Underway
Chief Investment Officer	FA II, Fixed Income
Senior Investment Officer, Corporate Governance	
Investment Officer, Public Equity	
Investment Officer, Private Equity*	
Investment Officer, Fixed Income*	
Investment Officer, Real Estate**	
Financial Analyst II – Real Estate	
Financial Analyst II – Private Equity	

*Position hired using a vacant higher position. **Position hired at the FA II level.

There are three (3) vacant positions: Principal Investment Officer – Risk, Senior Investment Officer and Financial Analyst II – Hedge Funds. Initially, the assumption was that the Finance Analyst II position would be filled as of the Budget hearings. While

interviews are being conducted, no offer has been made or accepted. Staff expects to hire all three (3) positions in the coming year.

STAFFING

For FY 2017-18, the Investment Office is requesting six (6) new positions (the new Deputy Chief Investment Officer, four (4) investment professionals and one (1) support staff). This will increase the number of budgeted positions from 33 to 39. All requested positions are anticipated to be filled in the coming fiscal year. The following provide descriptions of the proposed positions.

Deputy Chief Investment Officer

This position has been added as of May 10, 2017, as a result of the Boards' adoption of the ordinance resulting from the Management Study completed in FY 2016-17. The following provides both the classification description and the specific purpose of the individual in the position.

The unclassified position allocable to this class has responsibility for assisting the Chief Investment Officer, LACERA (CIO) in the planning, organization and direction of all investment operations of LACERA including those provided by LACERA to participating agencies, and implementing investment policies and programs adopted by the Board of Investments. The position also serves as a liaison with County agencies, the public, and public agencies.

The current investment staffing structure facilitates an operational silo approach to managing the asset classes. While the investment staff do cross collaborate on projects and use a matrix staff approach to complete on-going assignments, there could be further synergies gained from a regular and systematic cross collaboration across asset classes. This will become more evident as the investment staff engages risk identification and measurement tools. Furthermore, the investment staff could benefit from adding a team member with additional skill sets to enable the CIO to fulfill the positional responsibilities to the CEO and the Boards, while providing the staff support necessary to implement new initiatives and practices.

Finance Analyst III (Investment Officer), Hedge Funds – 1 position

The Investment Officer position will select direct hedge fund investments, as part of the BOI's approved plan to reach the 5 percent allocation target. Direct hedge fund investments will complement the existing fund-of-fund managers. The direct program is expected to include between eight (8) and 20 funds, and the FA-III position's primary duties will include manager due diligence and risk management.

Finance Analyst III (Investment Officer), Fixed Income – 1 position

The Investment Officer oversees Opportunistic Fixed Income strategies as well as commodities managers. This position is currently staffed as an underfill against a Senior Investment Officer position. Staff requests adding the FA III position and using the resulting vacant Senior Investment Officer position in the private equity team.

Finance Analyst I, Fixed Income – 1 position

This position will assist with reporting, compliance, and risk management of Opportunistic Fixed Income Managers, as well as the anticipated hiring and oversight of Commodities managers whose strategies entail greater risk relative to the benchmark, as recommended by the Board of Investments general investment consultant, Meketa.

Finance Analyst I, Real Estate – 1 position

This position will assist with reporting, compliance, risk management of new and existing properties, tracking funding of new and existing properties and commingled funds, and managing operations of the Title Holding Companies.

Senior Secretary, Hedge Funds and Private Equities – 1 position

Originally, the Investment Office had four secretary positions. In 2013, one of the Secretary positions was converted to a Finance Analyst position, with the intention of reducing the number of Secretaries from four to three. Currently, there is a Senior Secretary sitting against a Finance Analyst position. Due to the increase in Investment Staff, there is a need for a fourth secretary position. Adding the Senior Secretary position will open up a Finance Analyst position.

SERVICES AND SUPPLIES

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

Transportation and Travel \$401,500

FY 2016-17 approved budget was increased by \$65,800 in anticipation of additional staff.

Educational Expense \$149,400

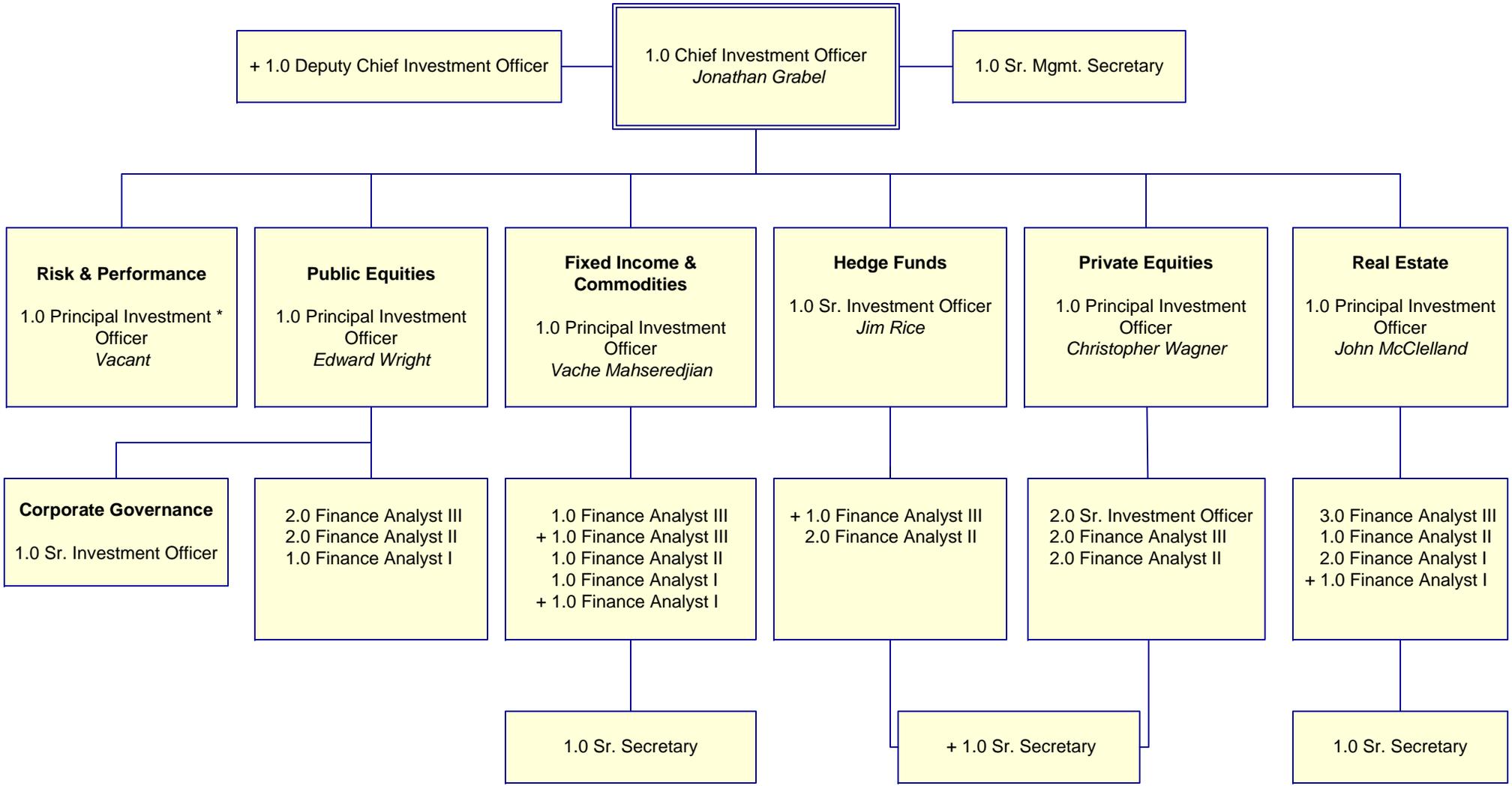
FY 2016-17 approved budget was increased by \$25,900 in anticipation of additional staff.

INVESTMENT OFFICE

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 39.0
 2017-2018 Hiring Plan: 39.0



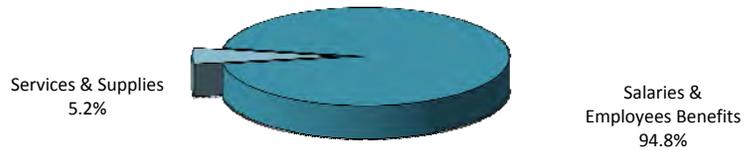
* Classification study for the position requested
 + Added position
 - Deleted position

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

INVESTMENT OFFICE

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$10,225,228	\$8,463,794	\$4,253,626	\$6,878,400	\$3,346,828	48.7%	\$1,761,433	20.8%
Services & Supplies	565,200	471,300	334,481	454,600	110,600	24.3%	93,900	19.9%
OPERATING BUDGET	\$10,790,428	\$8,935,094	\$4,588,108	\$7,333,000	\$3,457,428	47.1%	\$1,855,333	20.8%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$6,986,088	\$5,963,264	\$2,763,100	\$4,469,900	\$2,516,188	56.3%	\$1,022,824	17.2%
Total Agency Temp Salaries	35,000	30,000	30,105	39,500	(4,500)	-11.4%	5,000	16.7%
Employee Benefits (Variable)	2,751,037	1,951,325	1,214,529	1,863,300	887,737	47.6%	799,711	41.0%
Employee Benefits (Other)	534,535	486,160	233,424	481,300	53,235	11.1%	48,375	10.0%
OPEB Contribution	80,820	38,100	11,464	23,000	57,820	251.4%	42,720	112.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	1,003	1,400	(1,400)	-100.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,200	1,200	0	0	1,200	0.0%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$10,395,881	\$8,477,250	\$4,253,626	\$6,878,400	\$3,517,481	51.1%	\$1,918,631	22.6%
Salary Differential **	(170,653)	(13,455)	-	-	-	-	(157,198)	1168.3%
TOTAL S&EB	\$10,225,228	\$8,463,794	\$4,253,626	\$6,878,400	\$3,346,828	48.7%	\$1,761,433	20.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

INVESTMENT OFFICE

	16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE		
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00493A CHIEF INVESTMENT OFFICER (UC)	1	1	LR28	36,230	434,765			Salary range adjustment from LR25 to LR28 finalized 3/06/17
99999A DEPUTY CHIEF INVESTMENT OFFICER (UC)	0	1	LR24	27,129	325,552	1	325,552	Add 1 Deputy Chief Investment Officer
00495A PRINCIPAL INVESTMENT OFFICER	2	2	LR23	25,237	605,678			
00496A PRINCIPAL INVESTMENT OFFICER (UC)	3	3	LR23	25,237	908,518			
00492A SENIOR INVESTMENT OFFICER	4	4	LR20	20,314	975,083			
00769A FINANCE ANALYST III	8	10	LR16	15,211	1,825,354	2	365,071	Add 2 Finance Analyst III
00768A FINANCE ANALYST II	8	8	LR12	11,390	1,093,436			
00767A FINANCE ANALYST I	4	6	99J	7,777	559,925	2	186,642	Add 2 Finance Analyst I
00441A SENIOR MANAGEMENT SECRETARY	1	1	91L	6,291	75,488			
00439A SENIOR SECRETARY	2	3	83L	5,064	182,291	1	60,764	Add 1 Sr. Secretary
PERMANENT POSITIONS	33	39				6		
GROSS SALARIES					6,986,088		938,028	
120-DAY RETIREE(S)					0			
TOTAL SALARIES							\$ 6,986,088	

MAPP Tier I and Tier II positions are shown at control point as of 04/01/17
 Represented/Non-Represented positions are shown at 5th step as of 01/01/16
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
AUTO EXPENSE	\$4,800	\$2,600	\$0	\$0	\$4,800	0	\$2,200	0
TRANSPORTATION & TRAVEL	401,500	335,700	254,083	333,400	68,100	20.4%	65,800	19.6%
OFFICE SUPPLIES & EQUIPMENT	4,000	4,000	2,514	3,800	200	5.3%	0	0.0%
EDUCATIONAL EXPENSES	149,400	123,500	75,316	112,500	36,900	32.8%	25,900	21.0%
MISCELLANEOUS	5,500	5,500	2,568	4,900	600	12.2%	0	0.0%
TOTAL	\$565,200	\$471,300	\$334,481	\$454,600	\$110,600	24.3%	\$93,900	19.9%

*All amounts rounded to the nearest dollar.



Mission Statement

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

Our Team FY 2017–2018

Legal Services –
Steven Rice

- 22 budgeted positions

We have five distinct sections within Legal Services:

- Investments
- Litigation
- Benefits
- Disability Counsel
- Legislative Affairs



FY 2017-2018 Highlights

STAFFING

Legal Services is requesting two Principal Legal Counsel positions in keeping with the recently approved new classifications. These individuals will serve in a supervisory capacity, providing operational oversight to the Office. It is anticipated the sections allocated to the Principal Staff Counsel will be grouped into a Benefits/Disability/Legislation team and a Litigation/Investments team.

Legal Services requests an increase to the staffing budget for overtime and agency temporary in anticipation of possible delays in filling two vacant positions in the Investments section.

SERVICES & SUPPLIES

The FY 2017–18 budget for Legislative Advocacy services has been moved from the Executive Office budget and added to the Legal Office budget as a new expense category. The budget for Legislative Advocacy services has increased from \$65,000 in FY 2016 –17 to \$140,000 in FY 2017–18 to include the addition of a federal legislative advocate to the existing California state legislative advocate.



Budget for FY 2017-2018



LEGAL SERVICES

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

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

STAFFING

The Legal Services Office is requesting to add two (2) Principal Legal Counsel positions in keeping with the recently approved new classifications. The individuals serving as Principal Legal Counsel will serve in a supervisory capacity, providing operational oversight to the Office, allowing the Chief Counsel to devote time to performing additional management functions, including compliance, activism, governance, and other strategic issues and initiatives, which will require increasing time in the future.

It is anticipated the sections allocated to the Principal Staff Counsel will be grouped into a Benefits/Disability/Legislation team and a Litigation/Investments team. The Chief Counsel will supervise and mentor each Principal Staff Counsel and initially oversee the compliance function.

Classification Studies

The Office's organizational chart includes four classification studies that continue or build upon studies from prior years.

First, the Office requests a classification study for a Senior Legal Analyst position above the existing Legal Analyst classification in the Investments and Benefits Sections. Legal Analysts perform paralegal work, and they assist the Office's attorneys in analyzing legal and factual issues, processing investments contracts, court documents, and other papers; and interfacing with LACERA staff, members, and outside vendors. The new Senior Legal Analyst position will be used to recognize that certain Legal Analysts have

a supervisory role, perform more complex work, 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 proposed and approved last year, and it continues for FY 2017-18.

Second, the Office requests a classification study for one Senior Management Secretary position in the Benefits Section of the Office. Senior Management Secretary is an existing position in all other Sections of the Office. A Senior Management Secretary classification in the Benefits Section will align promotional opportunities in that Section, based on responsibilities performed, with the rest of the Office. This study was also proposed and approved last year, and it continues for FY 2017-18.

Third, the organizational chart for the Legal Services Office also shows a classification study for Staff Counsel in the Investments Section. This study relates to the addition of a Senior Staff Counsel position for one of the existing Staff Counsel positions. This study was previously approved, and it is in progress. This year, the Office requests a study for the Staff Counsel position in the Benefits Section so that promotional opportunities are equal between the Office's sections as may be warranted by performance and responsibilities.

Temporary Services and Overtime

Last year the boards approved three new positions for the Office, including a Legal Analyst for the Disability Section and a Staff Attorney and Senior Management Secretary for the Investment Section. The Legal Analyst position has been filled. However, the two Investment Section positions have not yet been filled. Recruitments have been conducted for both positions, but they did not produce candidates with the necessary experience and fit. New recruitments are in progress, and the Office intends to fill the positions as quickly as possible.

To anticipate the possibility that there may be additional delay in filling these positions, we propose to increase the staffing budget for Overtime and Agency Temporary. The Overtime allowance 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 high and time-sensitive demands of the organization's investment work. The Agency Temporary allowance of \$68,000 will cover the cost of temporary staff, such as a Staff Counsel-level attorney for approximately five months to assist with investment legal work if the permanent recruitment is not completed in the current fiscal year, and with clerical assistance for special projects.

SERVICES AND SUPPLIES

With the exception of one new expense category discussed below, the budget for Services and Supplies is based on historical expenditures, adjusted for experience and increased headcount. A \$25,000 reduction in Outside Legal Counsel expense is proposed when compared to last year's budget based on an expectation that this

expense can be managed to a lower level than in recent years. Outside Legal Counsel is a difficult expense to budget because it is based on future legal needs that cannot be predicted with certainty. Nevertheless, the Office believes that it is reasonably possible that outside fees can be reduced next year.

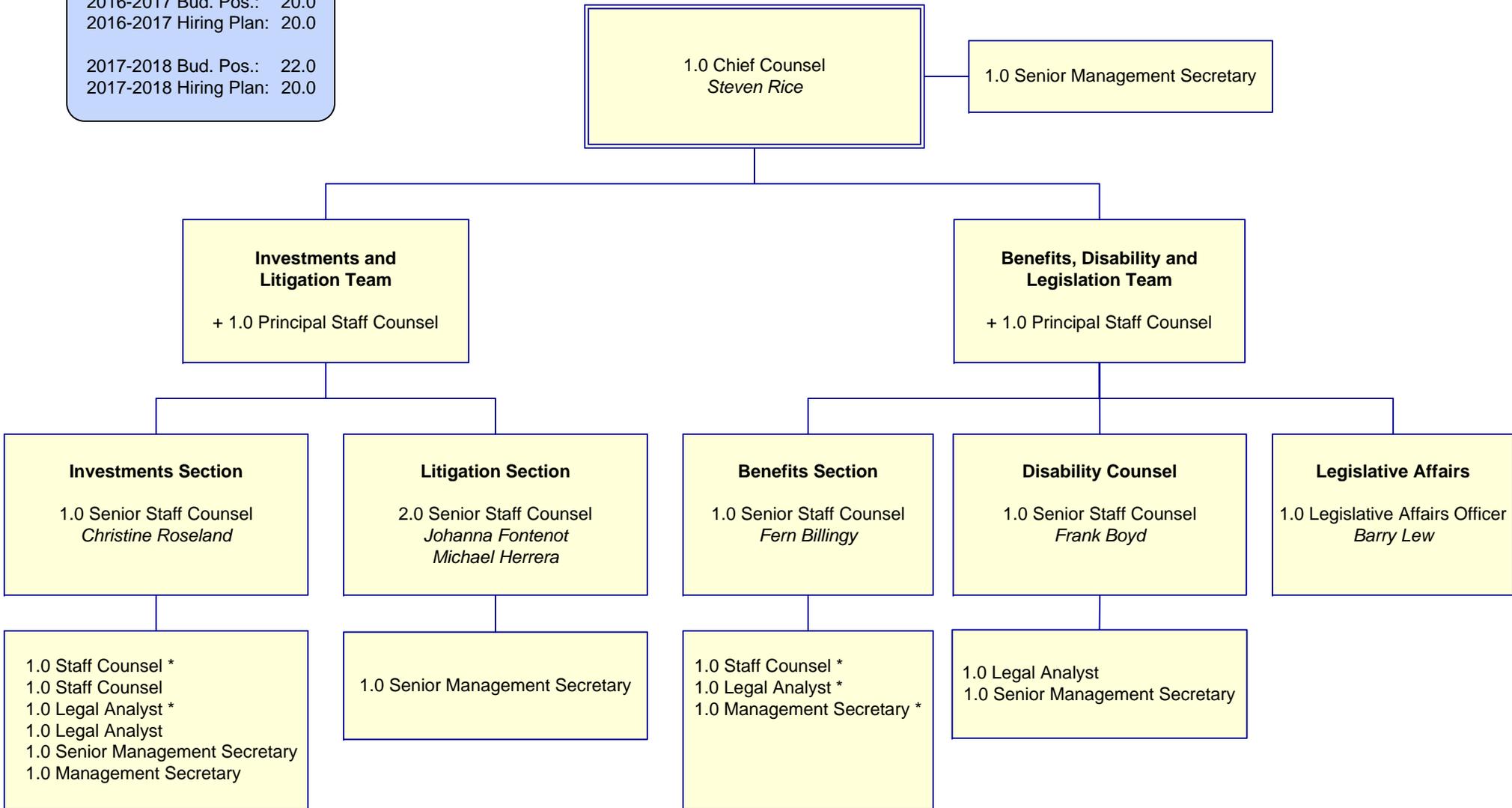
Legislative Advocacy

At the request of the Executive Office, the FY 2017-18 budget for Legislative Advocacy services has been moved from the Executive Office budget and added to the Legal Office budget as a new expense category. This is a reasonable change, because legislative services are primarily managed by the Legal Office's Legislative Affairs Officer. The budget for Legislative Advocacy services is increased, from \$65,000 in FY 2016-17 to \$140,000 in FY 2017-18, to include the addition of a federal legislative advocate to the existing California state legislative advocate. An RFP for federal Legislative Advocacy services will be presented for board approval in the near future, with the intention to have the federal legislative advocate selected by early in FY 2017-18.

LEGAL SERVICES

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 20.0
 2016-2017 Hiring Plan: 20.0
 2017-2018 Bud. Pos.: 22.0
 2017-2018 Hiring Plan: 20.0



+ Added position

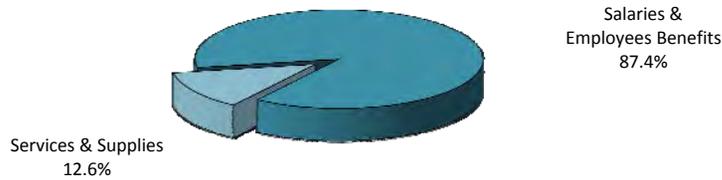
* Classification study for the position requested

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

LEGAL SERVICES

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$4,592,468	\$3,923,194	\$2,227,337	\$3,631,900	\$960,568	26.4%	\$669,274	17.1%
Services & Supplies	663,400	490,100	459,536	572,373	91,027	15.9%	173,300	35.4%
OPERATING BUDGET	\$5,255,868	\$4,413,294	\$2,686,873	\$4,204,273	\$1,051,595	25.0%	\$842,574	19.1%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$2,848,858	\$2,420,209	\$1,431,910	\$2,306,000	\$542,858	23.5%	\$428,648	17.7%
Total Agency Temp Salaries	68,000	42,200	0	0	68,000	0.0%	25,800	61.1%
Employee Benefits (Variable)	1,495,073	1,176,539	664,469	1,075,000	420,073	39.1%	318,535	27.1%
Employee Benefits (Other)	215,402	202,177	97,011	200,200	15,202	7.6%	13,225	6.5%
OPEB Contribution	32,568	15,844	7,577	15,700	16,868	107.4%	16,724	105.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	35,000	12,118	26,371	35,000	0	0.0%	22,883	188.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$4,694,902	\$3,869,087	\$2,227,337	\$3,631,900	\$1,063,002	29.3%	\$825,815	21.3%
Salary Differential **	(102,434)	54,107	-	-	-	-	(156,541)	-289.3%
TOTAL S&EB	\$4,592,468	\$3,923,194	\$2,227,337	\$3,631,900	\$960,568	26.4%	\$669,274	17.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

LEGAL SERVICES

		16-17	2017-2018 BUDGET				CHANGE		
		POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
09216A	CHIEF COUNSEL	1	1	LS20	20,475	245,702			
99999A	PRINCIPAL STAFF COUNSEL	0	2	LS17	16,482	395,560	2	395,560	Salary range adjustment from LS18 to LS20 as a result of the Management Study finalized 5/10/17 Add 2 Principal Staff Counsel
09213A	SENIOR STAFF COUNSEL	5	5	LS16	15,332	919,908			
09212A	STAFF COUNSEL	3	3	LS12	11,480	413,297			
00795A	LEGISLATIVE AFFAIRS OFFICER	1	1	107F	9,589	115,070			
09235A	LEGAL ANALYST	4	4	94D	6,707	321,932			
00441A	SENIOR MANAGEMENT SECRETARY	4	4	91L	6,291	301,951			
00440A	MANAGEMENT SECRETARY	2	2	87L	5,643	135,438			
PERMANENT POSITIONS		20	22				2		
GROSS SALARIES						2,848,858		395,560	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 2,848,858	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
AUTO EXPENSE	\$2,900	\$1,800	\$2,010	\$3,573	(\$673)	-18.8%	\$1,100	61.1%
TRANSPORTATION & TRAVEL	45,000	38,300	12,369	24,500	20,500	83.7%	6,700	17.5%
OFFICE SUPPLIES & EQUIPMENT	6,500	5,000	3,026	4,800	1,700	35.4%	1,500	30.0%
PROFESSIONAL & SPEC. SRVCS.	140,500	500	10	100	140,400	140400.0%	140,000	28000.0%
LEGAL FEES & SERVICES	313,000	307,000	366,952	415,000	(102,000)	-24.6%	6,000	2.0%
EDUCATIONAL EXPENSES	152,500	134,500	74,252	120,400	32,100	26.7%	18,000	13.4%
MISCELLANEOUS	3,000	3,000	917	4,000	(1,000)	-25.0%	0	0.0%
TOTAL	\$663,400	\$490,100	\$459,536	\$572,373	\$91,027	15.9%	\$173,300	35.4%

*All amounts rounded to the nearest dollar.



Mission Statement

Member Services will 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 2017–2018

Member Services –
Allan Cochran

- 67 budgeted positions

In Member Services, we have:

- Quality Control
- Outreach
- Call Center
- Correspondence

FY 2017-2018 Highlights

STAFFING

Member Services plans to fill ten vacant budgeted positions in FY 2017–18 and requests three additional Retirement Benefit Specialist II positions for the Call Center. Also requesting a 6 percent increase in the overtime budget as well as the use of temporary agency employees while completing the recruiting, hiring, and training process for the vacant positions.

It has been determined that the work performed by the Data Input Unit more closely aligns with the benefit processing work occurring in the Benefits division, so the unit and its three Intermediate Typist Clerks will transfer from Member Services to Benefits.



Budget for FY 2017-2018



MEMBER SERVICES

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

"Connect, Educate, and Serve - LACERA Member Services"

Member Services provides world-class service to more than 165,000 members, beneficiaries, and survivors. Working together and with other divisions, we carry out the LACERA mission to produce, protect, and provide the promised benefits.

Member Services fulfills its goals to connect, educate, and serve our members through our Contact Center (Call Center and Correspondence), Quality Control, and Outreach sections. We build relationships, are compassionate and faithful to those we serve, and honor our fiduciary duty to fully inform our members.

OVERVIEW

Our objectives and requests for FY 2017-18 include:

- Filling ten (10) vacancies
- Adding three (3) RBS II positions to the Call Center
- Data Input Unit transferred to the Benefits Division

STAFFING

Through the years, we have found Member Services to be the gateway to other LACERA divisions, with staff promoting to Benefits, Disability Retirement Services, and Quality Assurance. As staff members promote or leave LACERA faster than we are able to train them, it is increasingly difficult to maintain staffing levels in Member Services. This has left a number of vacancies.

Member Services currently consists of 67 budgeted positions, and ten (10) of these positions are vacant:

- (1) Senior Retirement Benefit Specialist (Sr. RBS) – Call Center
- (2) Retirement Benefit Specialists II (RBS II) – Call Center

- (6) Retirement Benefit Specialists III (RBS III) – Outreach
- (1) Senior Retirement Benefit Specialist (Sr. RBS) – Correspondence

Due to the specialized skills necessary to be successful in Member Services, our higher-level positions are generally filled by experienced Member Services staff. So, Senior RBS positions are often filled by promoted Member Services RBS IIIs, and vacant RBS III positions are typically filled by promoted Member Services RBS IIs. As we fill higher-level vacancies, this creates other vacancies in Member Services.

Our plan to fill open positions within Member Services must be a multi-year endeavor, as it takes a considerable amount of time to bring new staff into our division. There is a three-month recruitment process, an 11-month Core Benefits Training Program, and then a two-month Customer Service and Call Center Training program. Once we recruit, hire, and train an individual, it may be 15 to 16 months from the beginning of our recruitment process before new staff members are able to operate independently in their assigned positions. However, working with Human Resources and Quality Assurance (our training partners), we are confident we will be able to hire and fill these vacancies during this fiscal year, with an intensive recruitment and training drive.

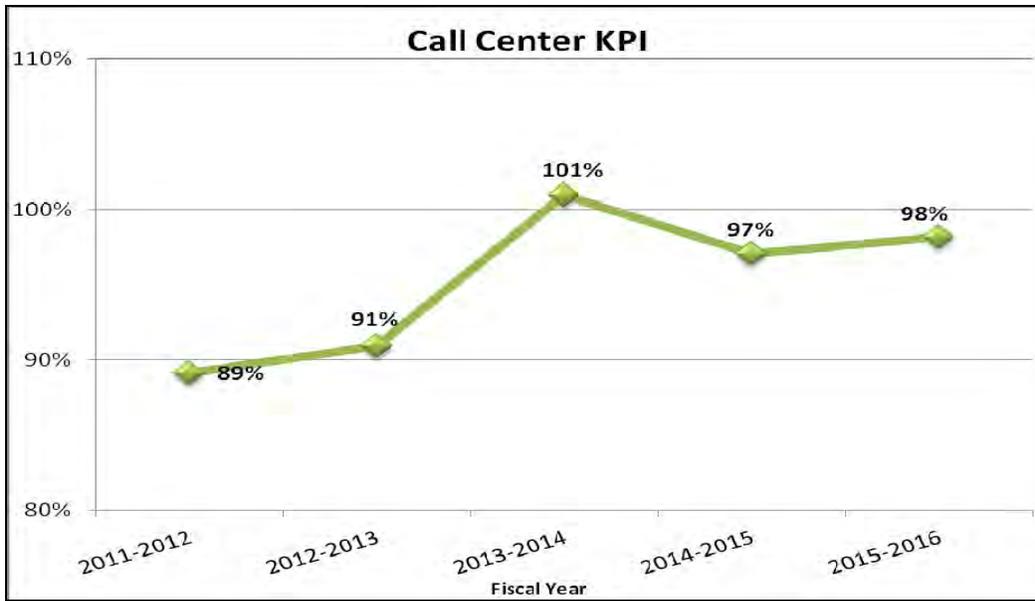
Staffing to Meet Service Levels

Member Services is requesting three (3) additional Retirement Benefit Specialist II (RBS II) positions for the Call Center.

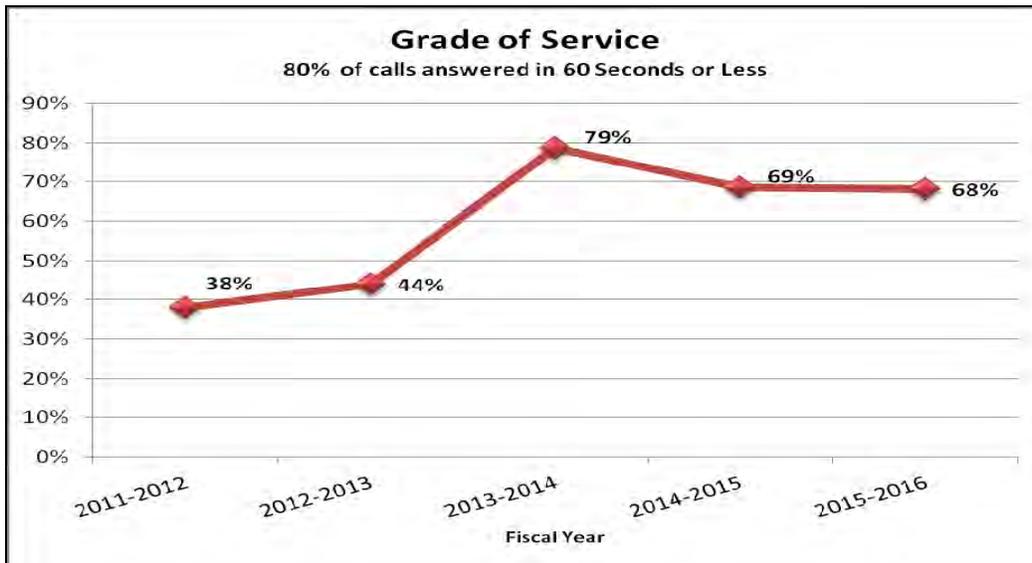
Our Member Services Call Center success is measured by our ability to meet or exceed the Key Performance Indicator (KPI) goal of 100 percent. You may recall that the KPI is an overall metric that consists of a weighted average of a set of metrics that allow management to see how well the Call Center is meeting its goals. The KPI is weighted to reflect the importance of quality customer service and accuracy versus speed of service. The KPI consist of the following metrics:

- Call Monitoring Score: 95 percent or higher (weighted at 60 percent of the overall KPI score)
- Grade of Service (GOS): Answering 80 percent of our calls within 60 seconds or less (weighted at 25 percent of the overall KPI score)
- Customer Service Survey Score: 90 percent (weighted at 10 percent of the overall KPI score)
- Agent Utilization: 65 percent (weighted at 5 percent of the overall KPI score)

Over the last five years, our KPI average score of 95 percent came close to meeting the KPI target of 100 percent.

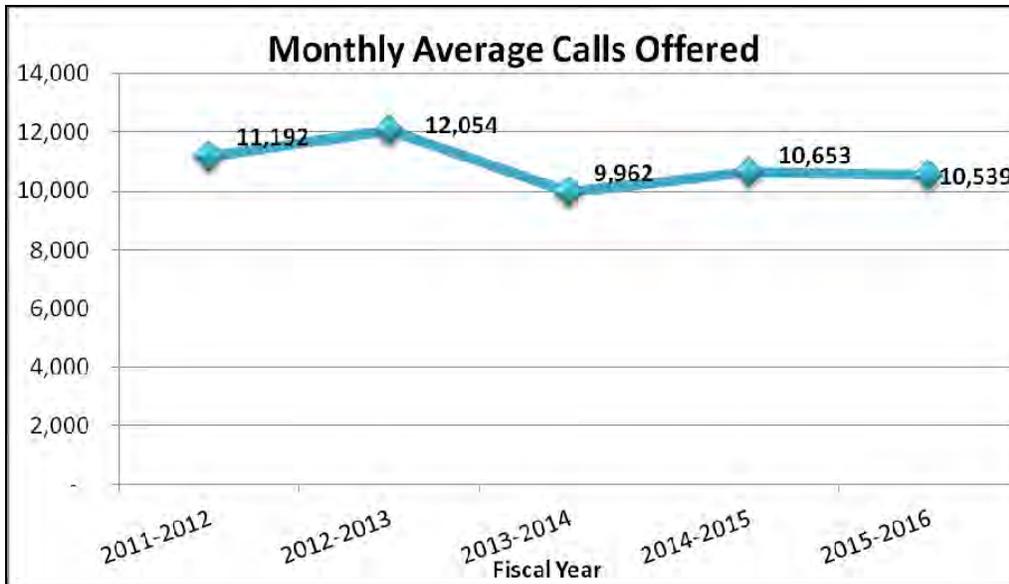


We missed the overall Key Performance Indicators goal due to missing our Grade of Service (GOS) goal of answering 80 percent of calls within 60 seconds. Over the same five-year period, our GOS has averaged 59 percent. Our staffing projections indicate we need to add staff members in order to meet the GOS goal.

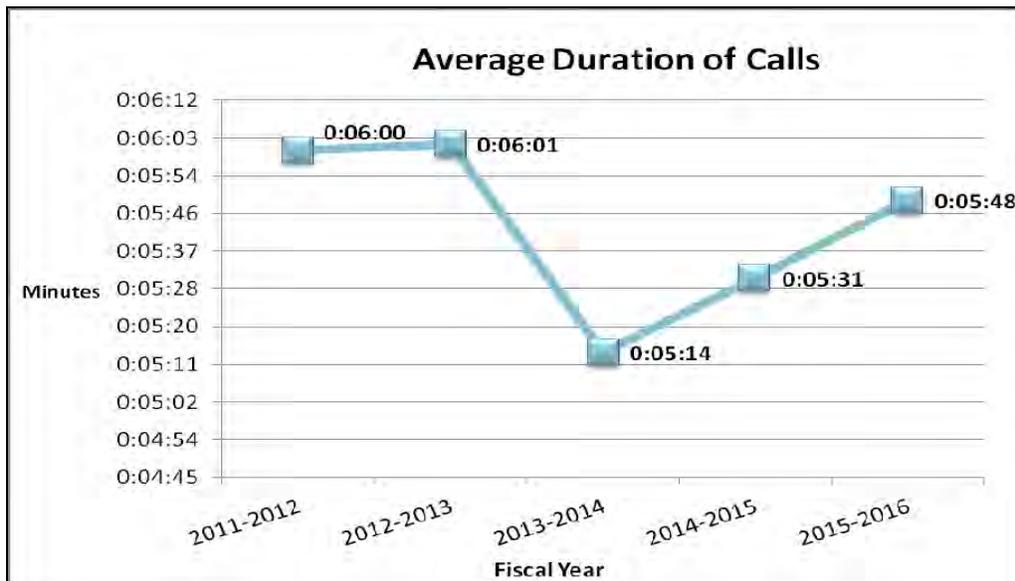


The GOS depends on the number of incoming calls, the total number of staff available to answer those calls (after accounting for any shrinkage as a result of breaks, training, meetings, and other events that take staff away from the phones), call duration, and the average wrap-up time associated with calls once completed.

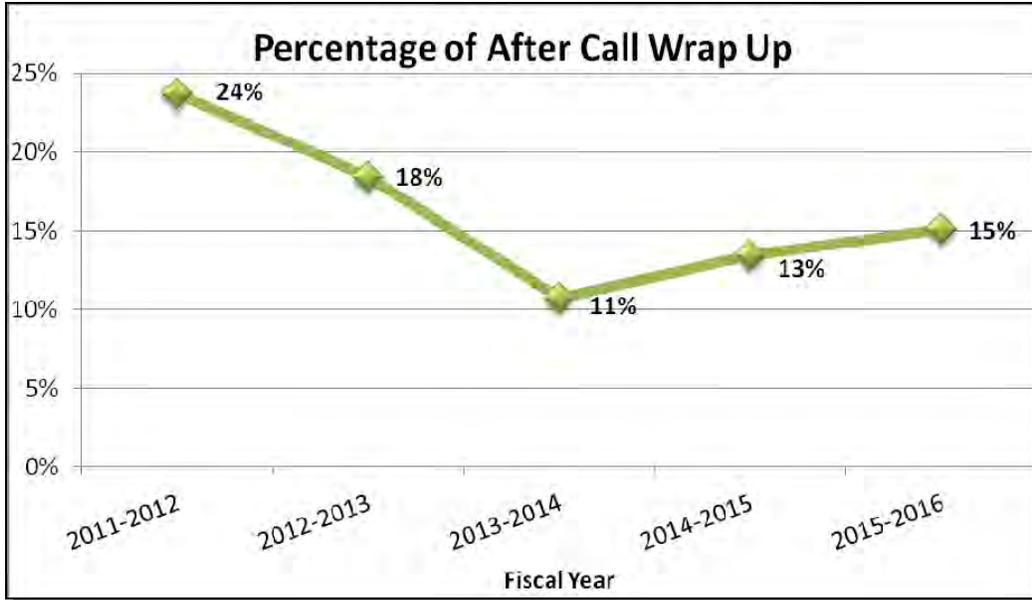
We consistently monitor all of the factors impacting the GOS goal. Over the last five years, the average call volume has remained relatively steady:



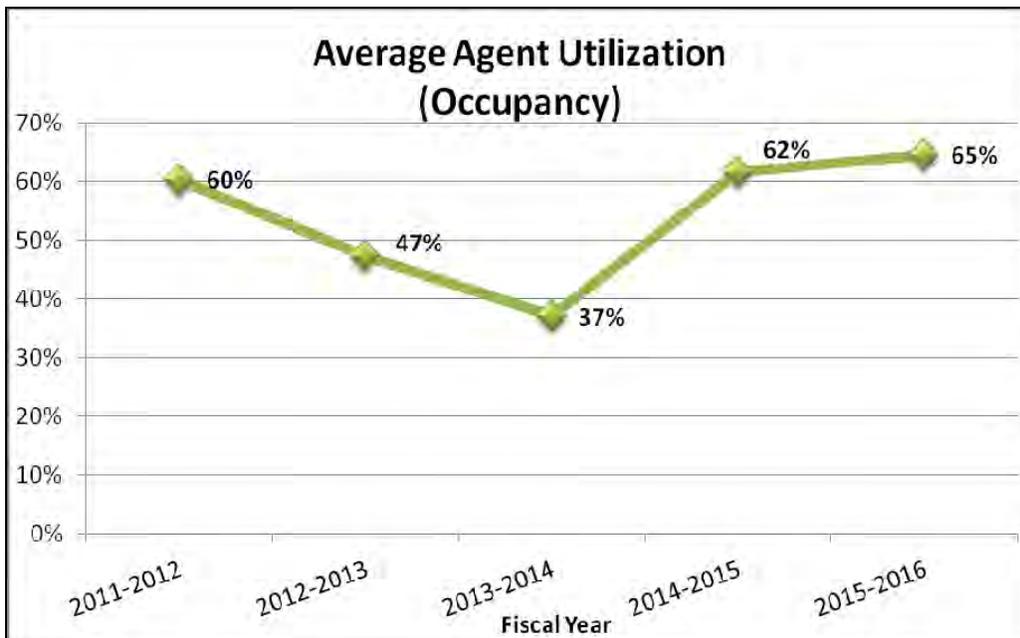
At the same time, the average call duration has steadily increased, as our staff continue to focus on providing more detailed and higher quality counseling to our members. The average call duration over the last five years is 5 minutes and 43 seconds. The current fiscal year average call duration has risen to over 6 minutes.



For the past few years, the Member Services management team has focused on improving staff efficiency in an effort to address the lower-than-desired GOS. A program was launched to reduce the after-call wrap-up time. Due to staff's efforts, this metric has significantly improved.



Staff also worked to improve our Agent Utilization rate (time spent working on member issues versus other work-related events such as training, coaching, and other events).



We believe these efforts have been successful, and we have maximized substantial efficiency gains.

In order to determine the optimal staffing level to meet our goal of answering 80 percent of the calls within 60 seconds, we have modeled staffing levels with our Workforce Management system (software designed for Call Center staffing). These models use historical call volume, duration of calls, and staff availability, including taking into account "shrinkage" in staffing hours resulting from Vacation, FMLA, Sick Leave,

Bereavement Leave, Jury Duty, and Staff Training time. Based on our strategic forecasting models, we need a total of 30 positions—seven more than in our current budget.

We believe we can reduce the number of staff needed by expanding a program we initiated several years ago to strategically reassign staff from one unit to another unit as needed to fill demand in our staffing schedules.

The RBS III is a higher level position in the RBS series and is considered to be the most knowledgeable, experienced and skilled non-management staff in that series. Several years ago, we introduced the concept of an RBS III who is assigned to work with members in the Call Center, meet with members in Outreach, create case analysis to help resolve complex administrative appeals, and write correspondence to answer member questions or respond to escalated situations. The staff are moved between the various work units based on business needs.

Currently, there are two (2) staff members rotating in and out of the Call Center in this manner. There are four (4) vacant RBS III positions in the Outreach Center section, which will be filled this fiscal year; these staff will also be assigned to work throughout Member Services as needed.

Member Services believes this approach will improve our ability to meet service levels in several areas and bring additional benefits, including:

- Staff in these positions will see a greater variety in the type of work they are doing. This will help to challenge staff and lead to greater job satisfaction.
- It will create a technical career path within Member Services to accommodate staff members who wish to contribute more but choose not to enter into management positions.

Looking Toward the Future

We may need to add additional Retirement Benefit Specialists to the Call Center after we have reviewed the impact of adding the four (4) RBS IIIs on a rotational basis. We expect to review the impact on service to our members with additional staffing requests possible in FY 2019-20.

Additionally, we are exploring adding Retirement Benefit Specialists IIIs to act as leads in our Call Center. We are currently conducting a multi-year pilot program with two specialists acting as "technical help desk support staff" to staff on the phones. We are noticing an improvement in call duration, a reduction in hold time, and an improvement in quality by having more experienced staff available to answer questions for staff on the phones. We may return with a request to permanently add three (3) RBS IIIs to the Call Center, acting as leads, to make this program permanent in the FY 2018-19.

Several years ago Member Services and Benefits partnered to introduce Case Management to Active Death cases. This program allowed LACERA to offer a single point of contact for the family of deceased active members during a critical time period. Offering a single point of contact provides better process management and service to these families. This program has been incredibly successful. Member Services is currently working with Benefits, Disability Retirement Services, and Retiree Healthcare to pinpoint where the Case Management approach may be applied in the future. For example, we are looking at using Case Management with the Disability process once a member has been granted a disability retirement. Other instances may be in certain cases where high risk members have been identified by the Benefits Protection Unit or even advanced elderly members who we deem need extra care and attention.

Data Input Unit Transferred to Benefits

As we explore our work processes and look for organizational efficiencies, we have determined the work completed by our Data Input Unit is more closely aligned with the benefit processing work occurring in the Benefits Division. The Benefits Division is LACERA's processing arm, and Member Services is the face and voice of our organization. Therefore, LACERA is moving the Data Input and related staff to the Benefits Division. This unit consists of three (3) Intermediate Clerk-Typists.

Overtime

Member Services expanded our Pre-Retirement Seminar Workshop program; for the past year, we have offered this workshop and individual counseling in our Member Service Center on one Saturday every month. We piloted a Neighborhood Workshop event and, as we continue to perfect this program, we will be testing Neighborhood Workshops on Saturday mornings. Staff is paid for their Saturday work through overtime. These expanded services to our members, together with projects to support our Benefits' business partners during the March Madness season, and other necessary special projects, comprise much of the overtime budget. Member Services also requires overtime funds to compensate staff who stay on the phone or complete a counseling session after the office is officially closed. Our staff is committed to serving members and survivors, even when it means serving beyond the end of their shift.

The requested overtime budget for FY 2017-18 is \$115,400 a 6 percent increase from FY 2016-17.

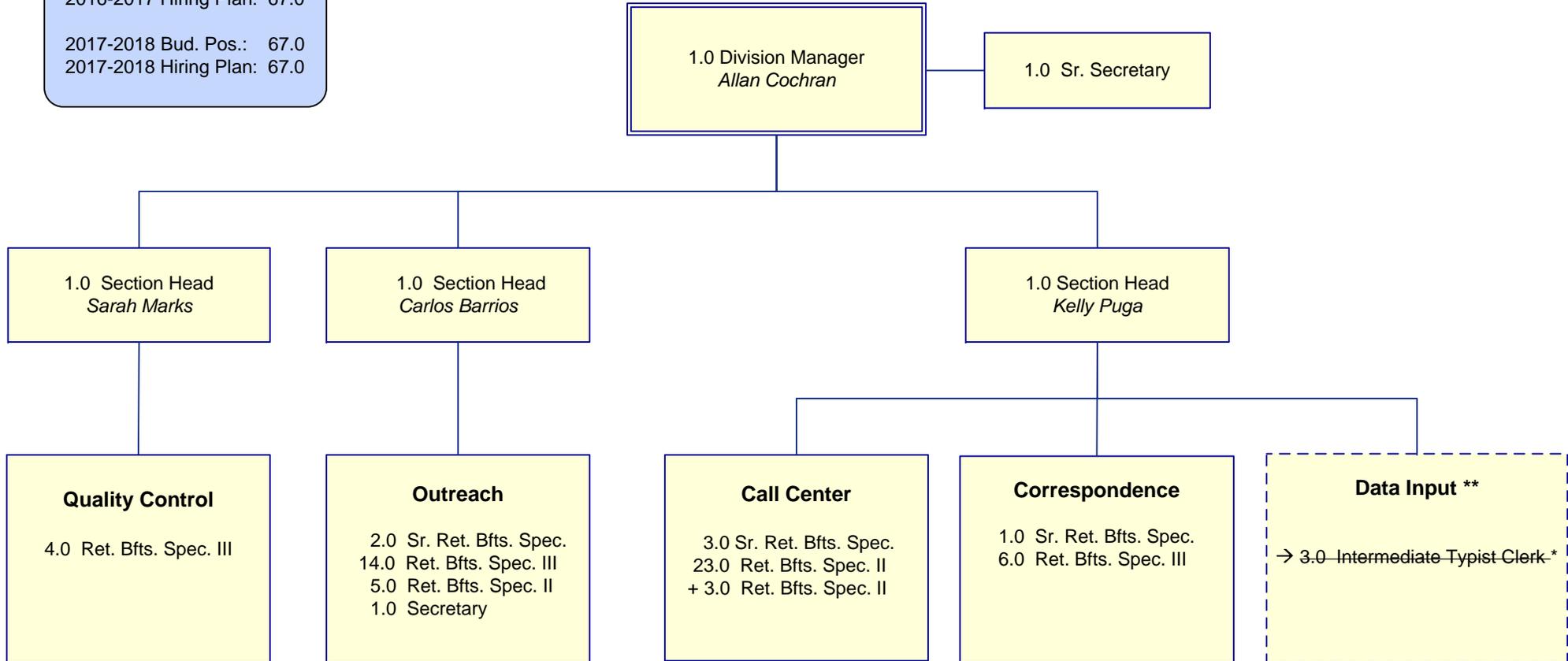
Agency Temporary Employees

Member Services has a goal to staff the Outreach Member Services Center front desk with RBS IIs and end our practice of hiring temporary employees for these positions. Due to the difficulty in recruiting and training sufficient staff, we have not yet completed this goal. For FY 2017-18, we are requesting the use of temporary agency employees while we complete the recruiting, hiring, and training process for the RBS IIs.

MEMBER SERVICES DIVISION

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 67.0
 2016-2017 Hiring Plan: 67.0
 2017-2018 Bud. Pos.: 67.0
 2017-2018 Hiring Plan: 67.0



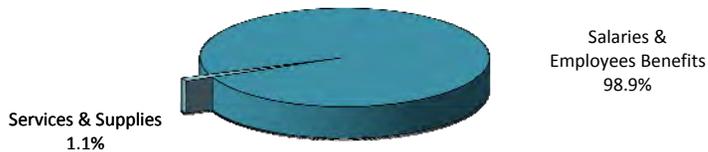
- + Added position
- * Classification study for the position requested
- ** Data Input Unit to be transferred to Benefits

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

MEMBER SERVICES

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$7,231,366	\$6,929,629	\$3,789,208	\$6,249,789	\$981,577	15.7%	\$301,737	4.4%
Services & Supplies	80,000	103,900	35,834	64,200	15,800	24.6%	(23,900)	-23.0%
OPERATING BUDGET	\$7,311,366	\$7,033,529	\$3,825,042	\$6,313,989	\$997,377	15.8%	\$277,837	4.0%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$4,661,502	\$4,602,190	\$2,332,421	\$3,811,000	\$850,502	22.3%	\$59,312	1.3%
Total Agency Temp Salaries	75,100	142,000	72,697	112,200	(37,100)	-33.1%	(66,900)	-47.1%
Employee Benefits (Variable)	2,133,135	1,954,198	1,078,203	1,775,900	357,235	20.1%	178,937	9.2%
Employee Benefits (Other)	350,765	352,425	170,096	348,900	1,865	0.5%	(1,659)	-0.5%
OPEB Contribution	53,035	27,619	13,787	27,600	25,435	92.2%	25,416	92.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	115,400	108,684	109,363	157,600	(42,200)	-26.8%	6,716	6.2%
Bilingual Bonus	21,600	21,600	5,650	9,600	12,000	125.0%	0	0.0%
Sick Leave Buyback	10,000	10,000	6,989	6,989	3,011	43.1%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$7,420,538	\$7,218,716	\$3,789,208	\$6,249,789	\$1,170,749	18.7%	\$201,821	2.8%
Salary Differential **	(189,172)	(289,088)	-	-	-	-	99,915	-34.6%
TOTAL S&EB	\$7,231,366	\$6,929,629	\$3,789,208	\$6,249,789	\$981,577	15.7%	\$301,737	4.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

MEMBER SERVICES

		16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE		
			BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	11,480	137,766			
00772A	SECTION HEAD, LACERA	3	3	LS9	9,241	332,687			
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	6	6	95F	6,925	498,632			
01311A	RETIREMENT BENEFITS SPECIALIST III	24	24	90A	5,973	1,720,224			
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764			
01310A	RETIREMENT BENEFITS SPECIALIST II	28	31	83F	5,002	1,860,677	3	180,066	Add 3 Ret. Bfts. Spec. II
00438A	SECRETARY	1	1	77D	4,229	50,752			
00445A	INTERMEDIATE TYPIST-CLERK	3	0	68H	3,354	0	(3)	(120,754)	Transfer ITC to Benefits
PERMANENT POSITIONS		67	67				0		
GROSS SALARIES						4,661,502		59,312	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 4,661,502	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$35,000	\$41,400	\$17,439	\$27,800	\$7,200	25.9%	(\$6,400)	-15.5%
OFFICE SUPPLIES & EQUIPMENT	14,000	14,500	6,171	12,000	2,000	16.7%	(500)	-3.4%
EDUCATIONAL EXPENSES	27,000	45,000	9,741	21,400	5,600	26.2%	(18,000)	-40.0%
MISCELLANEOUS	4,000	3,000	2,483	3,000	1,000	33.3%	1,000	33.3%
TOTAL	\$80,000	\$103,900	\$35,834	\$64,200	\$15,800	24.6%	(\$23,900)	-23.0%

*All amounts rounded to the nearest dollar.



Mission Statement

Our mission is 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 2017–2018

Quality Assurance & Metrics –
Derwin Brown

- 18 budgeted positions

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

- Senior Quality Auditor
- Quality Auditor II

FY 2017-2018 Highlights

STAFFING

Quality Assurance is transferring an Internal Auditor from the Administrative Services division for FY 2017–18. For FY 2018 –19, QA will be requesting six additional positions to be phased in over FY 2018 –19 and FY 2019–20. This is a multi-year plan to increase staff to 24 full-time budgeted positions by the end of FY 2019–20.



Budget for FY 2017-2018



QUALITY ASSURANCE & METRICS

Budget Request Highlights

[FY 2017-2018]

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 work produced by other divisions.

Currently, there are 17 full-time budgeted positions: the Chief of Quality Assurance & Metrics, four Senior Quality Auditors, 11 Quality Auditor IIs, and one Senior Secretary.

Employee Development

In support of the continuity of work quality, employee development, and performance improvement within all LACERA divisions, Quality Assurance provides three levels of essential training. Quality Assurance training includes: 1) CORE Benefit curriculum, 2) Advanced CERL Education (ACE), and 3) refresher courses for veteran staff. A majority of staff participating in these training courses work in the Benefits Division, the Member Services Division, the Disability Retirement Division, and the Retiree Healthcare Division. Also, Quality Assurance provides periodic, specialized training to other divisions as needed, including but not limited to: the Financial and Accounting Services Division; the Communications Division, and the Disability Litigation Division.

CORE Benefit Curriculum

The CORE Benefit curriculum is offered every year and consists of 25 modules that are taught in sequential order to a class of 12 students. The CORE Benefit curriculum consists of CERL and LACERA fundamentals that govern the CORE Benefit processes related to retirement benefits and benefit enhancements.

Advanced CERL Education (ACE Program)

The ACE program is still in development. It is an advanced level of training for staff who have completed the CORE Benefit Curriculum and would like to further enhance their expertise in LACERA retirement processing and benefit enhancement. The curriculum content, training strategy, and schedule are still being developed.

Refresher Courses and Specialized Training

Quality Assurance facilitates refresher training twice a year, with participation ranging from eight to 12 employees (permanent staff). The purpose of this training is twofold: First, it facilitates the Benefits Division annual staff rotation. The training is designed to prepare Benefits staff for their new assignments when transitioning from CORE Benefit processes to Retirement Benefit Payroll. Second, Refresher Training is facilitated to bring staff up to speed on CORE Benefit processes that have changed over time. The specialized or ad hoc training is conducted as needed, at the request of any LACERA division. It can vary considerably, depending on the needs of the particular division.

All three of the aforementioned training programs require regular maintenance for updates in legislation, revised business rules/policies, system changes, and organizational goals.

Auditing

Another method Quality Assurance uses to ensure the quality of the work produced by other divisions is to monitor, evaluate, and verify the accuracy of the work produced by permanent staff within the Benefits and Member Services Divisions—otherwise known as auditing. Our audits include, for example, ensuring that benefit calculations are mathematically correct and in compliance with the law, and auditing written correspondence to ensure accuracy and appropriateness of content. The audits are performed at three different levels, defined as the CORE Benefit Audit, the Inline Audit, and the Classic Audit.

CORE Benefit Audit

Quality Assurance audits the work produced by our new employees who are being trained in the CORE Benefit Curriculum classes. In FY 2015-16, Quality Assurance reviewed 1,561 CORE Benefit curriculum transactions produced by new employees, with an accuracy rate of 97 percent. All exceptions were caught and resolved before reaching the member.

Inline Audit

In FY 2015-16, Quality Assurance reviewed 4,305 transactions produced by Benefits staff, with an accuracy rate of 97 percent. All exceptions were caught and resolved before reaching the member.

Classic Audit

Also in FY 2015-16, Quality Assurance reviewed 3,723 completed transactions produced by Benefits and Member Services staff with an accuracy of 96 percent. All exceptions are immediately resolved, as required.

Specialized Audits

Quality Assurance also conducts specialized audits, such as Executive Referrals, Member Appeals, and Management Requests. In FY 2015-16, Quality Assurance

received 61 special requests. We anticipate that these requests will increase in the future.

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 software 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 (in conjunction with Legal counsel) analyzing new pay codes to determine if they are pensionable under PEPRA. Quality Assurance also works 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.

LACERA is a member of Cost Effective Management (CEM) Pension Administration Benchmarking Services. CEM is an independent provider of objective and actionable benchmarking information for large pools of capital including pension funds, endowments/foundations, and sovereign wealth funds. In CEM's Defined Benefit Administration Benchmarking Analysis for LACERA for FY 2015-16, they concluded LACERA has very complex processes to manage and administer compared to our peer retirement systems. The processes analyzed included purchases, refunds, disability, compensation, external reciprocity, contribution rates, and COLA rules—all of which Quality Assurance audits and trains staff on. These complex processes occasionally come in the form of a special project for implementation (e.g., PEPRA).

STAFFING

Current

There are currently 17 full-time budgeted positions. We are transferring an Internal Auditor from the Administrative Services Division for FY 2017-18.

Future

Quality Assurance is actively assessing our resources so that we can strategically plan for expansion to meet the demands and requests of the organization. For FY 2018-19, we will request six additional positions, to be phased in over FY 2018-19 and Fiscal Year 2019-20. This is a multi-year plan: By the end of FY 2019-20, there will be 24 full-time budgeted positions.

These additional positions will include:

- Two Section Heads,
- Three Quality Auditors, and
- One Senior Quality Auditor.

The addition of these new positions will facilitate the restructuring of the Quality Assurance Division. Our goal in restructuring the Division is to have the Chief of Quality Assurance & Metrics supervise three main units:

- The Training Unit, led by a Section Head;
- The Audit Unit, led by a Section Head; and
- The Special Projects Unit, led by a Senior Quality Auditor.

These three units will consist of 14 Quality Auditors and three Senior Quality Auditors. So that they could be assigned to any of the three units as the need arises, staff will be cross-trained on all functions.

The addition of the new positions and the restructuring of the division will position Quality Assurance to meet ever-increasing demands for training and auditing, to meet demands related to complex processes, to increase LACERA's accuracy in providing the promised benefits, and to enhance LACERA's ability to provide first-class customer service to our members. The plan will be coordinated with the division's relocation to the second floor and will be implemented as follows:

Fiscal Year 2018-19

Two Section Heads and one Senior Quality Auditor

Two Section Heads and one Senior Quality Auditor will lead the three main sections in Quality Assurance: the Training Unit, the Audit Unit, and the Special Projects Unit. Restructuring will make our division more nimble, responsive, and effective in dealing with issues that cannot be resolved at the staff level. It will also allow Quality Assurance to dedicate more resources to managing requests from other Los Angeles County departments, such as the Chief Executive Office and the Auditor-Controller, especially requests related to pensionable pay codes and compensation. Effectively managing these and other requests is part of our preventative approach in reducing benefit-related errors before they affect our members. The Chief will train our two Section Heads and the Senior Quality Auditor in a mentoring-shadowing relationship.

Fiscal Year 2019-20

Three Quality Auditors

The addition of more Quality Auditors will allow our division to manage more projects, provide more training, and keep up with the demand for audit services, especially Inline Audit services. The Inline audit is focused on preventing and reducing errors before they reach LACERA's members. Having additional dedicated resources to this audit will increase the effectiveness of the Inline and likely increase the accuracy rate in the Classic Audit. A higher accuracy rate translates into fewer errors, overpayments, and underpayments. The prevention and reduction of errors results not only in increased efficiency but in saved time, money, and resources. In the audit industry, Six Sigma standards indicate that the work of correcting errors can be up to six times the cost of doing it right the first time. Based on this standard, our expansion will be cost-effective, because it will minimize the cost of correcting errors on member transactions. These

three Quality Auditors will be trained in a custom-designed Quality Assurance Training Program.

This is our plan for FY 2018-19, which will coincide with our relocation.

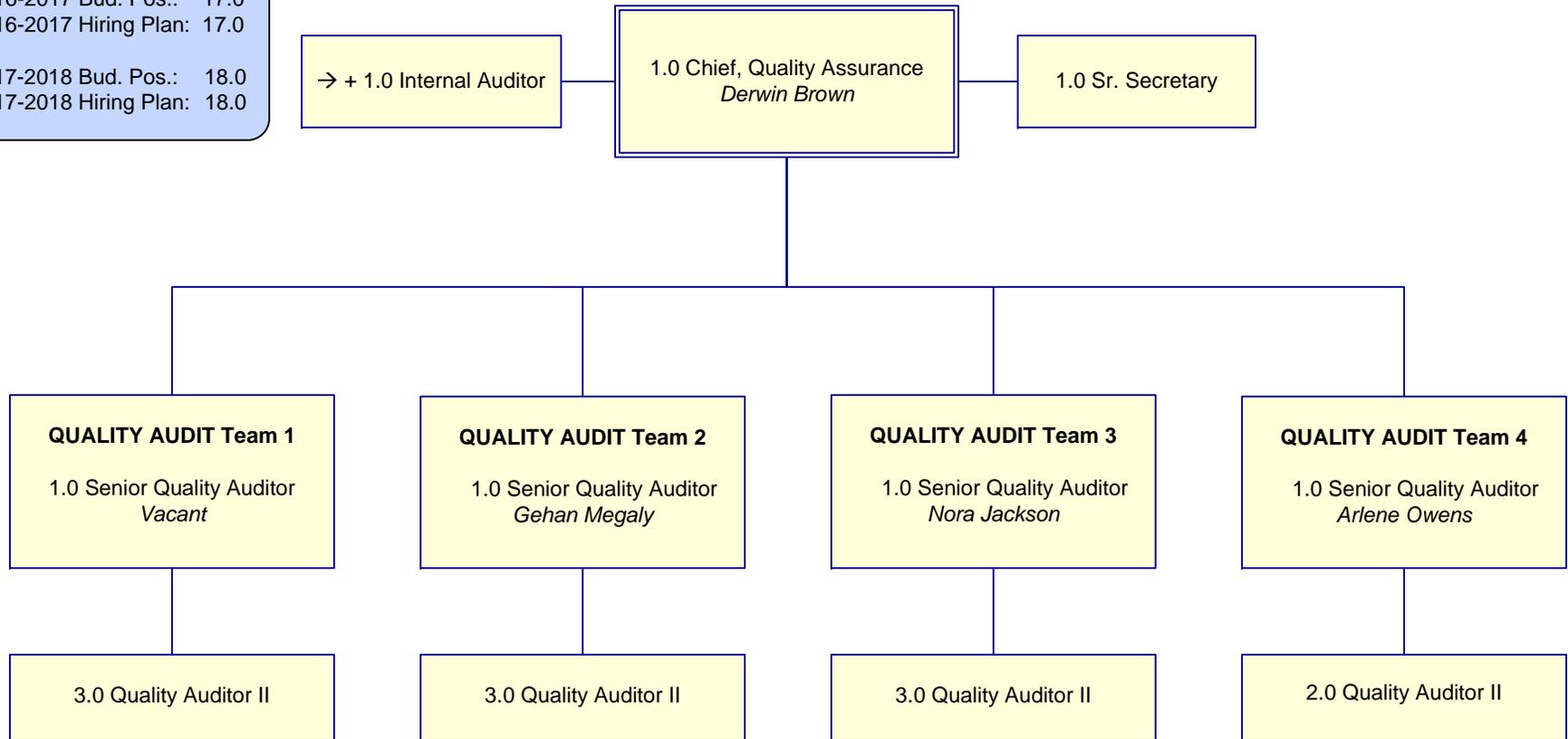
SERVICES AND SUPPLIES

Our request for services and supplies is consistent with the usual incremental increases seen each year in every division—it is simply the cost of doing business. We are transferring \$45,000 from the Executive Office budget for our CEM membership and pension benchmarking services.

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2017-2018

2016-2017 Bud. Pos.: 17.0
 2016-2017 Hiring Plan: 17.0
 2017-2018 Bud. Pos.: 18.0
 2017-2018 Hiring Plan: 18.0



→ + Position transferred from Administrative Services

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

QUALITY ASSURANCE

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$2,806,263	\$2,364,975	\$1,339,672	\$2,212,600	\$593,663	26.8%	\$441,288	18.7%
Services & Supplies	129,600	74,500	21,062	49,900	79,700	159.7%	55,100	74.0%
OPERATING BUDGET	\$2,935,863	\$2,439,475	\$1,360,734	\$2,262,500	\$673,363	29.8%	\$496,388	20.3%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,585,689	\$1,485,706	\$846,199	\$1,373,100	\$212,589	15.5%	\$99,983	6.7%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	1,031,683	809,411	430,558	711,600	320,083	45.0%	222,272	27.5%
Employee Benefits (Other)	127,583	116,516	56,216	115,400	12,183	10.6%	11,067	9.5%
OPEB Contribution	19,290	9,131	5,212	10,500	8,790	83.7%	10,159	111.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,000	3,950	1,487	2,000	(1,000)	-50.0%	(2,950)	-74.7%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,765,245	\$2,424,714	\$1,339,672	\$2,212,600	\$552,645	25.0%	\$340,531	14.0%
Salary Differential **	41,019	(59,739)	-	-	-	-	100,758	-168.7%
TOTAL S&EB	\$2,806,263	\$2,364,975	\$1,339,672	\$2,212,600	\$593,663	26.8%	\$441,288	18.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

QUALITY ASSURANCE

		2017-2018 BUDGET					CHANGE	
		16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00780A	CHIEF, QUALITY ASSURANCE	1	1	LS12	11,480	137,766		
00765A	INTERNAL AUDITOR	0	1	102D	8,332	99,983	1	99,983 Transferred from Admin. Services
00798A	SENIOR QUALITY AUDITOR	4	4	100E	7,912	379,785		
00797A	QUALITY AUDITOR II	11	11	95C	6,874	907,392		
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764		
	PERMANENT POSITIONS	<u>17</u>	<u>18</u>				<u>1</u>	
	GROSS SALARIES					1,585,689		99,983
	120-DAY RETIREE(S)					0		
TOTAL SALARIES								\$ 1,585,689

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$35,500	\$33,000	\$10,913	\$25,400	\$10,100	39.8%	\$2,500	7.6%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	2,291	3,000	500	16.7%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	45,000	0	0	0	45,000	0.0%	45,000	100.0%
EDUCATIONAL EXPENSES	45,000	37,500	7,429	21,000	24,000	114.3%	7,500	20.0%
MISCELLANEOUS	600	500	430	500	100	20.0%	100	20.0%
TOTAL	\$129,600	\$74,500	\$21,062	\$49,900	\$79,700	159.7%	\$55,100	74.0%

*All amounts rounded to the nearest dollar.



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 2017–2018

Information Systems Manager – James Pu

- 60 budgeted positions

We have five distinct sections within Systems:

- Systems Development
- Member Services & Applications
 - IRIS/CERIS
 - Business Requirements Data Admin.
 - Application Development
- Technology
 - HD/Customer Support Help Desk
 - Platform Technologies
 - PC Applications
 - Telecom/AV/Financial
- Special Projects
- Information Security

FY 2017-2018 Highlights

STAFFING

Systems is requesting the following new positions:

- (1) Chief Information Security Officer
- (2) Information Technology Managers I
- (1) Information Technology Manager II
- (2) Information Technology Specialists I
- (2) Information Technology Specialists II

SERVICES & SUPPLIES

Systems requests budgeting for the following: Resiliency, Uninterrupted Power Supply System Replacement—\$220,000; Call Centers, Queue Management and Recording Expansion—\$115,000; Enterprise Systems, Management and User Applications Expansion—\$250,000; and Premise and User Security, Keycard System and Dual Factor Authentication—\$125,000.



Budget for FY 2017-2018



SYSTEMS

Budget Request Highlights

[FY 2017-2018]

INTRODUCTION

LACERA's Systems Division is a full-service, end-to-end technology operation. In providing a comprehensive suite of technology products and services, our sophistication, depth, and innovation surpasses many larger organizations. The division further differentiates itself, even when compared to those larger organizations, by operating the complex and diverse technology portfolio in-house. Harvesting a gamut of expertise dedicated to LACERA's mission, this self-sufficiency business model has proven its superiority in many ways. Compared to a vendor-led or a non-dedicated service model, our in-house Systems Division offers unique and critical benefits such as rapid response, institutional knowledge, better internal controls, superior security, and deep specialization.

The result of this operating model is measurable. The Systems Division deploys highly sophisticated, proprietary technology solutions across myriad unique operation units across LACERA. As these solutions enjoy unparalleled up time, they are equally mature and fenced by robust security. Today, the dependency on technology and reliance on security are not only unavoidable, they are essential. With the blazing demand for technology resources, our greatest challenges are hiring and retaining qualified staff. Recognizing this important need, the Board of Retirement and Board of Investments approved new and revised information technology classifications in order to help LACERA compete in the labor market.

STAFFING

In lock-step with the new classifications, we are requesting the following new positions for FY 2017-18. These new positions are the first phase of our staffing-up effort designed to relieve our understaffing condition and the chronic resource drought:

- 1.0 Chief Information Security Officer
- 2.0 Information Technology Manager I
- 1.0 Information Technology Manager II
- 2.0 Information Technology Specialist I
- 2.0 Information Technology Specialist II

These requested positions are in full alignment with the **Information Technology Classifications** previously approved by the Board of Retirement in December 2016 and the Board of Investments in January 2017. Consistent with our discussions with the boards, we intend to utilize these positions to both recruit and retain the necessary technology staffing.

SERVICES AND SUPPLIES

Project Highlights

Resiliency: Uninterrupted Power Supply (UPS) System Replacement - \$220,000

When there is *any* interruption to the municipal power, the UPS system provides instantaneous power backup to our technology centers. A flicker or dimming of light that appears benign can cause full system crashes and data loss. Even a slight reduction in power can cause downtime that requires hours to restore. Our primary objective is to maintain member service. Our call centers, Member Service Center, and other operations are all driven by technology. The UPS system is the first line of defense against power anomalies and a key part of our resiliency program. Our current UPS system was first put into service in 1997. With dedicated maintenance and upkeep, we were able to stretch its operating life beyond the typical. Staff has determined that in order to mitigate the risk of future failures, a replacement is indicated.

Call Centers: Queue Management and Recording Expansion - \$115,000

Increased member interactions and complex cases are contributing to longer wait times. A queue management system will help to maximize member service resources, keep members informed of their place in queue and wait time, as well as track member service history through real-time dashboards and reports. This system will help us improve the member experience over time.

The recording system records all inbound and outbound telephone conversations for the Member Services Call Center and the Retiree Healthcare Call Center. The recorded transcripts offer many benefits, including quality management and dispute resolution. Because the Benefits and Disability Retirement Divisions also make and receive member calls, we are expanding the recording systems to ensure a consistent operation and quality of service.

Enterprise Systems: Management and User Applications Expansion - \$250,000

Picking up from our enterprise-wide user system upgrades, we plan to further enhance user applications and integrate system management by improving accessibility, security, deployment, and functionality. The first wave of upgrades included a comprehensive suite of hardware, software, systems, and specialized designs. The next phase is positioned to maximize the newly deployed workstations, operating systems, and base applications.

Part of our strategy is to extend some user systems into the cloud. Utilizing the cloud is not an all-or-nothing proposition. On the contrary, our blueprint is carefully studied and measured and would only leverage a solution where it is highly indicated. Furthermore, we are perpetually adjusting our roadmap in response to market conditions, technology changes, security concerns, and more.

Premise and User Security: Keycard System and Dual Factor Authentication - \$125,000

LACERA Gateway Plaza's keycard security system was implemented over 20 years ago. Although the system received upgrades over time, its fundamental design remains limited to capabilities and compatibilities of the days past. With the keycard system replacement, we look to modernize the infrastructure with today's open standards. The new system will help to mitigate age-related breakdowns and improve our premise security control.

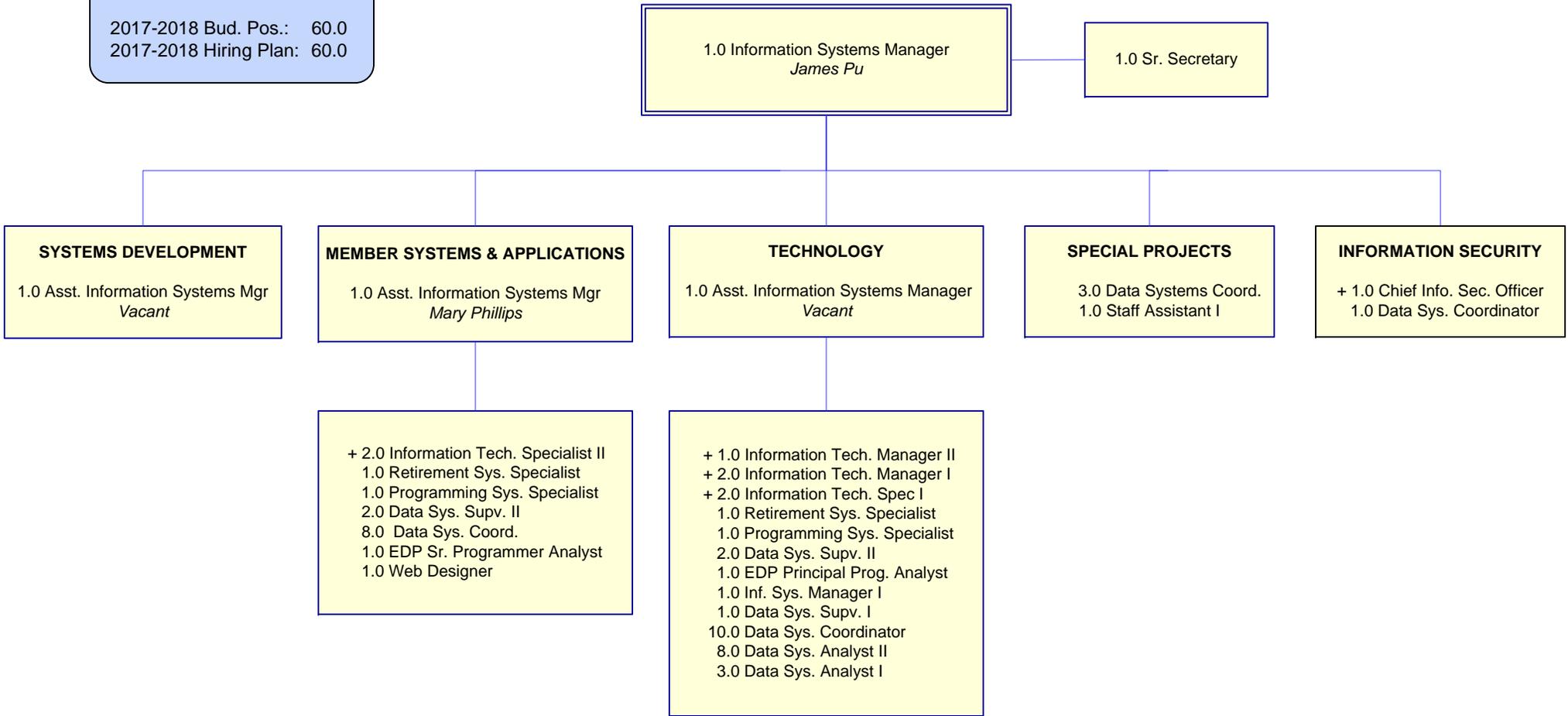
Leveraging the new keycard system, we will implement—if feasible—a dual-factor authentication system for our computer access. A dual-factor system can enhance our information security and control.

SYSTEMS DIVISION

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 60.0
 2017-2018 Hiring Plan: 60.0



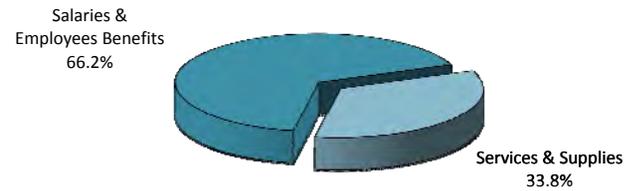
+ Added position

LACERA
FISCAL YEAR 2017-2018
FINAL BUDGET SUMMARY

SYSTEMS DIVISION

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$11,015,805	\$10,599,168	\$4,967,230	\$8,676,765	\$2,339,040	27.0%	\$416,637	3.9%
Services & Supplies	5,616,700	5,109,200	1,854,344	5,117,517	499,183	9.8%	507,500	9.9%
OPERATING BUDGET	\$16,632,505	\$15,708,368	\$6,821,574	\$13,794,282	\$2,838,223	20.6%	\$924,137	5.9%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2017-2018

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$6,813,316	\$5,590,385	\$2,774,925	\$4,528,900	\$2,284,416	50.4%	\$1,222,931	21.9%
Total Agency Temp Salaries	1,527,000	1,927,000	694,730	1,500,000	27,000	1.8%	(400,000)	-20.8%
Employee Benefits (Variable)	2,953,063	2,341,651	1,193,887	2,044,423	908,640	44.4%	611,412	26.1%
Employee Benefits (Other)	460,359	465,167	224,051	460,600	(241)	-0.1%	(4,807)	-1.0%
OPEB Contribution	69,605	36,455	16,529	33,100	36,505	110.3%	33,150	90.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	130,100	130,010	56,066	102,700	27,400	26.7%	91	0.1%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	6,000	6,000	7,042	7,042	(1,042)	-14.8%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$11,959,444	\$10,496,667	\$4,967,230	\$8,676,765	\$3,282,679	37.8%	\$1,462,776	13.9%
Salary Differential **	(943,638)	102,500	-	-	-	-	(1,046,139)	-1020.6%
TOTAL S&EB	\$11,015,805	\$10,599,168	\$4,967,230	\$8,676,765	\$2,339,040	27.0%	\$416,637	3.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017, except for Agency Temp Salaries which are through 2/28/2017.

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

LACERA
FISCAL YEAR 2017-2018
FINAL SALARIES

SYSTEMS DIVISION

		16-17	2017-2018 BUDGET				CHANGE		
		BUDGT.	BUDGT.	SCHEDULE	MO. RATE	AMOUNT	BUDGT.	AMOUNT	CHANGE JUSTIFICATION
		POS.	POS.				POS.		
00783A	INFORMATION SYSTEMS MANAGER	1	1	LS17	16,482	197,780			
99999A	CHIEF INFO. SEC. OFFICER	0	1	LS14	13,267	159,205	1	159,205	Add 1 Chief Infor Sec Officer
00781A	ASST. INFORMATION SYSTEMS MANAGER	3	3	LS12	11,480	413,297			
99999A	INFORMATION TECH. MANAGER II	0	1	LS12	11,480	137,766	1	137,766	Add 1 Information Tech Manager II
99999A	INFORMATION TECH. MANAGER I	0	2	LS11	10,679	256,308	2	256,308	Add 1 Information Tech Manager I
99999A	INFORMATION TECHNOLOGY SPECIALIST II	0	2	119C	13,180	316,311	2	316,311	Add 2 Information Tech Spec. II
99999A	INFORMATION TECHNOLOGY SPECIALIST I	0	2	114A	11,451	274,824	2	274,824	Add 2 Information Tech Spec. I
02644A	RETIREMENT SYSTEMS SPECIALIST	2	2	110H	10,454	250,898			
02600A	PROGRAMMING SYSTEMS SPEC.	2	2	107L	9,707	232,977			
00460A	DATA SYSTEMS SUPERVISOR II	4	4	111C	10,610	509,267			
00453A	EDP PRINCIPAL PROG. ANALYST	1	1	110F	10,403	124,832			
00782A	INFORMATION SYSTEMS MANAGER I	1	1	110J	10,480	125,758			
00459A	DATA SYSTEMS SUPERVISOR I	1	1	105G	9,106	109,269			
00469A	DATA SYSTEMS COORDINATOR	22	22	105G	9,106	2,403,913			
00452A	EDP SR. PROGRAMMER ANALYST	1	1	102A	8,270	99,240			
00458A	DATA SYSTEMS ANALYST II	8	8	99G	7,739	742,901			
00457A	DATA SYSTEMS ANALYST I	3	3	96L	7,203	259,324			
00788A	WEB DESIGNER	1	1	96D	7,081	84,968			
00426A	STAFF ASSISTANT I	1	1	79E	4,476	53,716			
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764			
PERMANENT POSITIONS		52	60				8		
GROSS SALARIES						6,813,316		1,144,414	
120-DAY RETIREE(S)						0			
TOTAL SALARIES							\$	6,813,316	

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

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
COMMUNICATIONS	\$587,000	\$575,000	\$288,968	\$575,000	\$12,000	2.1%	\$12,000	2.1%
TRANSPORTATION & TRAVEL	32,500	32,500	4,765	32,500	0	0.0%	0	0.0%
POSTAGE	335,000	290,000	210,670	290,000	45,000	15.5%	45,000	15.5%
OFFICE SUPPLIES & EQUIPMENT	313,400	260,500	64,550	260,500	52,900	20.3%	52,900	20.3%
EQUIPMENT MAINTENANCE	540,400	510,400	97,602	510,400	30,000	5.9%	30,000	5.9%
PROFESSIONAL & SPECIALIZED SERVICES	912,100	847,100	267,786	847,100	65,000	7.7%	65,000	7.7%
COMPUTER SERVICES & SUPPORT	2,835,900	2,533,300	915,254	2,540,717	295,183	11.6%	302,600	11.9%
EDUCATIONAL EXPENSES	59,400	59,400	3,171	59,700	(300)	-0.5%	0	0.0%
MISCELLANEOUS	1,000	1,000	1,579	1,600	(600)	-37.5%	0	0.0%
TOTAL	\$5,616,700	\$5,109,200	\$1,854,344	\$5,117,517	\$499,183	9.8%	\$507,500	9.9%

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2017

	Current Year		Prior Year ACTUAL FOR FY 2015-2016
	EXPENSES AS OF 12/31/2016	PROJECTED FOR FY 2016-2017	
Pension Fund:			
Investment Management Fees			
Equity Managers			
U.S.	\$ 7,623,494	\$ 16,391,110	\$ 14,359,568
Non-U.S.	13,524,586	25,705,917	21,360,559
Fixed Income Managers	13,582,604	27,165,209	24,167,818
Cash and Short-Term Managers	333,000	665,999	715,345
Mortgage Loan Services	56,116	105,116	136,738
Private Equity Managers	1,395,096	4,012,667	3,419,740
Real Estate Managers	339,456	32,597,636	28,397,237
Hedge Fund Managers	841,429	1,702,592	1,404,617
Commodity Managers	1,640,957	3,281,913	2,961,788
Total Investment Manager Fees	39,336,736	111,628,159	96,923,410
Other Investment Expenses			
Consultants			
General Investment Consultant	154,000	450,250	516,605
Privated Equity Consultants	878,632	1,881,632	1,651,384
Real Estate Consultant	75,000	300,000	240,000
Consulting Fees - Other	87,300	159,400	437,569
	1,194,932	2,791,282	2,845,557
Custodians			
State Street Corp.	1,508,335	2,894,335	2,574,819
IFS State Street Corp.	65,965	132,232	113,806
Ocwen Financial Corp.	1,250	5,000	5,000
	1,575,550	3,031,567	2,693,625
Legal Counsel	270,497	540,994	270,393
Other Fees	3,054,545	4,256,929	3,833,522
Total Other Investment Expenses	6,095,523	10,620,772	9,643,097
Total Management Fees and Other Investment Expenses	\$ 45,432,260	\$ 122,248,931	\$ 106,566,507
Actuarial Services	122,581	245,162	243,022
Total Pension Fund Non-Administrative Expenses	\$ 45,554,841	\$ 122,494,094	\$ 106,809,529
Retiree Health Care (RHC) Benefits Program Funds:			
Fixed Income Management Fees	\$ 25,894	\$ 51,788	\$ 66,359
Short Term Management Fees	9,039	16,536	14,432
State Street Corp. - Custodian Fees	8,921	22,302	26,641
Total RHC Program Non-Administrative Expenses	\$ 43,854	\$ 90,627	\$ 107,432
Other Post Employment Benefits (OPEB) Trust Fund:			
Fixed Income Management Fees	\$ 25,531	\$ 51,062	\$ 50,063
Global Equity Management Fees	\$ 86,154	\$ 172,309	\$ 141,289
General Investment Consultant	\$ 52,930	\$ 80,430	\$ -
State Street Corp. - Custodian Fees	\$ 25,998	\$ 51,996	\$ 39,194
Total OPEB Trust Non-Administrative Expenses	\$ 190,614	\$ 355,798	\$ 230,546

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 2015-2016 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. Currently we are focusing on the integration of the disability work processes into Workspace and working to convert the current client in basket process (which allows us to distribute and work on member requests electronically) to the Workspace platform. Both 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 around the globe and also give LACERA the online tools to oversee the cash management function.

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

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

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

“Provide the Promised Benefits”

Member Outreach

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

LACERA Call Center

Several years ago, LACERA implemented a dedicated call center and provided staff with the tools and training needed to answer member inquiries and assist members in the completion of routine services, such as address changes, 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

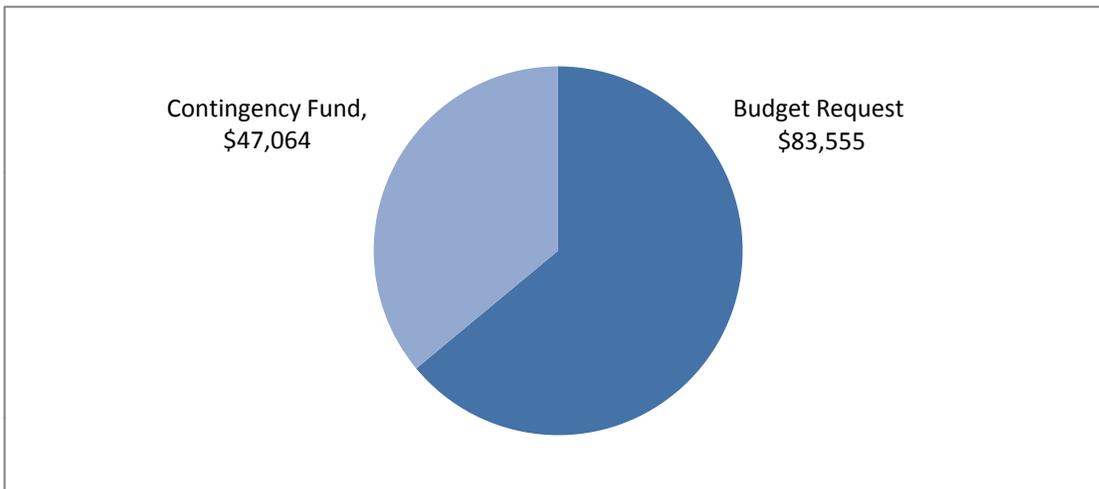
LACERA”, “Benefits”, “Health Care”, “Investments”, and “Publications”, provides an excellent overview of our organization and quality information about plan benefits. Currently members can access a considerable amount of information regarding their benefits; in fact we have over 1,500 web pages and countless 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 2017-2018
BASIS FOR BUDGET AND CONTINGENCY FUND CALCULATION
(Amounts in Thousands)

Actuarial Accrued Liability (as of June 30, 2016)	<u><u>\$62,199,214</u></u>
Statutory Budget Appropriation * (Twenty-one hundredths of 1% of the AAL)	130,618
Total Statutory Budget Appropriation	<u>130,618</u>
Less 2017-2018 Operating Budget Request	<u>83,555</u>
BALANCE REMAINING FOR CONTINGENCY FUND	<u><u>\$47,064</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.



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 2017–2018

Retiree Healthcare –
Cassandra Smith

- 24 budgeted positions

We have four distinct sections within Retiree Healthcare:

- Audits
- Call Center
- Operations
- Financial & Special Projects



FY 2017-2018 Highlights

STAFFING

Retiree Healthcare is requesting the addition of two Retirement Benefits Specialist II positions in Operations to help the division with its increasing workload associated with March Madness, enrollments, and Medicare Part B verifications. Also requests one agency temporary staff to cover the time during which a staff member will participate in the next CORE Benefits Training Program.



Budget for FY 2017-2018



RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

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RETIREE HEALTHCARE

Budget Request Highlights

[FY 2017-2018]

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 FY 2017-18 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 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-two (22) budgeted positions. We are requesting to add the following two (2) Retirement Benefits Specialist IIs for FY 2017-18:

- Two (2) Retirement Benefits Specialist II positions in the Operations Unit
 - The addition of two staff members will help our division with the ever-increasing workload associated with March Madness, enrollments, and Medicare Part B verifications.

Our total number of budgeted positions will change from 22.0 in FY 2016-17 to 24.0 for FY 2017-18.

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.

We also anticipate one (1) staff participating in the next CORE Benefits Training Program and are therefore requesting one agency temporary staff to cover for the one year period.

SERVICES AND SUPPLIES

The Retiree Healthcare team has occupied its current location on the 3rd floor since 2008, when the team totaled 16 budgeted positions. Over the ensuing years, we have added additional positions and additional space. We are again faced with reevaluating our space requirements based on our request for additional staffing to help support the growing number of retiree healthcare medical and dental/vision insurance policies to service. The Retiree Healthcare team anticipates that our team will need to be expanded in the coming year, and so will our workspace needs.

Postage - Special Retiree Mailings

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

- Annual letter packet mailing
- Rate booklets
- Medicare Part D prescription drug coverage Creditable Coverage Notice
- Retiree Staying Healthy Together Program bi-annual workshop invitations
- Non-LACERA Medicare Part D warning/reminder notices
- Non-discrimination Notices in compliance with ACA 1557
- Medicare Part B Premium verifications
- Other unanticipated special mailings

We do not anticipate an increase in our Special Retiree Mailing budget from the current year's expected budgeted amount of \$450,000.

Professional and Specialized Services - Audits

We have budgeted \$787,000 to cover the cost of conducting the following program audits. Please note that some audit costs are estimated and will be finalized through a request-for-proposal process.

Dependent Eligibility Audit	\$300,000
Retiree Drug Subsidy Audit	\$407,000
Anthem/Cigna Claims Audits	\$80,000
<hr/> Total	<hr/> \$787,000

The following discussion provides insight into each audit category.

Dependent Eligibility Audit

For fiscal year 2017-18, we plan to perform a Dependent Eligibility Verification Audit to ensure that 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.

Retiree Drug Subsidy (RDS) Audit

Continuing to audit our participation in the Medicare Part D Retiree Drug Subsidy (RDS) program for the two next fiscal years, 2014-15 and 2015-16, will verify that we continue to maximize our federal subsidy amounts and verify compliance with Centers for Medicare and Medicaid Services (CMS) Medicare Part D RDS program regulations.

Anthem/Cigna Claim Audits

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

Professional and Specialized Services - OPEB Actuarial Valuation

The OPEB Valuation is required every other year under GASB 74/75 reporting requirements. We will soon be completing the 2016 valuation and will not be required to conduct another until 2018. This resulted in a decrease of \$315,000.

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. LACERA adds an administrative fee to the medical, dental, and vision rates to cover the expenses of administering those plans. The administrative fee covers administrative expenses, including consulting services, vendor fees, staffing, allocations from other LACERA divisions, and other related expenses. The RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

As mentioned during last year's budget hearings, Staff's ongoing responsibilities and the increasing costs of administering the program led to a review of the Administrative Fees, and your Board approved an increase from \$5 to \$8 per member per plan per month. The costs were increasing due to increased membership, additional operational costs, County mandated changes (e.g., Tier 2 rates), and implementation of state, federal and Medicare rules and regulations. Staff reviews the Administrative Fee on an annual basis to ensure sufficient funds are available for operations. However, if in any given year our annual review indicates that costs have changed more than expected, the Administrative Fee amount may be addressed.

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)
2008	\$3.00	2,890,091	2,383,485	506,606
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	6,488,902	2,058,422	4,430,460

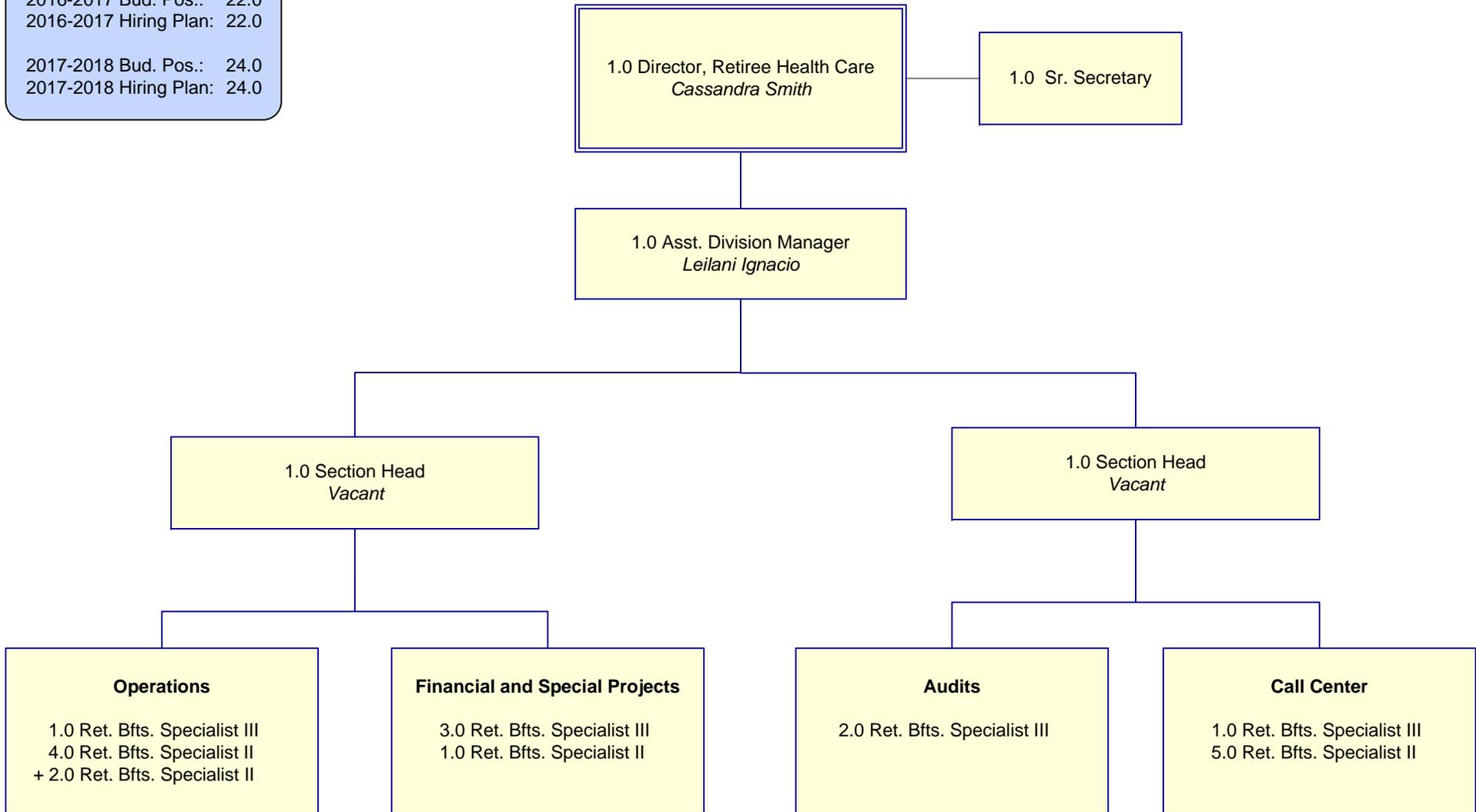
** 2017 administrative fee is as of February 2017, the latest available

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

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

2017-2018 Bud. Pos.: 24.0
 2017-2018 Hiring Plan: 24.0



+ Added position

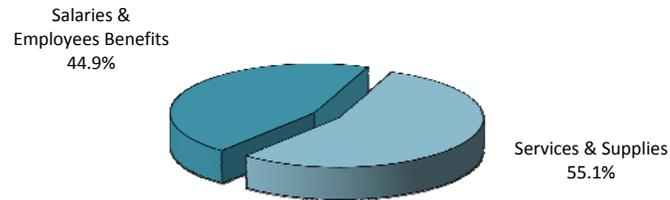
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

FINAL BUDGET SUMMARY

	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$2,808,462	\$2,509,594	\$1,392,413	\$2,254,475	\$553,987	24.6%	\$298,867	11.9%
Services & Supplies	3,448,521	3,991,694	666,029	3,219,939	228,582	7.1%	(543,173)	-13.6%
OPERATING BUDGET	\$6,256,982	\$6,501,288	\$2,058,442	\$5,474,414	\$782,568	14.3%	(\$244,306)	-3.8%

2017 - 2018 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-17)	PROJECTION				
Total LACERA Salaries	\$1,848,209	\$1,662,924	\$922,823	\$1,474,800	\$373,409	25.3%	\$185,285	11.1%
Total Agency Temp Salaries	72,500	68,400	37,475	54,800	17,700	32.3%	4,100	6.0%
Employee Benefits (Variable)	880,246	799,671	409,409	694,400	185,846	26.8%	80,575	10.1%
OPEB Contribution	21,243	10,284	5,112	10,200	11,043	108.3%	10,959	106.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	30,700	12,834	8,218	10,000	20,700	207.0%	17,865	139.2%
Bilingual Bonus	2,400	2,400	1,500	2,400	0	0.0%	0	0.0%
Sick Leave Buyback	10,000	10,000	7,875	7,875	2,125	27.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,865,297	\$2,566,513	\$1,392,413	\$2,254,475	\$610,822	27.1%	\$298,784	11.6%
Salary Differential **	(56,835)	(56,919)	-	-	-	-	83	-0.1%
TOTAL S&EB	\$2,808,462	\$2,509,594	\$1,392,413	\$2,254,475	\$553,987	24.6%	\$298,867	11.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2017 except for Agency Temp Salaries which are through 2/28/2017.

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

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

FINAL SALARIES

		2017-2018 BUDGET					CHANGE		
		16-17 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00793A	DIRECTOR, RETIREE HEALTH CARE	1	1	LS14	13,267	159,205			
00771A	ASSISTANT DIVISION MANAGER	1	1	LS10	9,934	119,213			
00772A	SECTION HEAD	2	2	LS9	9,241	221,791			
01311A	RETIREMENT BENEFITS SPECIALIST III	7	7	90A	5,973	501,732			
00439A	SENIOR SECRETARY	1	1	83L	5,064	60,764			
01310A	RETIREMENT BENEFITS SPECIALIST II	10	12	83F	5,002	720,262	2	120,044	Add 2 RBS II
PERMANENT POSITIONS		22	24				2		
GROSS SALARIES						1,782,967		120,044	
120-DAY RETIREE(S)			1		5,437	65,242			
TOTAL SALARIES							\$	1,848,209	

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

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

DIVISION	FYE 2015		FYE 2016		FYE 2017		FYE 2018
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$0	\$14,760	\$34,500	\$45,608	\$68,400	\$54,800	\$72,500
GRAND TOTAL	\$0	\$14,760	\$34,500	\$45,608	\$68,400	\$54,800	\$72,500

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2015		FYE 2016		FYE 2017		FYE 2018
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$12,834	\$10,049	\$12,834	\$5,600	\$12,834	\$10,000	\$30,700
GRAND TOTAL	\$12,834	\$10,049	\$12,834	\$5,600	\$12,834	\$10,000	\$30,700

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

FINAL VACANT POSITIONS
SUMMARY

Division	Budgeted Positions FY 2016-2017	Vacancy (as of 02/28/17)	%	Budgeted Positions FY 2017-2018*	Vacancy	%
Retiree Healthcare	22	2	9%	24	4	17%
TOTAL	22	2	9%	24	4	17%

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

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2017-2018
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2017-2018	CURRENT YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-17)	PROJECTION				
TRANSPORTATION & TRAVEL	\$52,500	\$45,000	\$19,641	\$42,400	\$10,100	23.8%	\$7,500	16.7%
POSTAGE	450,000	550,000	57,922	220,800	229,200	103.8%	(100,000)	-18.2%
OFFICE SUPPLIES & EQUIPMENT	4,000	3,500	2,209	3,200	800	25.0%	500	14.3%
OPERATIONAL COSTS	1,429,521	1,767,494	68,321	1,762,694	(333,173)	-18.9%	(337,973)	-19.1%
PROFESSIONAL AND SPECIALIZED SERVICES	1,489,000	1,602,000	504,771	1,171,345	317,655	27.1%	(113,000)	-7.1%
EDUCATIONAL EXPENSES	23,500	23,700	13,165	19,500	4,000	20.5%	(200)	-0.8%
TOTAL	\$3,448,521	\$3,991,694	\$666,029	\$3,219,939	\$228,582	7.1%	(\$543,173)	-13.6%

*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 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. In FY 2016 –17, the OPEB Trust was divided into the **County OPEB**, LACERA's portion of the County OPEB, and the Superior Court OPEB.

**COUNTY OTHER POST-EMPLOYMENT BENEFITS TRUST
COST SUMMARY**

FISCAL YEAR 2017-2018

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OPEB

OTHER POST-EMPLOYMENT BENEFITS

County

[FY 2017-2018]

Cost Allocation

The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County) maintains a Retiree Healthcare Program (RHP) for members of LACERA and the Superior Court. In fiscal year 2012-13, the County established a trust in order to fund this program. In fiscal year 2016-17, the Superior Court established a trust to participate in the program. 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 to be commingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with running the OPEB Trust.

A Method for Tracking OPEB Trust

Only the 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, and Systems.

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.

Direct Costs of Salaries & Employee Benefits

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. 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 & 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 performing service to the Trusts. This provides LACERA with a "per employee cost" which is then multiplied by the overall percentage of hours worked on OPEB.

Indirect Salaries & Employee Benefits

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these divisions 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 & 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%
- LACERA – 5%
- Superior Court – 20%

True-up of Actual Costs

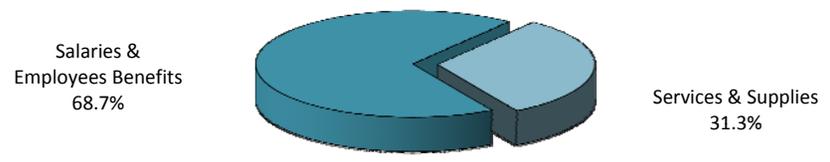
At the close of each fiscal year the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.

COUNTY OPEB COST ALLOCATION

FISCAL YEAR 2017-2018

	CURRENT FISCAL YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$90,356	\$82,420	\$77,306	\$116,000	(\$25,644)	-22.1%	\$7,936	9.6%
Services & Supplies	41,100	41,100	71,279	111,500	(70,400)	-63.1%	0	0.0%
OPERATING BUDGET	\$131,456	\$123,520	\$148,585	\$227,500	(\$96,044)	-42.2%	\$7,936	6.4%

2017 - 2018 PROPOSED BUDGET



OPEB

Other Post-Employment Benefits

Overview

LACERA's Portion of the Other Post-Employment Benefits (OPEB) Trust

In May 2012, the County hired the LACERA Board of Investments to manage and invest the 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. It is important for LACERA to maintain a separate accounting of the costs associated with running LACERA's portion of the County OPEB Trust. In FY 2016 –17, LACERA, still integrated into the County OPEB Trust, began capturing costs to administer their portion of the Trust. The OPEB Trust was subsequently divided into three distinct portions: the County OPEB, **LACERA's portion** of the County OPEB, and the Superior Court OPEB.

**LACERA'S PORTION OF THE LA COUNTY
OTHER POST-EMPLOYMENT BENEFITS TRUST
COST SUMMARY**

FISCAL YEAR 2017-2018

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OPEB OTHER POST-EMPLOYMENT BENEFITS

LACERA's Portion

[FY 2017-2018]

Cost Allocation

The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County) maintains a Retiree Healthcare Program (RHP) for members of LACERA and the Superior Court. In fiscal year 2012-13, the County established a trust in order to fund this program. In fiscal year 2016-17, the Superior Court established a trust to participate in the program. 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 to be commingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with running the OPEB Trust.

A Method for Tracking OPEB Trust

Only the 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, and Systems.

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.

Direct Costs of Salaries & Employee Benefits

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. 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 & 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 performing service to the Trusts. This provides LACERA with a "per employee cost" which is then multiplied by the overall percentage of hours worked on OPEB.

Indirect Salaries & Employee Benefits

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these divisions 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 & 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%
- LACERA – 5%
- Superior Court – 20%

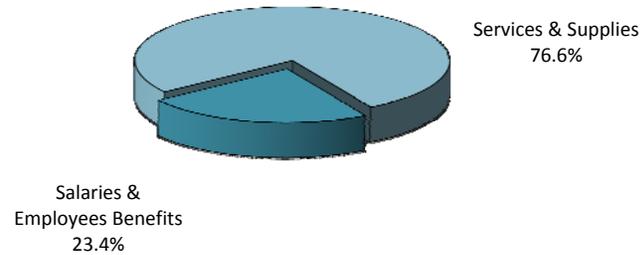
True-up of Actual Costs

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.

**LACERA'S PORTION OF THE LA COUNTY OPEB
COST ALLOCATION
FISCAL YEAR 2017-2018**

	CURRENT FISCAL YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$6,024	\$5,495	\$5,154	\$8,000	(\$1,976)	-24.7%	\$529	9.6%
Services & Supplies	19,700	19,700	45,880	65,000	(45,300)	-69.7%	0	0.0%
OPERATING BUDGET	\$25,724	\$25,195	\$51,034	\$73,000	(\$47,276)	-64.8%	\$529	2.1%

2017 - 2018 PROPOSED BUDGET



OPEB

Other Post-Employment Benefits

Overview

Superior Court Other Post-Employment Benefits (OPEB) Trust

In FY 2016 –17, the Superior Court hired the LACERA Board of Investments to manage and invest the OPEB Trust assets to fund the program. 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 Superior Court members. In order to avoid commingling of OPEB Trust Assets with retirement fund assets, LACERA maintains a separate accounting of the costs associated with running the Superior Court OPEB Trust. In FY 2016 –17, the OPEB Trust was parceled out into three parts: the County OPEB, LACERA's portion of the County OPEB, and the **Superior Court OPEB**. Under the Superior Court OPEB Trust Agreement, the court bears all administrative costs.

**SUPERIOR COURT
OTHER POST-EMPLOYMENT BENEFITS TRUST
COST SUMMARY**

FISCAL YEAR 2017-2018

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OPEB

OTHER POST-EMPLOYMENT BENEFITS

Superior Court

[FY 2017-2018]

Cost Allocation

The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County) maintains a Retiree Healthcare Program (RHP) for members of LACERA and the Superior Court. In fiscal year 2012-13, the County established a trust in order to fund this program. In fiscal year 2016-17, the Superior Court established a trust to participate in the program. The Board of Investments of LACERA is the trustee and investment manager for the trusts.

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- LACERA – 5%
- Superior Court – 20%

True-up 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.

SUPERIOR COURT OPEB COST ALLOCATION

FISCAL YEAR 2017-2018

	CURRENT FISCAL YEAR 2016-2017			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 16-17 BUDGET		
	PROPOSED BUDGET 2017-2018	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-17)					PROJECTION
Salaries & Employees Benefits	\$24,095	\$21,979	\$20,615	\$31,000	(\$6,905)	-22.3%	\$2,116	9.6%
Services & Supplies	39,401	39,401	126,888	182,500	(143,099)	-78.4%	0	0.0%
OPERATING BUDGET	\$63,496	\$61,380	\$147,503	\$213,500	(\$150,004)	-70.3%	\$2,116	3.4%

2017 - 2018 PROPOSED BUDGET

