



ADMINISTRATIVE,
RETIREE HEALTHCARE BENEFITS AND
OPEB TRUST BUDGETS
FISCAL YEAR 2023-2024



FY 2023-2024

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EXECUTIVE SUMMARY

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

The Proposed Administrative Budget for FY 2023-24 represents the fiscal plan for implementing LACERA’s administrative and operational objectives toward achieving our mission to produce, protect and provide the promised benefits to our members. In FY 2022-23, LACERA embarked upon an enterprise-wide strategic planning process—engaging members, Trustees, and staff at all levels. Although this Proposed Administrative Budget was developed before the Board of Retirement could formally adopt our Strategic Plan, as we considered what we hoped to accomplish in the coming year, the same themes emerged. As a result, this Proposed Administrative Budget aligns with the following five proposed strategic priorities:

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

Superior Member Experience

Ensuring members have a consistent superior experience at all stages of their journey has been a longstanding focus of LACERA staff. As our member demographics change, technology advances, and member expectations shift, LACERA must be poised and ready to meet the members where they are and provide the education and guidance they need in a manner that is accessible and consistent at every stage of their journey. Members who are knowledgeable about their benefits will make better choices for themselves and their families.

In FY 2022-23, LACERA implemented several enhancements to provide better service to our members including: Launching Phase 1 of our case management (Sol) project, which includes Disability Retirement, Disability Litigation, and First Payment case management implementation; developing an online disability retirement application; and improving our member call experience by directing calls for account verification to a dedicated queue,

notifying members of call wait times, and implementing a callback feature. The FY 2023-24 Proposed Administrative Budget supports expanding these solutions.

Although technology is an integral part of ensuring a superior member experience, members value and expect personal interaction with our Retirement Benefits Specialists. In recent years, and especially since the onset of the COVID-19 pandemic, LACERA has struggled to simultaneously maintain our budgeted staffing levels in our Member Services, Benefits, and Retiree Healthcare divisions; meet demand from our members; and minimize call wait times. Staff in these member-facing divisions must undergo extensive training to provide the expertise our members expect. While these new staff are trained, LACERA has continued to experience high attrition at rates similar to that of Los Angeles County employees as a whole. The result has been a consistent gap in the number of trained Retirement Benefits Specialists available to answer questions from members and provide them education and guidance at the various stages of their journeys.

Although new staff are not requested for these divisions in the FY 2023-24 Proposed Administrative Budget, the Board of Retirement and Board of Investments have authorized the CEO to implement a strategy that anticipates attrition of Retirement Benefits Specialists and fully utilizing budgeted resources to ensure consistent staffing and service levels throughout the entire year.

Four new positions are requested. Three new positions are proposed for the Disability Retirement Services Division to address changes in Los Angeles County policy related to workforce accommodations. LACERA anticipates a significant increase in the number of members seeking disability retirements directly or at the behest of their employer. Applications for disability retirements require extensive medical evidence and investigation, during which time applicants generally have no income. To ensure that applications are not unduly delayed, three additional Senior Disability Retirement Specialist positions are requested in FY 2023-24 and the proposed hiring plan will be adjusted to prioritize filling these positions during the fiscal year.

One new Senior Investment Officer position is proposed to assist with operational due diligence (ODD) and compliance. This position will be responsible for overseeing the development of robust policies and practices across all asset classes.

Innovation Through Technology

LACERA continues to be committed to leveraging technology to be a more nimble, responsive, and efficient organization. This improvement mindset ensures that we continuously seek opportunities to better serve our members and that staff have the tools to most effectively perform their work.

In FY 2022-23, LACERA made great strides in using technology to automate, simplify, and improve many of our day-to-day processes, saving staff time and reducing costs to

the pension fund. We also utilized technology to improve our organizational resilience, business continuity, and disaster recovery, and to enhance security.

Improvements through technology continue to be a major focus in FY 2023-24 as we look forward to: Launching Phase 2 of our case management project, which will include legal review, administrative appeals and escalations, insurance enrollment, and felony forfeiture appeals processes; enhancing our Call Center operations by implementing AWS Call Center; building a knowledge management solution; and completing and implementing several other projects currently underway. This strategic priority provides critical and essential support to achieving all four of LACERA's other strategic priorities. A complete summary of technology projects proposed for FY 2023-24 can be found on Page 6.

Investing in People

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

In the aftermath of the COVID-19 pandemic, LACERA has continuously suffered from high vacancy rates, exacerbated by an extremely competitive job market. In FY 2021-22, LACERA hired or promoted 68 positions across 13 divisions, but the overall vacancy rate stayed stubbornly stagnant at 20 percent. In FY 2022-23, LACERA concentrated on simplifying and improving the hiring process by identifying opportunities to add capacity, utilizing outside recruitment firms to assist with recruitment workload, become more nimble without sacrificing the tenets of civil service and meritocracy, and improve organizational transparency. We are on track to hire or promote 63 positions, including 40 in the fourth quarter. In addition, an enterprise-wide hiring plan was developed and shared with staff, and Human Resources developed a hiring playbook and process map for managers to demystify the hiring process.

In FY 2023-24, as the new Human Resources staff members acclimate, we hope to accelerate our hiring plan and onboard new staff more quickly to reduce the overall vacancy rate. Key to this goal is to reduce attrition across the organization. In FY 2023-24, we plan to focus on culture by developing and implementing our diversity, equity and inclusion framework (known as the LEAD initiative); investing in staff professional development opportunities; assessing and improving career ladders and succession planning; continuing formal and informal mentorship programs; and expanding our internship program to more divisions across the organization. We will develop a specific workplan with goals and key performance indicators and transparently report on our progress.

Enterprise Risk Management and Compliance

Over the past three years, LACERA has made great strides in improving enterprise risk management, information security, and operational resilience by transitioning most of our information technology systems from onsite to cloud-based solutions. The organization benefited greatly, improving our business continuity and disaster recovery readiness, transitioning to a fully remote (and now hybrid) work environment offering greater flexibility to our staff and members, and establishing a dedicated information security office independent of the Systems Division. Further, through the guidance and support of the Internal Audit Division and Audit Committee, we have participated in internal and external assessments to identify enterprise risk and compliance findings.

In FY 2022-23, we established and operationalized a Policy Committee tasked with systematically reviewing all LACERA policies and protocols as well as reviewing and adopting all new administrative policies. We also automated the process for filing the required annual Statement of Economic Interests for covered individuals, which helps us track compliance. Finally, we have improved LACERA's physical site security by moving the reception area from the 6th floor to the ground floor; requiring visitors (other than members) to check in, wear a visitors badge, and be escorted by staff while conducting business at LACERA headquarters; installing a video doorbell outside our Disability Litigation Office, as they are located on the 10th floor, which is shared by non-LACERA business entities; and restricting elevator access to LACERA-occupied floors, except for the 10th floor (to be completed in Spring 2023).

The FY 2023-24 Proposed Budget continues to support the enterprise risk management and compliance strategic priority. Previously, the Board of Retirement and Board of Investments approved a Compliance Officer position to be housed in the Legal Division and tasked with identifying and supporting enterprise-wide compliance matters. In researching how similarly structured organizations utilize similar positions, including best practices and comparable salary, it is proposed that the Compliance Officer position, which has not yet been approved by the Board of Supervisors, be amended to "Ethics and Compliance Officer." Further, Executive Management also plans to fill the authorized Special Assistant position within the Executive Office to help manage and report on progress toward policy implementation, compliance, and other strategic priorities.

The FY 2023-24 Proposed Budget also includes resources for the Systems Division and the Information Security Office within the Executive Office to proactively secure LACERA and member data and monitor information security threats. Recruitment is currently underway, and we anticipate permanently filling our Information Security Officer and Chief Information Technology Officer positions in spring 2023.

Fiscal Durability

Key to LACERA's mission to produce, protect and provide the promised benefits is ensuring the fiscal durability of fund assets, as benefits are promised for members' lifetimes. This requires taking on as little investment risk as possible to consistently meet

or exceed our benchmarks over the long-term to generate the necessary returns, as well as practicing fiscal prudence and due diligence when expending fund assets. To achieve this, the Investment Division has a specific strategy to shift from allocator to best-in-class investor. This includes, but is not limited to, negotiating favorable fees. Although, under CERL, investment fees are not included in the administrative budget, the expenditures are noted in the Non-Administrative Expense section of the FY 2023-24 Proposed Budget documents.

The FY 2023-24 Proposed Budget further supports this strategic priority by including the resources necessary to effectively and efficiently administer the programs to fulfill LACERA's mission and to ensure the pension fund and the organization are appropriately supported to sustain that mission indefinitely. As detailed below, LACERA anticipates that several technology projects currently underway will be fully implemented and operationalized in FY 2023-24. Together, these solutions will eradicate inefficient and error-prone manual processes and integrate into our financial system, Great Plains, providing greater transparency in the prudent expenditure of fund assets for pension administration.

Budget Software: The Questica budget software solution will automate and streamline the budget development and approval process, as well as provide managers real-time access to monitor and control their budget and expenditures for the first time ever. The Questica budget solution will be implemented by fall of 2023, in time for use in the development of the FY 2024-25 Proposed Budget.

Automated Accounts Payable and Procurement: The Certify software will automate the requisition and procurement of goods and services approval process to ensure more efficient invoice payment and allow ACH payments to vendors instead of traditional paper checks. This solution will be fully implemented in the summer of 2023.

Enterprise Contract Lifecycle Management: The Cobblestone software solution will assist contract administrators, risk manager and legal division by ensuring LACERA maintains a complete repository of contracts and vendor agreements and supporting documentation such as proof of insurance. The solution will facilitate compliance with LACERA's contract and procurement policies, ensure consistency using standard templates and contract language, and has tools to assist LACERA attorneys in reviewing non-standard terms and conditions that may be proposed by and required of some business partners. This software solution will be fully implemented in the summer of 2023.

Conclusion

The FY 2023-24 Proposed Budget reflects the resources necessary to effectively and efficiently administer the retirement programs to fulfill LACERA's mission indefinitely.

Summary of Technology Modernization Projects for FY 2023-24

| Project Title | Description | Benefit/Goal | FY 23/24 Budget | Phase | Estimated Completion Date |
|--|--|--|-----------------|------------------------|---------------------------|
| Member case management system - Phase 2 | All LACERA’s member-facing divisions are asking for case management for their complex processes to improve operational efficiency. Phase 2 will include optical character recognition (OCR) technology and focus on the legal review, administrative appeals and escalations, insurance enrollment, and felony forfeiture appeals processes. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources. The licensing costs for the case management solution will be an annual cost going forward. | The goal is to track and manage cases coming from the Workspace Pension Administration System. The benefits will be more efficient processing, greater automation, and improved member satisfaction. | \$760,000 | Phase 2 of 5 | 06/30/24 |
| Amazon Web Services (AWS) Call Center enhancements Phases 7, 8, and 9 | To further improve and enhance our call center operations, LACERA seeks to implement voice recognition and artificial intelligence (AI) technology to mimic the organization’s secure validation process. The new features will enable the organization to simulate a member’s existing basic and secure confirmation process, leverage AI to allow members to choose between the confirmation process or be placed into predefined servicing queues with designated agents, and provide enhanced reporting on secure confirmation statistical data. | The automated member validation process will reduce call wait time, provide a more secure validation process, and improve the member experience. | \$300,000 | Phase 7, 8, and 9 of 9 | 09/30/23 |
| Knowledgebase solution | LACERA seeks to purchase or build a repository and automated workflow solution for LACERA knowledge management. The solution will be a single, trusted source of information that is accurate, consistent, and up to date and enables the right information to be found, at the right time, by the people who need it. We currently maintain this critical enterprise content in multiple formats and on disparate systems. The same amount was requested during the FY 2022-23 budget for both policy and knowledge management; however, we have separated these two efforts. The policy solution will be completed in the current fiscal year, and the knowledge management project, which is a significantly larger effort, will begin in FY 2023-24. | The goals are to establish a centralized repository and workflow for business rules, procedures, and operating instructions. The benefits will be consistent and transparent development, review, publication, and adoption of business rules. This new system will also allow us to retire older disparate systems: the Benefits WIKI, KBase, Member Services Operating Instructions, and Benefits Index. | \$300,000 | Phase 1 of 1 | 06/30/24 |

Summary of Technology Modernization Projects for FY 2023-24

| Project Title | Description | Benefit/Goal | FY 23/24 Budget | Phase | Estimated Completion Date |
|---|--|--|-----------------|---------------------|---------------------------|
| Telecommunications upgrade and hosted Contact Center | LACERA seeks to modernize our existing telecommunications infrastructure. This funding is requested to support LACERA's telecommunications strategy both for our Pasadena office and to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and pension administration system. The same amount for this project was requested during the FY 2022-23 budget; however, this project was deferred to focus on implementing improvements to the current AWS Call Center solution (member callback feature). | The goal is to modernize LACERA's existing telecommunications infrastructure. The benefits include more efficient use of LACERA resources and greater member satisfaction. | \$250,000 | Phase 1 of 1 | 06/30/24 |
| Teams room conversion | As part of LACERA's IT modernization effort, Systems is converting all LACERA conference rooms to Microsoft Teams-enabled meeting rooms. Once completed, each conference room will provide a rich and collaborative Teams meeting experience that is simple to use and supports LACERA's flexible hybrid work environment by enabling remote participants to see and hear everyone in the room. There are 15 conference rooms that need to be converted: Six of these conference rooms will be converted in FY 2022-23. The budget for FY 2023-24 is to convert the remaining nine rooms. | The goal is to facilitate collaboration for LACERA's hybrid workforce. | \$225,000 | Phases 2 and 3 of 3 | 06/30/24 |
| Facilities management solution | The Administrative Services Division seeks to implement an enterprise facilities management software solution to replace our current tediously manual processes. The new system will ensure that the organization can properly manage the health and safety of our work environment while enhancing our ability to improve maintenance, cleaning, and space change requests. | The goal is to provide automation, process improvement, transparency, and metrics for LACERA's facilities management process. | \$150,000 | Phase 1 of 1 | 06/30/24 |
| Uninterruptible power supply (UPS) upgrade | LACERA seeks to replace the end-of-life UPS units that provide critical backup power to LACERA's data centers and boardroom during outages. This funding is requested to redesign and replace the existing units to create a redundant power system. The project was previously requested during the FY 2022-23 midyear adjustments; however, it was deferred due to supply chain constraints. | The goal is to optimize LACERA's business continuity capabilities when a power outage affects LACERA's Pasadena building. | \$150,000 | Phase 2 of 2 | 06/30/24 |

Summary of Technology Modernization Projects for FY 2023-24

| Project Title | Description | Benefit/Goal | FY 23/24 Budget | Phase | Estimated Completion Date |
|---|--|--|-----------------|--------------|---------------------------|
| Legal matters management system | The Legal Division seeks to implement an enterprise legal matters management software solution to replace our current tediously manual processes. The new system will ensure that the division can properly facilitate remote work and streamline workflows, time tracking, and document management processes. | The goal is to provide automation, process improvement, transparency, and metrics for LACERA's Legal Division. | \$100,000 | Phase 1 of 1 | 06/30/24 |
| Keycard reader upgrades | LACERA seeks to replace the current keycard readers that provide physical access to all LACERA suites with a modern solution that allows better customization and safety enhancements. | The goal is to improve the physical security of LACERA's offices. | \$100,000 | Phase 1 of 1 | 06/30/24 |
| Professional consulting services for Great Plains integrations | As LACERA continues to implement various enterprise software solutions such as hardware asset management, contract management, budgeting, and accounts payable, funding is needed for professional services to ensure these applications seamlessly integrate. | The goal is seamless integration between LACERA's general ledger system, Microsoft Dynamics Great Plains, and other systems that are currently being implemented: hardware asset management (ServiceNow HAM), enterprise contract lifecycle management (Cobblestone ECLM), budget solution (Questica), and automated accounts payable (Certify). | \$100,000 | Phase 1 of 1 | 06/30/24 |
| Benefits PBI upgrade | The Benefits Division seeks to replace their current end-of-life member/beneficiary research system. The new system will ensure that the organization can quickly and accurately identify deceased members and locate or identify the beneficiary to fulfill our fiduciary responsibilities and pay out the owed benefits. | The goal is to reduce the risk of benefit overpayments to deceased members and more efficiently locate beneficiaries who are owed death benefits. | \$100,000 | Phase 1 of 1 | 06/30/24 |
| Investments due diligence solution | The Investments Division seeks to implement a due diligence solution, such as DiligenceVault. The new system will automate the analysis of manager and fund data as part of the due diligence processes. | The goal is to automate the due diligence process in the Investments Division. | \$30,000 | Phase 1 of 1 | 06/30/24 |



Our Mission

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

Our Vision

Empowering our members to enjoy a healthy and secure retirement.

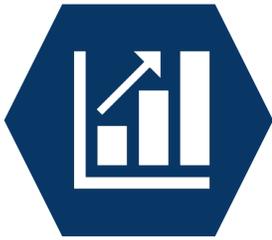
“Members” include active and retired members and, for the purposes of this plan, their beneficiaries and survivors.

Our mission defines what we do everyday and is central to our commitment to serving our members.

Our vision statement is inspirational and aspirational for improving how we will serve our members in the coming years. While we continue delivering secure, sustainable, and sound services, we will be highly focused on additional ways to educate our members so they can make informed planning decisions, use improved technology to access our services, and fulfill their retirement dreams.

Our Values

Our core values serve as our cultural guide and foundation in meeting our mission. As a member-focused government agency, we abide by our core values to ensure the public's trust, operate efficiently and cost effectively, and provide our members their promised benefits.



Accountability

We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our mission and duty as prudent stewards of the pension funds.



Innovation

We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.



Collaboration

We are One LACERA. We promote unity by successfully working together across all levels of the organization to deliver on our strategic priorities and objectives.



Integrity

We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.



Inclusivity

We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our mission and strategic priorities.

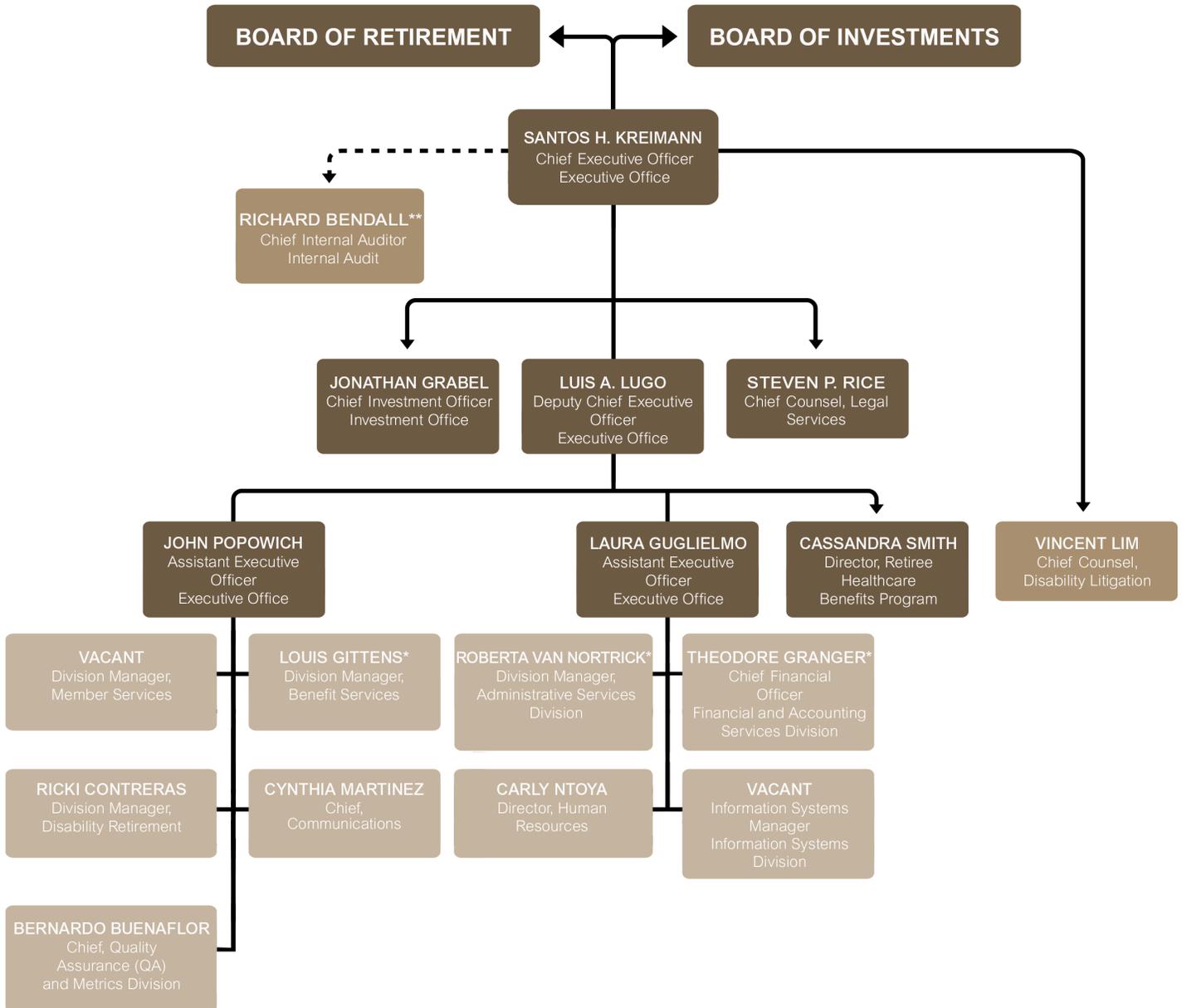


Transparency

We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.



FY 2023-2024 Organizational Chart



* Interim assignment

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



FY 2023-2024 Board of Retirement

Mission Statement

We produce, protect, and provide the promised benefits.

The Board

Composed of nine trustees and two alternates:

- Two trustees elected by active general members
- One regular and one alternate trustee elected by retired members
- One regular and one alternate trustee elected by safety members
- Four trustees appointed by the Los Angeles County Board of Supervisors
- One ex-officio trustee (the County Treasurer and Tax Collector)

One acting ex-officio trustee (the Chief Deputy County Treasurer and Tax Collector)

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.



Shawn R. Kehoe Chair

Alternate Member
Elected by Safety Members



Alan J. Bernstein Vice Chair

Appointed by Board of Supervisors



Vivian H. Gray Secretary

Elected by General Members



Elizabeth B. Ginsberg

Chief Deputy Treasurer and Tax Collector
Acting Ex-Officio Member



Jason E. Green

Elected by Safety Members



Elizabeth Greenwood

Appointed by Board of Supervisors



James P. Harris

Elected by Retired Members
Alternate Member



Keith Knox

County Treasurer and Tax Collector
Ex-Officio Member



Ronald Okum

Appointed by Board of Supervisors



Les Robbins

Elected by Retired Members



Antonio Sanchez

Appointed by Board of Supervisors



Herman B. Santos

Elected by General Members



FY 2023-2024 Board of Investments

Mission Statement

We produce, protect, and provide the promised benefits.

The Board

Composed of nine trustees:

- Four trustees appointed by the Los Angeles County Board of Supervisors
- Four elected trustees
 - Two elected by active general members
 - One elected by retired members
 - One elected by safety members
- One ex-officio trustee (the County Treasurer and Tax Collector)

One acting ex-officio trustee (the Chief Deputy County Treasurer and Tax Collector)

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.



Gina V. Sanchez
Chair

Appointed by Board of Supervisors



Herman B. Santos
Vice Chair

Elected by General Members



Joseph Kelly
Secretary

Elected by Retired Members



Elizabeth B. Ginsberg

Chief Deputy Treasurer and Tax Collector
Acting Ex-Officio Member



David Green

Elected by General Members



Jason E. Green

Elected by Safety Members



Patrick L. Jones

Appointed by Board of Supervisors



Onyx Jones

Appointed by Board of Supervisors



Keith Knox

County Treasurer and Tax Collector
Ex-Officio Member



David E. Ryu

Appointed by Board of Supervisors

BUDGET POLICIES

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

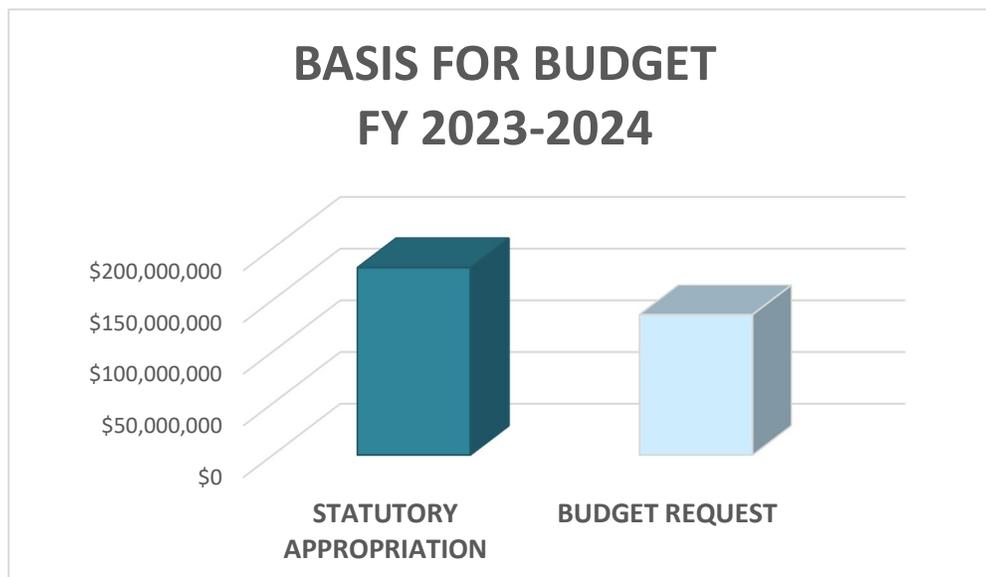
The budget is made up of three funds: the Administrative Fund, the Retiree Healthcare Fund, and the Other Post-Employment Benefits (OPEB) Trust Fund.

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

Legal Requirement

Government Code 31580.2 of the County Employees Retirement Law (1937 Act) requires the annual adoption of a budget covering the entire expense of administration of the retirement system. The code requires that the expenses be charged against the earnings of the retirement fund and that the expenses may not exceed 21 basis points (0.21 percent) of the actuarial accrued liability of the retirement system. Although expenses for computer software, hardware, and computer technology consulting services are included in the Administrative Budget, such costs are not subject to the budget limit. Additionally, Government Code Section 31596.1 provides that the following expenses shall not be considered as costs of administering the system: investing its moneys, securing custodial bank services, securing actuarial services, and securing attorney services. As such, these costs are not included in the Administrative Budget.

Per the 1937 Act, LACERA's statutory appropriation for FY 2023–24 is \$181,272,318. The proposed budget for FY 2023-24 totals \$135,747,974, \$45,524,344 below the statutory appropriation limit.



JOGC Oversight

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

Budgetary Control and Financial Forecasting

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

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

Chief Executive Officer (CEO) Authority

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

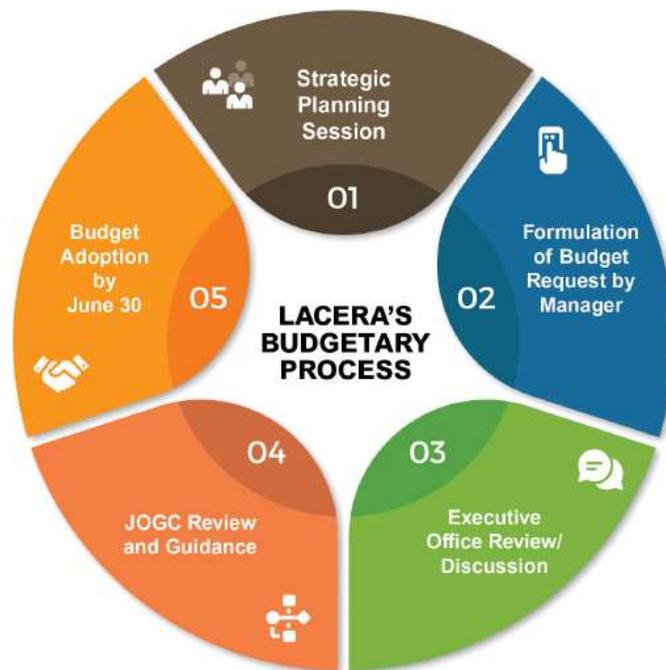
Retiree Healthcare Benefits Program

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

Non-Administrative Expenses

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

BUDGET PROCESS



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

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

During the month of January, the management team meets with the Executive Office to present their proposed budgets. During this process, the Executive Office weighs the requests against the organizational goals and the strategic plan as well as ancillary support requirements. These discussions help refine the requests and balance competing needs throughout the organization. At the end of this process, the Executive Office and the management team agree upon their divisional requests and the Budget Unit begins to assemble the budget.

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

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



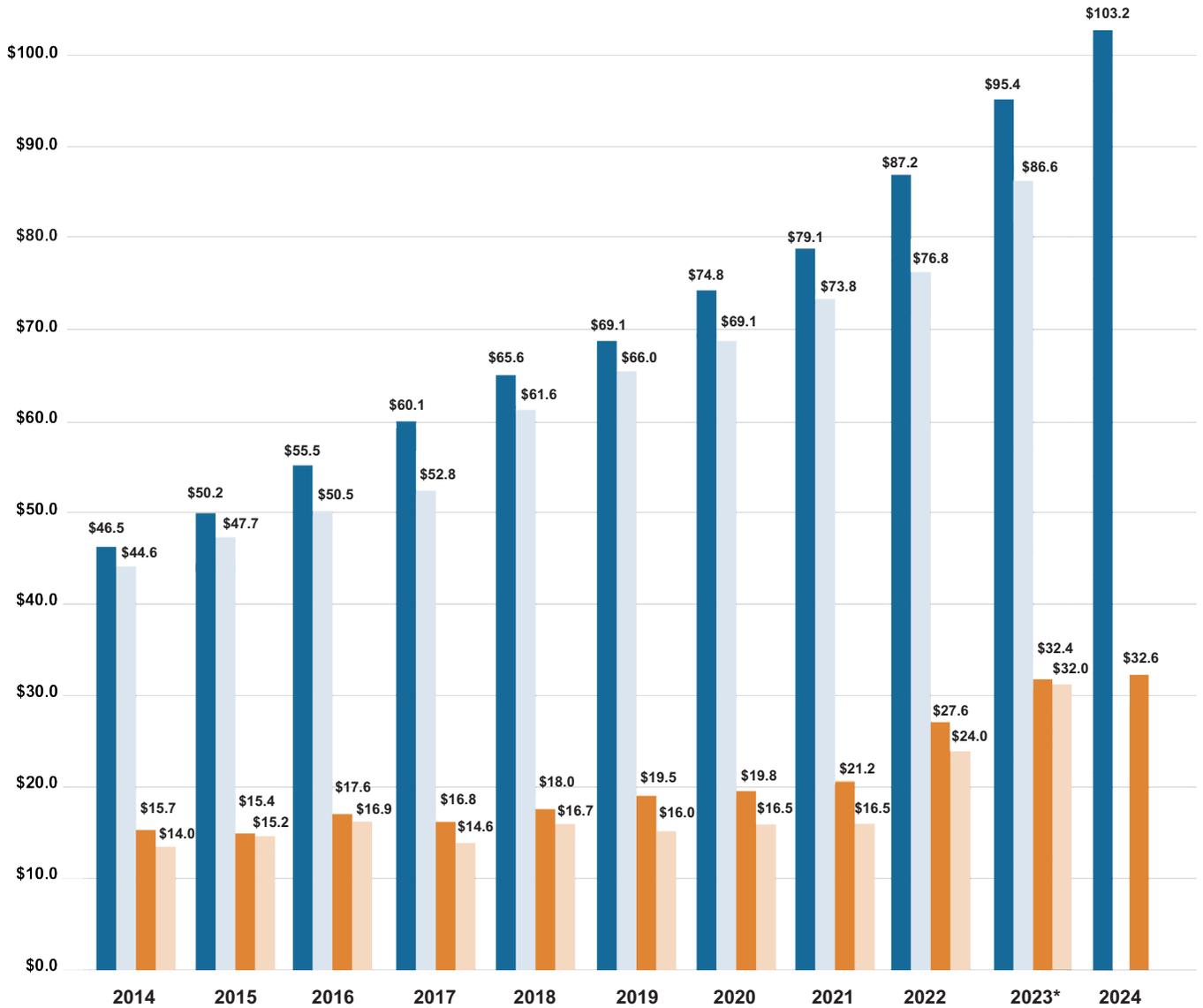
FY 2023-2024

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits & Services and Supplies

2014-2024

(\$ in Millions)



*The Actual Expenditures for the budget year ending 2023 are projected based on YTD figures through 01/31/2023.

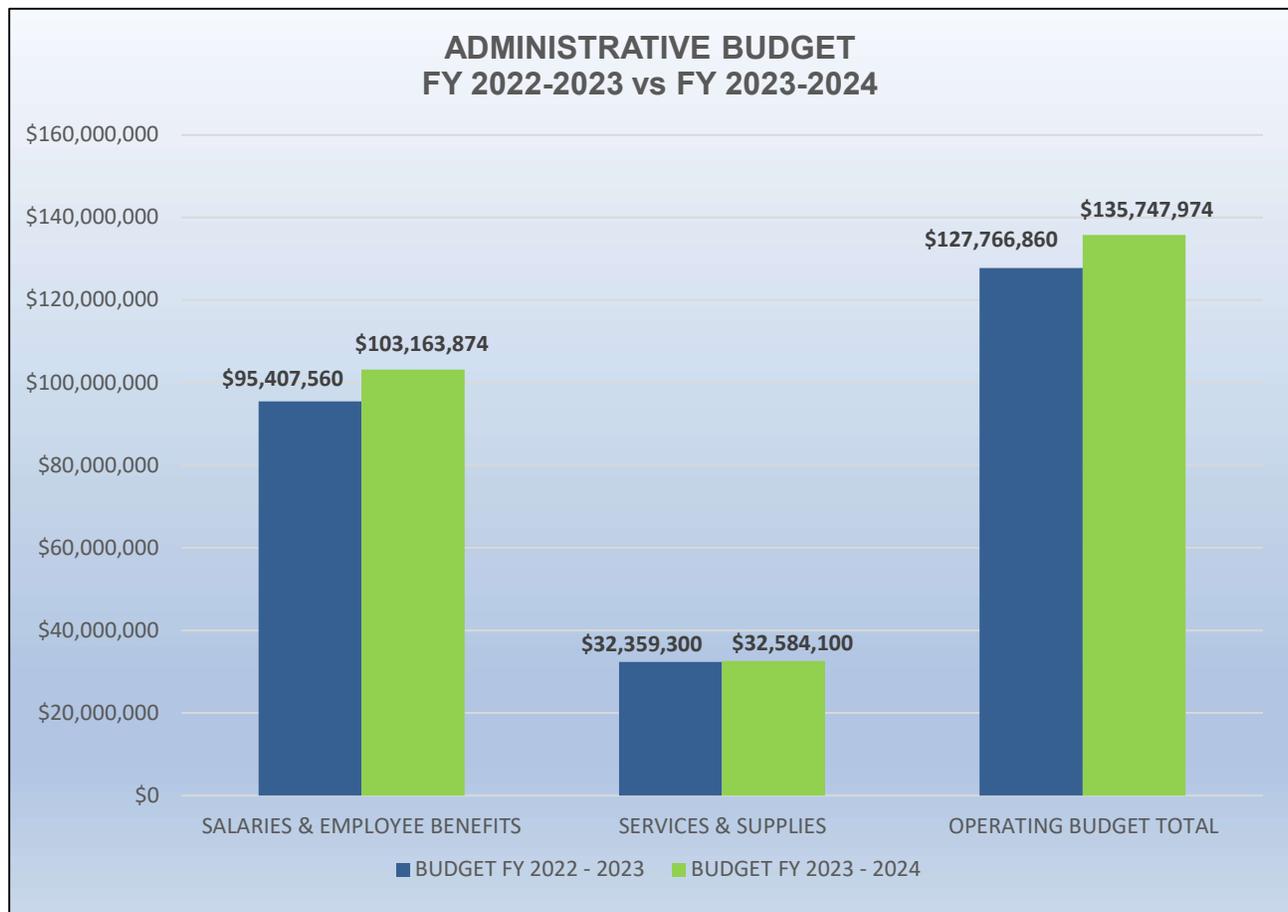
- Salaries and Employee Benefits Approved Budget
- Salaries and Employee Benefits Actual Expenditures
- Services and Supplies Approved Budget
- Services and Supplies Actual Expenditures

BUDGET REQUEST SUMMARY

Overview

The Administrative Budget consists of two components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S). The proposed Administrative Budget request for FY 2023-2024 is \$135,747,974. This represents a 6.2 percent increase from the prior year budget.

| ADMINISTRATIVE BUDGET | BUDGET FY 2022-2023 | BUDGET FY 2023-2024 | VARIANCE | % CHANGE |
|-------------------------------|------------------------|------------------------|--------------------|-------------|
| Salaries & Employee Benefits | \$95,407,560 | \$103,163,874 | \$7,756,314 | 8.1% |
| Services & Supplies | \$32,359,300 | \$32,584,100 | \$224,800 | 0.7% |
| OPERATING BUDGET TOTAL | \$127,766,860 | \$135,747,974 | \$7,981,114 | 6.2% |



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

| DIVISION | BUDGET REQUEST FY 2022-2023 | BUDGET REQUEST FY 2023- 2024 | VARIANCE | % CHANGE |
|---------------------------------|--------------------------------|------------------------------------|--------------------|-------------|
| Administrative Services | \$14,989,876 | \$16,108,407 | \$1,118,531 | 7.5% |
| Benefits | 12,019,386 | 12,449,402 | 430,016 | 3.6% |
| Board of Retirement | 291,500 | 303,500 | 12,000 | 4.1% |
| Board of Investments | 498,000 | 551,000 | 53,000 | 10.6% |
| Communications | 3,422,975 | 4,117,688 | 694,713 | 20.3% |
| Disability Litigation | 2,407,817 | 2,561,141 | 153,324 | 6.4% |
| Disability Retirement | 10,939,793 | 11,797,093 | 857,300 | 7.8% |
| Executive Office | 5,394,151 | 5,276,415 | (117,736) | -2.2% |
| Financial & Accounting Services | 4,926,478 | 5,688,740 | 762,262 | 15.5% |
| Human Resources | 5,839,537 | 6,743,591 | 904,054 | 15.5% |
| Internal Audit | 3,468,495 | 3,613,148 | 144,653 | 4.2% |
| Investment Office | 17,342,188 | 18,223,967 | 881,779 | 5.1% |
| Legal Services | 10,457,195 | 9,997,732 | (459,463) | -4.4% |
| Member Services | 10,479,414 | 11,063,296 | 583,882 | 5.6% |
| Quality Assurance | 2,918,368 | 3,383,332 | 464,964 | 15.9% |
| Systems | 22,371,686 | 23,869,522 | 1,497,836 | 6.7% |
| TOTAL | \$127,766,860 | \$135,747,974 | \$7,981,114 | 6.2% |

For additional details see the divisional tabs.

Salaries and Employee Benefits

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

| S&EB CATEGORY | BUDGET REQUEST FY 2022-2023 | BUDGET REQUEST FY 2023-2024 | VARIANCE | % CHANGE |
|---|--------------------------------|--------------------------------|--------------------|--------------|
| <u>SALARIES & OTHER PAYS</u> | | | | |
| Permanent / County Temporary | \$49,928,206 | \$55,994,827 | \$6,066,621 | 12.2% |
| Agency Temporary | 7,685,300 | 5,611,100 | (2,074,200) | -27.0% |
| LACERA Intern Program | 288,000 | 288,000 | 0 | 0.0% |
| Stipends | 65,000 | 65,000 | 0 | 0.0% |
| Overtime | 1,088,800 | 1,150,900 | 62,100 | 5.7% |
| Bilingual Bonus | 22,800 | 22,800 | 0 | 0.0% |
| Transportation Allowance | 7,200 | 21,600 | 14,400 | 200% |
| Rideshare Allowance | 70,300 | 70,300 | 0 | 0.0% |
| Sickleave Buyback | 68,800 | 68,800 | 0 | 0.0% |
| TOTAL SALARIES & OTHER PAYS | \$59,224,406 | \$63,293,327 | \$4,068,921 | 6.9% |
| <u>VARIABLE BENEFITS</u> | | | | |
| Retirement | 12,027,511 | 13,294,643 | 1,267,132 | 10.5% |
| FICA Contribution | 892,955 | 1,060,984 | 168,029 | 18.8% |
| County Subsidy - Insurance | 3,309,795 | 3,651,761 | 341,966 | 10.3% |
| Options Plan | 4,736,909 | 4,515,725 | (221,184) | -4.7% |
| Life Insurance | 22,679 | 22,003 | (676) | -3.0% |
| Health Insurance Temps | 325,317 | 626,305 | 300,988 | 92.5% |
| Flexible Benefit Plan | 10,868 | 18,805 | 7,937 | 73.0% |
| Thrift Plan/Horizons | 2,021,290 | 2,251,401 | 230,111 | 11.4% |
| Savings Plan | 1,519,048 | 1,527,203 | 8,155 | 0.5% |
| Pension Savings Plan | 36,645 | 59,193 | 22,548 | 61.5% |
| Megaflex | 6,159,991 | 7,264,514 | 1,104,523 | 17.9% |
| TOTAL VARIABLE BENEFITS | \$31,063,007 | \$34,292,537 | \$3,229,530 | 10.4% |
| OPEB CONTRIBUTION | \$1,775,147 | \$1,989,009 | \$213,862 | 12.0% |
| OTHER BENEFITS | \$3,345,000 | \$3,589,000 | \$244,000 | 7.3% |
| TOTAL EMPLOYEE BENEFITS | \$36,183,154 | \$39,870,547 | \$3,687,393 | 10.2% |
| TOTAL SALARIES & EMPLOYEE BENEFITS | \$95,407,560 | \$103,163,874 | \$7,756,314 | 8.1% |

Assumptions

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

- Salaries are budgeted based on projected yearly costs by position.
- Vacant positions are budgeted at the first step and salary savings are calculated by reducing the salary cost by the number of months it takes to hire against the position. The number of months funded are based on LACERA's hiring plan and are clearly identified in each division's tab. Vacant positions as of January 2023 that are expected to be filled by June 30, 2023 are budgeted for the full year.
- Salary increases negotiated through a Memorandum of Understanding (MOU) are included in the budget request. Salaries increased across the board by 3 percent effective January 1, 2023 and will increase by an additional 3 percent on January 1, 2024.
- Variable benefits costs are adjusted consistent with Los Angeles County negotiated benefit rates.
- Employee salary step and merit increases are included for those employees not at the top end of their salary range.

Explanation of S&EB Costs

The proposed budget for S&EB totals \$103,163,874, an increase of approximately \$7.8 million or 8.1 percent. This increase includes partial year funding for three additional staff, negotiated cost-of-living adjustments (COLAs), nondiscretionary step and merit increases, overtime, and increases to variable benefits based on filling vacant positions and benefit increases negotiated by Los Angeles County. Additional factors impacting S&EB costs are detailed below.

Staffing Changes

A net increase of four permanent positions are requested for FY 2023-24, bringing LACERA's budgeted authority (excluding the Retiree Healthcare Program) from 493 to 497. As outlined below, three new staff positions are requested in the Disability Retirement Services Division and one new staff position is requested in the Investment Office, which we expect to be able to fill in January 2024. Six months' funding is proposed for these four positions. In addition, two positions in the Financial and Accounting Services Division (FASD) and one position in the Systems Division are proposed to be reclassified. Both the full-year cost and benefits associated with these changes are outlined in the chart below, along with the budget impact for FY 2023-24. Note that the two positions in FASD are currently vacant but we expect to be able to fill the newly created accountant positions using a current eligibility list.

Summary of Position Changes

| DIVISION | # | POSITION TITLE | FULL YEAR SALARY | BUDGETED SALARY * | VARIABLE BENEFITS | BUDGET IMPACT |
|---------------------------------|------------|---|------------------|-------------------|-------------------|------------------|
| Disability Retirement | 3.0 | Senior Disability Retirement Specialist | \$259,956 | \$194,967 | \$107,232 | \$302,199 |
| Financial & Accounting Services | (1.0) | Accounting Officer II | (\$93,550) | \$0 | \$0 | \$0 |
| | 2.0 | Accountant | \$134,121 | \$134,121 | \$73,766 | \$207,887 |
| | (1.0) | Accounting Technician | (\$53,184) | \$0 | \$0 | \$0 |
| Investment Office | 1.0 | Senior Investment Officer | \$242,019 | \$121,010 | \$66,555 | \$187,565 |
| Systems Division | 1.0 | Information Technology Manager I | \$126,233 | \$0 | \$0 | \$0 |
| | (1.0) | Information Systems Manager I | (\$126,375) | \$0 | \$0 | \$0 |
| Total | 4.0 | | \$489,220 | \$450,997 | \$247,554 | \$697,651 |

**Based on the hiring plan*

Salary Step and Merit Increases

Staff that are not at the top of their designated salary range are entitled to a salary step increase. These increases are budgeted at 5.5 percent. The total cost is estimated to be approximately \$302,000.

Management Appraisal and Performance Plan (MAPP) Tier I and Tier II employees may be entitled to salary increases based on their performance ratings. The increase ranges from 0 to 5 percent depending on the staff performance rating. The increase is estimated to be approximately \$472,000 or 13.7 percent from FY 2022-23.

Agency Temporary Salaries

Funding for Agency Temporary Salaries is reduced by approximately \$2.1 million, or 27 percent, from FY 2022-23, reflecting LACERA's planned hiring. Tremendous effort is underway to permanently fill LACERA's critical vacancies with highly qualified professionals, allowing for substantive reductions in this line item.

Intern Program

Internships are part of LACERA's diversity, equity, and inclusion strategy. Our intent is to provide underrepresented students with opportunities to learn about LACERA and how we fulfill our mission to produce, protect and provide the promised benefits to our members by offering short-term employment and mentorship. Our ultimate goal is for these individuals to grow and eventually become permanent LACERA staff members after completion of their education.

For FY 2023-24, LACERA hopes to welcome 14 Interns to support administrative, member-facing and investments projects in Administrative Services (2), the Executive Office (1), Human Resources (1), Investments (4), Legal (2), Quality Assurance (1), and Systems (3). The FY 2023-2024 Administrative Budget includes \$288,000 to fund 12 Interns; two additional Interns for the Investments Division will be funded through outside organizations that promote diversity, equity and inclusion.

Employee Benefits

Total employee benefits are projected to total \$39,870,547, an increase of \$3,687,393, or 10.2 percent, from the prior year. The increase in fringe benefits cost is consistent with the benefits negotiated by the County.

For FY 2023-24, the most significant cost increases are primarily attributable to retirement cost increases of approximately \$1.3 million, or 10.5 percent, and to Megaflex benefit increase of approximately \$1.1 million, or 17.9 percent. The most significant increases by percentage include a 92.5 percent increase, or approximately \$301,000, for health insurance for County Temporary staff, a 73.0 percent increase, or approximately \$8,000, for Flexible Benefit Plan costs, and a 61.5 percent increase, or approximately \$23,000, for Pension Savings Plan costs.

Total Budgeted Positions

Based on the proposal of a net increase of 4 permanent positions, LACERA’s total budgeted positions count will be 497.

| DIVISION | BUDGETED POSITIONS FY 2022-2023 | CHANGE | BUDGETED POSITIONS FY 2023-2024 |
|-------------------------|---------------------------------|----------|---------------------------------|
| Administrative Services | 42 | 0 | 42 |
| Benefits | 79 | 0 | 79 |
| Communications | 14 | 0 | 14 |
| Disability Litigation | 7 | 0 | 7 |
| Disability Retirement | 41 | 3 | 44 |
| Executive Office | 14 | 0 | 14 |
| Financial & Accounting | 30 | 0 | 30 |
| Human Resources | 21 | 0 | 21 |
| Internal Audit Services | 11 | 0 | 11 |
| Investment Office | 45 | 1 | 46 |
| Legal Services | 29 | 0 | 29 |
| Member Services | 79 | 0 | 79 |
| Quality Assurance | 19 | 0 | 19 |
| Systems | 62 | 0 | 62 |
| TOTAL | 493 | 4 | 497 |

Ordinance Positions

Ordinance positions reflect the employment authority by classification ratified by the Los Angeles County Board of Supervisors for LACERA. Not all positions outlined in LACERA's Ordinance are funded in the budget. Each year, the Board of Retirement and the Board of Investments adopts a budget, which includes funding for a specified number of positions. Most of these positions are funded for a full year; positions that are anticipated to be vacant at the beginning of the fiscal year are generally funded for less than 12 months. Historically, LACERA has maintained a higher number of Ordinance positions than budgeted to allow flexibility in filling positions within specific classifications. Each time a position is filled, it must be applied against an authorized position identified in the Ordinance, and funding must be available within the budget. Additionally, when the Boards authorize new positions as part of the budget, they cannot be immediately filled if there is not sufficient authority within the Ordinance, and it typically takes the Board of Supervisors several months to add new positions to LACERA's Ordinance.

In March 2023, the Board of Retirement and the Board of Investments authorized additional Ordinance positions in the Retirement Benefits Specialist series as well as Senior Disability Retirement Specialist. The Board of Retirement anticipated the request for the three new positions requested in this budget. This authority was needed in advance of the adoption of the budget to ensure there was no administrative delay in filling these needed positions. Filling the new positions will be dependent on the approval of the Board of Retirement and the Board of Investments.

In addition to the Ordinance positions approved by the Boards in March 2023, the Legal Division requests the addition of three Senior Staff Counsel positions in the Ordinance. These positions are not requested in the budget and no funding is required. This flexibility is needed for succession planning purposes, as the retirement of tenured attorneys is anticipated. Ideally, LACERA will have the flexibility to fill these positions without adversely impacting positions. LACERA staff will return to the Board of Retirement and the Board of Investments during the mid-year budget adjustments for any additional funding that may be needed.

Vacancy Information

Each year as part of the budgeting process, the management team reviews the current workload to forecast the number of staff needed to fulfill LACERA's mission to produce, protect, and provide the promised benefits. One of the results of the process is a staffing plan that is presented to the executive team as part of each division's budget proposal.

Once the executive and management teams have agreed on a plan, the staffing requests are approved in the budget proposal presented to the Boards. The vacant position chart below shows that there are 116 vacant positions as of March 31, 2023. Given the number of vacancies, new positions were generally not supported by executive management. The one exception was three new Sr. Disability Retirement Specialists positions and one new Senior Investment Officer, which were approved due to current and anticipated workload demands. Further, LACERA's Hiring Plan calls for recruitment for these classifications in early FY 2023-24. With no other activity, these four new positions would increase the total

number of vacancies to 120. However, the chart does not reflect a class of 25 Retirement Benefits Specialists who started on May 1, 2023, with another six (6) Retirement Benefits Specialists for the RHC training program. We also have several recruitments within Legal, Investments, and Systems that we hope to conclude the end of this fiscal year (June 30, 2023). We anticipate 40 new hires in the fourth quarter of FY 2022-23 and will continue to work aggressively to recruit and retain the best possible talent.

Vacant Positions Summary

| DIVISION | PROPOSED BUDGETED POSITIONS FY 2022-2023 | VACANCY (AS OF 03/31/23) | % | PROPOSED BUDGETED POSITIONS FY 2023-2024* | VACANCY | % |
|--------------------------------|--|--------------------------|------------|---|------------|------------|
| Administrative Services | 42 | 16 | 38% | 42 | 16 | 38% |
| Benefits | 79 | 6 | 8% | 79 | 6 | 8% |
| Communications | 14 | 5 | 36% | 14 | 5 | 36% |
| Disability Litigation | 7 | 0 | 0% | 7 | 0 | 0% |
| Disability Retirement Services | 41 | 2 | 5% | 44 | 5 | 11% |
| Executive | 14 | 6 | 43% | 14 | 6 | 43% |
| Financial Accounting Services | 30 | 6 | 20% | 30 | 6 | 20% |
| Human Resources | 21 | 9 | 43% | 21 | 9 | 43% |
| Internal Audit | 11 | 0 | 0% | 11 | 0 | 0% |
| Investments | 45 | 11 | 24% | 46 | 12 | 26% |
| Legal Services Ø | 29 | 10 | 34% | 29 | 10 | 34% |
| Member Services | 79 | 17 | 22% | 79 | 17 | 22% |
| Quality Assurance | 19 | 5 | 26% | 19 | 5 | 26% |
| Systems | 62 | 23 | 37% | 62 | 23 | 37% |
| LACERA Total | 493 | 116 | 24% | 497 | 120 | 24% |

*Includes new requested positions.

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

Hiring Plan

LACERA remains challenged with a high vacancy rate. To help address this, in FY 2022-2023, the Human Resources Division assessed its processes and workflows and developed a Hiring Manager Playbook to streamline operations where possible and demystify the hiring process. The employment market remains hot, making it difficult for LACERA to compete with more nimble private sector employers. Despite this, LACERA established an aggressive hiring plan in FY 2022-23. While most recruitments and assessments are being handled in house, we are also leveraging outside resources for key hard-to-recruit positions. We are on pace to hire or promote 50 to 60 individuals in FY 2022-23, including filling positions within Human Resources. Once our capacity constraints are addressed, we will be able to accelerate hiring.

Services and Supplies (S&S)

The FY 2023-24 Services and Supplies (S&S) budget is \$32,584,100, an increase of approximately \$225,000, or 0.7 percent. S&S costs are reflective of the daily operational needs of the organization and are primarily based on historical expenditures adjusted for inflation. Reductions or additions for one-time expenditures are also applied. Significant or noteworthy increases or decreases are explained below:

- Auto Expenses decreased by \$102,700 to \$30,800 to reflect a shift from purchasing vehicles for executives to authorizing a monthly transportation allowance. Funding remains for maintenance and fuel for existing vehicles.
- Transportation & Travel expenses increased by \$151,000, or 23 percent, reflecting an end to pandemic-era travel restrictions, necessary staff training and development, and travel for investment related due diligence.
- Stationery and Forms costs increased by \$174,400, or 21.6 percent, due to significant inflationary costs in paper supplies and supply chain constraints.
- Office Supplies & Equipment costs are expected to increase by \$208,200, or 24.6 percent, primarily due to information technology supplies and equipment and new due diligence software to assist the Investments Division.
- Insurance premium costs are expected to increase by \$361,100, or 32.2 percent, based on industry trends and risk threats. The most significant increase is anticipated to be Cyber Security Insurance.
- Equipment Maintenance costs are expected to increase by \$325,000, or 79.6 percent, primarily due to upgrading LACERA conference rooms to enable video conferencing (via Teams) and upgrading the key card readers on all LACERA suites.
- Building Costs are expected to decrease by \$161,300, or 2.0 percent, based on renovation plans.
- Legal Fees & Services are expected to decrease by \$998,000, or 32.5 percent, due to the conclusion of prior year litigation.
- Educational Expenses are expected to increase by \$128,300, or 10.2 percent, to reflect in-person staff participation in educational conferences and programs.

Services & Supplies Summary

| S&S CATEGORY | BUDGET REQUEST FY 2022-2023 | BUDGET REQUEST FY 2023-2024 | VARIANCE | % CHANGE |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|-------------|
| Auto Expenses | \$133,500 | \$30,800 | (\$102,700) | -76.9% |
| Communications | 535,000 | 570,000 | 35,000 | 6.5% |
| Transportation & Travel | 656,200 | 807,200 | 151,000 | 23.0% |
| Postage | 1,069,400 | 1,093,700 | 24,300 | 2.3% |
| Stationery & Forms | 808,300 | 982,700 | 174,400 | 21.6% |
| Office Supplies & Equipment | 845,700 | 1,053,900 | 208,200 | 24.6% |
| Insurance | 1,120,600 | 1,481,700 | 361,100 | 32.2% |
| Equipment Maintenance | 408,300 | 733,300 | 325,000 | 79.6% |
| Equipment Rents & Leases | 287,000 | 250,000 | (37,000) | -12.9% |
| Building Costs | 7,961,300 | 7,800,000 | (161,300) | -2.0% |
| Parking Fees | 437,000 | 482,000 | 45,000 | 10.3% |
| Professional & Specialized Services | 4,531,500 | 4,665,600 | 134,100 | 3.0% |
| Bank Services | 200,500 | 200,000 | (500) | -0.2% |
| Legal Fees & Services | 3,071,000 | 2,073,000 | (998,000) | -32.5% |
| Disability Fees & Services | 3,145,300 | 3,090,300 | (55,000) | -1.7% |
| Computer Services & Support | 5,118,600 | 5,129,600 | 11,000 | 0.2% |
| Educational Expenses | 1,253,000 | 1,381,300 | 128,300 | 10.2% |
| Miscellaneous | 777,100 | 759,000 | (18,100) | -2.3% |
| TOTAL | \$32,359,300 | \$32,584,100 | \$224,800 | 0.7% |

LACERA

FISCAL YEAR 2023-2024

SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022 - 2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|--|---------------------------------|-----------------------------|---------------------|---------------------|---|--------------|---|--------------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Gross Salaries | \$55,994,827 | \$49,928,206 | \$25,168,153 | \$48,756,400 | (\$1,171,806) | -2.3% | \$6,066,621 | 12.2% |
| Salary Differential | - | - | - | - | - | - | - | - |
| Permanent Salaries | \$55,994,827 | \$49,928,206 | \$25,168,153 | \$48,756,400 | (\$1,171,806) | -2.3% | \$6,066,621 | 12.2% |
| Outside Agency Temporary Staffing | 5,611,100 | 7,685,300 | 2,798,276 | 5,510,300 | (2,175,000) | -28.3% | (2,074,200) | -27.0% |
| LACERA Intern Program | 288,000 | 288,000 | 1,613 | 48,000 | (240,000) | -83.3% | 0 | 0.0% |
| Variable Benefits | | | | | | | | |
| Retirement | 13,294,643 | 12,027,511 | 5,121,951 | 10,367,800 | (1,659,711) | -13.8% | 1,267,132 | 10.5% |
| FICA Contribution | 1,060,984 | 892,955 | 416,622 | 862,200 | (30,755) | -3.4% | 168,029 | 18.8% |
| County Subsidy - Insurance | 3,651,761 | 3,309,795 | 1,036,948 | 2,359,500 | (950,295) | -28.7% | 341,966 | 10.3% |
| Options Plan | 4,515,725 | 4,736,909 | 1,845,255 | 3,763,800 | (973,109) | -20.5% | (221,184) | -4.7% |
| Life Insurance | 22,003 | 22,679 | 9,277 | 19,400 | (3,279) | -14.5% | (676) | -3.0% |
| Health Insurance Temps | 626,305 | 325,317 | 137,052 | 339,800 | 14,483 | 4.5% | 300,988 | 92.5% |
| Flexible Benefit Plan | 18,805 | 10,868 | 9,044 | 18,500 | 7,632 | 70.2% | 7,937 | 73.0% |
| Thrift Plan/Horizons | 2,251,401 | 2,021,290 | 733,207 | 1,537,900 | (483,390) | -23.9% | 230,111 | 11.4% |
| Savings Plan | 1,527,203 | 1,519,048 | 527,728 | 1,103,400 | (415,648) | -27.4% | 8,155 | 0.5% |
| Pension Savings Plan | 59,193 | 36,645 | 12,618 | 25,600 | (11,045) | -30.1% | 22,548 | 61.5% |
| Megaflex | 7,264,514 | 6,159,991 | 2,699,019 | 5,610,200 | (549,791) | -8.9% | 1,104,523 | 17.9% |
| Total | 34,292,537 | 31,063,007 | 12,548,721 | 26,008,100 | (5,054,907) | -16.3% | 3,229,530 | 10.4% |
| Other Benefits | 3,589,000 | 3,345,000 | 1,542,281 | 3,278,700 | (66,300) | -2.0% | 244,000 | 7.3% |
| OPEB Contribution | 1,989,009 | 1,775,147 | 885,284 | 1,635,000 | (140,147) | -7.9% | 213,862 | 12.0% |
| Stipends | 65,000 | 65,000 | 25,653 | 51,400 | (13,600) | -20.9% | 0 | 0.0% |
| Overtime | 1,150,900 | 1,088,800 | 724,924 | 1,228,500 | 139,700 | 12.8% | 62,100 | 5.7% |
| Bilingual Bonus | 22,800 | 22,800 | 6,700 | 12,700 | (10,100) | -44.3% | 0 | 0.0% |
| Sickleave Buyback | 68,800 | 68,800 | 34,022 | 67,200 | (1,600) | -2.3% | 0 | 0.0% |
| Rideshare Allowance | 70,300 | 70,300 | 2,165 | 5,500 | (64,800) | -92.2% | 0 | 0.0% |
| Transportation Allowance | 21,600 | 7,200 | 3,900 | 7,200 | 0 | 0.0% | 14,400 | 200.0% |
| S&EB TOTAL | \$103,163,874 | \$95,407,560 | \$43,741,692 | \$86,609,000 | (\$8,798,560) | -9.2% | \$7,756,314 | 8.1% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS
DIVISION SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2 0 2 2 - 2 0 2 3 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|---------------------------------|------------------------------|-----------------------------------|---------------------|---------------------|---|--------------|---|-------------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Administrative Services | \$5,512,307 | \$4,442,976 | \$2,016,290 | \$3,997,700 | (\$445,276) | -10.0% | \$1,069,331 | 24.1% |
| Benefits | 12,363,302 | 11,960,086 | 6,186,588 | 11,875,400 | (84,686) | -0.7% | 403,216 | 3.4% |
| Communications | 2,600,188 | 2,168,975 | 941,134 | 1,896,500 | (272,475) | -12.6% | 431,213 | 19.9% |
| Disability Litigation | 2,510,041 | 2,353,917 | 1,235,121 | 2,354,700 | 783 | 0.0% | 156,124 | 6.6% |
| Disability Retirement | 8,428,093 | 7,514,693 | 3,841,453 | 7,453,500 | (61,193) | -0.8% | 913,400 | 12.2% |
| Executive Office | 4,604,615 | 4,467,051 | 2,228,171 | 4,222,100 | (244,951) | -5.5% | 137,564 | 3.1% |
| Financial & Accounting Services | 5,435,440 | 4,677,178 | 2,034,836 | 4,181,300 | (495,878) | -10.6% | 758,262 | 16.2% |
| Human Resources | 4,403,991 | 3,623,337 | 1,311,915 | 2,856,000 | (767,337) | -21.2% | 780,654 | 21.5% |
| Internal Audit | 2,888,948 | 2,743,995 | 1,322,916 | 2,686,700 | (57,295) | -2.1% | 144,953 | 5.3% |
| Investment Office | 17,875,467 | 17,020,288 | 7,298,726 | 14,633,200 | (2,387,088) | -14.0% | 855,179 | 5.0% |
| Legal Services | 7,524,432 | 7,029,695 | 2,867,503 | 5,771,400 | (1,258,295) | -17.9% | 494,737 | 7.0% |
| Member Services | 11,034,096 | 10,452,614 | 4,747,709 | 9,533,400 | (919,214) | -8.8% | 581,482 | 5.6% |
| Quality Assurance | 3,301,232 | 2,830,468 | 1,416,168 | 2,754,200 | (76,268) | -2.7% | 470,764 | 16.6% |
| Systems Division | 14,681,722 | 14,122,286 | 6,293,162 | 12,392,900 | (1,729,386) | -12.2% | 559,436 | 4.0% |
| S&EB TOTAL | \$103,163,874 | \$95,407,560 | \$43,741,692 | \$86,609,000 | (\$8,798,560) | -9.2% | \$7,756,314 | 8.1% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
AGENCY TEMPORARY STAFFING
DIVISION SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2 0 2 2 - 2 0 2 3 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|---------------------------------|--|---|--------------------|--------------------|--|-----------------|--|-----------------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Administrative Services | \$457,800 | \$473,400 | \$188,609 | \$377,300 | (\$96,100) | -20.3% | (\$15,600) | -3.3% |
| Benefits | 62,200 | 154,900 | 52,869 | 97,700 | (57,200) | -36.9% | (92,700) | -59.8% |
| Communications | 331,000 | 56,200 | 14,451 | 56,200 | 0 | 0.0% | 274,800 | 489.0% |
| Disability Litigation | 0 | 9,800 | 0 | 0 | (9,800) | -100.0% | (9,800) | -100.0% |
| Disability Retirement | 138,100 | 129,000 | 29,070 | 77,400 | (51,600) | -40.0% | 9,100 | 7.1% |
| Executive Office | 645,200 | 1,129,700 | 657,542 | 1,129,700 | 0 | 0.0% | (484,500) | -42.9% |
| Financial & Accounting Services | 776,700 | 778,100 | 210,070 | 420,200 | (357,900) | -46.0% | (1,400) | -0.2% |
| Human Resources | 139,000 | 144,300 | 61,788 | 123,600 | (20,700) | -14.3% | (5,300) | -3.7% |
| Internal Audit | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Investment Office | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Legal Services | 179,400 | 196,600 | 43,577 | 147,500 | (49,100) | -25.0% | (17,200) | -8.7% |
| Member Services | 0 | 37,000 | 0 | 0 | (37,000) | -100.0% | (37,000) | -100.0% |
| Quality Assurance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Systems Division | 2,881,700 | 4,576,300 | 1,540,301 | 3,080,700 | (1,495,600) | -32.7% | (1,694,600) | -37.0% |
| TOTAL | \$5,611,100 | \$7,685,300 | \$2,798,276 | \$5,510,300 | (\$2,175,000) | -28.3% | (\$2,074,200) | -27.0% |

*All amounts rounded to the nearest dollar.

LACERA
BUDGET REQUEST INFORMATION
AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

| DIVISION | FYE 2021 | | FYE 2022 | | FYE 2023 | | FYE 2024 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Administrative Services | \$305,200 | \$236,187 | \$587,000 | \$456,645 | \$473,400 | \$377,300 | \$457,800 |
| Benefits | 47,700 | 61,449 | 71,900 | 69,194 | 154,900 | 97,700 | 62,200 |
| Communications | 135,700 | 73,304 | 79,600 | 1,213 | 56,200 | 56,200 | 331,000 |
| Disability Litigation | 8,700 | 0 | 0 | 0 | 9,800 | 0 | 0 |
| Disability Retirement | 72,100 | 100,660 | 143,000 | 43,941 | 129,000 | 77,400 | 138,100 |
| Executive Office | 0 | 0 | 0 | 0 | 1,129,700 | 1,129,700 | 645,200 |
| Financial Services | 505,400 | 354,985 | 729,400 | 473,724 | 778,100 | 420,200 | 776,700 |
| Human Resources | 47,700 | 68,633 | 47,700 | 36,327 | 144,300 | 123,600 | 139,000 |
| Internal Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legal Services | 53,500 | 57,562 | 150,000 | 103,549 | 196,600 | 147,500 | 179,400 |
| Member Services | 0 | 0 | 0 | 0 | 37,000 | 0 | 0 |
| Quality Assurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Systems | 2,650,000 | 2,843,400 | 2,193,100 | 3,899,919 | 4,576,300 | 3,080,700 | 2,881,700 |
| GRAND TOTAL | \$3,826,000 | \$3,796,181 | \$4,001,700 | \$5,084,512 | \$7,685,300 | \$5,510,300 | \$5,611,100 |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
OVERTIME REQUEST
DIVISION SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2 0 2 2 - 2 0 2 3 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|---------------------------------|--|---|------------------|--------------------|--|--------------|--|-------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Administrative Services | \$35,700 | \$49,400 | \$1,540 | \$37,100 | (\$12,300) | -24.9% | (\$13,700) | -27.7% |
| Benefits | 426,400 | 398,100 | 330,040 | 457,000 | 58,900 | 14.8% | 28,300 | 7.1% |
| Communications | 4,500 | 4,800 | 1,103 | 4,800 | 0 | 0.0% | (300) | -6.3% |
| Disability Litigation | 2,800 | 6,600 | 508 | 2,000 | (4,600) | -69.7% | (3,800) | -57.6% |
| Disability Retirement | 103,600 | 165,300 | 47,736 | 88,200 | (77,100) | -46.6% | (61,700) | -37.3% |
| Executive Office | 27,600 | 25,600 | 11,902 | 23,900 | (1,700) | -6.6% | 2,000 | 7.8% |
| Financial & Accounting Services | 64,700 | 65,300 | 39,211 | 65,300 | 0 | 0.0% | (600) | -0.9% |
| Human Resources | 4,700 | 3,800 | 6,858 | 12,700 | 8,900 | 234.2% | 900 | 23.7% |
| Internal Audit | 5,300 | 5,000 | 629 | 1,200 | (3,800) | -76.0% | 300 | 6.0% |
| Investment Office | 800 | 1,000 | 0 | 0 | (1,000) | -100.0% | (200) | -20.0% |
| Legal Services | 19,900 | 18,400 | 9,384 | 17,400 | (1,000) | -5.4% | 1,500 | 8.2% |
| Member Services | 214,200 | 174,000 | 140,732 | 259,900 | 85,900 | 49.4% | 40,200 | 23.1% |
| Quality Assurance | 11,500 | 21,500 | 449 | 10,000 | (11,500) | -53.5% | (10,000) | -46.5% |
| Systems Division | 229,200 | 150,000 | 134,831 | 249,000 | 99,000 | 66.0% | 79,200 | 52.8% |
| TOTAL | \$1,150,900 | \$1,088,800 | \$724,924 | \$1,228,500 | \$139,700 | 12.8% | \$62,100 | 5.7% |

*All amounts rounded to the nearest dollar.

LACERA
BUDGET REQUEST INFORMATION
OVERTIME
HISTORY OF EXPENDITURES

| DIVISION | FYE 2021 | | FYE 2022 | | FYE 2023 | | FYE 2024 |
|-------------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Administrative Services | \$43,700 | \$19,806 | \$50,000 | \$5,833 | \$49,400 | \$37,100 | \$35,700 |
| Benefits | 371,600 | 373,564 | 398,000 | 451,675 | 398,100 | 457,000 | 426,400 |
| Communications | 3,300 | 4,615 | 4,100 | 3,403 | 4,800 | 4,800 | 4,500 |
| Disability Litigation | 0 | 0 | 0 | 0 | 6,600 | 2,000 | 2,800 |
| Disability Retirement | 9,500 | 16,742 | 16,100 | 43,275 | 165,300 | 88,200 | 103,600 |
| Executive Office | 25,000 | 1,078 | 25,600 | 472 | 25,600 | 23,900 | 27,600 |
| Financial Services | 68,400 | 32,345 | 67,900 | 40,904 | 65,300 | 65,300 | 64,700 |
| Human Resources | 1,500 | 704 | 2,900 | 1,310 | 3,800 | 12,700 | 4,700 |
| Internal Audit | 4,800 | 785 | 4,900 | 986 | 5,000 | 1,200 | 5,300 |
| Investment Office | 1,000 | 0 | 1,000 | 0 | 1,000 | 0 | 800 |
| Legal Services | 12,500 | 6,290 | 30,000 | 20,897 | 18,400 | 17,400 | 19,900 |
| Member Services | 130,500 | 156,701 | 133,800 | 221,062 | 174,000 | 259,900 | 214,200 |
| Quality Assurance | 0 | 2,425 | 21,300 | 264 | 21,500 | 10,000 | 11,500 |
| Systems | 130,100 | 140,300 | 133,300 | 171,708 | 150,000 | 249,000 | 229,200 |
| GRAND TOTAL | \$801,900 | \$755,356 | \$888,900 | \$961,790 | \$1,088,800 | \$1,228,500 | \$1,150,900 |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
BILINGUAL BONUS
SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2 0 2 2 - 2 0 2 3 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|--------------------------|--|---|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Benefits Division | \$3,600 | \$3,600 | \$1,950 | \$3,900 | \$300 | 8.3% | \$0 | 0.0% |
| Legal Services | 2,400 | 2,400 | 0 | 0 | (2,400) | -100.0% | 0 | 0.0% |
| Member Services Division | 16,800 | 16,800 | 4,750 | 8,800 | (8,000) | -47.6% | 0 | 0.0% |
| TOTAL | \$22,800 | \$22,800 | \$6,700 | \$12,700 | (\$10,100) | -44.3% | \$0 | 0.0% |

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

| DIVISION | PROPOSED BUDGETED POSITIONS FY 2022-2023 | VACANCY (AS OF 03/31/23) | % | PROPOSED BUDGETED POSITIONS FY 2023-2024* | VACANCY | % |
|--------------------------------|--|-----------------------------|------------|---|------------|------------|
| Administrative Services | 42 | 16 | 38% | 42 | 16 | 38% |
| Benefits | 79 | 6 | 8% | 79 | 6 | 8% |
| Communications | 14 | 5 | 36% | 14 | 5 | 36% |
| Disability Litigation | 7 | 0 | 0% | 7 | 0 | 0% |
| Disability Retirement Services | 41 | 2 | 5% | 44 | 5 | 11% |
| Executive | 14 | 6 | 43% | 14 | 6 | 43% |
| Financial Accounting Services | 30 | 6 | 20% | 30 | 6 | 20% |
| Human Resources | 21 | 9 | 43% | 21 | 9 | 43% |
| Internal Audit | 11 | 0 | 0% | 11 | 0 | 0% |
| Investments | 45 | 11 | 24% | 46 | 12 | 26% |
| Legal Services Ø | 29 | 10 | 34% | 29 | 10 | 34% |
| Member Services | 79 | 17 | 22% | 79 | 17 | 22% |
| Quality Assurance | 19 | 5 | 26% | 19 | 5 | 26% |
| Systems | 62 | 23 | 37% | 62 | 23 | 37% |
| LACERA Total | 493 | 116 | 24% | 497 | 120 | 24% |

* Includes new requested positions.

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

LACERA
FISCAL YEAR 2023-2024
SERVICES AND SUPPLIES
CATEGORY SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022 - 2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|----------------------------------|---------------------------------|---------------------|---------------------|--|--------------|--|-------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Auto Expense | \$30,800 | \$133,500 | (\$8,326) | \$72,300 | (\$61,200) | -45.8% | (\$102,700) | -76.9% |
| Communications | 570,000 | 535,000 | 340,026 | 528,500 | (6,500) | -1.2% | 35,000 | 6.5% |
| Transportation and Travel | 807,200 | 656,200 | 178,188 | 516,800 | (139,400) | -21.2% | 151,000 | 23.0% |
| Postage | 1,093,700 | 1,069,400 | 485,171 | 1,114,500 | 45,100 | 4.2% | 24,300 | 2.3% |
| Stationery and Forms | 982,700 | 808,300 | 372,128 | 674,000 | (134,300) | -16.6% | 174,400 | 21.6% |
| Office Supplies and Equipment | 1,053,900 | 845,700 | 608,832 | 1,038,200 | 192,500 | 22.8% | 208,200 | 24.6% |
| Insurance | 1,481,700 | 1,120,600 | 979,848 | 1,194,100 | 73,500 | 6.6% | 361,100 | 32.2% |
| Equipment Maintenance | 733,300 | 408,300 | 112,036 | 450,300 | 42,000 | 10.3% | 325,000 | 79.6% |
| Equipment Rents and Leases | 250,000 | 287,000 | 119,851 | 230,000 | (57,000) | -19.9% | (37,000) | -12.9% |
| Building Costs | 7,800,000 | 7,961,300 | 3,777,510 | 7,608,200 | (353,100) | -4.4% | (161,300) | -2.0% |
| Parking Fees | 482,000 | 437,000 | 242,960 | 485,000 | 48,000 | 11.0% | 45,000 | 10.3% |
| Professional and Spec. Svcs. | 4,665,600 | 4,531,500 | 1,619,956 | 4,201,000 | (330,500) | -7.3% | 134,100 | 3.0% |
| Bank Services | 200,000 | 200,500 | (70,057) | 200,000 | (500) | -0.2% | (500) | -0.2% |
| Legal Fees and Services | 2,073,000 | 3,071,000 | 3,143,856 | 4,026,300 | 955,300 | 31.1% | (998,000) | -32.5% |
| Disability Fees and Services | 3,090,300 | 3,145,300 | 1,763,571 | 2,780,600 | (364,700) | -11.6% | (55,000) | -1.7% |
| Computer Services and Support | 5,129,600 | 5,118,600 | 3,636,026 | 5,187,600 | 69,000 | 1.3% | 11,000 | 0.2% |
| Educational Expense | 1,381,300 | 1,253,000 | 378,384 | 979,800 | (273,200) | -21.8% | 128,300 | 10.2% |
| Miscellaneous | 759,000 | 777,100 | 177,932 | 679,300 | (97,800) | -12.6% | (18,100) | -2.3% |
| S&S TOTAL | \$32,584,100 | \$32,359,300 | \$17,857,891 | \$31,966,500 | (\$392,800) | -1.2% | \$224,800 | 0.7% |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SERVICES AND SUPPLIES
DIVISION SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022 - 2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|---------------------------------|----------------------------------|---------------------------------|---------------------|---------------------|--|--------------|--|-------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Administrative Services | \$10,596,100 | \$10,546,900 | \$5,441,402 | \$10,010,800 | (\$536,100) | -5.1% | \$49,200 | 0.5% |
| Benefits | 86,100 | 59,300 | 14,342 | 48,900 | (10,400) | -17.5% | 26,800 | 45.2% |
| Board of Retirement | 303,500 | 291,500 | 65,113 | 220,600 | (70,900) | -24.3% | 12,000 | 4.1% |
| Board of Investment | 551,000 | 498,000 | 253,644 | 439,400 | (58,600) | -11.8% | 53,000 | 10.6% |
| Communications | 1,517,500 | 1,254,000 | 587,814 | 1,104,600 | (149,400) | -11.9% | 263,500 | 21.0% |
| Disability Litigation | 51,100 | 53,900 | 15,959 | 47,200 | (6,700) | -12.4% | (2,800) | -5.2% |
| Disability Retirement | 3,369,000 | 3,425,100 | 1,838,166 | 3,049,600 | (375,500) | -11.0% | (56,100) | -1.6% |
| Executive Office | 671,800 | 927,100 | 401,406 | 871,900 | (55,200) | -6.0% | (255,300) | -27.5% |
| Financial & Accounting Services | 253,300 | 249,300 | (58,438) | 236,000 | (13,300) | -5.3% | 4,000 | 1.6% |
| Human Resources | 2,339,600 | 2,216,200 | 600,600 | 1,782,800 | (433,400) | -19.6% | 123,400 | 5.6% |
| Internal Audit | 724,200 | 724,500 | 151,216 | 714,600 | (9,900) | -1.4% | (300) | 0.0% |
| Investment Office | 348,500 | 321,900 | 118,501 | 302,200 | (19,700) | -6.1% | 26,600 | 8.3% |
| Legal Services | 2,473,300 | 3,427,500 | 3,330,007 | 4,369,800 | 942,300 | 27.5% | (954,200) | -27.8% |
| Member Services | 29,200 | 26,800 | 4,411 | 21,500 | (5,300) | -19.8% | 2,400 | 9.0% |
| Quality Assurance | 82,100 | 87,900 | 4,812 | 68,100 | (19,800) | -22.5% | (5,800) | -6.6% |
| Systems | 9,187,800 | 8,249,400 | 5,088,935 | 8,678,500 | 429,100 | 5.2% | 938,400 | 11.4% |
| S&S TOTAL | \$32,584,100 | \$32,359,300 | \$17,857,891 | \$31,966,500 | (\$392,800) | -1.2% | \$224,800 | 0.7% |

*All amounts rounded to the nearest dollar.



BOARD OF RETIREMENT

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Produce, Protect, and Provide the Promised Benefits

INTRODUCTION

The Board of Retirement is responsible for the strategic direction of the association 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. The Board is composed of 11 trustees. Four of its trustees are appointed by the Los Angeles County Board of Supervisors; two are elected by active general members; safety members elect one trustee and one alternate trustee; and retired members also elect one trustee and one alternate trustee. The law requires the County Treasurer and Tax Collector to serve as an ex-officio trustee. The Deputy County Treasurer and Tax Collector serves as the acting ex-officio trustee, sitting in for the ex-officio trustee as needed.

SERVICES AND SUPPLIES

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

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

BOARD OF RETIREMENT

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|-------------------------------|---------------------------------|------------------|-----------------|---|-------------------|---|-----------------|-------------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$0 | \$0 | \$0 | \$0 | 0.0% | \$0 | 0.0% | |
| Services & Supplies | 303,500 | 291,500 | 65,113 | 220,600 | (70,900) | -24.3% | 12,000 | 4.1% |
| OPERATING BUDGET | \$303,500 | \$291,500 | \$65,113 | \$220,600 | (\$70,900) | -24.3% | \$12,000 | 4.1% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|------------|--|----------|--|----------|
| | | YTD | | | OVER/(UNDER) | | | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | \$ CHANGE | % CHANGE |
| TRANSPORTATION & TRAVEL | \$93,500 | \$93,500 | \$23,589 | \$68,600 | (\$24,900) | -26.6% | \$0 | 0.0% |
| EDUCATIONAL EXPENSES | 86,000 | 86,000 | 39,319 | 62,000 | (24,000) | -27.9% | 0 | 0.0% |
| MISCELLANEOUS | 124,000 | 112,000 | 2,205 | 90,000 | (22,000) | -19.6% | 12,000 | 10.7% |
| TOTAL | \$303,500 | \$291,500 | \$65,113 | \$220,600 | (\$70,900) | -24.3% | \$12,000 | 4.1% |

*All amounts rounded to the nearest dollar.

BOARD OF RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|--------------------------------|------------------|-----------------|------------------|-------------------|------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 85,000 | 35,797 | 93,500 | 68,600 | 93,500 |
| Educational Expenses | 82,000 | 54,769 | 86,000 | 62,000 | 86,000 |
| Miscellaneous | 47,000 | 8,600 | 112,000 | 90,000 | 124,000 |
| TOTAL OPERATING BUDGET | \$214,000 | \$99,166 | \$291,500 | \$220,600 | \$303,500 |

*All amounts rounded to the nearest dollar.



BOARD OF INVESTMENTS

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Produce, Protect, and Provide the Promised Benefits

INTRODUCTION

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

SERVICES AND SUPPLIES

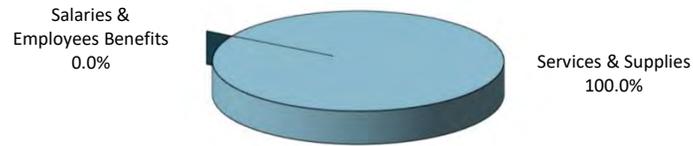
The Board's Services and Supplies budget request is based on actual expenditure trends.

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

BOARD OF INVESTMENTS

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-----------|------------|---|------------|---|----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% | \$0 | 0.0% |
| Services & Supplies | 551,000 | 498,000 | 253,644 | 439,400 | (58,600) | -11.8% | 53,000 | 10.6% |
| OPERATING BUDGET | \$551,000 | \$498,000 | \$253,644 | \$439,400 | (\$58,600) | -11.8% | \$53,000 | 10.6% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------|---------------------------|------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$246,000 | \$242,000 | \$85,624 | \$192,400 | (\$49,600) | -20.5% | \$4,000 | 1.7% |
| EDUCATIONAL EXPENSES | 200,000 | 150,000 | 95,222 | 144,000 | (6,000) | -4.0% | 50,000 | 33.3% |
| MISCELLANEOUS | 105,000 | 106,000 | 72,798 | 103,000 | (3,000) | -2.8% | (1,000) | -0.9% |
| TOTAL | \$551,000 | \$498,000 | \$253,644 | \$439,400 | (\$58,600) | -11.8% | \$53,000 | 10.6% |

*All amounts rounded to the nearest dollar.

BOARD OF INVESTMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed Budget |
|--------------------------------|------------------|------------------|------------------|------------------|--------------------|
| | Budget | Actual | Budget | Projection | |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 220,000 | 59,906 | 242,000 | 192,400 | 246,000 |
| Educational Expenses | 150,000 | 104,866 | 150,000 | 144,000 | 200,000 |
| Miscellaneous | 66,000 | 4,000 | 106,000 | 103,000 | 105,000 |
| TOTAL OPERATING BUDGET | \$436,000 | \$168,772 | \$498,000 | \$439,400 | \$551,000 |

*All amounts rounded to the nearest dollar.

ADMINISTRATIVE SERVICES

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

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

INTRODUCTION

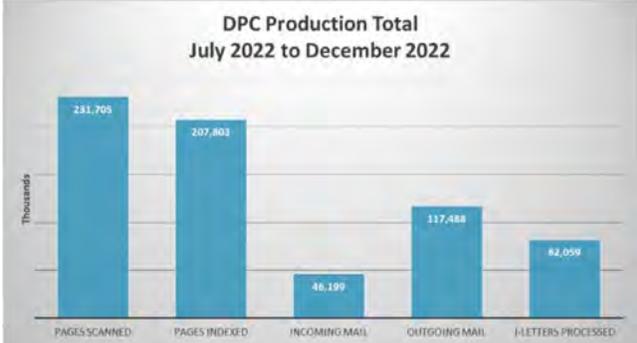
The Administrative Services Division (ASD) provides the operational infrastructure that supports the divisions in administering LACERA programs and services. In short, we ensure that each person has the right resources to do their job. Specific functions include:

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

- Rideshare Administration
- Risk Management

FY 2022-2023 ACHIEVEMENTS

During the 2022-2023 fiscal year, the Administrative Services Divisions achievements included:

| Project Description | Status /Expected Completion | | | | | | | | | | | | |
|--|-----------------------------|------------------------|---------------|---------|---------------|---------|---------------|--------|---------------|---------|---------------------|--------|-----------|
| <p>Business Continuity Plan (BCP) LACERA conducted BCP tabletop exercises from July to October 2022 with each Division to test their ability to recover critical business functions while using their BCP. The average score for the tabletop exercise was 89 out of 100. Although the LACERA scores were good, this exercise helped to pinpoint areas for improvement.</p> | Completed | | | | | | | | | | | | |
| <p>Business Insurance Renewal The Risk Management Unit provided the Trustees with an overview of the challenges in the current insurance marketplace as presented by Alliant Insurance Services, LACERA’s insurance broker. The Trustees approved staff’s recommendation to align all business insurance into one cycle and all business lines were executed.</p> | Completed | | | | | | | | | | | | |
| <p>Hardware Asset Management System (HAM) This system is used to conduct cycle counts of inventory assets related to technology according to the newly established Property and Equipment Management Policy and to manage the consumables inventory.</p> | Completed | | | | | | | | | | | | |
| <p>Member Correspondence (J-Letters) The chart below reflects the DPC production totals from July 1, 2022, to December 31, 2022. During fiscal year 2022 – 2023, Systems implemented the automations of several new J-letter types, including but not limited to: Retired Death Continuance Claim Form, Retired Death Lump Sum Claim Form, Report on Employee with Job-Related Felony Conviction, Health Insurance Waiver Letter.</p>  <table border="1"> <caption>DPC Production Total July 2022 to December 2022</caption> <thead> <tr> <th>Category</th> <th>Production (Thousands)</th> </tr> </thead> <tbody> <tr> <td>PAGES SCANNED</td> <td>231,793</td> </tr> <tr> <td>PAGES INDEXED</td> <td>207,803</td> </tr> <tr> <td>INCOMING MAIL</td> <td>46,199</td> </tr> <tr> <td>OUTGOING MAIL</td> <td>117,488</td> </tr> <tr> <td>J-LETTERS PROCESSED</td> <td>82,058</td> </tr> </tbody> </table> | Category | Production (Thousands) | PAGES SCANNED | 231,793 | PAGES INDEXED | 207,803 | INCOMING MAIL | 46,199 | OUTGOING MAIL | 117,488 | J-LETTERS PROCESSED | 82,058 | Completed |
| Category | Production (Thousands) | | | | | | | | | | | | |
| PAGES SCANNED | 231,793 | | | | | | | | | | | | |
| PAGES INDEXED | 207,803 | | | | | | | | | | | | |
| INCOMING MAIL | 46,199 | | | | | | | | | | | | |
| OUTGOING MAIL | 117,488 | | | | | | | | | | | | |
| J-LETTERS PROCESSED | 82,058 | | | | | | | | | | | | |

| | |
|--|-------------------------|
| <p>Offsite Inventory An inventory of all LACERA’s technical resources used by staff to perform their duties while teleworking was conducted and recorded in the HAM system.</p> | <p>Completed</p> |
| <p>Property and Equipment Management Policy To reduce enterprise risk and improve efficiency, this Policy for tracking, identifying, and accounting for all LACERA owned property and equipment was updated to include only items having a cost of \$500 or more, a high propensity to be lost or stolen, holding LACERA specific data, or as determined by management.</p> | <p>Completed</p> |

FY 2023-2024 DIVISION GOALS

The Administrative Services Division’s (ASD) goals for fiscal year 2023-2024 are centered around two main areas to better serve our internal customers: Staff and Technology.

Fill Vacancies

Reduce the 38 percent vacancy rate as quickly as is practicable. This will provide adequate staffing levels to perform the duties required of each unit and best support LACERA. We will collaborate with Human Resources to conduct a job analysis for all Administrative Services Analyst positions prior to the release of the hiring exams to update the knowledge, skills, and abilities for each position in the series. This will assist us to move more quickly in filling the vacancies and ensure that when selecting the candidates, we will appoint those with the best fit to foster their personal success and their contribution to the division and LACERA overall.

Staff Development

Provide opportunities for staff to further develop their professional expertise as members of leading industry organizations. In addition to these memberships, we encourage staff to complete the requirements for certification issued by these organizations. Staff will be offered opportunities to participate in training to further develop their skills, knowledge, and abilities, including the use of technology. Additionally, we anticipate training needs of new staff as we address our permanent staffing needs.

Implement Technology

Apply time and resources toward the effective implementation of new and upgraded technology that will allow us to serve our customers with efficiency and accuracy and assist us in mitigating any risk of errors to the organization.

We began the implementation processes for these technologies in fiscal year 2022-2023 but the completion dates are expected in fiscal year 2023-2024.

These include:

| Project Description | Expected Completion |
|---|---------------------------|
| <p>Automated Budget System</p> <p>Administrative Services has never had an automated system for budget development or control, relying upon Excel spreadsheets and manual processes. We conducted an extensive needs assessment and released a Request for Proposal (RFP). Questica was selected as the budget software provider. The implementation plan was introduced at the end of calendar year 2022 and regular meetings between Questica and LACERA subject matter experts have moved the software implementation along. We anticipate full implementation by the Fall of 2023 and plan to use the new system for the development of the FY 2024-2025 budget.</p> | <p>Summer 2023</p> |
| <p>Enterprise Contract Lifecycle Management System (ECLM)</p> <p>This system will replace our current contract management database with an enterprise-wide solution that includes automated workflows and reporting capabilities and that will integrate with new and existing technology solutions. The vendor selected for the ECLM system is Cobblestone. We have met with the vendor to outline the deployment plan, launched the implementation, and expect that the system will be fully functional by the Summer of 2023.</p> | <p>Summer 2023</p> |
| <p>Procurement/Accounts Payable/Travel System</p> <p>Administrative Services, Financial and Accounting (FASD) and Systems Divisions have been collaborating to automate, simplify, and improve our procurement, and accounts payable approval and workflow processes. This software will process electronic payment methods, including automating the procurement and purchasing processes and the payment request review process in the Administrative Services Division. We anticipate this system will roll out in phases, starting with Procurement and Accounts Payable followed by the Expense phase.</p> | <p>Summer 2023</p> |
| <p>Renovation of 7th floor Systems/FASD</p> <p>The Systems and Financial and Accounting Division space has not been renovated in 20 years. To make the renovation timelier, the entire 7th floor is being renovated at the same time. This is a huge undertaking and we have had some setbacks related to the floorplan, but progress has been steady as we move toward completion of this project.</p> | <p>Summer 2023</p> |

STAFFING

The Administrative Services Division has a total of 42 budgeted positions. There are currently 16 vacant positions in the division, totaling a 38 percent vacancy rate. This number includes the five new positions that were approved last fiscal year. This vacancy rate has hindered ASD's ability to fully implement its organizational realignment approved in Fiscal Year 2022-2023. We plan to align those positions where we have staff to fill them.

We are partnering with the Human Resources Division to develop the recruitment strategy and assessment tools in alignment with LACERA's Hiring Plan to address this challenge. In the meantime, some of our vacant positions are currently filled with temporary or interim staff which allows the critical work to be completed. Even our recent attempts to find temporary staff have been adversely impacted by the current labor market.

Agency Temporary Request

Due to the staffing challenges noted above, ASD's proposed budget for Agency Temporary staff is \$457,800, a decrease of 3.3 percent below FY 2022-2023. While our goal remains to hire permanent staff into these positions, the continued use of temporary staff is a practical solution we can employ today.

Intern Request

The Administrative Services Division requests two interns for entry-level positions: one for the Budget Unit and one for the Contract Management Unit. They will be assigned to assist with the implementation of new technology projects in these areas. This will provide students with valuable work experience and exposure to LACERA as a potential future employer.

Overtime

We expect overtime to be necessary for fiscal year 2023-2024 during periods of heightened activity related to budget preparation, renovations, and special projects and for the DPC staff during the March Rush. The amount of overtime will be reduced by 28 percent as a direct result of cross-training staff in the Mailroom and the Document Processing Center. Although we are requesting slightly less overtime budget, select Administrative Services Division staff will work overtime to implement new technologies and provide their expertise as the identified subject matter experts for several technology projects currently underway in the Administrative Services Division and other divisions within LACERA. These include the Budget software; the Enterprise Contract Lifecycle Management; and the Accounts Payable system projects. Overtime will be essential for staff to support these new projects while fulfilling their current duties.

SERVICES AND SUPPLIES

Most of the FY 2023-2024 Services and Supplies line items are similar to the prior year's budget. There are small changes attributable to vendor or overall supplier cost increases or decreases, and there are some significant changes proposed for Rent and Operating costs, Renovation Projects, and Business Insurance fees, including cyber liability insurance as follows:

- Reduction of \$100,000 from previous year's budget for the purchase of automobiles for LACERA Executives. LACERA has developed a policy to use a monthly transportation allowance of \$600/month for Executive level staff in lieu of a vehicle when part of their compensation package. This is less costly and less administratively burdensome. Incumbents who currently have a vehicle assigned shall continue.
- Expected increase of \$25,000 or 50 percent for offsite file archive costs and Business Continuity Professional Services.
- An overall reduction of \$161,300 or 2 percent for Building costs, which includes rent and operating costs for the headquarters building outlined in the lease agreement. This includes Common Area Maintenance charges, special repair orders, renovations, and rental space to be used as "swing space" to accommodate staff during renovations. No new permanent office space is proposed. Included in this line item is \$1,000,000 for potential renovations to better support the needs of the Human Resources, Legal, and Administrative Services divisions.
- An overall increase of \$361,100 for business insurance fees is expected reflecting various rate increases from between 5 and 32 percent. The largest increase of 30 percent is expected in cyber liability due to general market risks.
- An overall increase of \$12,000 or 89 percent for staff development and professional memberships.

Staff Development Plan:

Our goal is to create and support a learning environment where staff can develop the skills they need to succeed today and the knowledge and abilities that may prepare them for other opportunities in the future. By strengthening staff's core proficiencies, their ability to support LACERA effectively and efficiently in delivering the mission and the strategic goals is also reinforced.

Our plan includes opportunities for staff to join professional organizations related to their area of responsibility. We believe that memberships will contribute to the staff's level of expertise in their profession and provide opportunities to access member-only resources including educational materials, and attendance and networking at training and conferences. These organizations provide information about best practices, opportunities to network with others in their field, and professional certifications. These memberships include the Association of Records Managers and Administrators (ARMA), Disaster Recovery Institute International (DRII), Institute for Supply Management (ISM), Government Finance Officers Association (GFOA), National Contract Management Association (NCMA), and the Board of Certified Safety Professionals (BCSP).

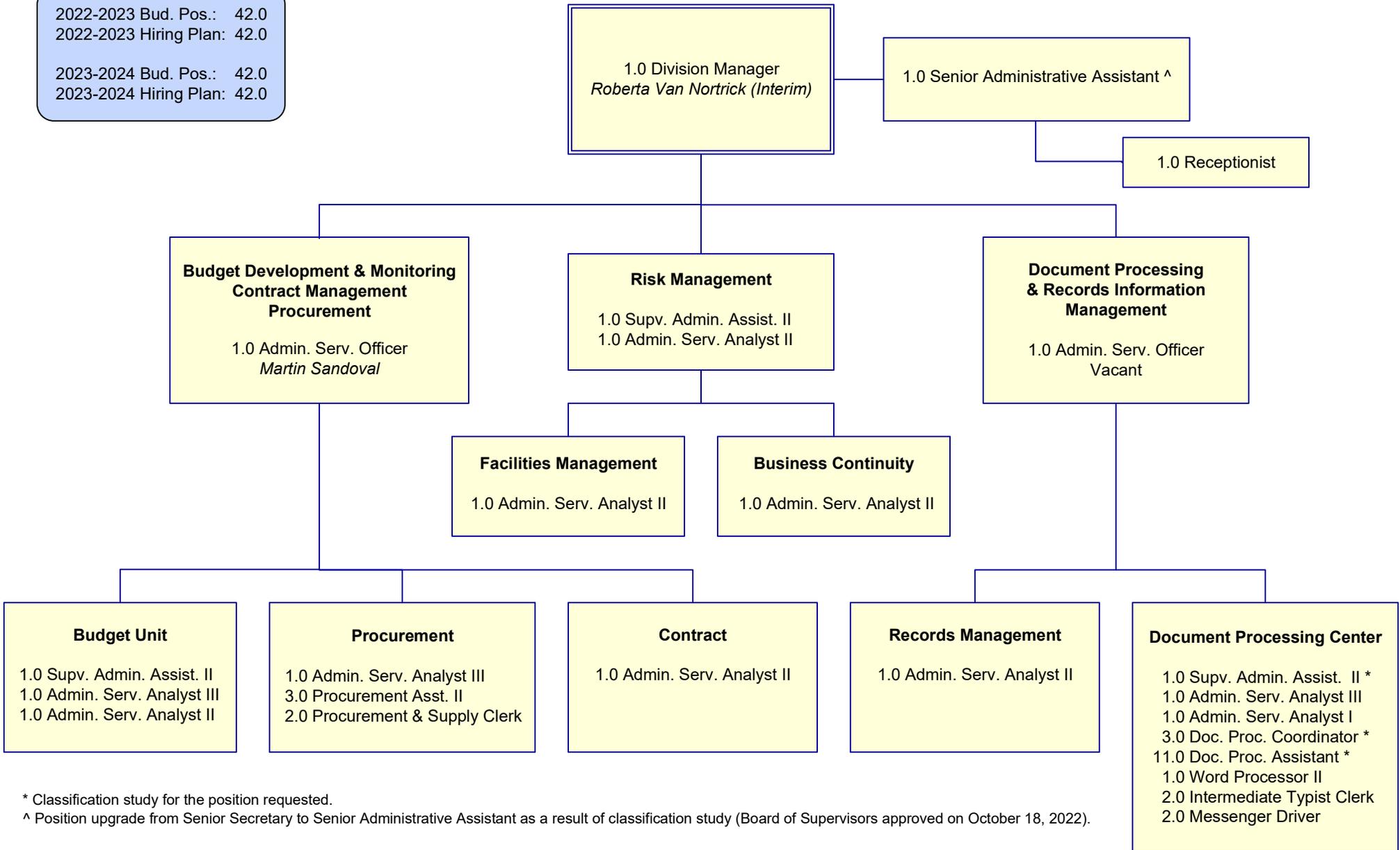
In addition to professional certifications, we have identified several training opportunities for Administrative Services staff including teambuilding, career coaching, various software trainings, warehouse and inventory management, procurement boot camp, budgeting, quality assurance fundamentals, and developing and honing supervisory and leadership skills.

We propose a budget of \$43,100 to cover memberships, training, conference registrations, and travel to these events, allowing staff to participate in professional organizations and attend training related to their job responsibilities. Training registration for represented staff will be applied from the training funds allocated in the Human Resources budget as found in the Memorandum of Understanding.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 42.0
 2022-2023 Hiring Plan: 42.0
 2023-2024 Bud. Pos.: 42.0
 2023-2024 Hiring Plan: 42.0



* Classification study for the position requested.

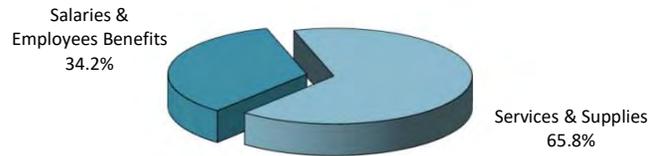
^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|-------------|---|-------------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$5,512,307 | \$4,442,976 | \$2,016,290 | \$3,997,700 | (\$445,276) | -10.0% | \$1,069,331 | 24.1% |
| Services & Supplies | 10,596,100 | 10,546,900 | 5,441,402 | 10,010,800 | (536,100) | -5.1% | 49,200 | 0.5% |
| OPERATING BUDGET | \$16,108,407 | \$14,989,876 | \$7,457,692 | \$14,008,500 | (\$981,376) | -6.5% | \$1,118,531 | 7.5% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$2,813,145 | \$2,223,984 | \$1,102,718 | \$2,097,300 | (\$126,684) | -5.7% | \$589,161 | 26.5% |
| Total Agency Temp Salaries | 457,800 | 473,400 | 188,609 | 377,300 | (96,100) | -20.3% | (15,600) | -3.3% |
| Employee Benefits (Variable) | 1,911,226 | 1,426,725 | 595,982 | 1,227,600 | (199,125) | -14.0% | 484,501 | 34.0% |
| Employee Benefits (Other) | 180,309 | 166,766 | 76,834 | 163,500 | (3,266) | -2.0% | 13,543 | 8.1% |
| OPEB Contribution | 99,927 | 88,501 | 44,381 | 82,000 | (6,501) | -7.3% | 11,426 | 12.9% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 35,700 | 49,400 | 1,540 | 37,100 | (12,300) | -24.9% | (13,700) | -27.7% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 7,300 | 7,300 | 4,142 | 7,800 | 500 | 6.8% | 0 | 0.0% |
| Rideshare Allowance | 6,900 | 6,900 | 2,085 | 5,100 | (1,800) | -26.1% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$5,512,307 | \$4,442,976 | \$2,016,290 | \$3,997,700 | (\$445,276) | -10.0% | \$1,069,331 | 24.1% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$5,512,307 | \$4,442,976 | \$2,016,290 | \$3,997,700 | (\$445,276) | -10.0% | \$1,069,331 | 24.1% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

ADMINISTRATIVE SERVICES DIVISION

2023-2024 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|------------------|--------|----------|-----------------|---------------|
| 00410A | 1 | LS9 | 10,451 | 125,414 |
| 00423A | 2 | 108L | 20,780 | 249,363 |
| 00421A | 1 | 100C | 8,089 | 97,070 |
| 00420A | 2 | 96C | 13,235 | 158,825 |
| 00439A | 1 | 93A | 8,045 | 96,538 |
| 00464A | 3 | 90G | 18,257 | 219,089 |
| 00472A | 2 | 86B | 11,655 | 139,861 |
| 00448A | 1 | 85A | 5,657 | 67,884 |
| 00467A | 2 | 83L | 9,140 | 109,677 |
| 00471A | 9 | 83B | 46,005 | 552,055 |
| 00461A | 2 | 77C | 8,789 | 105,466 |

POSITIONS 26 1,921,243

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00773A | 1 | LS12 | 11,308 | 135,701 | 135,701 | | |
| 00410A | 1 | LS9 | 9,103 | 109,234 | | | 54,617 |
| 00423A | 1 | 108L | 8,029 | 96,353 | | 72,265 | |
| 00421A | 2 | 100C | 6,337 | 76,049 | 152,099 | | |
| 00420A | 4 | 96C | 5,685 | 68,224 | 272,897 | | |
| 00419A | 1 | 84D | 4,410 | 52,924 | | | 26,462 |
| 00472A | 1 | 86B | 4,324 | 51,886 | | | 25,943 |
| 00471A | 2 | 83B | 3,987 | 47,843 | | | 47,843 |
| 00466A | 1 | 78J | 3,547 | 42,565 | | | |
| 00445A | 2 | 77J | 3,453 | 41,438 | | | 41,438 |
| | | | | | 560,697 | 72,265 | 196,303 |

POSITIONS 16 829,265

TOTAL POSITIONS 42

GROSS SALARIES 2,750,508

ANTICIPATED MOU SALARY INCREASE ** 41,258

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 12,644

BONUS 8,735

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,813,145

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA

FISCAL YEAR 2023-2024

SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|-------------|--------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| AUTO EXPENSE | \$11,500 | \$111,500 | (\$14,722) | \$55,500 | (\$56,000) | -50.2% | (\$100,000) | -89.7% |
| TRANSPORTATION & TRAVEL | 17,600 | 8,000 | 86 | 4,700 | (3,300) | -41.3% | 9,600 | 120.0% |
| POSTAGE | 301,500 | 331,400 | 301,423 | 301,500 | (29,900) | -9.0% | (29,900) | -9.0% |
| STATIONERY & FORMS | 1,000 | 3,800 | 0 | 500 | (3,300) | -86.8% | (2,800) | -73.7% |
| OFFICE SUPPLIES & EQUIPMENT | 298,000 | 327,000 | 81,196 | 286,500 | (40,500) | -12.4% | (29,000) | -8.9% |
| INSURANCE | 1,481,700 | 1,120,600 | 979,848 | 1,194,100 | 73,500 | 6.6% | 361,100 | 32.2% |
| EQUIPMENT MAINTENANCE | 3,300 | 3,300 | 1,993 | 4,300 | 1,000 | 30.3% | 0 | 0.0% |
| EQUIPMENT RENTS & LEASES | 250,000 | 287,000 | 119,851 | 230,000 | (57,000) | -19.9% | (37,000) | -12.9% |
| BUILDING COSTS | 7,800,000 | 7,961,300 | 3,777,510 | 7,608,200 | (353,100) | -4.4% | (161,300) | -2.0% |
| PROFESSIONAL & SPEC. SRVCS. | 394,000 | 366,000 | 184,664 | 303,000 | (63,000) | -17.2% | 28,000 | 7.7% |
| EDUCATIONAL EXPENSES | 25,500 | 13,500 | 4,291 | 10,500 | (3,000) | -22.2% | 12,000 | 88.9% |
| MISCELLANEOUS | 12,000 | 13,500 | 5,261 | 12,000 | (1,500) | -11.1% | (1,500) | -11.1% |
| TOTAL | \$10,596,100 | \$10,546,900 | \$5,441,402 | \$10,010,800 | (\$536,100) | -5.1% | \$49,200 | 0.5% |

*All amounts rounded to the nearest dollar.

ADMINISTRATIVE SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed Budget |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$2,106,280 | \$1,852,612 | \$2,223,984 | \$2,097,300 | \$2,813,145 |
| Total Agency Temp Salaries | 587,000 | 456,645 | 473,400 | 377,300 | 457,800 |
| Employee Benefits (Variable) | 1,131,631 | 1,068,682 | 1,426,725 | 1,227,600 | 1,911,226 |
| Employee Benefits (Other) | 148,050 | 149,270 | 166,766 | 163,500 | 180,309 |
| OPEB Contribution | 72,676 | 69,701 | 88,501 | 82,000 | 99,927 |
| OPEB Contribution (Budget Surplus) | 0 | 72,676 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 50,000 | 5,833 | 49,400 | 37,100 | 35,700 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 7,300 | 3,729 | 7,300 | 7,800 | 7,300 |
| Rideshare Allowance | 6,900 | 3,132 | 6,900 | 5,100 | 6,900 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Auto Expenses | 111,500 | 70,136 | 111,500 | 55,500 | 11,500 |
| Transportation & Travel | 8,000 | 97 | 8,000 | 4,700 | 17,600 |
| Postage | 301,400 | 301,320 | 331,400 | 301,500 | 301,500 |
| Stationery & Forms | 3,800 | 0 | 3,800 | 500 | 1,000 |
| Office Supplies & Equipment | 288,500 | 225,733 | 327,000 | 286,500 | 298,000 |
| Insurance | 1,114,200 | 1,106,157 | 1,120,600 | 1,194,100 | 1,481,700 |
| Equipment Maintenance | 3,300 | 1,125 | 3,300 | 4,300 | 3,300 |
| Equipment Rents & Leases | 277,000 | 197,025 | 287,000 | 230,000 | 250,000 |
| Building Costs | 7,472,400 | 5,604,859 | 7,961,300 | 7,608,200 | 7,800,000 |
| Professional & Specialized Services | 221,000 | 194,148 | 366,000 | 303,000 | 394,000 |
| Educational Expenses | 7,700 | 5,951 | 13,500 | 10,500 | 25,500 |
| Miscellaneous | 13,500 | 10,275 | 13,500 | 12,000 | 12,000 |
| TOTAL OPERATING BUDGET | \$13,932,137 | \$11,399,107 | \$14,989,876 | \$14,008,500 | \$16,108,407 |

*All amounts rounded to the nearest dollar.



BENEFITS DIVISION

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

The Benefits Division encapsulates LACERA's mission to “produce, provide, and protect the promised benefits” through the collection of contributions and purchase contracts, the payment of benefits, and the safeguarding of member accounts— carried out in compliance with the CERL, PEPR, Board of Retirement Regulations, and organizational policies.

INTRODUCTION

The Benefits Division pursues the highest quality standards and most efficient processing methods for member requests through continuous process improvements within the division and in collaboration with its partner divisions throughout LACERA.

BENEFITS OVERVIEW AND ACCOMPLISHMENTS

The Division consists of four primary sections: Core Benefit Services, Special Benefits Services, Account Integrity Services, and the Process Management Group.

Core Benefits Services

This group primarily handles high volume, reduced complexity transactions that cover an array of services, from service credit purchases to placing members on the retirement agenda. This group is made up of four teams that are assigned a primary task and assist other teams whenever necessary.

Special Benefits Services

This group comprises three specialized, complex areas: Advanced Payroll Unit (APU), Death Legal Unit (DLU), and Exceptions. Advanced Payroll handles the most complex retirement requests, mostly involving disability retirement. DLU handles processes such

as death notifications and legal split calculations. Exceptions handles cases outside of the scope of normal processes, such as Replacement Benefit Plan benefits and errors identified by the system.

Account Integrity Services

This unit is made up of the Benefit Protection Unit (BPU) and Account Maintenance Unit (AMU). BPU performs functions such as member location and fraud investigation. One risk we want to mitigate is continuing to pay members after they pass away. During the upcoming fiscal year, we will be looking to replace the current technology used for death notification services with more robust and timely technology.

AMU performs manual data entry tasks across 28 separate processes. For example, the team enters information provided on documents such as beneficiary designation forms into Workspace. The team also responds to requests for pension verification. In the future, we will begin reviewing these processes to explore opportunities for automation using optical character recognition (OCR) and robotic process automation (RPA).

Process Management Group (PMG)

This group interprets the various laws governing LACERA, such as CERL, PEPRA, or Internal Revenue Codes, to ensure compliance and to determine whether there are opportunities to improve efficiency. The members of this group then become project managers overseeing initiatives to bring their recommendations to fruition and provide training to staff throughout the Member Operations Group (MOG), including Member Services and Quality Assurance.

PMG works with the entire MOG. Through continuous innovation, this fiscal year PMG streamlined processes, added new documents, and worked with the Systems Division to automate and improve processes. To name a few improvements, PMG added:

- Claim form automation for the survivor process.
- Updated felony forfeiture process and corresponding notification.
- Prepaid debit cards to replace physical paper checks (in progress).
- Updated W-4P system programming and member communication.
- Project-managed the implementation of multi-factor authentication.

Snapshot of Workload Drivers

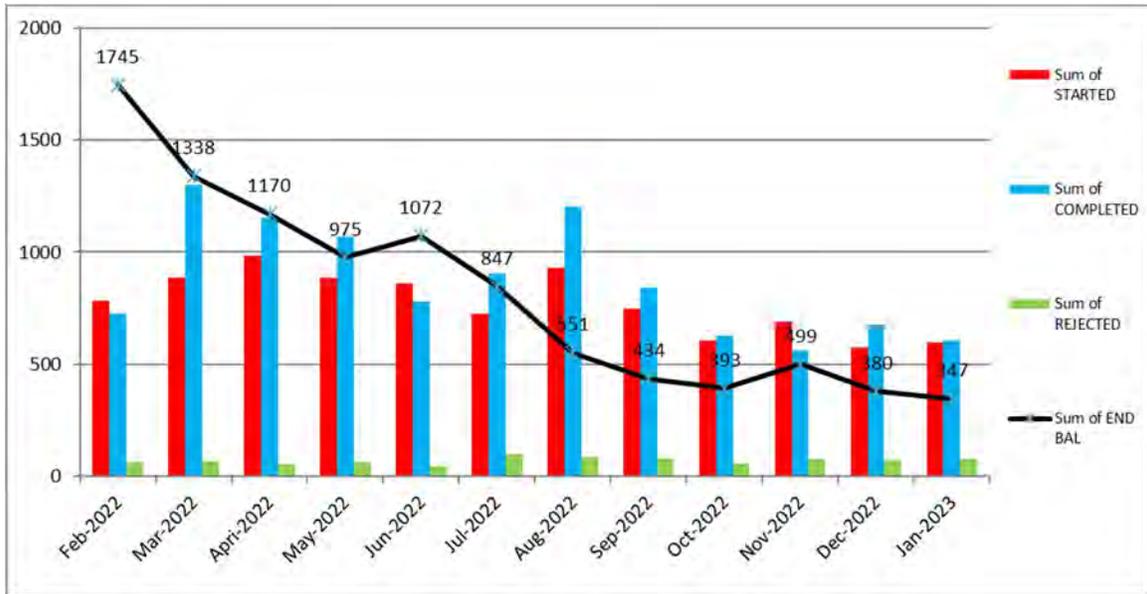
We have expended significant resources over the last several years to capture and refine important metrics, allowing us to gain a greater insight into the workload drivers. We will continue to focus on these efforts.

We feel as part of the budget process it is appropriate to provide some insights regarding the significant drivers of workload. This allows us to provide some insight into how we intend to manage our resources and meet expectations.

Death Legal Unit (DLU):

This unit has experienced a sharp increase in the volume of deaths over the last few years and legal splits have become more complex and time-consuming to process.

Death Notification (Manual) Rolling 12 months ending 1/31/2023



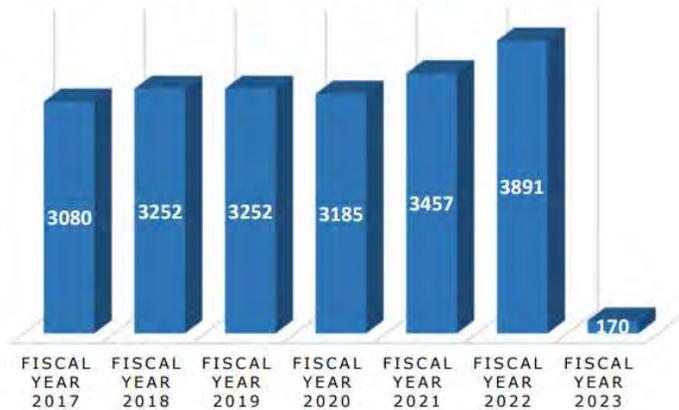
We recently filled a vacant position as well as the additional position previously added to the budget to help address the increased workload. We also re-engineered our death claim form benefit process so one-time payees automatically receive claim forms without staff intervention, significantly improving the survivor experience and our service level.

These changes have also significantly improved our ability to respond to the increasing demand and our efforts to reduce the backlog.

Core Benefits Section:

Although there were 3,891 retirements in FY 2021-22, the following charts compare this number to the number of service requests (work objects) submitted between July 1, 2021, and June 30, 2022: 8,007. This number was arrived at by adding the number of new work objects received each month, illustrated by the light blue bar on the left for each month in the second graph. A work object represents a member's request, which is assigned to a queue depending on the nature of the request. As illustrated, the number of work objects placed in the retirement election queue far surpassed the number of retirements during the 2021-22 fiscal year.

RETIREMENTS BY YEAR



Retirement Elections Work Queue—Fiscal Year 2021-2022



The reason the number of work objects in the queue does not match the number of retirements is because of the number of retirement rescissions, duplicates, and change of retirement date requests. Benefits plans to explore the reason why there are so many of these requests, as it will help improve our efficiency.

A decrease in retirements generally takes place after an MOU grants moderate to significant salary increases. Past experience has demonstrated that members will generally work longer to maximize the positive impact of the salary increase on their FAC, which increases the retirement allowance they receive upon retirement. As a result, we do not anticipate another significant increase in retirements for FY 2023-24. However, we

should continue to consider changes in workloads due to the increasing complexity of member transactions and improvements to compliance adherence. LACERA's workload might not necessarily decrease as much, due to the need to process rescissions and retirement date postponements, which is not evident by counting retirements alone.

The Core Benefits Training class is scheduled to begin April 2023 and will fill eight Retirement Benefits Specialist II positions based on projected attrition. The trainees are expected to complete their training by the end of January 2024, at which time they will become a productive part of the division. We anticipate an additional four months before they become fully acclimated to the work and become fully productive.

Member Experience Improvement Goals for FY 2023-24 and the Next Three Years

Benefits, and PMG specifically, will be partnering with the other Member Operations Group divisions and Systems to support and enact the strategic plan once approved. It is anticipated that the division will focus on fulfilling the four objectives under the Member Experience Priority. In anticipation of this plan, we are working on or pre-planning for the following objectives:

- **PEPRA Final Average Compensation (FAC) Automation:** PMG and Systems are working with the County Auditor-Controller to receive data in a format that will allow our system to generate a correct FAC figure for members. This will allow Systems to program Workspace to generate estimates and retirement benefit calculations for LACERA PEPRA members automatically, replacing the tedious manual process that currently exists. This is expected to be completed in the first month of the new fiscal year. In the meantime, the team is working with another arm of the Auditor-Controller in applying RPA to the manual process to see if we can speed up the process pending implementation of the permanent solution.
- **Unreported Death Identifications:** Unreported deaths pose a significant risk of overpaid benefits that may be difficult to recover. As part of our risk mitigation strategy, the BPU currently partners with an outside vendor to help it identify unreported member deaths. Once identified, BPU researches the possible death and initiates appropriate actions if a member has truly passed away. This process can take significant time and manual effort. The team will be requesting approval for an RFP to select a vendor that can handle this process for LACERA and provide us only with verified deaths for follow-up.
- **Automated Reciprocal Verification Process:** When a member joins LACERA and indicates they have service with a reciprocal agency, a manual process begins to request and verify data from the agency and establish reciprocity. Our goal is to automate this process so that it can mostly be conducted without any staff member interactions.
- **Automated Other Public Agency Purchase Requests:** When a member wants to purchase other public agency service, it triggers a manual process of contacting the other agencies and requesting verification of service. We intend to work with

Systems to leverage My LACERA to create a largely autonomous, member-initiated process that would request information from the other agency and trigger the issuance of a contract to purchase the time.

- Review Exceptions Team's Processes for Automation: Our Exceptions team deals with many systems-generated reports and service requests from other parts of the Member Operations Group. We intend to review these processes and eliminate the system-generated reports, replacing them with either automated resolution processes or the creation of service requests that can be tracked and analyzed for future improvements.
- AMU Process Automation: We will examine the option of leveraging OCR to automate the processing of member-submitted account maintenance forms.
- Knowledge Management System: PMG intends to partner with Systems and other Member Operations Group divisions on the selection and implementation of a knowledge management system. The system would manage all MOG knowledge databases, and leverage Artificial Intelligence (AI) and chatbots to assist staff with accessing knowledge and applying it to work at hand and even member interactions.

This fiscal year, Benefits will continue to refine its metrics and data analytics program to manage transactional processes, improve performance through automation and improve adherence to compliance requirements. We will ensure that our initiatives support the strategic planning process, particularly as it pertains to the Member Experience.

STAFFING

The Benefits Division is not requesting any new positions this fiscal year. We will continue to explore opportunities for automation and increase process efficiency throughout the division.

Agency Temp

Historically, Benefits staff fully prepared correspondence to members so they were ready for mailing and no further handling was required by the Data Processing Center (DPC) in Administrative Services. This process was inefficient, as it took staff away from processing member requests to perform administrative duties that should have been centralized within our DPC. Once staff began working remotely, Benefits worked with Systems to create a centralized printing location within Benefits and hired an agency temp to perform this function, freeing up staff to focus on their primary duties. This was meant to be a temporary solution while PMG worked with DPC to absorb these duties. DPC has a plan in place to take on these duties once they have obtained and trained enough staff for the additional processing. Until DPC is sufficiently staffed to manage the increase in workload, Benefits would like to continue having an agency temp perform this function.

Special Projects

Two staff members from the Core Benefits Section have been designated to complete special projects. The Alameda project identified salary items that were deemed as compensation earnable in the Alameda court decision. The project requires the return of overpaid contributions to active, retired, and deferred/inactive members; survivors; and beneficiaries of deceased members. It also impacted 118 purchase contracts using salaries that included pay items that are no longer deemed compensation earnable. With those pay items removed from the final average compensation (FAC), retired members whose FACs were based on salaries that included these pay items received overpaid benefits and are receiving notification. At the conclusion of this project, we will have: 1) returned all overpaid contributions through the suspension of contributions or offset against retirement overpayments, 2) collected or set up deductions to collect retirement overpayments, and 3) placed overpaid contracts into the member's account with interest.

The COLA Accumulation project seeks to correct 10,000 retiree accounts. All retiree and survivor benefits have been adjusted and retroactive payments made. The outstanding component of the COLA Accumulation project is to pay the beneficiaries and estates of deceased members. This project will resume after the completion of the Alameda project. We anticipate the COLA Accumulation project to be completed by December 2023.

Overtime

Benefits Division has relied on the use of overtime to supplement its regular production strategies and to help limit the length of service levels. As in the past, overtime is being requested to manage the workload imbalances related to the annual March rush and to reduce backlogs as we continue to seek improvements in efficiency and automation of the work.

The Member Services Division has been working overtime on Saturdays to process March retirements. Reviews of Member Services staff production shows their commitment to the highest quality service to our members. This has been a tremendous undertaking and shows our commitment to teamwork across divisions to ensure our members receive timely, high-quality service. However, Member Services may not be able to continue assisting Benefits during overtime.

We anticipate four upcoming retirements: one retirement at the end of FY 2022-23 and three retirements during FY 2023-24. As a result, we have included additional overtime allocations so that we will be able to serve our members timely until the 2024 training class is fully acclimated as planned.

Training and Development

Historically, Benefits supervisors and managers have not received additional training in leadership and management.

We are requesting funds to bring in a consultant to work with the Division Manager and section heads to sharpen individual skills, such as written and verbal communication, and boost leadership skills, such as building trust and increasing collaboration among division leaders.

Additionally, the Executive Office has challenged the interim Benefits Division Manager to develop staff throughout the division. As a result, section heads and supervisors are identifying core competencies and developing a preliminary roadmap for positions under their purview. These roadmaps will be reviewed and serve as tools to create individual self-development plans for subordinate staff. Formal training will include local and cost-effective instruction.

SERVICES AND SUPPLIES

We propose increasing funding in the following areas:

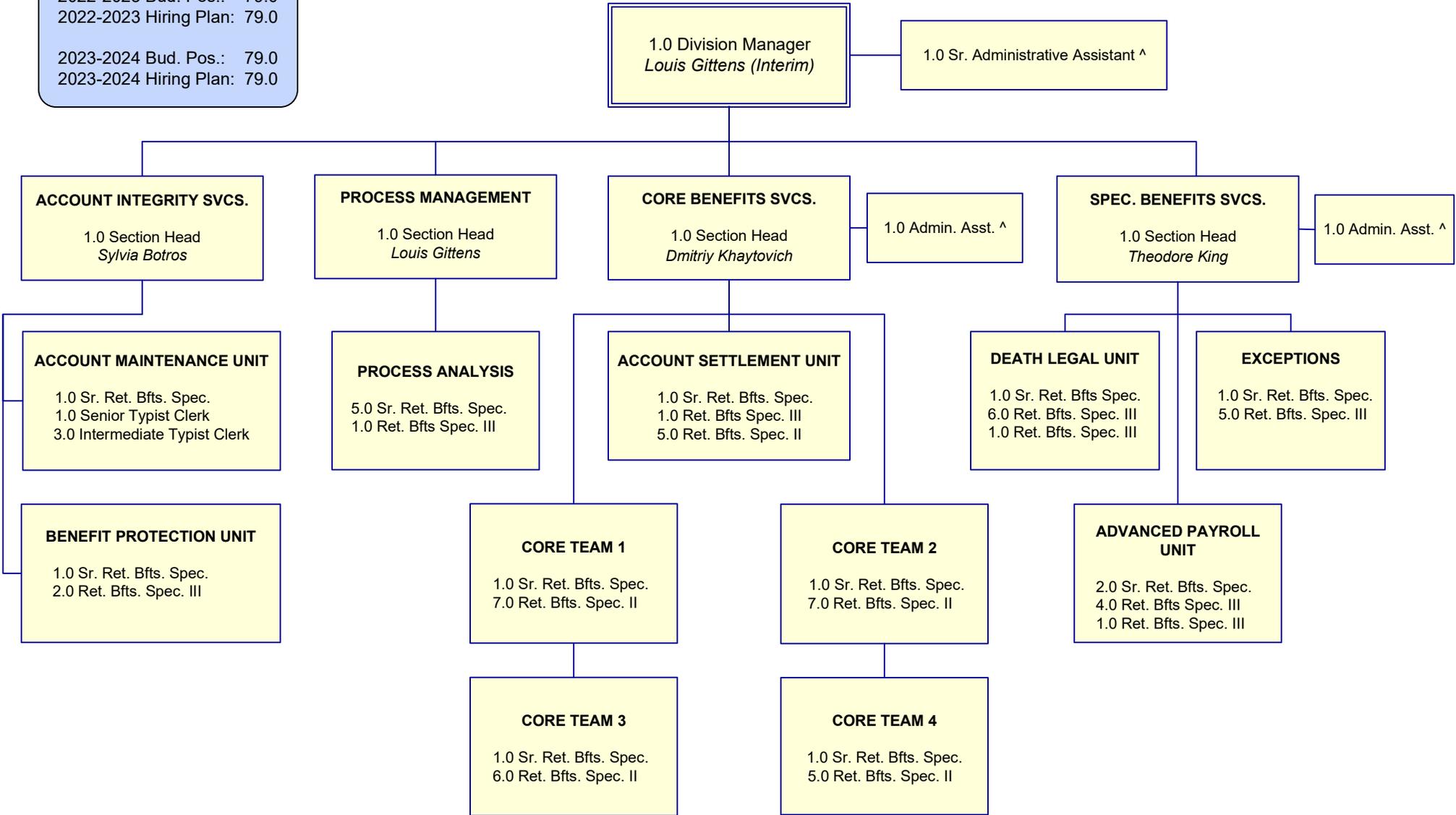
- **Professional and Specialized Services:** There is technology available that provides comprehensive death audits, making it easier for LACERA to confirm that a member or survivor has died rather than through manual verification. We would like to set aside funds for this platform even though we are still in the preliminary stages of studying our current cost of performing these transactions, learning more about the company's validation process, and determining whether an RFP is required to ensure we are getting the best product on the market.
- **Educational Expenses:** In addition to the training previously discussed, we would like managers to attend SACRS, which is being conducted in person again, and CALAPRS, which is still virtual. There are other in-person events that should be attended by either the Division Manager or a section head. These events offer opportunities to learn the latest updates in the pension industry and to network and showcase LACERA's initiatives, contributing to LACERA's reputation in the industry.

BENEFITS DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 79.0
 2022-2023 Hiring Plan: 79.0

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



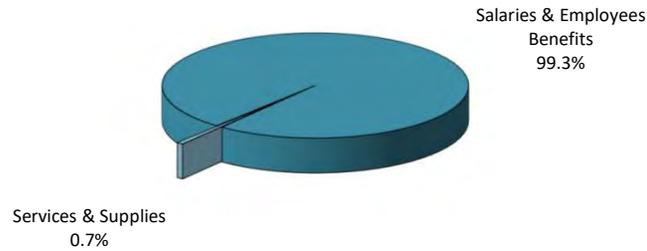
^ Position upgrade from Senior Secretary to Senior Administrative Assistant and Secretary to Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

BENEFITS DIVISION

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$12,363,302 | \$11,960,086 | \$6,186,588 | \$11,875,400 | (\$84,686) | -0.7% | \$403,216 | 3.4% |
| Services & Supplies | 86,100 | 59,300 | 14,342 | 48,900 | (10,400) | -17.5% | 26,800 | 45.2% |
| OPERATING BUDGET | \$12,449,402 | \$12,019,386 | \$6,200,930 | \$11,924,300 | (\$95,086) | -0.8% | \$430,016 | 3.6% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$6,799,486 | \$6,706,995 | \$3,669,947 | \$6,964,100 | \$257,105 | 3.8% | \$92,491 | 1.4% |
| Total Agency Temp Salaries | 62,200 | 154,900 | 52,869 | 97,700 | (57,200) | -36.9% | (92,700) | -59.8% |
| Employee Benefits (Variable) | 4,365,975 | 4,019,322 | 1,787,346 | 3,664,700 | (354,622) | -8.8% | 346,653 | 8.6% |
| Employee Benefits (Other) | 435,814 | 423,908 | 196,377 | 415,500 | (8,408) | -2.0% | 11,906 | 2.8% |
| OPEB Contribution | 241,527 | 224,962 | 140,552 | 259,500 | 34,538 | 15.4% | 16,565 | 7.4% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 426,400 | 398,100 | 330,040 | 457,000 | 58,900 | 14.8% | 28,300 | 7.1% |
| Bilingual Bonus | 3,600 | 3,600 | 1,950 | 3,900 | 300 | 8.3% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 12,000 | 7,506 | 13,000 | 1,000 | 8.3% | 0 | 0.0% |
| Rideshare Allowance | 16,300 | 16,300 | 0 | 0 | (16,300) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$12,363,302 | \$11,960,086 | \$6,186,588 | \$11,875,400 | (\$84,686) | -0.7% | \$403,216 | 3.4% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$12,363,302 | \$11,960,086 | \$6,186,588 | \$11,875,400 | (\$84,686) | -0.7% | \$403,216 | 3.4% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

BENEFITS DIVISION

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|---------------------------------------|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00772A | SECTION HEAD, LACERA | 4 | LS9 | 41,500 | 498,004 | | | |
| 01312A | SENIOR RETIREMENT BENEFITS SPECIALIST | 12 | 104A | 106,777 | 1,281,330 | | | |
| 01311A | RETIREMENT BENEFITS SPECIALIST III | 22 | 98G | 170,767 | 2,049,201 | | | |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 29 | 92A | 178,050 | 2,136,600 | | | |
| 00438A | ADMINISTRATIVE ASSISTANT | 2 | 86J | 12,185 | 146,215 | | | |
| 00446A | SENIOR TYPIST-CLERK | 1 | 81H | 4,521 | 54,249 | | | |
| 00445A | INTERMEDIATE TYPIST-CLERK | 3 | 77J | 13,326 | 159,913 | | | |
| POSITIONS | | 73 | | | 6,325,511 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00773A | DIVISION MANAGER | 1 | LS12 | 11,308 | 135,701 | 135,701 | | |
| 01312A | SENIOR RETIREMENT BENEFITS SPECIALIST | 3 | 104A | 7,028 | 84,336 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 5,216 | 62,592 | | | 31,296 |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 1 | 92A | 5,076 | 60,912 | 60,912 | | |
| POSITIONS | | 6 | | | 227,909 | 196,613 | 0 | 31,296 |
| TOTAL POSITIONS | | 79 | | | | | | |
| GROSS SALARIES | | | | | 6,553,419 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 98,301 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 85,693 | | | |
| BONUS | | | | | 62,072 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 6,799,486 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|-----------------|-----------------|--|---------------|--|--------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$7,300 | \$6,500 | \$3,093 | \$6,200 | (\$300) | -4.6% | \$800 | 12.3% |
| OFFICE SUPPLIES & EQUIPMENT | 3,400 | 3,400 | 654 | 2,000 | (1,400) | -41.2% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 41,000 | 41,000 | 10,050 | 34,000 | (7,000) | -17.1% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 33,600 | 7,600 | 545 | 6,100 | (1,500) | -19.7% | 26,000 | 342.1% |
| MISCELLANEOUS | 800 | 800 | 0 | 600 | (200) | -25.0% | 0 | 0.0% |
| TOTAL | \$86,100 | \$59,300 | \$14,342 | \$48,900 | (\$10,400) | -17.5% | \$26,800 | 45.2% |

*All amounts rounded to the nearest dollar.

BENEFITS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$6,154,980 | \$5,910,027 | \$6,706,995 | \$6,964,100 | \$6,799,486 |
| Total Agency Temp Salaries | 71,900 | 69,194 | 154,900 | 97,700 | 62,200 |
| Employee Benefits (Variable) | 3,818,094 | 3,150,744 | 4,019,322 | 3,664,700 | 4,365,975 |
| Employee Benefits (Other) | 374,387 | 379,705 | 423,908 | 415,500 | 435,814 |
| OPEB Contribution | 183,782 | 220,373 | 224,962 | 259,500 | 241,527 |
| OPEB Contribution (Budget Surplus) | 0 | 183,782 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 398,000 | 451,675 | 398,100 | 457,000 | 426,400 |
| Bilingual Bonus | 2,400 | 3,250 | 3,600 | 3,900 | 3,600 |
| Sick Leave Buyback | 12,000 | 14,534 | 12,000 | 13,000 | 12,000 |
| Rideshare Allowance | 16,300 | 0 | 16,300 | 0 | 16,300 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 6,500 | 2,564 | 6,500 | 6,200 | 7,300 |
| Office Supplies & Equipment | 3,400 | 77 | 3,400 | 2,000 | 3,400 |
| Professional & Spec. Svcs. | 46,000 | 28,877 | 41,000 | 34,000 | 41,000 |
| Educational Expenses | 14,600 | 3,435 | 7,600 | 6,100 | 33,600 |
| Miscellaneous | 1,500 | 0 | 800 | 600 | 800 |
| TOTAL OPERATING BUDGET | \$11,103,843 | \$10,418,238 | \$12,019,386 | \$11,924,300 | \$12,449,402 |

*All amounts rounded to the nearest dollar.

COMMUNICATIONS

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Our mission is to provide a full range of professional in-house communications services and create essential retirement information for LACERA members.

INTRODUCTION

Communications' services include creative visioning, project management, public relations and strategic marketing, graphic design, photography, writing and editing, and video production. We create print materials, videos, and web design and content across our websites LACERA.com and LACERA Connect (intranet).

STATUS OF MAJOR PROJECTS, 2022-2023

Throughout 2022, Communications Division maintained its regular schedule of requisite annual projects, continued to move prioritized projects forward to help achieve the Boards' existing strategic goals, and provided support for the strategic planning process.

Following are some of Communications Division's **requisite projects** throughout the year:

- Quarterly *PostScript* and *Spotlight* newsletters
- Themed Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR)
- *Retirement Law Book*

- Cost-of-living updates and communications (inserts, emails, web updates, web announcements, and newsletter articles)
- Executive Office communications and copywriting support
- LACERA.com and LACERA Connect maintenance, information updates, and content creation
- Calendars (retiree paydays, boards, and staff)
- Retiree Healthcare annual mailings
- Budget binder production
- Collateral for annual events (Board offsite meetings, Employee Wellness Fair, etc.)
- Photos for trustees and staff members, ID badges

Communications' and Strategic Plans

In 2022, Communications Division submitted the revised LACERA Communications Plan draft to Executive for review and approval. The Communications Plan provides an overview of Communications Division's role within the organization, and our philosophy, project landscape, and short- and long-term divisional goals. It also outlines how we plan to use all our resources in conjunction with what we've learned from the 2022 Member Survey to support the major initiatives of defining and implementing the proposed Superior Member Experience Program, focusing on specific member journeys and an omnichannel service approach.

Once the Strategic Plan and the Communications Plan have been defined and approved, the Communication Plan will be further revised to specifically outline the division goals and projects that we will be managing and supporting.

Additional Major Projects

In the meantime, Communications is continuing to move forward with current initiatives. Following are additional major projects that we are managing or supporting that will carry into 2023 or that are currently prioritized for 2023. Status and specifics are provided where applicable.

- **Strategic planning process:** We continue to support the executive team and professional consultant through direct email communication, writing and/or editing articles and memos to members and internal staff, and coordination and creation of graphics and collateral.
- **Case management:** In 2023, we anticipate providing communications support for the implementation of various case management components and new processes—including direct email communication to members and internal staff, lacera.com updates, and training videos. We will also need to update existing collateral with any process changes.

- **Campaigns:** We will continue to promote email messaging, paperless options, My LACERA, direct deposit, and beneficiary updates this year. The My LACERA campaign continues for this fiscal year. We will be expanding the campaign to include a mailing to active members who are not currently signed up for My LACERA. This mailing will be put into production mid-2023. We will continue to incorporate messaging in all other resources, such as the newsletters and email correspondence, to lead members to My LACERA.
- **Annual Retirement Benefits Statement redesign:** Working with Systems Division, Communications has expanded the statement to include new, customized information fields from the member database. *In pre-production; pending availability of internal resources and the selection of a new print vendor.*
- **Retirement Summary and Application Form (formerly the Retirement Benefits Estimate) redesign:** The form has been customized and expanded to include member-specific information including scenarios under the different retirement options. *In progress; the draft form has been beta-tested. It was determined that the form needs to be revisited to simplify the content for our members.*
- **Pre-Retirement Guide redesign:** The guide has been updated in coordination with multiple internal stakeholders and subject matter experts. *In progress; ready to print pending finalization of the Retirement Summary and Application Form.*
- **Plan Book updates:** The member plan books should serve as the definitive source for all plan information and require updates. Once completed, the plan centers on LACERA.com will be further developed and updated to reflect the changes to the plan books. *Pending internal resources.*

2023-24 Goals and Objectives

We anticipate adding new goals based on the final strategic plan and reassessing or reprioritizing current projects to align with the organization's direction.

- **Complete Retirement Options, Retirement University, and Medicare 101 videos currently in progress and increase overall video production.** We hired outside vendors in 2022 to boost video production services, which will continue into 2023 as we have increasing requests for this format for internal and member-facing communications.
 - Retirement University Options 1, 2, and 3 videos: *In production; anticipated completion in early 2023.*
 - Retirement University videos: *In pre-production and anticipated to start production in 2023.*
 - Medicare 101 video: *Currently in pre-production and anticipated to start production in 2023.*

- Support the **Business Continuity Plan (BCP) crisis communications component**. Communications will collaborate with the BCP Team and our Government Advocacy & Public Affairs consultant to develop multiple crisis communication templates.
- **Create and distribute a branding and style guide and begin LACERA-wide rebranding**. A mini style sheet with an updated logo and style guidelines was presented and distributed to the Management Action Committee (MAC) team on November 3. In 2023, we will begin rebranding existing collateral and create and distribute a comprehensive organizational style guide. Our aim is to establish and maintain a cohesive look and copy formatting for all print and digital materials and member communications.
- **Increase use of technological tools and online platforms.**
 - *Project request automation*: We recently completed an intake form, available on LACERA Connect, to help confirm, track, and process incoming requests. We are searching for a full-featured online platform to provide more services and convenience for internal clients and further boost efficiency.
 - *Online proofing*: In 2022, we incorporated new online proofing software, Ziflow. In 2023, we will assign more projects to Ziflow to streamline the proofing and production process.
 - *Augmented Intelligence (AI)*: We are currently researching the use of various software programs to assist us in our communications efforts. We are working with experienced vendors and peers to vet our options and assess how they would best serve our member's needs.
- **Support LACERA's social media goals and strategy**. We have already completed an initial social media strategy and action plan, created internally, which is on hold pending prioritization in the strategic plan. Depending on Board and executive direction, we may generate an RFP for a professional firm to establish the social media plan in 2023. The social media rollout also depends on the hiring of a Public Information Officer. See more under Staffing below.
- **Process plan to convert to digital communications**. This is a long-term goal that will be based on our members' needs and preferences. Given the data compiled from the most recent member survey, it is apparent that we currently have a large population that relies on print to receive news and information. The data collected in this survey shows that the majority—62 percent on average—of our members prefer receiving a mailed newsletter, but for those age 65 and over, that average jumps to 77 percent. On the flip side, only 26 percent of members on average expressed a preference for e-newsletters. This wide range of preferences confirms the need for an omnichannel service approach. We need to continue using all means of communication to reach our members, both print and digital. We will continue to expand our digital communications to transition as our demographics and members' needs transition.

STAFFING

A new Media Artist was hired and started working in November 2022, which has boosted our current capabilities and will help us meet the increasing demand for both print and video projects.

Communications hopes to fill the following vacant budgeted positions in 2023:

- Senior Writer
- Senior Media Artist
- Writer II
- Staff Assistant

We may also seek to fill the vacant Public Information Officer, however this may be delayed until FY 2024-2025

Communications is requesting overtime for various staff positions to be available when urgent requests arise that require the staff member to work beyond the normal hours to complete a task. Overtime may also be needed throughout the year when multiple major and unanticipated projects have the same deadline and the staff member needs the additional hours to complete the project(s).

Training and Development Goals for 2023

Communications Division has seen a significant increase in demand for our services over the last several years—from an overall increase in support requests to pandemic communications to more support of our expanded executive team. This, as well as travel restrictions due to the pandemic, means that Communications Division staff members have not had the opportunity to participate in professional development and training as needed to improve their job-specific skills and network with professional peers. Educational enrichment is instrumental for staff members in improving and modernizing their skillsets as well as maintaining enthusiasm for their craft.

For 2023, the budget reflects Communications' goals to:

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

SERVICES AND SUPPLIES

Overall, the FY 2023-24 budget request is 21 percent higher than the FY 2022-23 approved budget. Each of the Communications Division's line items was carefully reviewed with significant increases explained below:

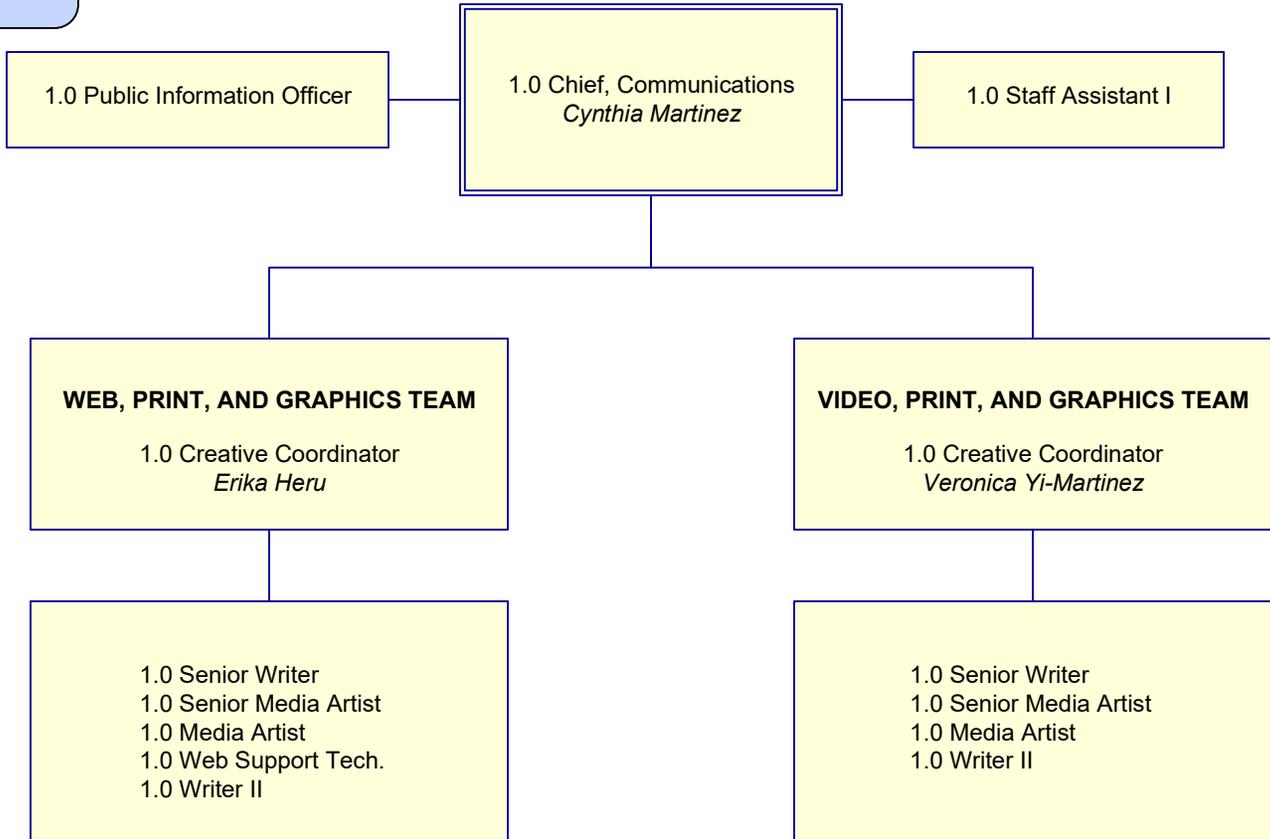
- The transportation and travel budget has increased from \$4,500 in FY 2022-23 to \$17,600 in FY 2023-24 to accommodate attendance at the CAPIO and HOW conferences.
- Due to an 8 percent postage rate hike, we are requesting a slight increase in 2023 postage costs. Even with this increase, the overall division request is lower than previous budgets due to the removal of a miscellaneous mailing deduction.
- Increases in LACERA communications components to be mailed, as well as higher paper and labor costs, account for an increase of \$177,200 from \$804,500 to \$981,700 in the Stationery and Forms section, including more details on line items below:
 - The annual benefits statement (ABS) has increased by \$40,000 because we have added enhanced features. An RFP is being opened in 2023 to secure a new vendor who can accommodate the new format.
 - *PostScript* and *Spotlight* costs have increased from \$80,000 to \$140,000 for *PostScript* and from \$90,000 to \$120,000 for *Spotlight* to accommodate the new RHC supplement and subsequent page count increases as well as overall production costs.
 - There is a new case management support line item of \$25,000 to accommodate anticipated communications needs, such as reprinting or video production costs, associated with new processes.
- Under Professional Services, campaign costs were increased from \$10,000 to \$70,000 (all-inclusive) for print, postage, and mailing, for various campaigns and a member journey campaign anticipated to be part of the strategic plan.
- There are also new line items under professional services for Miscellaneous Video Production (\$30,000) and a wire service for press releases (\$3,000).

COMMUNICATIONS

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 14.0
2022-2023 Hiring Plan: 14.0

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

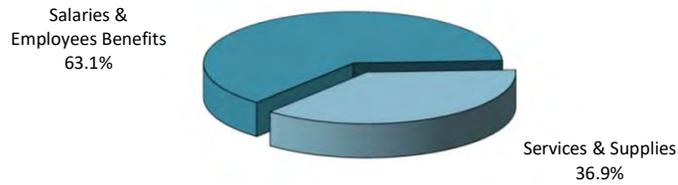


LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

COMMUNICATIONS

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|-------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$2,600,188 | \$2,168,975 | \$941,134 | \$1,896,500 | (\$272,475) | -12.6% | \$431,213 | 19.9% |
| Services & Supplies | 1,517,500 | 1,254,000 | 587,814 | 1,104,600 | (149,400) | -11.9% | 263,500 | 21.0% |
| OPERATING BUDGET | \$4,117,688 | \$3,422,975 | \$1,528,948 | \$3,001,100 | (\$421,875) | -12.3% | \$694,713 | 20.3% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2023-2024

SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|------------|-------------|---|----------|---|----------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$1,263,940 | \$1,242,896 | \$570,630 | \$1,099,100 | (\$143,796) | -11.6% | \$21,044 | 1.7% |
| Total Agency Temp Salaries | 331,000 | 56,200 | 14,451 | 56,200 | 0 | 0.0% | 274,800 | 489.0% |
| LACERA Intern Program | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 870,339 | 740,334 | 294,419 | 614,400 | (125,934) | -17.0% | 130,005 | 17.6% |
| Employee Benefits (Other) | 81,012 | 78,556 | 36,246 | 77,000 | (1,556) | -2.0% | 2,456 | 3.1% |
| OPEB Contribution | 44,897 | 41,689 | 23,077 | 42,700 | 1,011 | 2.4% | 3,208 | 7.7% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 4,500 | 4,800 | 1,103 | 4,800 | 0 | 0.0% | (300) | -6.3% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 3,500 | 3,500 | 1,207 | 2,300 | (1,200) | -34.3% | 0 | 0.0% |
| Rideshare Allowance | 1,000 | 1,000 | 0 | 0 | (1,000) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$2,600,188 | \$2,168,975 | \$941,134 | \$1,896,500 | (\$272,475) | -12.6% | \$431,213 | 19.9% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$2,600,188 | \$2,168,975 | \$941,134 | \$1,896,500 | (\$272,475) | -12.6% | \$431,213 | 19.9% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

COMMUNICATIONS

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|----------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00794A | CHIEF, COMMUNICATIONS | 1 | LS10 | 14,164 | 169,970 | | | |
| 00779A | CREATIVE COORDINATOR | 2 | 109L | 19,657 | 235,883 | | | |
| 00784A | SENIOR WRITER | 1 | 107K | 9,950 | 119,403 | | | |
| 00807A | SENIOR MEDIA ARTIST | 1 | 105H | 9,016 | 108,191 | | | |
| 00789A | MEDIA ARTIST | 2 | 102C | 15,465 | 185,579 | | | |
| 00787A | WEB SUPPORT TECHNICIAN | 1 | 098E | 6,369 | 76,427 | | | |
| 00786A | WRITER II | 1 | 098E | 7,098 | 85,178 | | | |
| POSITIONS | | 9 | | | 980,631 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00784A | SENIOR WRITER | 1 | 107K | 7,796 | 93,550 | 93,550 | | |
| 00465A | PUBLIC INFORMATION OFFICER | 1 | 104C | 7,568 | 90,820 | | | 45,410 |
| 00807A | SENIOR MEDIA ARTIST | 1 | 105H | 7,348 | 88,172 | | | 44,086 |
| 00786A | WRITER II | 1 | 098E | 6,033 | 72,392 | | | 36,196 |
| 00426A | STAFF ASSISTANT I | 1 | 087E | 4,543 | 54,515 | | | 27,257 |
| | | | | | | 93,550 | 0 | 152,949 |
| POSITIONS | | 5 | | | 246,499 | | | |
| TOTAL POSITIONS | | 14 | | | | | | |
| GROSS SALARIES | | | | | 1,227,130 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 18,407 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 18,403 | | | |
| BONUS | | | | | 0 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,263,940 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES AND SUPPLIES

COMMUNICATIONS

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|-------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$17,600 | \$4,500 | \$0 | \$4,400 | (\$100) | -2.2% | \$13,100 | 291.1% |
| POSTAGE | 342,200 | 348,000 | 183,748 | 363,000 | 15,000 | 4.3% | (5,800) | -1.7% |
| STATIONERY & FORMS | 981,700 | 804,500 | 372,128 | 673,500 | (131,000) | -16.3% | 177,200 | 22.0% |
| OFFICE SUPPLIES & EQUIPMENT | 6,000 | 6,000 | 5,801 | 6,000 | 0 | 0.0% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 140,000 | 47,000 | 20,566 | 42,000 | (5,000) | -10.6% | 93,000 | 197.9% |
| COMPUTER SERVICES & SUPPORT | 0 | 14,000 | 4,931 | 11,600 | (2,400) | -17.1% | (14,000) | -100.0% |
| EDUCATIONAL EXPENSES | 29,400 | 29,400 | 640 | 3,600 | (25,800) | -87.8% | 0 | 0.0% |
| MISCELLANEOUS | 600 | 600 | 0 | 500 | (100) | -16.7% | 0 | 0.0% |
| TOTAL | \$1,517,500 | \$1,254,000 | \$587,814 | \$1,104,600 | (\$149,400) | -11.9% | \$263,500 | 21.0% |

*All amounts rounded to the nearest dollar.

COMMUNICATIONS

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,290,318 | \$966,240 | \$1,242,896 | \$1,099,100 | \$1,263,940 |
| Total Agency Temp Salaries | 79,600 | 1,213 | 56,200 | 56,200 | 331,000 |
| Employee Benefits (Variable) | 760,301 | 524,778 | 740,334 | 614,400 | 870,339 |
| Employee Benefits (Other) | 77,116 | 78,020 | 78,556 | 77,000 | 81,012 |
| OPEB Contribution | 37,855 | 36,763 | 41,689 | 42,700 | 44,897 |
| OPEB Contribution (Budget Surplus) | 0 | 37,855 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 4,100 | 3,403 | 4,800 | 4,800 | 4,500 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 3,500 | 866 | 3,500 | 2,300 | 3,500 |
| Rideshare Allowance | 1,000 | 0 | 1,000 | 0 | 1,000 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 7,500 | 0 | 4,500 | 4,400 | 17,600 |
| Postage | 300,000 | 250,183 | 348,000 | 363,000 | 342,200 |
| Stationery & Forms | 641,500 | 567,123 | 804,500 | 673,500 | 981,700 |
| Office Supplies & Equipment | 5,000 | 5,393 | 6,000 | 6,000 | 6,000 |
| Professional & Specialized Services | 62,000 | 30,240 | 47,000 | 42,000 | 140,000 |
| Computer Services & Support | 14,500 | 3,000 | 14,000 | 11,600 | 0 |
| Educational Expenses | 10,400 | 940 | 29,400 | 3,600 | 29,400 |
| Miscellaneous | 600 | 0 | 600 | 500 | 600 |
| TOTAL OPERATING BUDGET | \$3,295,291 | \$2,506,016 | \$3,422,975 | \$3,001,100 | \$4,117,688 |

*All amounts rounded to the nearest dollar.

DISABILITY LITIGATION

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Disability Litigation Office (DLO) is a legal unit at LACERA that is separate from and independent of the Legal Office. The Disability Litigation Chief Counsel reports directly to the Chief Executive Officer. Established in 1996, the DLO has a staff of four attorneys (3-Senior Staff Counsel; 1-Chief Counsel) and three secretaries (Senior Legal Secretaries). Our main operation consists of litigating appeals that members may file after the Board of Retirement denies any disability retirement or service-connected survivor benefit application. As of February 2022, the DLO began handling Felony Forfeiture appeals, in accordance with the Administrative Appeals Procedures, adopted by the Board of Retirement. With each of the above-noted appeals, DLO provides LACERA and its fund with legal representation at the administrative level before a hearing referee and the Board of Retirement.

DIVISION UPDATE

The DLO continued its high level of performance in 2022, taking advantage of LACERA's advancing remote technology, while also showing a strong in-office presence for hearings and various committee meetings in which the DLO team was actively involved. The DLO is on a hybrid remote-to-office work schedule on a weekly basis.

Our remote operations continue to be seamless, employing MS Teams, OneDrive, and SharePoint, all to be further enhanced with the upcoming roll-out of OneMeeting. We continue to hold hearings remotely or hybrid on Teams as needed and also have enjoyed a robust return to live hearings at LACERA, as the pandemic landscape shifted and transmission rates decreased.

While historically we have been primarily paper-based, our Senior Legal Secretaries have been working tirelessly converting the DLO's existing caseload to digital. To date, 2/3rds of our case files have been digitally scanned (well ahead of our June 2023 conversion project deadline). Additionally, all new appeal files continue to be transmitted electronically from Disability Retirement Services (DRS). This digital conversion has increased the division's productivity immeasurably, as electronic appeal files are accessible remotely through MS OneDrive or SharePoint. This provides attorneys 24/7 access to their case files to conduct discovery, prepare for hearings, and draft legal briefs. Staff also benefits from ready access for scheduling, correspondence, and assisting DLO attorneys conducting discovery and compiling evidence.

Additionally, MS Teams keeps the DLO well-connected and fully informed. The DLO is diligent in conducting monthly staff meetings, where we discuss solutions to streamline business operations, update processes, engage in teambuilding, and education. DLO team members are continuously developing their skills. Team members are taking advantage of Udemy Courses and finessing their presentation skills by sharing lessons learned from those courses with the entire DLO team. In addition to Udemy, one of our attorneys attended a three-month course in Management Essentials through Harvard Online Business School; the invaluable takeaways from which will be presented to the DLO team in 2023. Two of our Senior Legal Secretaries completed training in Power BI, for both career development and increased divisional metrics tracking and presentation. One of our Senior Legal Secretaries completed Scrum training in preparation of the Case Management Solution project. Further, with guidance from Systems, two Senior Legal Secretaries learned how to use MS Visio to create DLO process swimlanes for the Case Management Solution project.

The DLO team was actively involved in the selection of the vendor for the Case Management Solution project. Select DLO staff (1-Senior Staff Counsel and 1-Senior Legal Secretary) are now fully engaged in project development and implementation, mapping the requirements of the DLO's business operations. Once that critical step is complete, the remainder of the DLO staff will be included in the various showcases to observe testing, programming progress, and provide feedback. The purpose of this group effort is to ensure the Case Management Solution best captures and supports the DLO's business operations and workflow from appeal intake to closure and archiving.

The Case Management Solution will place our casefiles at our digital fingertips, replacing manual processes and increasing productivity. Everything from emails to briefs to medical records will be centrally stored and accessed under each Applicant's digital file. With this digital organization, more time may be spent on drafting legal arguments, litigation

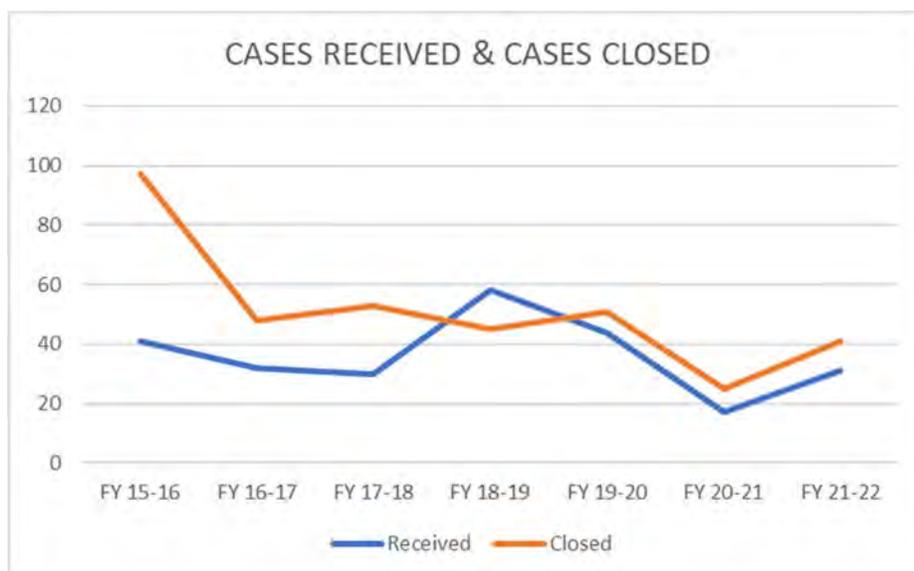
strategy, and legal research than thumbing through volumes of paper to locate a particular piece of supporting evidence or email printed from Outlook.

Increased efficiency will also support the DLO team in its universal effort to participate in LACERA-wide committees. Six of the DLO's members participated in Strategic Planning action planning teams (including Culture, Metrics, and Technology) with three DLO attorneys also working on follow-up teams to hone the various strategic plan objectives. Additionally, two DLO attorneys (Chief and Senior Staff Counsel) are actively participating in LACERA's Policy Committee (including editing LACERA-wide policies). All four attorneys (Chief and Senior Staff Counsels) are engaged in their respective Management Action Committee (MAC) and Supervisors Action Committee (SAC) teams, and regularly share updates from those monthly meetings with staff to foster transparency, teamwork, and productivity. In addition to committees, as day-to-day issues arise, the DLO conscientiously works with its business partners (such as Benefits, Member Services, and Disability Retirement Services) to streamline operations whenever indicated. The DLO is committed to the overall development of LACERA as a whole, well beyond the walls of the DLO suite.

INVENTORY OF CASES

The DLO has 78 active cases as of December 31, 2022. The average age of these active cases is 2 years, 3 months, and 10 days. Under Rule 32 of the Board's *Procedures for Disability Retirement Hearings*, Applicants must bring their cases to hearing within three years from the date the Applicant is notified of the assignment of the referee. Cases do not move forward until the Applicant files a prehearing statement. Respondent's deadline to file its prehearing statement is not triggered until Applicant (the moving party) first files its evidence.

The number of cases the DLO received versus those that have closed from FY 2015-2016 to FY 2021-2022 are demonstrated by the following graph:



Based on statistics from the last three fiscal years, the DLO anticipates it will receive approximately 25-30 regular disability retirement appeals in FY 2023-2024.

The average lifespan for all cases that were closed from 2011 to 2022 was 2 years, 7 months, and 29 days.

STAFFING

There are currently seven budgeted full-time positions in the DLO. No additional staff positions, nor temps, are requested at this time. We are requesting overtime to cover the Senior Legal Secretary who is heavily involved in the Case Management Solution project.

SERVICES AND SUPPLIES

The DLO budget request for services, supplies, travel, and transportation are relatively unchanged from last fiscal year. While we anticipate a slight increase in air travel fees, gas prices continue to decrease.

We are only anticipating one new conflict case in the upcoming fiscal year and have reduced our request for outside counsel funds accordingly.

FUTURE

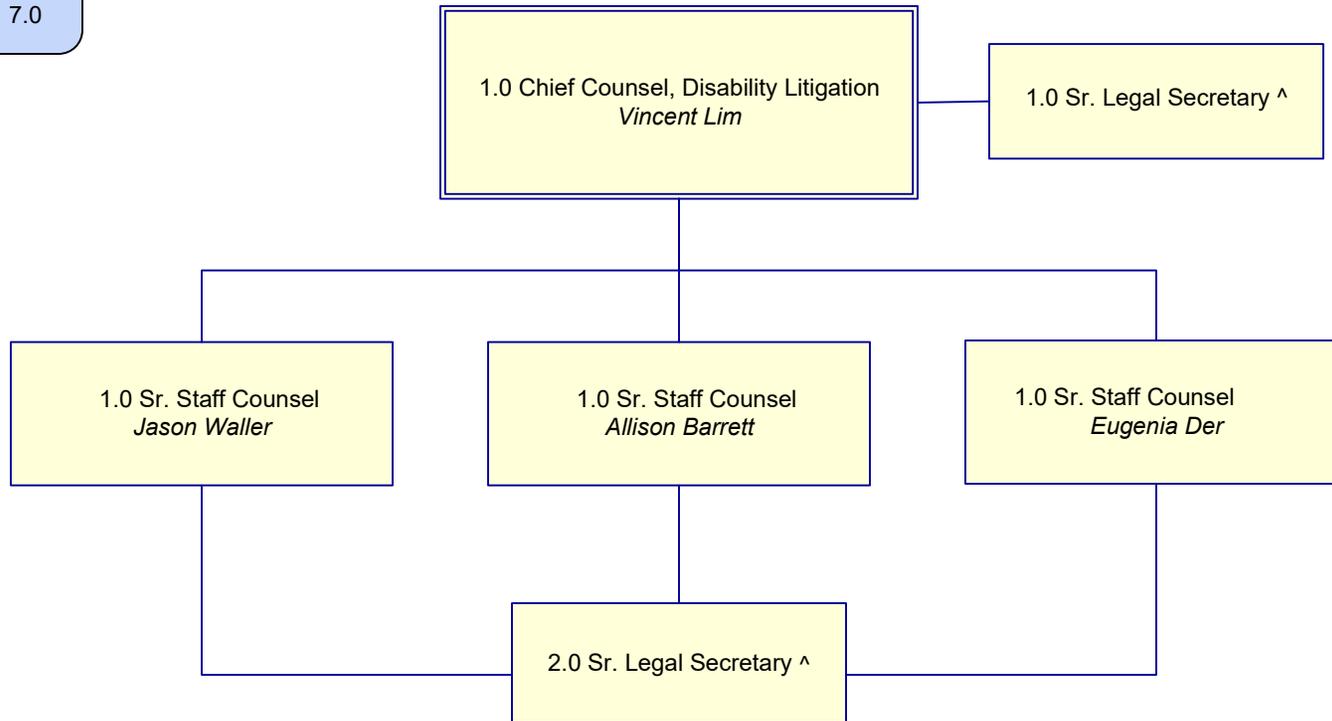
The DLO looks forward to working with its internal business partners in the ongoing move toward a fully electronic operation, to make our business operations and processes more efficient and to enhance employee productivity. We will continue to serve as active participants and subject-matter experts in the development and implementation of the Case Management Solution project; and to wholeheartedly engage in LACERA-wide committees for the advancement of our organization as a whole. We are fully committed to developing our staff with ongoing training in support of their long-term career goals. As always, the DLO will continue its mission of impartial justice -- to provide Applicants with full and fair hearings to ensure each determination on appeal is substantially supported by the facts and the law.

DISABILITY LITIGATION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 7.0
2022-2023 Hiring Plan: 7.0

2023-2024 Bud. Pos.: 7.0
2023-2024 Hiring Plan: 7.0



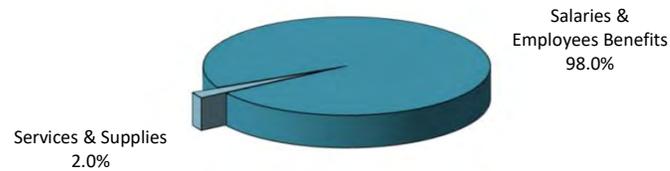
^ Position upgrade from Senior Management Secretary to Senior Legal Secretary as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

DISABILITY LITIGATION

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|-----------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$2,510,041 | \$2,353,917 | \$1,235,121 | \$2,354,700 | \$783 | 0.03% | \$156,124 | 6.6% |
| Services & Supplies | 51,100 | 53,900 | 15,959 | 47,200 | (6,700) | -12.4% | (2,800) | -5.2% |
| OPERATING BUDGET | \$2,561,141 | \$2,407,817 | \$1,251,080 | \$2,401,900 | (\$5,917) | -0.2% | \$153,324 | 6.4% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$1,461,729 | \$1,371,867 | \$768,933 | \$1,407,800 | \$35,933 | 2.6% | \$89,862 | 6.6% |
| Total Agency Temp Salaries | 0 | 9,800 | 0 | 0 | (9,800) | -100.0% | (9,800) | -100.0% |
| Employee Benefits (Variable) | 899,000 | 832,028 | 399,448 | 811,200 | (20,828) | -2.5% | 66,972 | 8.0% |
| Employee Benefits (Other) | 93,690 | 86,707 | 39,896 | 85,000 | (1,707) | -2.0% | 6,983 | 8.1% |
| OPEB Contribution | 51,923 | 46,014 | 26,336 | 48,700 | 2,686 | 5.8% | 5,909 | 12.8% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 2,800 | 6,600 | 508 | 2,000 | (4,600) | -69.7% | (3,800) | -57.6% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 900 | 900 | 0 | 0 | (900) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$2,510,041 | \$2,353,917 | \$1,235,121 | \$2,354,700 | \$783 | 0.03% | \$156,124 | 6.6% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$2,510,041 | \$2,353,917 | \$1,235,121 | \$2,354,700 | \$783 | 0.03% | \$156,124 | 6.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

DISABILITY LITIGATION

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|---|--------------------------------------|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 09215A | CHIEF COUNSEL, DISABILITY LITIGATION | 1 | LS18 | 26,415 | 316,985 | | | |
| 09213A | SENIOR STAFF COUNSEL | 3 | LS16 | 64,957 | 779,482 | | | |
| 00441A | SENIOR LEGAL SECRETARY | 3 | 101H | 25,938 | 311,253 | | | |
| POSITIONS | | 7 | | | 1,407,720 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| POSITIONS | | 0 | | | 0 | | | |
| TOTAL POSITIONS | | 7 | | | | | | |
| GROSS SALARIES | | | | | 1,407,720 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 21,116 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 32,894 | | | |
| BONUS | | | | | 0 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,461,729 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|-----------------|-----------------|--|---------------|--|--------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| AUTO EXPENSE | \$2,400 | \$2,900 | \$315 | \$2,400 | (\$500) | -17.2% | (\$500) | -17.2% |
| TRANSPORTATION & TRAVEL | 7,100 | 6,500 | 0 | 5,200 | (1,300) | -20.0% | 600 | 9.2% |
| OFFICE SUPPLIES & EQUIPMENT | 1,800 | 2,000 | 127 | 1,800 | (200) | -10.0% | (200) | -10.0% |
| LEGAL FEES & SERVICES | 3,000 | 5,500 | 0 | 4,500 | (1,000) | -18.2% | (2,500) | -45.5% |
| EDUCATIONAL EXPENSES | 36,500 | 36,500 | 15,517 | 33,000 | (3,500) | -9.6% | 0 | 0.0% |
| MISCELLANEOUS | 300 | 500 | 0 | 300 | (200) | -40.0% | (200) | -40.0% |
| TOTAL | \$51,100 | \$53,900 | \$15,959 | \$47,200 | (\$6,700) | -12.4% | (\$2,800) | -5.2% |

*All amounts rounded to the nearest dollar.

DISABILITY LITIGATION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,294,960 | \$1,274,122 | \$1,371,867 | \$1,407,800 | \$1,461,729 |
| Total Agency Temp Salaries | 0 | 0 | 9,800 | 0 | 0 |
| Employee Benefits (Variable) | 729,886 | 685,748 | 832,028 | 811,200 | 899,000 |
| Employee Benefits (Other) | 77,393 | 77,856 | 86,707 | 85,000 | 93,690 |
| OPEB Contribution | 37,991 | 44,717 | 46,014 | 48,700 | 51,923 |
| OPEB Contribution (Budget Surplus) | 0 | 37,991 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 0 | 0 | 6,600 | 2,000 | 2,800 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 900 | 0 | 900 | 0 | 900 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Auto Expenses | 3,000 | 1,498 | 2,900 | 2,400 | 2,400 |
| Transportation & Travel | 6,800 | 4,378 | 6,500 | 5,200 | 7,100 |
| Office Supplies & Equipment | 1,500 | 1,652 | 2,000 | 1,800 | 1,800 |
| Legal Fees & Services | 7,500 | 46 | 5,500 | 4,500 | 3,000 |
| Educational Expenses | 33,000 | 33,523 | 36,500 | 33,000 | 36,500 |
| Miscellaneous | 700 | 0 | 500 | 300 | 300 |
| TOTAL OPERATING BUDGET | \$2,193,630 | \$2,161,531 | \$2,407,817 | \$2,401,900 | \$2,561,141 |

*All amounts rounded to the nearest dollar.

DISABILITY RETIREMENT SERVICES

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Disability Retirement Services Division (DRS) is responsible for investigating and evaluating disability retirement applications submitted by active, retired, and deferred members of LACERA, as well as survivor- and employer-filed applications. Staff presents recommendations to the Board of Retirement, which is the governing board responsible for adjudicating each application. Staff also administers the disability appeals process in conjunction with Disability Litigation and serves as the official Custodian of Record for all disability retirement files. This role requires Disability Retirement Services to act as the Clerk of the Board in administrative hearings.

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

Our division is purpose-driven and people-focused. We recognize that we serve a vulnerable population. Members who file for disability are uniquely situated, as they must navigate a complex system that requires them to know and understand their rights and responsibilities to make informed decisions about benefit options. These benefits are not exclusively related to disability retirement or LACERA. Our staff and membership must often understand complicated benefit structures related to workers' compensation, short- or long-term disability, Social Security, and the interplay between each benefit. They must also understand and have an awareness of the Americans with Disabilities Act (ADA) and

California's Fair Employment and Housing Act (FEHA) laws as they request accommodations from their employer and actively participate in the interactive process.

To provide our membership with a superior member experience, DRS recognizes that a high level of engagement is often required. Disability Retirement is ultimately a high-touch process with nuanced decision-making points.

Our objective is to educate our people, members, plan sponsor, vendors, and business partners. Education will be done through formal training, coaching, and counseling through hands-on and lived experiences, and through frequent and ongoing feedback. DRS will do this to empower all vested parties and execute our mission.

Finalization of the case management system (CMS) implementation will be vital to our future success as we strive to achieve our objective by leveraging our new tool while also expanding capacity and adding staff to support the investigation process.

DIVISION UPDATE

Case Management

With the implementation of our CMS, called Sol, by the end of FY 2022-23, DRS will be well positioned to begin tackling the increasing workload and future challenges discussed below.

As a software tool, Sol is being designed to better manage the lifecycle of a case. It automates manual processes, streamlines workflows, and provides greater access to data. The access to data will facilitate collaboration, as it will make information easily accessible to our team members. As a result, it will assist our team in making decisions on how to optimize workflows and increase the overall efficiency of the division and organization, which will directly impact service delivery to our members.

Additional benefits of Sol are listed below:

- Reduce/contain processing time
- Improve accuracy of data
- Improve supervisory oversight
- Improve claim development

The benefits of Sol will ultimately save LACERA time and money through improved efficiency and accuracy. Prior to Sol, most DRS business processes were manually performed. Not only is that time consuming, but there is also an increased chance of error. With Sol, processing time will be reduced through automation, such as automatic generation of letters and Board agendas and partial automation of assembling board packets. Currently, DRS staff may need to search through multiple databases for information about a claim, which is time consuming. With Sol, the information will be consolidated in one location. In addition, data automatically captured by Sol will assist

with metrics and reporting, whereas currently, data for reports needs to be manually gathered and inputted. As a result, staff will be able to generate more specific reports more quickly than ever before.

Sol will also provide increased accuracy. Each business process is automatically tracked in the system. That will allow the investigator or supervisor to access both the detailed and high-level views of the work being performed. Furthermore, DRS's business processes will be programmed in Sol. As a result, the system will assist staff by making sure every business step is performed, reducing the chances for error. Sol's automatic notification features will also alert staff about case issues as they arise, which will reduce delays in processing claims. These benefits and more from Sol will allow greater visibility in DRS's process, which will allow us to make well informed decisions and improve organizational performance.

Although Sol will improve efficiency and accuracy, it cannot reduce headcount due to the high-touch and sensitive nature of the work performed in DRS, which requires a personal touch.

Currently, DRS has three supervisors who are dedicated to project development and implementation of Sol. Once Sol is near completion, approximately a third of the division will be involved in user testing. Finally, during deployment of Sol, the entire division will receive ongoing training as the team transitions to the new CMS.

My LACERA

The future state of LACERA and our focus on the member experience, related journeys, and omnichannel approach includes a robust self-service option on My LACERA. With the soft launch of the online disability retirement application on September 8, 2022, DRS is excited to leverage the use of technology to engage our membership in the most meaningful and effective way. This self-service option may be a matter of preference or convenience for the member, who can complete their application from the comfort of their home and at their own pace. It has also allowed the DRS intake team to have real-time tracking and monitoring, so we are able to proactively reach out to any member and offer guidance and support. This type of visibility is not available to our team with a paper application.

STAFF DEVELOPMENT AND SUCCESSION PLANNING

DRS recognizes the importance of staff development and succession planning. Our focus this fiscal year will be on building the infrastructure to support the implementation of a career path for administrative support staff, which includes finalizing the new classification titled Disability Retirement Support Specialist I.

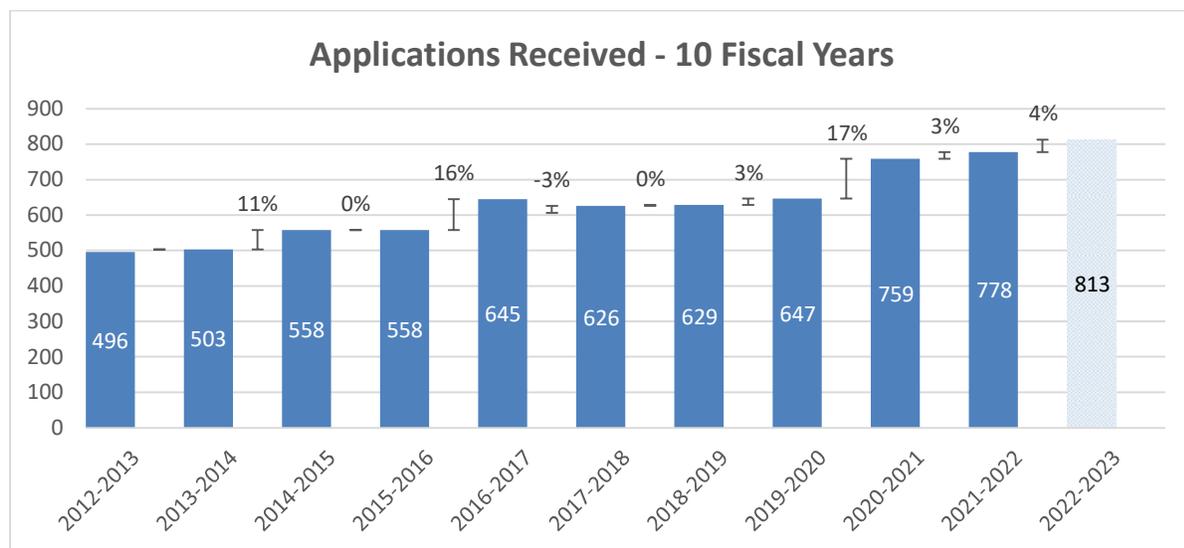
DRS continues to develop staff through our administrative support staff training opportunity, which allows staff to learn how to investigate applications for disability retirement and provides additional staff to help process cases.

We strive to cross train our team and leverage tools like Udemy to design and deliver customized training to support and encourage employee development and preserve institutional knowledge. This is vital as a third of our leadership team will become retirement ready in the next decade.

In the next fiscal year, DRS will look at reorganizing the team to create a Member Care and Administrative Section and consolidate our core business functions of case processing and agenda management under one Section Head. This will require an additional level of leadership and oversight to ensure the integrity of processes and the quality of case management continue as we expand capacity and focus on the member experience.

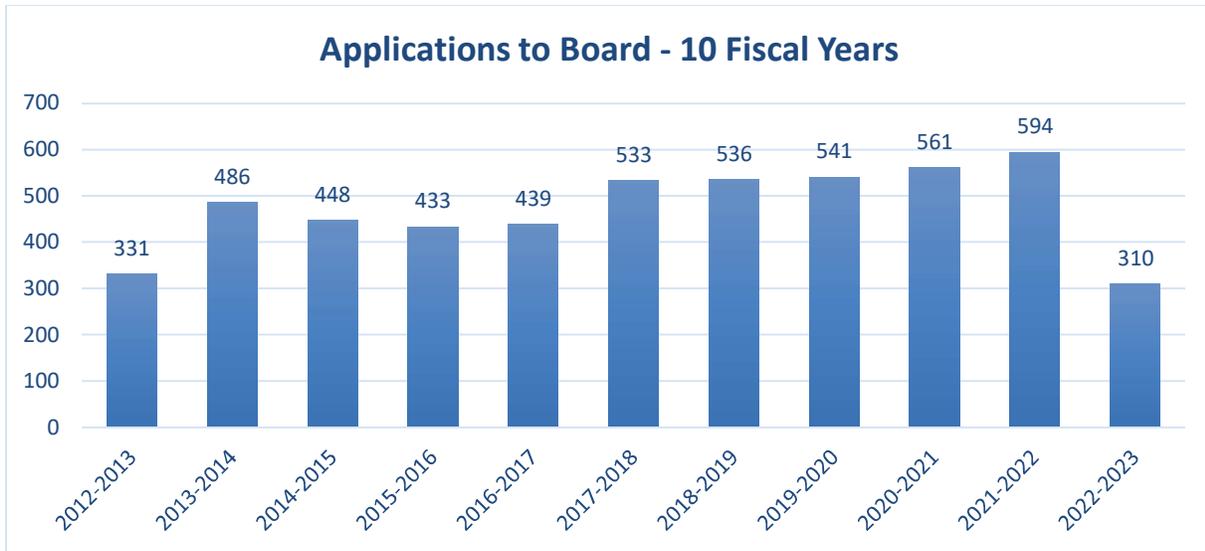
DISABILITY RETIREMENT CASE INVENTORY AND TRENDS

There continues to be an upward trend in the number of disability retirement applications received annually. To date, we received approximately 57 percent more cases than we did in FY 2012-13 with an annual average increase of approximately 4.6 percent. Consequently, our current pending caseload is a record 881 cases.



2022-2023 – Projection based on 4.6% average growth rate

Our average annual case production over the last five years is 553. In FY 2021-22, our case production increased by 6 percent from the previous fiscal year, with staff adjudicating 594 total cases.



When fully staffed, DRS case processing capacity is 672 cases. Although we are operating at near capacity given our vacancy rate and staff leave of absences, we are unable to keep pace with the continual increase in incoming applications.

STAFFING

Given this increasing and complex workload, DRS is requesting additional staff this year to expand case processing capacity. DRS currently has 41 budgeted full-time positions. We are requesting three additional team members at the Senior Disability Retirement Specialist level to expand capacity and contain processing time. This would result in 44 budgeted full-time positions.

A focus on continuous improvement, changes to our organizational structure, and modification to policy and procedures allowed DRS to increase productivity over the last decade; however, we remain unable to keep pace with the steady increase of disability retirement application filings.

Factually and anecdotally, this steady increase has several contributing factors:

| Contributing Factors | Commentary |
|----------------------|--|
| Aging Population | By 2030, every Baby Boomer will be age 65 or older, which means that one out of every five U.S. citizens will be of retirement age. Meola, A. (2022, April 21). US Aging Population Problems & Healthcare Issues. Insider Intelligence. https://www.insiderintelligence.com/insights/aging-population-healthcare/ |
| PEPRA | As of January 1, 2023, all LACERA members are now in contributory plans and eligible to apply for disability retirement. Population filing has quadrupled since 2017. |

| | |
|-------------------------|--|
| Cultural Climate/Shifts | <ul style="list-style-type: none"> • Civil Unrest: Safety member filings have increased by 31 percent since 2019. • Increasing mental health crises and related disability: Psychiatric claims are more challenging to process. • COVID-19 |
| Plan Sponsor | The newly implemented disability compliance framework has resulted in increased employer-filed applications, counseling, coordination, and education of department personnel. |

More challenges lie ahead with anticipated workload increases and necessary collaboration with the plan sponsor as they continue to implement their newly designed disability compliance framework. DRS anticipates a substantial increase in disability applications as the departments aggressively review their employees who are on long-term leave and in accommodated positions. DRS management and the Legal team have met with L.A. County DHR and their vendor on several occasions to discuss the impact of the changes being made to the County’s former Return to Work Program. The newly minted disability compliance framework will require LACERA to educate department personnel via regular and ongoing outreach as they file for disability retirement, request salary supplements, and discuss accommodation issues at both the department and Countywide level. The level of member interaction and education will also increase. Contact will need to be established early and maintained often to ensure the member is well informed before making decisions that will impact their employment relationship with the County, including salary and healthcare as well as other benefit entitlements mentioned above. This will require an additional focus on member care from the onset of the application process.

With the implementation of Sol by the end of FY 2022-23, DRS will be well positioned to begin tackling the increasing workload and future challenges. As we continue to embrace a growth mindset of continuous improvement, we also want to look beyond the next couple of years and well into the future, with a goal of processing 60 cases per month with 75 percent being processed within 12 months.

In addition to the Sol implementation and streamlining efforts, the proposed staffing plan will facilitate our goal accomplishment. In summation, staff is requesting a total of three new positions in FY 2023-24 to expand capacity.

Overtime

Last fiscal year the Executive Office and Human Resources approved a proposed pilot training opportunity for administrative support staff, which will continue in FY 2023-24 due to its success. As mentioned above, this program is also vital to staff development and succession planning. Overtime is needed for staff to successfully participate in the pilot program.

Additionally, DRS supervisors will be required to work overtime to ensure a successful implementation of our CMS.

The table below illustrates the overtime budget needed for:

- Administrative support staff participating in the pilot training opportunity
- Subject matter experts for the CMS implementation project
- Projected overtime for meeting operational and administrative deadlines, including generating statistics and special projects

| Position | No. Staff | Total Hours Year | Total |
|---|-----------|------------------|-------------------|
| Staff Assistant II (Pilot) | 2 | 600 | \$ 35,300 |
| Senior Typist Clerk (Pilot) | 1 | 300 | \$ 12,300 |
| SME Supervisor (Case Management) | 5 | 500 | \$ 43,100 |
| Sr. Administrative Assistant (Deadlines, Statistics and Special Projects) | 1 | 120 | \$ 6,700 |
| Senior DRS (Case Processing) | 1 | 80 | \$ 6,200 |
| TOTAL | | 1,600 | \$ 103,600 |

Agency Temps

DRS currently has vacancies and is requesting two agency-temporary positions to support the administrative support staff participating in the pilot training opportunity and due to the increase in applications received at intake.

SERVICES AND SUPPLIES

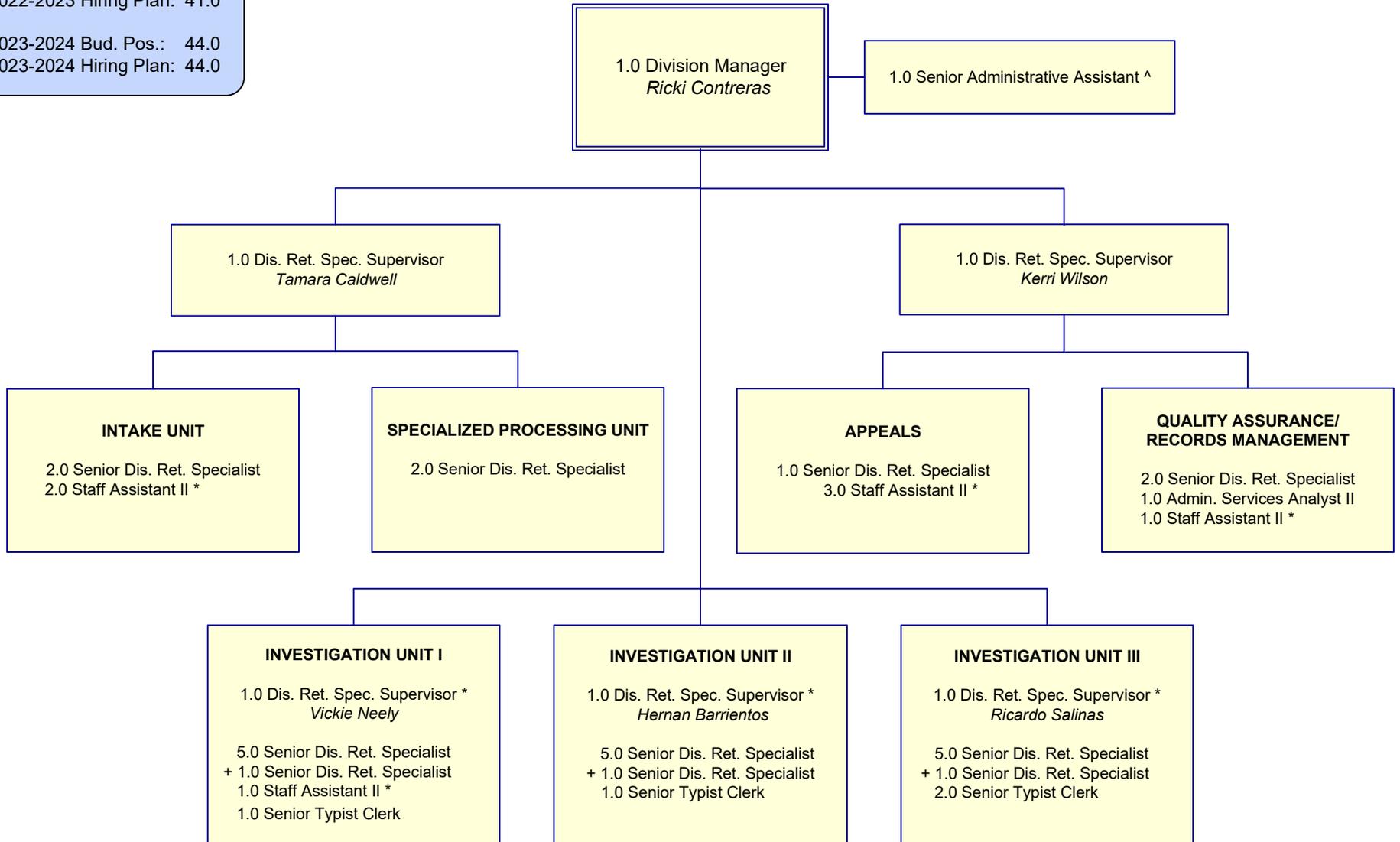
The DRS budget request for services, supplies, travel, and transportation are relatively unchanged from last fiscal year.

DISABILITY RETIREMENT

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 41.0
 2022-2023 Hiring Plan: 41.0

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



+ Added position

* Classification and/or compensation study requested.

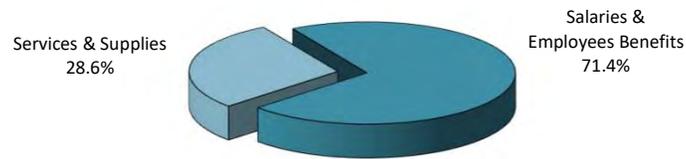
^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

DISABILITY RETIREMENT

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|-------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$8,428,093 | \$7,514,693 | \$3,841,453 | \$7,453,500 | (\$61,193) | -0.81% | \$913,400 | 12.2% |
| Services & Supplies | 3,369,000 | 3,425,100 | 1,838,166 | 3,049,600 | (375,500) | -11.0% | (56,100) | -1.6% |
| OPERATING BUDGET | \$11,797,093 | \$10,939,793 | \$5,679,619 | \$10,503,100 | (\$436,693) | -4.0% | \$857,300 | 7.8% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$4,579,337 | \$4,134,839 | \$2,282,758 | \$4,283,200 | \$148,361 | 3.6% | \$444,498 | 10.8% |
| Total Agency Temp Salaries | 138,100 | 129,000 | 29,070 | 77,400 | (51,600) | -40.0% | 9,100 | 7.1% |
| Employee Benefits (Variable) | 3,140,378 | 2,675,028 | 1,263,799 | 2,568,600 | (106,428) | -4.0% | 465,350 | 17.4% |
| Employee Benefits (Other) | 293,514 | 261,338 | 120,449 | 256,200 | (5,138) | -2.0% | 32,176 | 12.3% |
| OPEB Contribution | 162,664 | 138,688 | 95,857 | 177,000 | 38,312 | 27.6% | 23,976 | 17.3% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 103,600 | 165,300 | 47,736 | 88,200 | (77,100) | -46.6% | (61,700) | -37.3% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 6,000 | 6,000 | 1,784 | 2,900 | (3,100) | -51.7% | 0 | 0.0% |
| Rideshare Allowance | 4,500 | 4,500 | 0 | 0 | (4,500) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$8,428,093 | \$7,514,693 | \$3,841,453 | \$7,453,500 | (\$61,193) | -0.8% | \$913,400 | 12.2% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$8,428,093 | \$7,514,693 | \$3,841,453 | \$7,453,500 | (\$61,193) | -0.81% | \$913,400 | 12.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

DISABILITY RETIREMENT

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|--------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00773A | DIVISION MANAGER | 1 | LS12 | 17,116 | 205,394 | | | |
| 01643A | DISABILITY RETIRE. SPECIALIST SUPV. | 5 | 109A | 52,785 | 633,420 | | | |
| 01632A | SENIOR DISABILITY RETIRE. SPECIALIST | 21 | 105A | 195,404 | 2,344,853 | | | |
| 00420A | ADMINISTRATIVE SERVICES ANALYST II | 1 | 96C | 8,045 | 96,538 | | | |
| 00427A | STAFF ASSISTANT II | 6 | 94L | 42,863 | 514,360 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 6,840 | 82,080 | | | |
| 00446A | SENIOR TYPIST CLERK | 4 | 81H | 21,254 | 255,049 | | | |
| POSITIONS | | 39 | | | 4,131,695 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 01632A | SENIOR DISABILITY RETIRE. SPECIALIST | 4 | 105A | 7,221 | 86,652 | | 259,956 | |
| 00427A | STAFF ASSISTANT II | 1 | 94L | 5,493 | 65,912 | | | 32,956 |
| | | | | | | 0 | 259,956 | 32,956 |
| POSITIONS | | 5 | | | 292,912 | | | |
| TOTAL POSITIONS | | 44 | | | | | | |
| GROSS SALARIES | | | | | 4,424,607 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 66,369 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 17,378 | | | |
| BONUS | | | | | 70,984 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 4,579,337 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$7,700 | \$8,000 | \$791 | \$5,500 | (\$2,500) | -31.3% | (\$300) | -3.8% |
| OFFICE SUPPLIES & EQUIPMENT | 5,000 | 5,800 | 561 | 5,000 | (800) | -13.8% | (800) | -13.8% |
| PROFESSIONAL & SPEC. SRVCS. | 235,000 | 230,000 | 69,196 | 230,000 | 0 | 0.0% | 5,000 | 2.2% |
| LEGAL FEES & SERVICES | 20,000 | 25,000 | 3,846 | 20,000 | (5,000) | -20.0% | (5,000) | -20.0% |
| DISABILITY FEES & SERVICES | 3,090,300 | 3,145,300 | 1,763,571 | 2,780,600 | (364,700) | -11.6% | (55,000) | -1.7% |
| EDUCATIONAL EXPENSES | 10,700 | 10,700 | 202 | 8,200 | (2,500) | -23.4% | 0 | 0.0% |
| MISCELLANEOUS | 300 | 300 | 0 | 300 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | \$3,369,000 | \$3,425,100 | \$1,838,166 | \$3,049,600 | (\$375,500) | -11.0% | (\$56,100) | -1.6% |

*All amounts rounded to the nearest dollar.

DISABILITY RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$3,971,485 | \$3,692,430 | \$4,134,839 | \$4,283,200 | \$4,579,337 |
| Total Agency Temp Salaries | 143,000 | 43,941 | 129,000 | 77,400 | 138,100 |
| Employee Benefits (Variable) | 2,467,442 | 2,167,881 | 2,675,028 | 2,568,600 | 3,140,378 |
| Employee Benefits (Other) | 237,356 | 240,036 | 261,338 | 256,200 | 293,514 |
| OPEB Contribution | 116,515 | 147,811 | 138,688 | 177,000 | 162,664 |
| OPEB Contribution (Budget Surplus) | 0 | 116,515 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 16,100 | 43,275 | 165,300 | 88,200 | 103,600 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 6,000 | 3,429 | 6,000 | 2,900 | 6,000 |
| Rideshare Allowance | 4,500 | 0 | 4,500 | 0 | 4,500 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 8,000 | 1,970 | 8,000 | 5,500 | 7,700 |
| Office Supplies & Equipment | 6,000 | 311 | 5,800 | 5,000 | 5,000 |
| Professional & Specialized Services | 224,500 | 271,335 | 230,000 | 230,000 | 235,000 |
| Legal Fees & Services | 20,000 | 19,219 | 25,000 | 20,000 | 20,000 |
| Disability Fees & Services | 2,665,500 | 2,252,937 | 3,145,300 | 2,780,600 | 3,090,300 |
| Educational Expenses | 10,700 | 4,364 | 10,700 | 8,200 | 10,700 |
| Miscellaneous | 300 | 0 | 300 | 300 | 300 |
| TOTAL OPERATING BUDGET | \$9,897,398 | \$9,005,456 | \$10,939,793 | \$10,503,100 | \$11,797,093 |

*All amounts rounded to the nearest dollar.



EXECUTIVE OFFICE

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Executive Office, with broad oversight from the Boards of Retirement and Investments, sets the organizational vision and provides direction to staff to effectively implement LACERA's mission—to produce, protect, and provide the promised benefits. The Executive Office seeks to simplify and improve how LACERA's mission is achieved through its people, systems, policies, and processes.

FY 2022-2023 ACCOMPLISHMENTS

The Executive Office's focus in FY 2022-23 was on simplifying and improving LACERA's most basic operational and administrative processes to serve our members more effectively and efficiently. Much of the work we spearheaded is highlighted in various divisions, but some additional highlights are reflected below:

Return to Office/Hybrid Work Environment

After more than two years since the COVID-19 pandemic upended the way we perform our work and provide services to our members, LACERA transitioned to a hybrid work environment, made possible by the development and implementation of a Telework Policy. While we are still working on the optimal balance of remote and office days, we now have the ability to grant greater flexibility for staff and encourage in-person

collaboration and connection with professional colleagues, while maintaining productivity and service levels.

OneMeeting

We have successfully transitioned our Board management software solution from BoardVantage to OneMeeting (formerly PrimeGov), allowing for significant efficiencies, including agenda and meeting material development, accurate recording of motions and votes, and development of meeting minutes.

Hiring Plan and Transparency

After extensive collaboration with division managers, we have developed a comprehensive hiring plan strategy that aggressively leverages limited available resources to attack our high vacancy rate and better serve our internal customers. This plan has been shared with staff and the Boards, and the status of exams is now available for staff and managers on LACERA Connect and updated monthly. Additionally, the Human Resources Division completed its draft of a comprehensive hiring guide for LACERA managers. The final draft is expected to be completed and fully implemented in the current fiscal year and will ensure that all division managers understand LACERA's hiring process and the county, state and federal requirements.

Strategic Plan

With the assistance of an outside consultant, the Executive Office solicited extensive feedback from staff, the Board, our plan sponsors, and all members via forums and surveys as part of our strategic planning process. The proposed strategic priorities will be discussed during our Board of Retirement Offsite Committee meeting scheduled in February, and we expect Board adoption in April, allowing us to focus on implementation in FY 2023-24.

Case Management

After an extensive needs assessment and solicitation process, LACERA selected a vendor to implement the first three phases of our Case Management System and we are on target to complete this first phase this fiscal year. This solution's impact on our manual processes will be transformational.

Policy Development

To ensure LACERA policies are developed and implemented in a timely and consistent manner and reviewed regularly, the Executive Office developed a Policy Committee that established a Policy on Policies and a review process. This committee also ensures that new or revised policies are shared with staff and published on LACERA Connect.

PROPOSED FY 2023/2024 ACTIVITIES

In FY 2023-24, the Executive Office will be focusing on implementing the strategic plan and continuing to emphasize the importance of elevating the maturity of LACERA's administrative operations. Management will be supporting staff in each of our strategic priorities and will continue to focus on improving and simplifying how we do our work to achieve our mission to produce, protect and provide the promised benefits to our members.

STAFFING

No new permanent positions are requested for the Executive Office in FY 2023-24; however, the office does plan to engage an intern for the first time. While the specific work plan for an intern is yet to be determined, the intent is to provide an opportunity for a student to gain exposure to retirement plan administration, general management, and the vast array of employment options the County of Los Angeles offers. Providing this exposure helps our Diversity, Equity and Inclusion (DEI) efforts and offers insight into how to prepare LACERA to adapt to the needs and desires of future Generation Z employees.

Currently, the Special Assistant position created in FY 2021-22 is vacant, and recruitment is expected by December 31, 2023. Therefore, only six months funding is included for this position.

The Information Security Office was created in FY 2021-22 to separate information security functions from Systems Division and was filled with temporary IT security professionals. Recruitment is currently underway for the Information Security Officer position, which supervises the group, and it is expected to be filled by a permanent staff member in the current fiscal year. Based on the current hiring plan, it is anticipated that recruitments will be completed for three of the four remaining staff positions by December 2023. Funding for permanent and temporary staffing have been adjusted to reflect this hiring plan.

SERVICES AND SUPPLIES

The Executive Office has outlined its needs for services and supplies in FY 2023-24, which total \$671,800—a decrease of \$255,300 from the FY 2022-23 Adopted Budget of \$927,100. Additional details are outlined below.

Transportation and Travel: The Executive Office plans to increase funding for transportation and travel by \$27,800 in FY 2023-24, from \$22,000 to \$49,800. For the past several years, travel has been limited due to the COVID-19 pandemic. However, as we fully transition to the endemic phase, travel associated with training and due diligence is expected to fully resume. Executive Office management staff will be participating in

several educational conferences, including IFEBP, SACRS, CALAPRS, as well as the Milken Institute and Wharton School. Additionally, the Information Security team will be participating in educational conferences, BlackHat, and RSA. This training and education is critical to ensure LACERA executives and Information Security staff keep abreast of industry trends and advancements. Some members of the Executive Office, including the Information Security Office, may also be required to travel for due diligence purposes.

Professional and Specialized Services: The Executive Office utilizes a variety of professional and specialized services. For FY 2023-24, funding totaling \$517,000 is requested, a decrease of \$317,800 from FY 2022-23. Funding adjustments are outlined by category below:

Strategic Planning: One-time funding for strategic planning is expected to decrease from \$321,000 in FY 2022-23 to \$25,000 in FY 2023-24. The major work associated with this initiative will be complete, but a small contingency amount of \$25,000 is proposed to continue to address ad hoc work related to strategic planning that may be required throughout the fiscal year.

Public and Media Relations: Funding totaling \$250,000 is requested. The FY 2022-23 budget includes \$125,000 for public and media relations and expects to expend approximately \$100,000. The Executive Office plans to maintain funding totaling \$100,000 for general public and media relations activities and seeks to provide an additional \$150,000 for services that specialize in investments and/or financial services to be expended on an as-needed basis.

Software and Subscriptions: The Information Security Office requires funding totaling \$62,000, an increase of \$25,000 over FY 2022-23 for threat intelligence services. Additionally, the Information Security Office collaborated with Systems Division and recommended mail gateway security enhancements to be included in the Systems Division budget.

Security Assessment: Funding for annual penetration testing is estimated to remain flat at approximately \$100,000.

Improvement Projects: Funding for ad hoc improvement projects that may be necessary to implement audit findings and/or strategic planning initiatives remains flat at \$80,000.

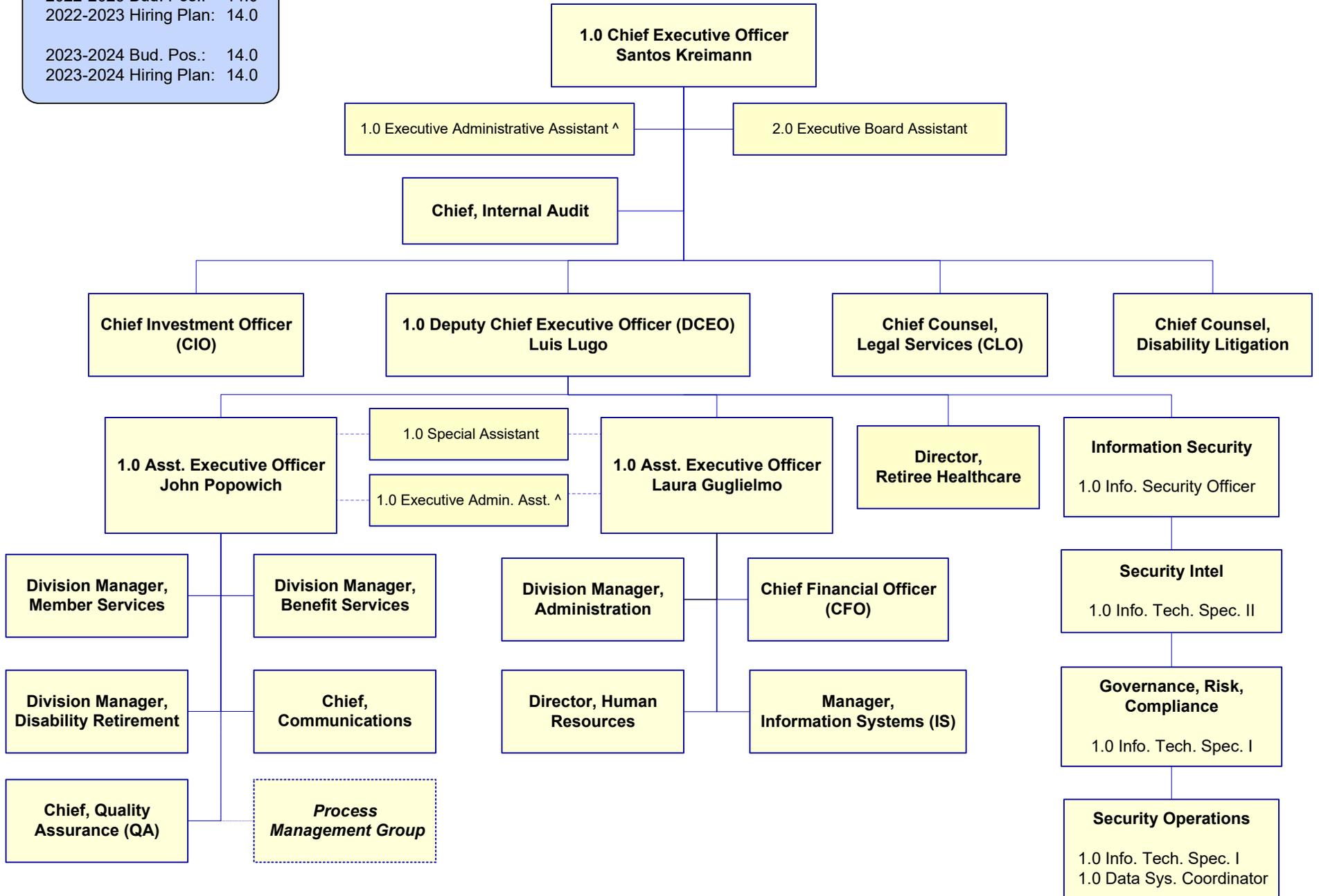
Educational Expenses: Funding totaling \$78,500 for professional memberships, registrations fees, and educational materials is requested for FY 2023-24. This represents an increase of \$34,500. Participation at professional conferences has been greatly

curtailed as a result of the COVID-19 pandemic, and it is crucial that executives and information security professionals maintain and enhance their industry-specific training and affiliations.

EXECUTIVE OFFICE

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 14.0
 2022-2023 Hiring Plan: 14.0
 2023-2024 Bud. Pos.: 14.0
 2023-2024 Hiring Plan: 14.0



^ Position upgrade from Executive Secretary to Executive Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

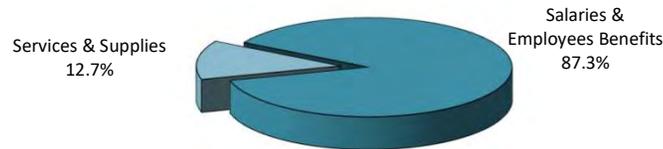
Added new division "Process Management Group" (pending)

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

EXECUTIVE OFFICE

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|-------------|---|-------------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$4,604,615 | \$4,467,051 | \$2,228,171 | \$4,222,100 | (\$244,951) | -5.5% | \$137,564 | 3.1% |
| Services & Supplies | 671,800 | 927,100 | 401,406 | 871,900 | (55,200) | -6.0% | (255,300) | -27.5% |
| OPERATING BUDGET | \$5,276,415 | \$5,394,151 | \$2,629,577 | \$5,094,000 | (\$300,151) | -5.6% | (\$117,736) | -2.2% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$2,218,354 | \$1,939,134 | \$934,336 | \$1,784,800 | (\$154,334) | -8.0% | \$279,220 | 14.4% |
| Total Agency Temp Salaries | 645,200 | 1,129,700 | 657,542 | 1,129,700 | 0 | 0.0% | (484,500) | -42.9% |
| Employee Benefits (Variable) | 1,418,876 | 1,106,359 | 507,348 | 1,046,400 | (59,959) | -5.4% | 312,517 | 28.2% |
| Employee Benefits (Other) | 142,186 | 130,567 | 60,078 | 128,000 | (2,567) | -2.0% | 11,619 | 8.9% |
| OPEB Contribution | 78,799 | 69,290 | 31,312 | 57,900 | (11,390) | -16.4% | 9,509 | 13.7% |
| Stipends | 65,000 | 65,000 | 25,653 | 51,400 | (13,600) | -20.9% | 0 | 0.0% |
| Overtime | 27,600 | 25,600 | 11,902 | 23,900 | (1,700) | -6.6% | 2,000 | 7.8% |
| 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% |
| Rideshare Allowance | 1,400 | 1,400 | 0 | 0 | (1,400) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 7,200 | 0 | 0 | 0 | 0 | 0.0% | 7,200 | 0.0% |
| ADJUSTED GROSS S&EB | \$4,604,615 | \$4,467,051 | \$2,228,171 | \$4,222,100 | (\$244,951) | -5.5% | \$137,564 | 3.1% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$4,604,615 | \$4,467,051 | \$2,228,171 | \$4,222,100 | (\$244,951) | -5.5% | \$137,564 | 3.1% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

EXECUTIVE OFFICE

2023-2024 BUDGET

| <u>FILLED POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>ACTUAL MO. RATE</u> | <u>ANNUAL AMOUNT</u> | | | |
|-------------------------|--|---------------|-----------------|--------------------------|----------------------|----------------------------|---------------------------|---------------------------|
| 00776L | CHIEF EXECUTIVE OFFICER | 1 | | 40,374 | 484,486 | | | |
| 00770A | DEPUTY CHIEF EXECUTIVE OFFICER (UC) | 1 | LR18 | 23,029 | 276,354 | | | |
| 00792A | ASSISTANT EXECUTIVE OFFICER (UC) | 2 | LS16 | 42,441 | 509,295 | | | |
| 00745A | EXECUTIVE BOARD ASSISTANT | 2 | 107E | 20,198 | 242,376 | | | |
| 00442A | EXECUTIVE ADMINISTRATIVE ASSISTANT | 2 | 104B | 18,482 | 221,784 | | | |
| | POSITIONS | 8 | | | 1,734,294 | | | |
| <u>VACANT POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>1ST STEP MO. RATE</u> | <u>ANNUAL AMOUNT</u> | <u>FILLED AT 12 MONTHS</u> | <u>FILLED AT 9 MONTHS</u> | <u>FILLED AT 6 MONTHS</u> |
| 00775A | SPECIAL ASSISTANT | 1 | LS12 | 11,308 | 135,701 | | | 67,850 |
| 00806A | INFORMATION SECURITY OFFICER | 1 | LS12 | 11,308 | 135,701 | 135,701 | | |
| 00802A | INFORMATION TECHNOLOGY SPECIALIST II | 1 | 126B | 12,795 | 153,539 | | | 76,769 |
| 00801A | INFORMATION TECHNOLOGY SPECIALIST I | 2 | 120L | 11,118 | 133,415 | | | 133,415 |
| 00469A | DATA SYSTEMS COORDINATOR | 1 | 113J | 9,151 | 109,808 | | | |
| | POSITIONS | 6 | | | 413,735 | 135,701 | 0 | 278,035 |
| | TOTAL POSITIONS | 14 | | | | | | |
| | GROSS SALARIES | | | | 2,148,030 | | | |
| | ANTICIPATED MOU SALARY INCREASE** | | | | 32,220 | | | |
| | ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | 38,104 | | | |
| | BONUS | | | | 0 | | | |
| | 120-DAY RETIREE(S) | | | | 0 | | | |
| | TOTAL SALARIES | | | | 2,218,354 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| AUTO EXPENSE | \$13,000 | \$12,300 | \$5,449 | \$11,500 | (\$800) | -6.5% | \$700 | 5.7% |
| TRANSPORTATION & TRAVEL | 49,800 | 22,000 | 4,844 | 17,600 | (4,400) | -20.0% | 27,800 | 126.4% |
| OFFICE SUPPLIES & EQUIPMENT | 3,000 | 3,500 | 527 | 3,000 | (500) | -14.3% | (500) | -14.3% |
| PROFESSIONAL & SPEC. SRVCS. | 517,000 | 834,800 | 368,274 | 779,800 | (55,000) | -6.6% | (317,800) | -38.1% |
| EDUCATIONAL EXPENSES | 78,500 | 44,000 | 19,802 | 50,000 | 6,000 | 13.6% | 34,500 | 78.4% |
| MISCELLANEOUS | 10,500 | 10,500 | 2,510 | 10,000 | (500) | -4.8% | 0 | 0.0% |
| TOTAL | \$671,800 | \$927,100 | \$401,406 | \$871,900 | (\$55,200) | -6.0% | (\$255,300) | -27.5% |

*All amounts rounded to the nearest dollar.

EXECUTIVE OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,908,555 | \$1,556,341 | \$1,939,134 | \$1,784,800 | \$2,218,354 |
| Total Agency Temp Salaries | 0 | 0 | 1,129,700 | 1,129,700 | 645,200 |
| Employee Benefits (Variable) | 1,051,621 | 861,150 | 1,106,359 | 1,046,400 | 1,418,876 |
| Employee Benefits (Other) | 123,933 | 124,674 | 130,567 | 128,000 | 142,186 |
| OPEB Contribution | 60,837 | 57,552 | 69,290 | 57,900 | 78,799 |
| OPEB Contribution (Budget Surplus) | 0 | 60,837 | 0 | 0 | 0 |
| Stipends | 65,000 | 50,631 | 65,000 | 51,400 | 65,000 |
| Overtime | 25,600 | 472 | 25,600 | 23,900 | 27,600 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 1,400 | 0 | 1,400 | 0 | 1,400 |
| Transportation Allowance | 7,200 | 0 | 0 | 0 | 7,200 |
| SERVICES & SUPPLIES | | | | | |
| Auto Expenses | 12,300 | 8,309 | 12,300 | 11,500 | 13,000 |
| Transportation & Travel | 17,000 | 13,859 | 22,000 | 17,600 | 49,800 |
| Office Supplies & Equipment | 4,500 | 868 | 3,500 | 3,000 | 3,000 |
| Professional & Specialized Services | 205,000 | 87,900 | 834,800 | 779,800 | 517,000 |
| Educational Expenses | 64,000 | 28,320 | 44,000 | 50,000 | 78,500 |
| Miscellaneous | 16,000 | 8,059 | 10,500 | 10,000 | 10,500 |
| TOTAL OPERATING BUDGET | \$3,562,946 | \$2,858,971 | \$5,394,151 | \$5,094,000 | \$5,276,415 |

*All amounts rounded to the nearest dollar.

FINANCIAL & ACCOUNTING SERVICES (FASD)

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Financial and Accounting Services Division (FASD) contributes to LACERA's mission by conducting financial transactions and reporting, and coordinating actuarial consulting and reporting, while ensuring compliance with regulatory and statutory mandates.

SUMMARY

FASD's budget request seeks to ensure financial transactions are completed timely and accurately, financial reporting quality is maintained, and LACERA's operations and organizational initiatives are supported, while risks are mitigated and change is managed. To accomplish this, FASD requests authorization to:

1. Delete one Accounting Officer II position overseeing the Reporting and Compliance Section.
2. Fund one Accountant position in the Reporting and Compliance Unit (RCU) to substitute for the deleted Accounting Officer II position. This Accountant position will ensure the current workflow is maintained; strengthen the ability to manage major projects, including actuarial and financial statement reporting; and assume additional monthly and quarterly reporting requirements.

3. Delete one Accounting Technician I in the Disbursements Unit to upgrade the position to Accountant.
4. Fund one Accountant position within the Disbursements Unit to substitute for the deleted Accounting Technician I position. The duties and responsibilities of the Accounting Technician position have become more complex over time and are now consistent with those assigned to the higher-level Accountant position.

DIVISIONAL GOALS AND OBJECTIVES

Goal: To complete financial transactions and deliver financial and actuarial reports in accordance with statutory deadlines.

Objectives:

Financial Reports

- Process corporate and investment accounting transactions accurately, timely, and in accordance with Generally Accepted Accounting Principles (GAAP)
- Prepare annual financial statements in compliance with Governmental Accounting Standards Board (GASB) reporting requirements
- Transmit final reports to external agencies, including the County of Los Angeles and federal and state agencies

Actuarial Reports

- Coordinate actuarial projects for the Pension Plan and Other Post-Employment Benefits (OPEB) Program with external consulting actuaries
- Obtain LACERA Board approval by preparing memos, meeting materials, and presenting information
- Communicate final Pension Plan reports to the County of Los Angeles Board of Supervisors for approval and adoption of annual employer and employee contribution rates

Staffing

- Align organizational structure and positions in accordance with recommendations contained in the Classification Study
- Maintain permanent and temporary staff levels on par with budgeted position counts that will support organizational initiatives and reduce the risk of errors

STATUS OF MAJOR PROJECTS AS OF FISCAL YEAR 2022-2023

The following is a status of major projects completed or where completion is anticipated during the prior FY 2022-23.

| Annual Projects | Completed/ Anticipated |
|---|---|
| <ul style="list-style-type: none"> ▪ 2022 Annual Audit and Financial Statements ▪ 2022 Financial Reports <ul style="list-style-type: none"> ○ Annual Comprehensive Financial Report (ACFR) ○ Popular Annual Financial Report (PAFR) ▪ 2022 Pension Investigation of Experience Study Report ▪ 2022 Pension Valuation Report ▪ 2022 GASB 68 Pension, Employer Financial Statement Reporting ▪ 2022 OPEB Trust, Employer Statement of Fiduciary Net Position ▪ 2022 GASB 75 OPEB, Employer Financial Statement Reporting ▪ 2023 Pension Risk Assessment Report ▪ 2022 OPEB Valuation Report ▪ 2022 Regulatory Reports, federal and state | <p>October 2022 December 2022</p> <p>December 2022 March 2023 March 2023 March 2023 June 2023 June 2023 August 2023 Quarterly and Calendar Year-End</p> |
| One-Time Projects | Completed/ Anticipated |
| <ul style="list-style-type: none"> ▪ Custodian Bank Search ▪ Accounts Payable Policy ▪ Onboard New Financial Statement Auditor ▪ OPEB Trust, Investment Structure Changes ▪ Onboard New Actuarial Consultant ▪ Automated Accounts Payable Software Implementation | <p>December 2022 March 2023 April 2023 June 2023 Summer 2023 Summer 2023</p> |

CLASSIFICATION STUDY

A classification and compensation study (Classification Study), which reviewed all the accountant positions except management and administrative, was completed by an external consultant and approved by LACERA's Boards in December 2022. The Classification Study recommends upgrading class specifications, adding job classifications, and changing compensation for some positions. LACERA's Human Resources Division will forward it to the County of Los Angeles for review.

Per the Classification Study's recommendation, we are asking to delete the Accounting Officer II (AO II) position in the Reporting and Compliance Section. The Reporting and Compliance Unit (RCU) will be created and moved under the General Accounting Section, and staff will report to the Accounting Officer I (AO I) position.

The General Accounting Section's AO I position will oversee three units in total: Reconciliation, Disbursements, and RCU, which is consistent with the Classification Study's organizational structure recommendations. In addition, the Classification Study

recommended upgrading the Accounting Technician I position in the Disbursements Unit, and we are requesting this change as of the FY 2023-24 budget cycle.

STAFF

During the FY 2022-23, LACERA's Human Resources Division assisted FASD in hiring six Accountants. Although we completed a successful recruitment process in a very competitive job market we found it difficult to recruit qualified applicants to fill two vacant Investment Accounting positions. We anticipate filling these positions after the Classification Study has been approved by the County, which will update the job requirements and salary structure. We also experienced some additional attrition.

Currently, FASD has seven regular permanent vacancies:

- One Chief Financial Officer (anticipated recruitment near the end of FY 2022-23)
- One Administrative Assistant
- One Senior Administrative Assistant
- Two Accountants: Investment Accounting Section
- One Accounting Officer II – Proposed to be deleted and replaced with one Accountant
- One Accounting Technician I – Proposed to be deleted and replaced with one Accountant

Temporary Staffing

FASD currently employs a total of five temporary staff, including four Accountants and one Administrative Assistant.

Our budget request for the upcoming fiscal year 2023-2024 includes maintaining these existing five temporary positions and adding three more temporary staff for a total of eight. These additional positions will support our accounting operations as follows:

- Four at the Accountant level, in the General Accounting Section
- Two at the Accountant level in the Investment Accounting Section, and
- Two administrative staff, including an Administrative Assistant and a Senior Administrative Assistant.

The use of temporary staff is required to meet current workload requirements until permanent staff may be hired.

STAFF TRAINING AND DEVELOPMENT

Training and Travel

FASD requests (and LACERA's governing Boards consistently approve) a budget for staff training every year. Currently, there are seven FASD staff members who hold a Certified Public Accountant (CPA) license and one staff member who is in the final stages of

obtaining her license. CPAs must attend qualifying training courses to meet the California State Board of Accountancy continuing professional education (CPE) reporting requirements of 40 hours every year.

Non-credentialed staff are encouraged to obtain at least 10 hours of training every year to keep up with changes in the accounting profession. Staff may attend relevant courses that cover topics such as: government accounting, upcoming Governmental Accounting Standards Board (GASB) pronouncements, pension fund financial reporting requirements, or other financial accounting courses, including fraud. In addition, FASD has acquired several new staff and recently promoted some staff to supervisory positions and expects these positions to obtain the required and recommended supervisory training.

LACERA offers staff a variety of training resources, including attending webinars and workshops online. Also, staff can attend local, in-person conferences that are one-day or multiday events, while some educational and networking conferences require travel outside of the Los Angeles area. FASD staff regularly attend training events offered by the following organizations:

| <i>Organization / Description</i> |
|---|
| LCW: Liebert Cassidy Whitmore Los Angeles County's vendor, which provides supervisory and staff training |
| P2F2: Public Pension Financial Forum National organization for financial accountants who work for state and local pension funds |
| GFOA: Government Finance Officers Association Professional association of state and local government finance officers providing annual award programs for financial statements |
| AICPA: American Institute of Certified Public Accountants National organization of CPAs where staff can obtain training and network with other professionals |
| CalCPA: California Society of Certified Public Accountants State association of CPAs where staff can obtain training and network with other professionals |
| WORKIVA: Wdesk Software Software tool used to prepare LACERA's annual financial statements |
| IOFM: The Institute of Finance and Management National association of professionals in accounts payable, procure-to-pay, and accounts receivable |
| CALAPRS: California Association of Public Retirement Systems State organization that sponsors educational forums for sharing information and exchanging ideas among California public pension systems |

Our budget includes a request of \$7,000 for training and registration. This represents a decrease of \$3,000 over the prior year because a portion of the registration expenses are historically paid by the negotiated Memorandum of Understanding (MOU) funds. We are including in our budget request funding for a CPA review course, which provides the materials and training to sit for the CPA exam, as we have one new FASD staff member who expressed interest in pursuing this credential.

In addition, FASD is requesting \$29,300 for travel-related expenses (air fare, hotel, ground transportation, and per diem) so staff can attend offsite conferences and networking events throughout the country. This travel request represents an increase of \$7,500 over the prior year due to the expectation that travel would get back to the normal pre-pandemic level.

OVERTIME

Our budget includes a request of \$64,700 for overtime. This represents a decrease of \$600 compared to the prior year primarily due to improved staffing levels and operations efficiency.

As in the past, overtime is requested to manage the additional workload related to the annual fiscal year-end financial statement preparation and audit, which is the basis for preparing the Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR). In addition, Board meeting deadlines to prepare and present actuarial reports cause staff to incur overtime. When combined with the development of anticipated new responsibilities and unforeseen special projects, maintaining a budget for overtime has proven to be prudent.

OTHER SIGNIFICANT CHANGES TO SERVICES AND SUPPLIES

The Services and Supplies total budget request of \$253,300 represents a \$4,000, or 1.6 percent, increase when compared with the prior fiscal year. This is primarily due to a proposed increase in the travel-related expense category for FY 2023-24.

LOOKING FORWARD FOR FY 2023-24

The following is a status of major projects completed or expected to be completed by FASD staff during the upcoming FY 2023-24.

| <i>Annual Projects</i> | <i>Anticipated</i> |
|---|---|
| <ul style="list-style-type: none"> ▪ 2023 Annual Audit and Financial Statements ▪ 2023 Financial Reports <ul style="list-style-type: none"> ○ Annual Comprehensive Financial Report (ACFR) ○ Popular Annual Financial Report (PAFR) ▪ 2023 Pension Valuation Report ▪ 2023 OPEB Pension Investigation of Experience Study Report | <p>October 2023 December 2023</p> <p>December 2023 March 2024</p> |

| | |
|---|---|
| <ul style="list-style-type: none"> ▪ 2023 GASB 68 Pension, Employer Financial Statement Reporting ▪ 2023 OPEB Trust, Employer Statement of Fiduciary Net Position ▪ 2023 GASB 75 OPEB, Employer Financial Statement Reporting ▪ 2024 Pension Risk Assessment Report ▪ 2023 OPEB Valuation Report ▪ 2023 Regulatory Reports, federal and state | <p>March 2024</p> <p>March 2024</p> <p>June 2024</p> <p>June 2024</p> <p>Summer 2024</p> <p>Quarterly and Calendar Year-End</p> |
| <i>One-Time Projects</i> | <i>Anticipated</i> |
| <ul style="list-style-type: none"> ▪ Member Debit Card Program ▪ State Street Bank, Cash Manager to eCash Flow Module ▪ Enterprise Resource Planning (ERP), Preliminary | <p>December 2023</p> <p>December 2023</p> <p>TBD</p> |

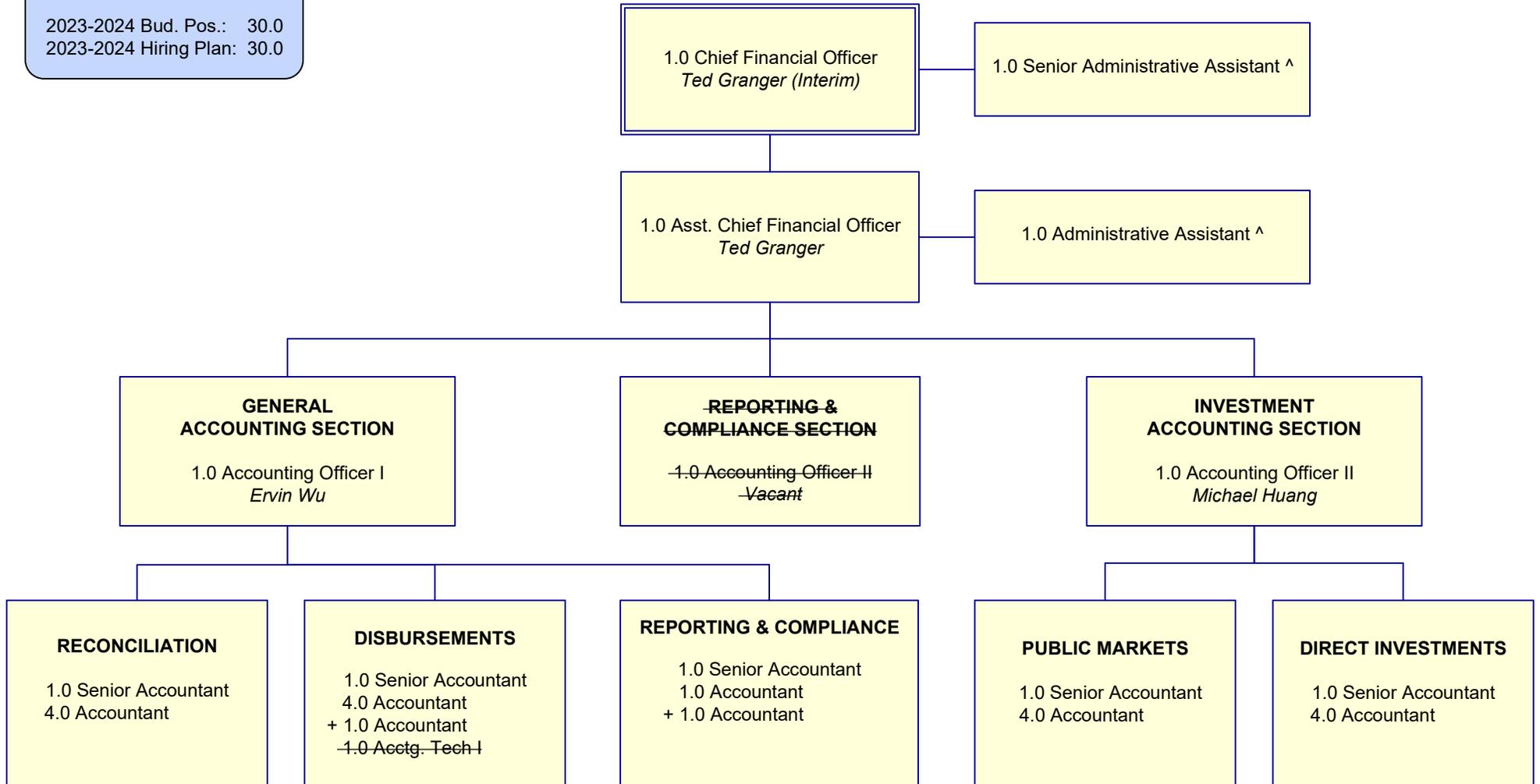
CONCLUSION

This budget request was developed to provide the Financial and Accounting Services Division with vital resources to readily contribute toward serving our members in the fulfillment of LACERA’s mission and vision.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 30.0
 2022-2023 Hiring Plan: 30.0
 2023-2024 Bud. Pos.: 30.0
 2023-2024 Hiring Plan: 30.0



+ Added position
 - Deleted position

* Classification study for all Accounting positions finalized and approved by LACERA Board of Retirement on 12/7/22 and Board of Investments on 12/14/22 (Pending Board of Supervisors' approval).

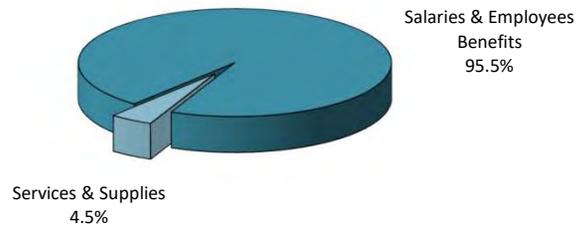
^ Position upgrade from Senior Secretary to Senior Administrative Assistant and Secretary to Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|-------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$5,435,440 | \$4,677,178 | \$2,034,836 | \$4,181,300 | (\$495,878) | -10.6% | \$758,262 | 16.2% |
| Services & Supplies | 253,300 | 249,300 | (58,438) | 236,000 | (13,300) | -5.3% | 4,000 | 1.6% |
| OPERATING BUDGET | \$5,688,740 | \$4,926,478 | \$1,976,397 | \$4,417,300 | (\$509,178) | -10.3% | \$762,262 | 15.5% |

2023 -2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$2,752,536 | \$2,220,717 | \$1,115,073 | \$2,259,000 | \$38,283 | 1.7% | \$531,819 | 23.9% |
| Total Agency Temp Salaries | 776,700 | 778,100 | 210,070 | 420,200 | (357,900) | -46.0% | (1,400) | -0.2% |
| Employee Benefits (Variable) | 1,547,806 | 1,366,535 | 552,645 | 1,199,700 | (166,835) | -12.2% | 181,271 | 13.3% |
| Employee Benefits (Other) | 176,424 | 148,317 | 68,670 | 145,400 | (2,917) | -2.0% | 28,107 | 19.0% |
| OPEB Contribution | 97,774 | 78,710 | 46,032 | 85,000 | 6,290 | 8.0% | 19,064 | 24.2% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 64,700 | 65,300 | 39,211 | 65,300 | 0 | 0.0% | (600) | -0.9% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 12,000 | 3,054 | 6,300 | (5,700) | -47.5% | 0 | 0.0% |
| Rideshare Allowance | 7,500 | 7,500 | 80 | 400 | (7,100) | -94.7% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$5,435,440 | \$4,677,178 | \$2,034,836 | \$4,181,300 | (\$495,878) | -10.6% | \$758,262 | 16.2% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$5,435,440 | \$4,677,178 | \$2,034,836 | \$4,181,300 | (\$495,878) | -10.6% | \$758,262 | 16.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

FINANCIAL & ACCOUNTING SERVICES

2023-2024 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|-----------|----------|--------------------|------------------|
| 00799A ASSISTANT CHIEF FINANCIAL OFFICER | 1 | LS10 | 14,811 | 177,734 |
| 00418A ACCOUNTING OFFICER II | 1 | 107K | 10,506 | 126,067 |
| 00417A ACCOUNTING OFFICER I | 1 | 104C | 9,264 | 111,168 |
| 00146A SENIOR ACCOUNTANT | 5 | 99J | 40,628 | 487,532 |
| 00415A ACCOUNTANT | 15 | 95G | 100,151 | 1,201,812 |
| 00413A ACCOUNTING TECHNICIAN I | 1 | 87A | 5,973 | 71,676 |
| POSITIONS | 24 | | | 2,175,988 |

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|--|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00800A CHIEF FINANCIAL OFFICER | 1 | LS12 | 11,308 | 135,701 | 135,701 | | |
| 00418A ACCOUNTING OFFICER II | 1 | 107K | 7,796 | 93,550 | | | |
| 00418A ACCOUNTING OFFICER II | (1) | 107K | 7,796 | 93,550 | | | |
| 00415A ACCOUNTANT | 4 | 95G | 5,588 | 67,060 | 268,241 | | |
| 00439A SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 5,216 | 62,592 | | | 31,296 |
| 00413A ACCOUNTING TECHNICIAN I | (1) | 87A | 4,432 | 53,184 | | | |
| 00438A ADMINISTRATIVE ASSISTANT | 1 | 86J | 4,400 | 52,795 | | | 26,397 |
| | | | | | 403,942 | 0 | 57,693 |

POSITIONS **6** **461,635**

TOTAL POSITIONS **30**

GROSS SALARIES **2,637,624**

ANTICIPATED MOU SALARY INCREASE** **39,564**

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE **23,979**

BONUS **51,369**

120-DAY RETIREE(S) **0**

TOTAL SALARIES **2,752,536**

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA

FISCAL YEAR 2023-2024

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|------------|---|----------|---|----------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$29,300 | \$21,800 | \$6,666 | \$17,000 | (\$4,800) | -22.0% | \$7,500 | 34.4% |
| OFFICE SUPPLIES & EQUIPMENT | 6,000 | 5,000 | 206 | 4,000 | (1,000) | -20.0% | 1,000 | 20.0% |
| BANK SERVICES | 200,000 | 200,500 | (70,057) | 200,000 | (500) | -0.2% | (500) | -0.2% |
| EDUCATIONAL EXPENSES | 16,000 | 19,000 | 4,746 | 13,000 | (6,000) | -31.6% | (3,000) | -15.8% |
| MISCELLANEOUS | 2,000 | 3,000 | 0 | 2,000 | (1,000) | -33.3% | (1,000) | -33.3% |
| TOTAL | \$253,300 | \$249,300 | (\$58,438) | \$236,000 | (\$13,300) | -5.3% | \$4,000 | 1.6% |

*All amounts rounded to the nearest dollar.

FINANCIAL AND ACCOUNTING SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,942,091 | \$1,742,257 | \$2,220,717 | \$2,259,000 | \$2,752,536 |
| Total Agency Temp Salaries | 729,400 | 473,724 | 778,100 | 420,200 | 776,700 |
| Employee Benefits (Variable) | 1,168,551 | 899,952 | 1,366,535 | 1,199,700 | 1,547,806 |
| Employee Benefits (Other) | 116,069 | 118,767 | 148,317 | 145,400 | 176,424 |
| OPEB Contribution | 56,977 | 65,618 | 78,710 | 85,000 | 97,774 |
| OPEB Contribution (Budget Surplus) | 0 | 56,977 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 67,900 | 40,904 | 65,300 | 65,300 | 64,700 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 12,000 | 4,964 | 12,000 | 6,300 | 12,000 |
| Rideshare Allowance | 7,500 | 0 | 7,500 | 400 | 7,500 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 14,000 | 338 | 21,800 | 17,000 | 29,300 |
| Office Supplies & Equipment | 3,500 | 3,783 | 5,000 | 4,000 | 6,000 |
| Bank Services | 200,500 | 203,372 | 200,500 | 200,000 | 200,000 |
| Educational Expenses | 19,000 | 8,372 | 19,000 | 13,000 | 16,000 |
| Miscellaneous | 3,000 | 1,365 | 3,000 | 2,000 | 2,000 |
| TOTAL OPERATING BUDGET | \$4,340,488 | \$3,620,393 | \$4,926,478 | \$4,417,300 | \$5,688,740 |

*All amounts rounded to the nearest dollar.

HUMAN RESOURCES

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Our mission is 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.

INTRODUCTION

Human Resources (HR) is responsible for providing human resources services to all LACERA staff members. Our work encompasses all areas of human resources such as: recruitment, selection, performance and workforce management, classification, compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, workplace investigations, workers' compensation, career planning and development, leave management, and disability compliance management.

SUCSESSES

The HR Division continues to improve its processes and procedures to increase efficiency and provide service to staff members. Examples of successes from July through December 2022 include:

- Partnered with the Systems Division to digitize staff member files.
- Completed and implemented LACERA's Bonus Policy, as recommended in an audit finding.
- Promulgated six eligible lists/registers; hired 21 staff members; and secured 11 temporary staff to fill critical vacancies.
- Contracted with executive recruiters to fill vacancies in four high-impact positions.

- Processed 191 leaves; and coordinated 150 training courses for staff.
- Implemented pending classification studies conducted for the Secretary classification family and Accounting classification family.
- Created a manager-focused hiring playbook to increase organizational efficiency and transparency related to the steps in the hiring process.
- Contracted with vendors that provide assessment materials to expedite our hiring process.
- Conducted contact tracing and processed special leave requests related to COVID-19.
- Publish and update LACERA's hiring priorities on LACERA Connect to increase transparency throughout the organization.

CHALLENGES

- HR continues to work toward reducing the vacancy rate.
- Changing workforce dynamic make it more difficult to recruit non-permanent staff members. This year HR has experienced waning interest from candidates to fill agency temporary and intern positions.
- Implementation of recommendations resulting from completed classification studies: One classification study remains to be escalated through the approval process.

FUTURE PLANS

The following is an outline of priorities and initiatives that will be our focus for FY 2023-24:

- Partner with the division managers to execute LACERA's hiring priorities, thus reducing the vacancy rate.
- Continue to refine the job analysis and classification procedures.
- Continue to partner with the Systems Division to automate processes and reduce paper-driven processes with the implementation of Service Now. This will enable reporting on time to hire.
- Enhance the HR Data Manager to generate reports on typical HR metrics such as turnover, retention, and promotion rates. Currently, these are calculated manually.
- Implement policies and create guides for time usage and time reporting where policies are missing.
- Update various disability compliance management forms and procedures for ease of use.

- Support the execution of LACERA's strategic plan and related initiatives such as LEAD, engagement surveys, and culture-building initiatives.

STAFFING

The HR Division is not requesting the addition of new permanent staff. Instead during FY 2023-24, HR will focus on getting newly hired staff acclimated to HR at LACERA, performing to capacity, and refining changes that were implemented during the previous budget year.

HR is requesting one intern to continue and complete the project that the FY 2022-23 intern began; one Senior Human Resources Assistant agency temporary staff member and one Human Resources Analyst agency temporary staff member in place of permanent staff who are on long-term leave; and one Intermediate Typist Clerk agency temporary staff member to complete outstanding work on the HR file digitization project. There are requests to hire 14 interns during FY 2023-24 to be assigned to administrative, member-facing and investment projects.

TRAINING AND TRAVEL

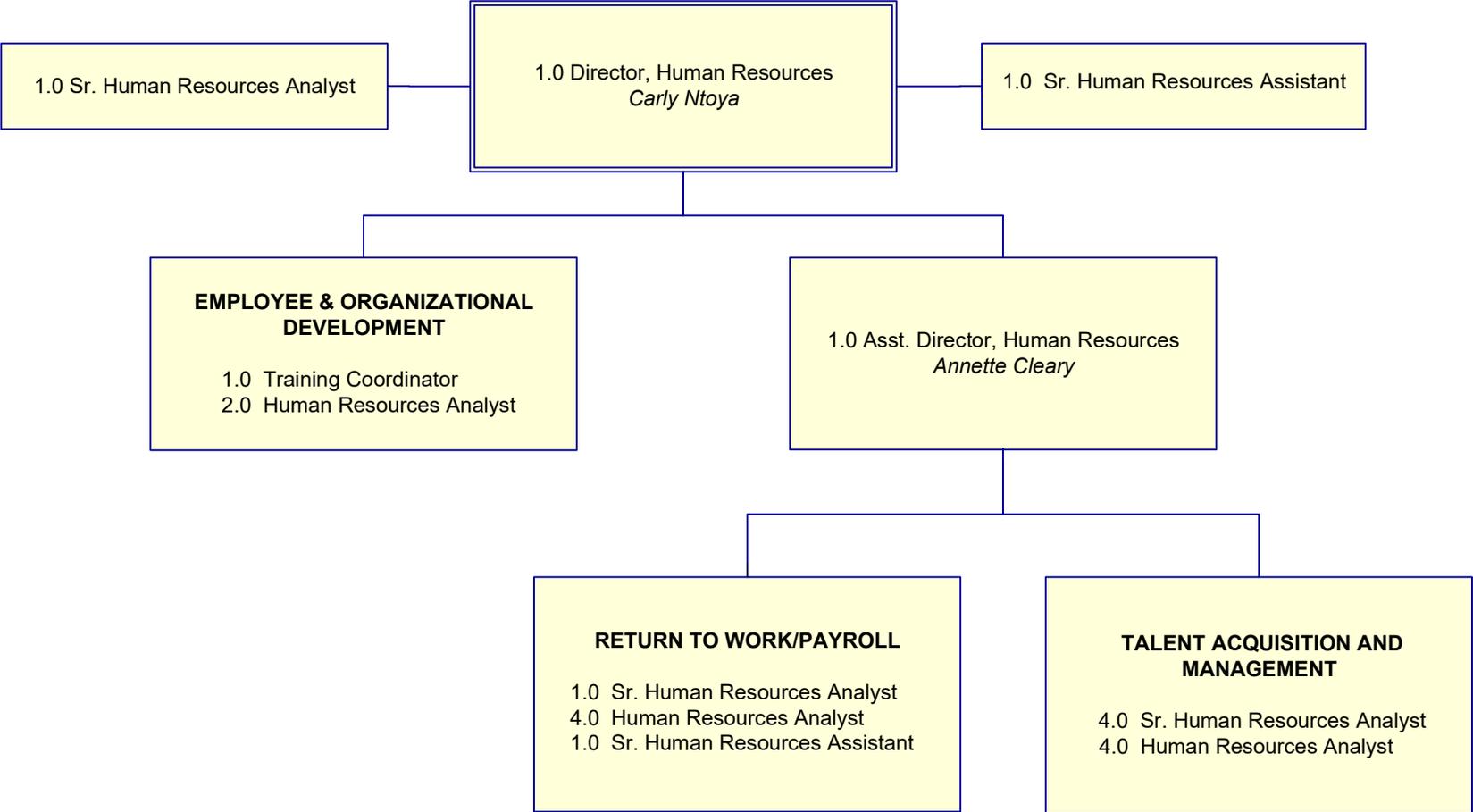
HR staff members expect to resume travel for in-person professional development after two years of virtual training. Current staff members expect to complete professional development to maintain certifications. Recently hired staff members may need to refresh skills to maximize performance and impact at LACERA. Professional development will focus on strengthening skills in job analysis methodology, compensation strategies, workforce development, and culture-improving activities.

HUMAN RESOURCES

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 21.0
2022-2023 Hiring Plan: 21.0

2023-2024 Bud. Pos.: 21.0
2023-2024 Hiring Plan: 21.0

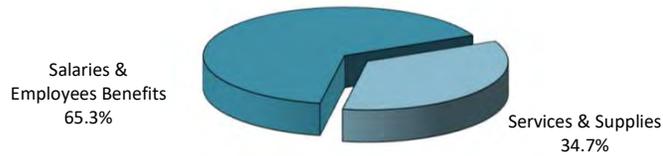


LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

HUMAN RESOURCES

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|---------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$4,403,991 | \$3,623,337 | \$1,311,915 | \$2,856,000 | (\$767,337) | -21.2% | \$780,654 | 21.5% |
| Services & Supplies | 2,339,600 | 2,216,200 | 600,600 | 1,782,800 | (433,400) | -19.6% | 123,400 | 5.6% |
| OPERATING BUDGET | \$6,743,591 | \$5,839,537 | \$1,912,515 | \$4,638,800 | (\$1,200,737) | -20.6% | \$904,054 | 15.5% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$2,200,574 | \$1,797,569 | \$710,712 | \$1,509,700 | (\$287,869) | -16.0% | \$403,005 | 22.4% |
| Total Agency Temp Salaries | 139,000 | 144,300 | 61,788 | 123,600 | (20,700) | -14.3% | (5,300) | -3.7% |
| LACERA Intern Program | 288,000 | 288,000 | 1,613 | 48,000 | (240,000) | -83.3% | 0 | 0.0% |
| Employee Benefits (Variable) | 1,550,803 | 1,199,476 | 440,245 | 978,400 | (221,076) | -18.4% | 351,327 | 29.3% |
| Employee Benefits (Other) | 141,046 | 123,142 | 56,661 | 120,700 | (2,442) | -2.0% | 17,904 | 14.5% |
| OPEB Contribution | 78,167 | 65,350 | 34,038 | 62,900 | (2,450) | -3.7% | 12,817 | 19.6% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 4,700 | 3,800 | 6,858 | 12,700 | 8,900 | 234.2% | 900 | 23.7% |
| 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% |
| Rideshare Allowance | 1,700 | 1,700 | 0 | 0 | (1,700) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$4,403,991 | \$3,623,337 | \$1,311,915 | \$2,856,000 | (\$767,337) | -21.2% | \$780,654 | 21.5% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$4,403,991 | \$3,623,337 | \$1,311,915 | \$2,856,000 | (\$767,337) | -21.2% | \$780,654 | 21.5% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

HUMAN RESOURCES

2023-2024 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00425A DIRECTOR, HUMAN RESOURCES | 1 | LS12 | 15,653 | 187,842 | | | |
| 00437A ASSISTANT DIRECTOR, HUMAN RESOURCES | 1 | LS10 | 13,749 | 164,983 | | | |
| 00436A SENIOR HUMAN RESOURCES ANALYST | 4 | 105E | 38,262 | 459,146 | | | |
| 01886A TRAINING COORDINATOR | 1 | 105D | 9,542 | 114,503 | | | |
| 00434A HUMAN RESOURCES ANALYST | 4 | 101E | 33,876 | 406,508 | | | |
| 00435A SENIOR HUMAN RESOURCES ASSISTANT | 1 | 094G | 7,133 | 85,599 | | | |
| POSITIONS | 12 | | | 1,418,581 | | | |
| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00436A SENIOR HUMAN RESOURCES ANALYST | 2 | 105E | 7,293 | 87,520 | 175,041 | | |
| 00434A HUMAN RESOURCES ANALYST | 6 | 101E | 6,544 | 78,525 | 471,149 | | |
| 00435A SENIOR HUMAN RESOURCES ASSISTANT | 1 | 094G | 5,439 | 65,270 | 65,270 | | |
| | | | | | 711,459 | 0 | 0 |
| POSITIONS | 9 | | | 711,459 | | | |
| TOTAL POSITIONS | 21 | | | | | | |
| GROSS SALARIES | | | | 2,130,040 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | 31,951 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | 10,585 | | | |
| BONUS | | | | 27,998 | | | |
| 120-DAY RETIREE(S) | | | | 0 | | | |
| TOTAL SALARIES | | | | 2,200,574 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|-------------|--|----------|--|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$10,800 | \$9,400 | \$1,144 | \$3,300 | (\$6,100) | -64.9% | \$1,400 | 14.9% |
| OFFICE SUPPLIES & EQUIPMENT | 3,000 | 7,000 | 10,367 | 12,000 | 5,000 | 71.4% | (4,000) | -57.1% |
| PARKING FEES | 482,000 | 437,000 | 242,960 | 485,000 | 48,000 | 11.0% | 45,000 | 10.3% |
| PROFESSIONAL & SPEC. SRVCS. | 788,300 | 675,800 | 176,251 | 462,300 | (213,500) | -31.6% | 112,500 | 16.6% |
| COMPUTER SERVICES & SUPPORT | 50,000 | 55,000 | 27,019 | 35,000 | (20,000) | -36.4% | (5,000) | -9.1% |
| EDUCATIONAL EXPENSES | 509,000 | 509,000 | 48,970 | 329,500 | (179,500) | -35.3% | 0 | 0.0% |
| MISCELLANEOUS | 496,500 | 523,000 | 93,890 | 455,700 | (67,300) | -12.9% | (26,500) | -5.1% |
| TOTAL | \$2,339,600 | \$2,216,200 | \$600,600 | \$1,782,800 | (\$433,400) | -19.6% | \$123,400 | 5.6% |

*All amounts rounded to the nearest dollar.

HUMAN RESOURCES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed Budget |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,513,977 | \$1,286,858 | \$1,797,569 | \$1,509,700 | \$2,200,574 |
| Total Agency Temp Salaries | 47,700 | 36,327 | 144,300 | 123,600 | 139,000 |
| LACERA Intern Program | 312,000 | 8,488 | 288,000 | 48,000 | 288,000 |
| Employee Benefits (Variable) | 913,126 | 802,837 | 1,199,476 | 978,400 | 1,550,803 |
| Employee Benefits (Other) | 90,483 | 91,024 | 123,142 | 120,700 | 141,046 |
| OPEB Contribution | 44,417 | 55,035 | 65,350 | 62,900 | 78,167 |
| OPEB Contribution (Budget Surplus) | 0 | 44,417 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 2,900 | 1,310 | 3,800 | 12,700 | 4,700 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 1,700 | 0 | 1,700 | 0 | 1,700 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 9,000 | 0 | 9,400 | 3,300 | 10,800 |
| Office Supplies & Equipment | 8,000 | 2,257 | 7,000 | 12,000 | 3,000 |
| Parking Fees | 377,000 | 449,990 | 437,000 | 485,000 | 482,000 |
| Professional & Specialized Services | 575,800 | 248,323 | 675,800 | 462,300 | 788,300 |
| Computer Services & Support | 55,000 | 25,370 | 55,000 | 35,000 | 50,000 |
| Educational Expenses | 512,000 | 121,183 | 509,000 | 329,500 | 509,000 |
| Miscellaneous | 232,500 | 62,246 | 523,000 | 455,700 | 496,500 |
| TOTAL OPERATING BUDGET | \$4,695,603 | \$3,235,667 | \$5,839,537 | \$4,638,800 | \$6,743,591 |

*All amounts rounded to the nearest dollar.

INTERNAL AUDIT

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

To support LACERA's mission through independent, objective assurance and consulting services designed to add value and improve LACERA's operations.

INTRODUCTION

The mission of Internal Audit is to enhance and protect LACERA's organizational values by providing independent risk-based and objective assurance, advice, and insight. Internal Audit brings a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes to help LACERA accomplish its mission.

Internal Audit assists the organization in meeting its control objectives through evaluating:

- Risk exposure relating to achievement of LACERA's strategic objectives
- The reliability and integrity of information and the means used to identify, measure, classify, and report such information
- The systems established to ensure compliance with those policies, procedures, laws, and regulations, which could have a significant impact on LACERA
- The means of safeguarding assets and, as appropriate, verifying the existence of such assets
- The effectiveness and efficiency with which resources are employed
- Operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operation or programs are being carried out as planned
- Monitoring governance processes

NOTABLE ACHIEVEMENTS AND CONTRIBUTIONS

All staff within Internal Audit are certified public accountants, certified internal auditors, or certified information systems auditors. Some have more than one certification and other relevant certifications, such as certified fraud examiner and certified information security designations. Included in the performance of our annual audit plan, Internal Audit developed, oversaw, or contributed significantly, in a consulting capacity, to the following notable achievements and ongoing efforts within LACERA.

- Initiated an RFP for a new financial services firm
- Oversaw ongoing actuarial audit activities
- Oversaw real estate advisor compliance and operational audits
- Continued to operate effectively as a hybrid audit team
- Completed an external quality assessment (EQA) review and received the highest rating
- Partnered with various internal stakeholders to address recommendations like improving physical safety by requiring key card access, ensuring new hires receive Information Security Awareness training during their orientation, and closed a number of sensitive IT recommendations
- Continue to participate in organizational initiatives such as strategic planning, policy committee, IT Coordination Council, and other advisory projects
- Participate on development projects such as case management, accounts payable automation and others, from an independent audit perspective

To improve efficiency and effectiveness of the Internal Audit function, we are continuing to focus on three primary goals: 1) develop and execute a risk-based annual audit plan, 2) continue to improve Internal Audit's presence and value with stakeholders, and 3) continue to enhance Internal Audit's competence and efficiencies.

STAFFING

We have 11 budgeted positions in Internal Audit, all of which are currently filled. One of those positions, a Senior Internal Auditor, has been on loan to the Systems Division.

One of our Internal Audit goals is to ensure that each staff member participates and receives 40 hours of continuing education. We are continuing to evaluate, improve, and ensure that we provide comprehensive training for personnel at all levels to develop themselves as auditors, obtain credentials, and provide for succession planning to the management (Principal) and Division Management level (Chief Audit Executive). For FY 2023-24, we plan to use a hybrid approach; staff will attend both virtual and in-person training and conferences, including sessions from the Institute for Internal Auditors (IIA), Association of Public Pension Fund Auditors (APPFA), Certified Fraud Examiners, and other specialty training.

The Institute of Internal Auditors (IIA) Quality Services presented their external quality assessment (EQA) of Internal Audit to the Audit Committee at the March 2022 meeting. Staff development and training includes focus on some of the recommendations by the EQA auditors. These include:

- Enhancing the audit and workpaper documentation processes
- Integrating IT audit considerations into all audit projects
- Improving the timeliness of audits and supervisory review

We are continuing to supplement staff knowledge and experience by leveraging our audit pool and external professional services providers, especially in areas such as investments and information technology.

SERVICES AND SUPPLIES

Each fiscal year, Internal Audit prepares a risk-based Audit Plan, approved by the Audit Committee. The Audit Plan defines the allocation of audit resources and communicates Internal Audit planned activities and resource requirements. This provides the basis for the Chief Audit Executive (CAE) and the Audit Committee to ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed.

Internal Audit continues to leverage the use of external resources to better meet the needs of the organization and address the Audit Plan. The cost associated with these resources is a significant portion of the budget, \$650,000. Of this, approximately \$150,000 is for the external financial audit, while \$500,000 is to be used at the discretion of the Audit Committee and/or staff to perform external IT audits, investment audits, and other external audits as needed to address the Audit Plan.

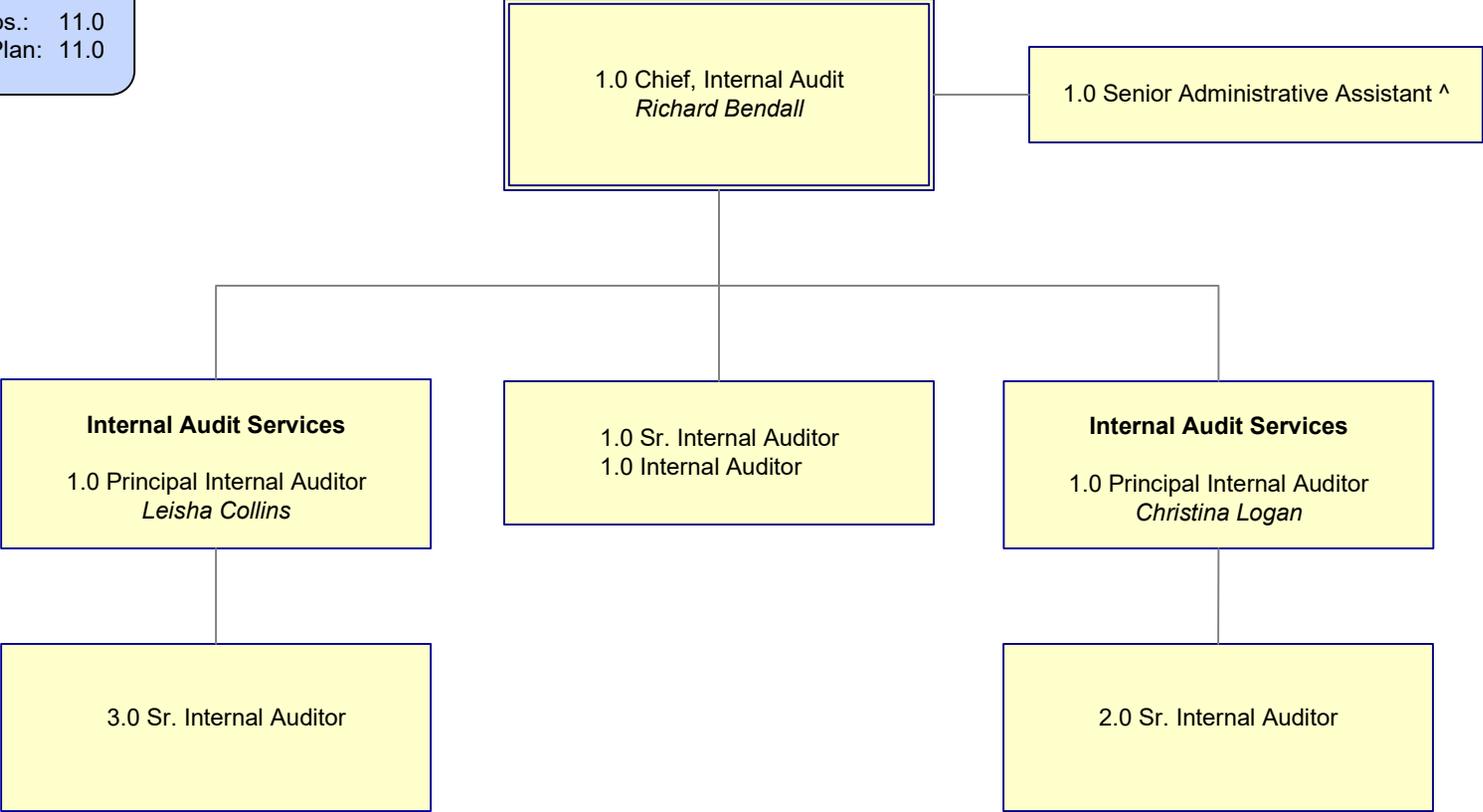
Our total S&S budget has remained relatively unchanged, decreasing by \$300, from \$724,500 for FY 2022-2023 to \$724,200 for FY 2023-2024.

INTERNAL AUDIT

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 11.0
2022-2023 Hiring Plan: 11.0

2023-2024 Bud. Pos.: 11.0
2023-2024 Hiring Plan: 11.0



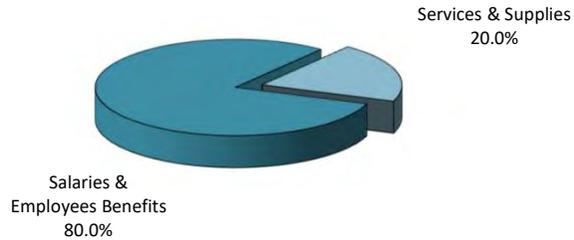
^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

INTERNAL AUDIT

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$2,888,948 | \$2,743,995 | \$1,322,916 | \$2,686,700 | (\$57,295) | -2.1% | \$144,953 | 5.3% |
| Services & Supplies | 724,200 | 724,500 | 151,216 | 714,600 | (\$9,900) | -1.4% | (300) | 0.0% |
| OPERATING BUDGET | \$3,613,148 | \$3,468,495 | \$1,474,132 | \$3,401,300 | (\$67,195) | -1.9% | \$144,653 | 4.2% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$1,652,147 | \$1,590,417 | \$797,659 | \$1,590,000 | (\$417) | 0.0% | \$61,730 | 3.9% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 1,065,420 | 1,003,252 | 446,575 | 939,100 | (64,152) | -6.4% | 62,168 | 6.2% |
| Employee Benefits (Other) | 105,895 | 93,962 | 43,235 | 92,100 | (1,862) | -2.0% | 11,933 | 12.7% |
| OPEB Contribution | 58,686 | 49,864 | 34,818 | 64,300 | 14,436 | 29.0% | 8,822 | 17.7% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 5,300 | 5,000 | 629 | 1,200 | (3,800) | -76.0% | 300 | 6.0% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 1,500 | 1,500 | 0 | 0 | (1,500) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$2,888,948 | \$2,743,995 | \$1,322,916 | \$2,686,700 | (\$57,295) | -2.1% | \$144,953 | 5.3% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$2,888,948 | \$2,743,995 | \$1,322,916 | \$2,686,700 | (\$57,295) | -2.1% | \$144,953 | 5.3% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

INTERNAL AUDIT

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|---------------------------------|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00774A | CHIEF, INTERNAL AUDIT | 1 | LS12 | 17,116 | 205,394 | | | |
| 00762A | PRINCIPAL INTERNAL AUDITOR | 2 | 117H | 25,982 | 311,788 | | | |
| 00763A | SENIOR INTERNAL AUDITOR | 6 | 111E | 66,944 | 803,326 | | | |
| 00764A | INTERNAL AUDITOR | 1 | 105B | 11,256 | 135,075 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 093A | 6,657 | 79,884 | | | |
| POSITIONS | | 11 | | | 1,535,467 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| POSITIONS | | 0 | | | 0 | | | |
| TOTAL POSITIONS | | 11 | | | | | | |
| GROSS SALARIES | | | | | 1,535,467 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 23,032 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 6,162 | | | |
| BONUS | | | | | 87,486 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,652,147 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|------------|--|----------|--|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$17,000 | \$17,000 | \$167 | \$11,800 | (\$5,200) | -30.6% | \$0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 1,200 | 1,500 | 315 | 800 | (700) | -46.7% | (300) | -20.0% |
| PROFESSIONAL & SPEC. SRVCS. | 675,000 | 675,000 | 144,416 | 672,000 | (3,000) | -0.4% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 30,500 | 30,500 | 6,320 | 29,500 | (1,000) | -3.3% | 0 | 0.0% |
| MISCELLANEOUS | 500 | 500 | 0 | 500 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | \$724,200 | \$724,500 | \$151,216 | \$714,600 | (\$9,900) | -1.4% | (\$300) | -0.04% |

*All amounts rounded to the nearest dollar.

INTERNAL AUDIT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,454,721 | \$1,360,723 | \$1,590,417 | \$1,590,000 | \$1,652,147 |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits (Variable) | 843,072 | 729,950 | 1,003,252 | 939,100 | 1,065,420 |
| Employee Benefits (Other) | 86,941 | 87,461 | 93,962 | 92,100 | 105,895 |
| OPEB Contribution | 42,678 | 51,136 | 49,864 | 64,300 | 58,686 |
| OPEB Contribution (Budget Surplus) | 0 | 42,678 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 4,900 | 986 | 5,000 | 1,200 | 5,300 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 1,500 | 0 | 1,500 | 0 | 1,500 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 17,000 | 0 | 17,000 | 11,800 | 17,000 |
| Office Supplies & Equipment | 1,500 | 418 | 1,500 | 800 | 1,200 |
| Professional & Spec. Svcs. | 671,000 | 295,615 | 675,000 | 672,000 | 675,000 |
| Educational Expenses | 30,500 | 27,428 | 30,500 | 29,500 | 30,500 |
| Miscellaneous | 500 | 0 | 500 | 500 | 500 |
| TOTAL OPERATING BUDGET | \$3,154,313 | \$2,596,395 | \$3,468,495 | \$3,401,300 | \$3,613,148 |

*All amounts rounded to the nearest dollar.



INVESTMENT OFFICE

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Prudently invest the trust assets to achieve the highest risk-adjusted return in accordance with the policies and decisions of the Board of Investments.

INTRODUCTION

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

BACKGROUND

On an ongoing basis, the Investment Office implements LACERA's strategic asset allocation and the Investment Office's strategic initiatives identified in its annual work plan. As part of this effort, the Investment Office's staff works to optimize asset category returns through structure reviews, monitor existing investments, and perform diligence on prospective mandates. The team takes a total portfolio approach that incorporates environmental, social, and governance (ESG) considerations and diversity, equity, and inclusion (DEI) factors in its analysis. The Investment Office balances risks such as leverage and illiquidity with the goal of optimizing risk-adjusted returns.

A challenge that the Investment Office faces is achieving the target rate of return in an environment of more muted expectations from all asset classes. To confront this, the Investment Office continues to increase its focus on risk management, proper portfolio diversification, and LACERA-friendly fee models.

In the recent period, the Investment Office continued to implement the strategic asset allocation approved in 2021, added emerging manager programs across various asset classes in the portfolio, enhanced risk and performance reporting, optimized the structure of the OPEB Master Trust, and improved due diligence and data gathered for our LACERA T.I.D.E. (Toward Inclusion, Diversity, and Equity) initiative.

LACERA's most important resource is its people. Toward this end, the Investment Office has continued to focus on cross-asset category collaboration to enhance the team's overall investment knowledge and perspectives. The greater depth of investment talent best positions the fund to meet its goals in a challenging macroeconomic environment.

Over the coming years, the Investment Office will continue to enhance its operational capabilities, optimize LACERA's investment model, strengthen its influence on fees, and improve outcomes for the LACERA portfolio through its ESG and DEI efforts. For additional information, please see the 2023 Investments Division Work Plan, which is located in the strategic plans. This work plan continues the strategic journey of morphing from an Allocator to Best-in-Class Investor.

STAFFING

For Fiscal Year 2023-2024 the Investment Office is requesting one additional Senior Investment Officer to assist with operational due diligence (ODD) and compliance. The Investment Office's organizational chart has been updated to further align the team with LACERA's functional asset allocation framework and elevate ODD and compliance.

In recent years, LACERA has continually advanced the enhancement and standardization of compliance and ODD efforts and incorporating the evaluation of ODD risk factors across the monitoring of the total portfolio. This effort is consistent with our theme of transitioning from allocator to investor.

To fulfill board-approved policies and priorities, such as enhancing operational effectiveness, compliance and ODD are now key aspects of investment and manager evaluation, selection, and monitoring. ODD is an important function as it mitigates risks stemming from operational issues which increases the likeliness of improved outcomes. Also, as part of the Investment's Office mission of executing the strategic asset allocation, LACERA's increasing allocation to private investments requires in-depth ODD analysis and oversight.

The Senior Investment Officer – Operational Due Diligence and Compliance position will oversee the development of robust policies and practices; guide fund-wide ODD practices and integration in conjunction with asset class heads and further develop the Investment Office's compliance function.

Interns

A goal of LACERA T.I.D.E. is to grow the Investment Division's long-standing internship program to support diversity, equity, and inclusion and recruitment objectives. During the

2023-2024 fiscal year, the Investments Office will offer four internship opportunities, doubling the number of internships typically offered annually. Interns work on resume-enhancing and beneficial projects such as performance attribution, market research, and investment analysis. For the Fiscal Year 2023-2024 only two of the four intern slots will impact the LACERA budget, as two outside organizations that promote diversity and inclusion will be sponsoring two of the interns to work in the Investment Office.

SERVICES AND SUPPLIES

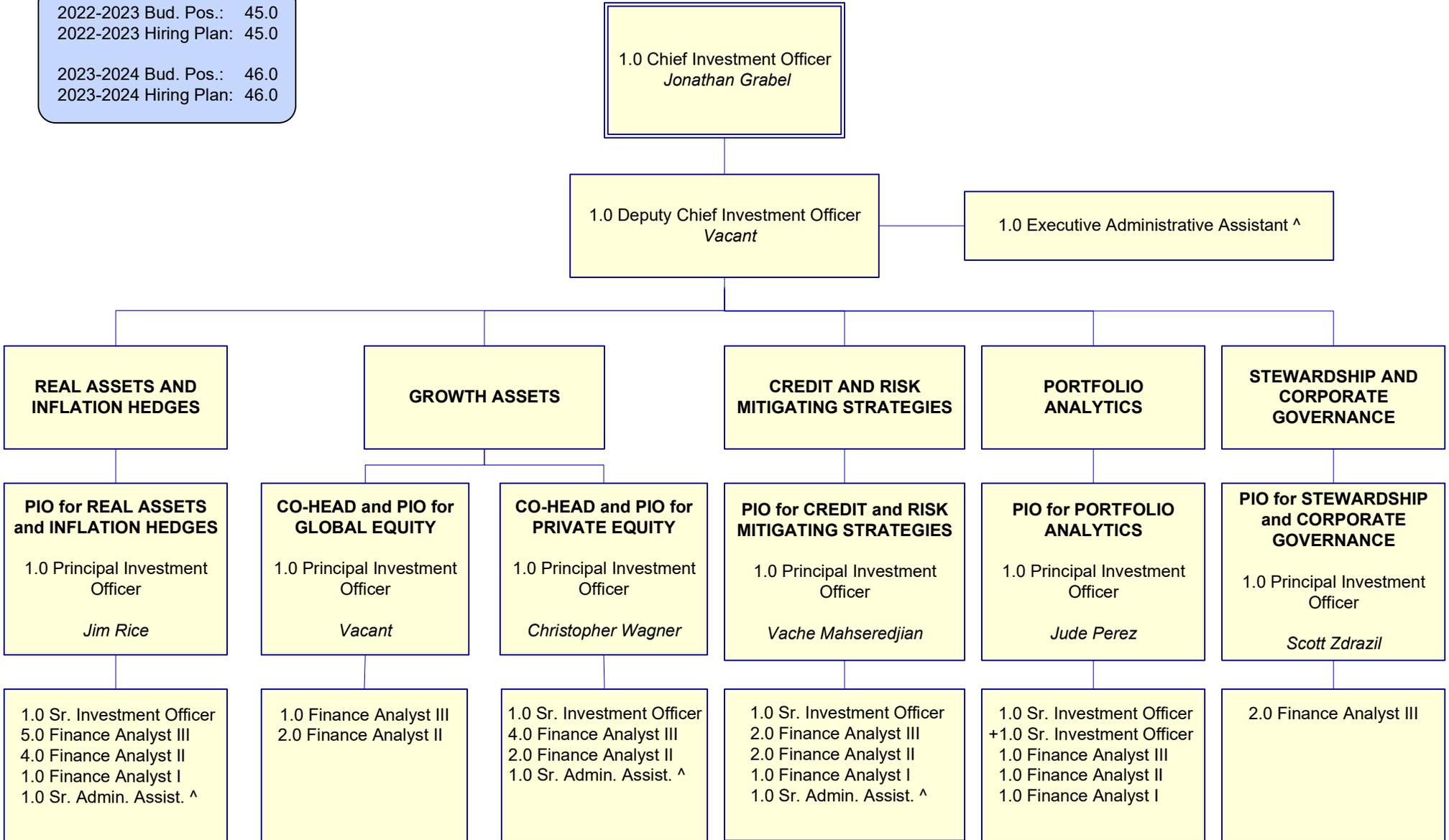
There is an 8 percent increase in the proposed FY 2023-2024 Supplies and Services budget compared to the approved FY 2022-2023 budget. The increase is attributed to travel for investment due diligence purposes as travel continues to normalize to pre-pandemic levels. The proposed travel increase is 25 percent higher compared to the FY 2022-2023 budget. Also, for the proposed FY 2023-2024 budget there are decreases in the auto expenses and membership categories. While these two items represent a decrease in the Investments Services and Supplies budget, they have been recategorized and are now reflected in the Boards of Investments budget and within the transportation allowance section in the Investment's Salaries budget. The travel increase and recategorization of the two items mentioned above represent the total change for the Services and Supplies category for FY 2023-2024.

INVESTMENT OFFICE

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 45.0
 2022-2023 Hiring Plan: 45.0

2023-2024 Bud. Pos.: 46.0
 2023-2024 Hiring Plan: 46.0



+ Added position

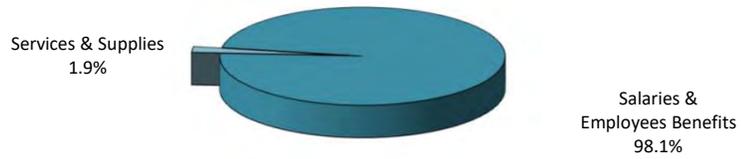
^ Position upgrade from Senior Management Secretary to Executive Administrative Assistant and Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

INVESTMENT OFFICE

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|---------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$17,875,467 | \$17,020,288 | \$7,298,726 | \$14,633,200 | (\$2,387,088) | -14.02% | \$855,179 | 5.0% |
| Services & Supplies | 348,500 | 321,900 | 118,501 | 302,200 | (19,700) | -6.1% | 26,600 | 8.3% |
| OPERATING BUDGET | \$18,223,967 | \$17,342,188 | \$7,417,227 | \$14,935,400 | (\$2,406,788) | -13.9% | \$881,779 | 5.1% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | BUDGET | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$10,865,804 | \$9,730,713 | \$4,839,640 | \$9,447,800 | (\$282,913) | -2.9% | \$1,135,091 | 11.7% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 5,907,050 | 6,277,477 | 2,067,820 | 4,377,800 | (1,899,677) | -30.3% | (370,427) | -5.9% |
| Employee Benefits (Other) | 696,446 | 652,582 | 300,272 | 639,600 | (12,982) | -2.0% | 43,864 | 6.7% |
| OPEB Contribution | 385,968 | 346,317 | 87,094 | 160,800 | (185,517) | -53.6% | 39,651 | 11.4% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 800 | 1,000 | 0 | 0 | (1,000) | -100.0% | (200) | -20.0% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 5,000 | 5,000 | 0 | 0 | (5,000) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 14,400 | 7,200 | 3,900 | 7,200 | 0 | 0.0% | 7,200 | 100.0% |
| ADJUSTED GROSS S&EB | \$17,875,467 | \$17,020,288 | \$7,298,726 | \$14,633,200 | (\$2,387,088) | -14.0% | \$855,179 | 5.0% |
| Salary Differential | - | - | - | - | - | - | - | - |
| TOTAL S&EB | \$17,875,467 | \$17,020,288 | \$7,298,726 | \$14,633,200 | (\$2,387,088) | -14.02% | \$855,179 | 5.0% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

INVESTMENT OFFICE

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|--------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00493A | CHIEF INVESTMENT OFFICER (UC) | 1 | LR28 | 66,450 | 797,394 | | | |
| 00495A | PRINCIPAL INVESTMENT OFFICER | 2 | LR23 | 77,172 | 926,066 | | | |
| 00496A | PRINCIPAL INVESTMENT OFFICER (UC) | 3 | LR23 | 111,900 | 1,342,799 | | | |
| 00492A | SENIOR INVESTMENT OFFICER | 2 | LR20 | 55,435 | 665,219 | | | |
| 00769A | FINANCE ANALYST III | 13 | LR16 | 274,758 | 3,297,096 | | | |
| 00768A | FINANCE ANALYST II | 8 | LR12 | 114,585 | 1,375,018 | | | |
| 00767A | FINANCE ANALYST I | 2 | 107L | 20,498 | 245,976 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 3 | 093A | 20,520 | 246,240 | | | |
| POSITIONS | | 34 | | | 8,895,808 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00494A | DEPUTY CHIEF INVESTMENT OFFICER (UC) | 1 | LR24 | 26,934 | 323,209 | 323,209 | | |
| 00496A | PRINCIPAL INVESTMENT OFFICER (UC) | 1 | LR23 | 25,055 | 300,660 | | | 150,330 |
| 00492A | SENIOR INVESTMENT OFFICER | 3 | LR20 | 20,168 | 242,019 | | | 242,019 |
| 00769A | FINANCE ANALYST III | 2 | LR16 | 15,102 | 181,224 | | | 181,224 |
| 00768A | FINANCE ANALYST II | 3 | LR12 | 11,308 | 135,701 | 407,102 | | |
| 00767A | FINANCE ANALYST I | 1 | 107L | 7,815 | 93,779 | | | |
| 00442A | EXECUTIVE ADMINISTRATIVE ASSISTANT | 1 | 104B | 7,046 | 84,547 | | | 42,273 |
| POSITIONS | | 12 | | | 1,346,159 | 730,312 | 0 | 615,847 |
| TOTAL POSITIONS | | 46 | | | | | | |
| GROSS SALARIES | | | | | 10,241,967 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 153,630 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 252,108 | | | |
| BONUS | | | | | 218,099 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 10,865,804 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|------------|--|----------|--|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| AUTO EXPENSE | \$0 | \$2,400 | \$0 | \$0 | \$0 | -100.0% | (\$2,400) | -100.0% |
| TRANSPORTATION & TRAVEL | 219,000 | 175,000 | 41,087 | 144,400 | (30,600) | -17.5% | 44,000 | 25.1% |
| OFFICE SUPPLIES & EQUIPMENT | 3,500 | 3,500 | 159 | 3,000 | (500) | -14.3% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 125,000 | 140,000 | 76,580 | 154,000 | 14,000 | 10.0% | (15,000) | -10.7% |
| MISCELLANEOUS | 1,000 | 1,000 | 676 | 800 | (200) | -20.0% | 0 | 0.0% |
| TOTAL | \$348,500 | \$321,900 | \$118,501 | \$302,200 | (\$19,700) | -6.1% | \$26,600 | 8.3% |

*All amounts rounded to the nearest dollar.

INVESTMENT OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$10,263,564 | \$8,506,782 | \$9,730,713 | \$9,447,800 | \$10,865,804 |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits (Variable) | 4,998,241 | 4,042,210 | 6,277,477 | 4,377,800 | 5,907,050 |
| Employee Benefits (Other) | 613,402 | 617,071 | 652,582 | 639,600 | 696,446 |
| OPEB Contribution | 301,112 | 222,087 | 346,317 | 160,800 | 385,968 |
| OPEB Contribution (Budget Surplus) | 0 | 301,112 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 1,000 | 0 | 1,000 | 0 | 800 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 5,000 | 0 | 5,000 | 0 | 5,000 |
| Transportation Allowance | 7,200 | 7,200 | 7,200 | 7,200 | 14,400 |
| SERVICES & SUPPLIES | | | | | |
| Auto Expense | 0 | 0 | 2,400 | 0 | 0 |
| Transportation & Travel | 141,000 | 17,097 | 175,000 | 144,400 | 219,000 |
| Office Supplies & Equipment | 4,500 | 30 | 3,500 | 3,000 | 3,500 |
| Educational Expenses | 116,000 | 115,534 | 140,000 | 154,000 | 125,000 |
| Miscellaneous | 7,000 | 677 | 1,000 | 800 | 1,000 |
| TOTAL OPERATING BUDGET | \$16,458,019 | \$13,829,800 | \$17,342,188 | \$14,935,400 | \$18,223,967 |

*All amounts rounded to the nearest dollar.



LEGAL SERVICES

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Legal Services Office provides comprehensive legal services to LACERA and its Boards and staff. These services are provided through the Chief Counsel, four sections within the office (Benefits, Disability, Investments and Commercial Contracts, and Litigation and Employment), and the Legislative Affairs Officer. The office also provides legal support in organizational governance, conflicts and ethics, and compliance.

ACHIEVEMENTS

During the 2022-23 fiscal year, the Legal Office's achievements include the following:

Benefits: Handle a steadily increasing volume of benefits issues; advise staff and attorneys for members and former spouses regarding dissolution matters; develop benefits training for the Board of Retirement, and training module for staff regarding implementation of dissolution orders; make recommendations to the Board of Retirement and provide pensionable compensation analyses on many new and revised pay items for County and Superior Court employees; advise staff on benefits policy implementation and improvement; and advise Board of Retirement and staff regarding administrative appeals.

Disability: Prepare monthly Board of Retirement memos on disability applications and counsel the Board; successfully litigate writs of mandate in the Superior Court

and the *Marquez* case in the Court of Appeal; provide ongoing Board of Retirement education on disability law issues; assist in policy development, including collaboration with Disability Retirement Services on new DRS procedures for processing Class-4 arduous disability retirement applications to help alleviate backlog; and continue collaboration with DHR and County to help County facilitate new procedures for employer-filed disability retirement applications.

Litigation and Employment: Effectively conduct member and other litigation in the Superior Court and administrative appeals before the Board of Retirement; evaluate potential securities litigation matters and oversee outside counsel in pending actions and individual cases, including FirstEnergy, the Interest Rate Swaps Antitrust Litigation, Securities Lending Antitrust Litigation, the Milford Hotel foreclosure litigation, various title holding company matters, and other cases; assist in numerous HR and employment policies and issues; assist in development of operational diversity, equity, and inclusion proposals for strategic plan; revise Privacy Policy and training; develop e-filing solution for Form 700 Statements of Economic Interest and ongoing FPPC compliance; assist with retiree healthcare issues.

Investment and Commercial Transactions: Handle directly or oversee outside counsel on hundreds of new and existing investment transactions worth billions of dollars per year across all LACERA asset classes; provide monthly report to the Board of Investments on investment legal projects; provide annual report for Board of Investments on investment legal work; manage filings and other oversight for all real estate title holding entities; collaborate with Investments Division staff on investment transactions and issues; obtain education to stay current on legislative and regulatory developments regarding investments issues; assist in custody bank RFP and contract negotiations; handle all commercial contract drafting and/or review for LACERA's commercial contracts; and respond to all Public Records Act requests and provide monthly report to Operations Oversight Committee; conducted Diversity, Equity and Inclusion Survey of LACERA outside counsel.

Legislative Affairs: Prepare monthly legislative presentations for the Insurance, Benefits and Legislative Committee; represent LACERA at regular monthly meetings of SACRS Legislative Committee and collaborate with SACRS systems on legislative issues; monitor ongoing state and federal legislative matters; arranged for key state or federal legislative visits for Chief Executive Officer and Deputy Chief Executive Officer; met virtually with congressional staffers to discuss repeal of the direct payment requirement for the public safety officer healthcare tax benefit, which was ultimately enacted in the SECURE Act 2.0; supported passage of state bills AB 1824 and AB 1971, which included a key provision allowing members to change their settlement option upon approval of disability retirement; oversee Boards' state and federal legislative advocates, including current RFP process; and supported Beacon economic analysis of LACERA.

Governance: Assist with compliance and risk management components of proposed strategic plan; ensure ongoing Brown Act compliance, including compliance and updates on COVID teleconference and new AB 2449

teleconferencing rules; assist with implementation of Education and Travel Policies; development and revision of Felony Forfeiture Administrative Appeal Procedures, Post-Employment Retirement Policy, and other policies and procedures; participate as member on internal LACERA technology and policy development committees; address ongoing ethics and compliance questions; oversee fiduciary counsel; assist in negotiations regarding \$1 million lifetime maximum benefit for certain retiree health insurance; and collaborate with and support the Executive Office in the management of LACERA.

GOALS

In addition to continuation of our work across all sections of the Legal Office, specific goals for FY 2023-24 focused on improving our services to the organization into the future include:

Benefits: To recruit adequate expert legal resources into the future.

Status: Recruitment (open and public) is underway for one existing Benefits Staff Counsel position utilizing an outside legal recruiter. Recruitment (promotional) has recently been completed for one existing Benefits Legal Analyst position.

Investments: To recruit additional lawyers and maintain the expertise of existing staff to ensure that we keep up with the sophistication of investment operations and build our in-house personnel.

Status: Recruitments (open and public) are underway to fill existing positions for one new Senior Investment Staff Counsel and three Investment Staff Counsel, utilizing an outside legal recruiter to identify quality candidates. In addition, the office is seeking one to two investment lawyers on a secondment basis from outside legal law firms to provide support, pending completion of the recruitments. The Investments Section of the Legal Office will also continue to work on development of a transaction management tool to provide increased technology to support the large volume of investment, commercial contracts, and Public Records Act matters.

Ordinance Positions: To support the growth of the office, development of legal staff, and improved service, the Legal Office seeks an increase in the number of ordinance positions for Senior Staff Counsel from 10 to 14.

Compliance and Governance: To bolster the operational lines of compliance within the organization by refining our monitoring and development of policy development, training, and enforcement and by providing a compliance team to work with subject matter experts in LACERA's other divisions.

Status: The Legal Office will support development and achievement of LACERA's compliance and risk management goal through approval and hiring of a Compliance Manager within the office. The request position has

changed for FY 2023-24 from Director of Compliance to Compliance and Ethics Officer to provide mid-level support for development of the compliance program, with the addition of the Director position in the future as the program becomes more sophisticated.

Classification Study for New Senior Legal Analyst Position: Increased professionalism, expertise, and supervisory capability within LACERA's paralegal staff will be achieved through consideration of a new Senior Legal Analyst classification. The Legal Office requests a classification study for this position.

Status: Requested for FY 2023-24.

Succession Planning: To ensure leadership and continuity of support in key legal areas.

Status: The office provided opportunities to lawyers to lead projects with other LACERA staff, make presentations to the Boards, participate in the growth of the office and obtain education and training. Approval of the Principal Staff Counsel position, which remains subject to approval by the Board of Supervisors, will assist greatly in management of the office, service to our internal clients, and succession planning.

STAFFING ISSUES FOR FY 2023-24

A. Positions

The office's FY 2023-24 budget addresses four categories of positions that are needed to ensure that the office continues to provide excellent legal services to the Boards, staff in all divisions, and members, and to meet organizational changes in other parts of LACERA, such as the Executive Office, Benefits and Member Services, Investments, and the new organizational chart proposed by the Chief Executive Office. The current structure is over 15 years old. LACERA has greatly evolved during that time, as has the legal landscape and the sophistication of the services that the office's clients in the organization require. The requested positions will help establish the foundation on which the office can build to meet the challenges of the future.

1. **Principal Counsel:** Two positions were approved by the Boards in 2017. They have not yet been approved by the Board of Supervisors. With the increase in the amount and complexity of legal issues in the organization since 2017, the need for these positions is greater now than it was then. Although no funding can yet be requested for the positions, they remain a part of the Legal Office organizational chart and future plans as a placeholder.
2. **Senior Staff Counsel:** As a result of the growth in the Legal Office's work as described above, it is necessary to increase number of ordinance positions for this classification. The current number of authorized positions is 10, which will be exhausted by the new position. To accommodate future needs, the number should be increased to 14. The hiring of new lawyers is important not just to perform necessary legal work for the present, but to build the foundation for future

leadership and succession planning in the Legal Division for senior positions, including Chief Counsel, Principal Staff Counsel, and Senior Staff Counsel. We have also learned that excellent lawyers hired by the Legal Division sometimes transfer to other LACERA divisions, where they pursue their ambitions and become part of the future in other areas of the fund.

- 3. Compliance and Ethics Officer:** The Director of Compliance position has been previously discussed with the Boards. This year, we propose changing the requested position to Compliance and Ethics Officer to provide staff to begin development and implementation of the compliance program, with the expectation that the Director position may be added in the future. The Compliance and Ethics Officer will further the organization's operational compliance by providing dedicated expertise and full-time commitment to the compliance function, which is currently spread throughout the Legal Office and even other parts of the organization. Adding a dedicated position will also strengthen LACERA's management and Internal Audit compliance efforts. A Compliance and Ethics Officer will enable LACERA to implement a compliance structure in line with the Institute of Internal Auditors' "three lines" model of compliance, with the first line being the delivery of services and support for services, the second line being management of risk, and the third line being the independent role of Internal Audit. A Compliance and Ethics Officer provides needed leadership and expertise to provide a strong second line, which currently does not have dedicated staff at LACERA, although a variety of staff give some attention to the issue. The job description for the Compliance and Ethics Officer is currently in development and will be presented to the Boards for approval, along with the recommended salary, during FY 2023-24.

B. Classification Study for Senior Legal Analyst

The Legal Division requests a new classification for Senior Legal Analyst, in addition to the existing Legal Analyst classification, to recognize the Legal Division's increasing reliance on experienced legal analysts to perform high-level legal work that is extremely important and sophisticated but does not require the services of an attorney. The division currently relies upon Legal Analysts for work in the Benefits, Disability, and Investment sections of the office. Senior Legal Analysts will perform advanced work in areas of benefit and legal order analysis, investment contract and investment regulatory requirements, and Form 700 and other ethics compliance functions. Senior Legal Analysts will free attorneys from performing these functions and leverage the legal staff of the office in an efficient and economical way.

C. Temporary Services and Overtime

The agency-temporary budget for FY 2023-24 will provide for temporary staff to cover Legal Office needs, such as potential attorney and clerical assistance for special projects and coverage for administrative staff absences or medical leave. The office also needs occasional overtime throughout the year to support secretarial and Legal Analyst staff in the Investment Section of the Legal Office in keeping up with the very high volume and time-sensitive demands of the organization's investment work; in the

Benefits Section of the Office to cover March Madness and other member service needs; and to complete compliance projects and other special assignments. However, the office will continue to be efficient in the use of temporary staff and overtime and authorizes requests in these areas only when there is demonstrated need to complete work necessary to fulfill LACERA's mission.

D. Intern

The Legal Division intends to hire two interns in FY 2023-24 to help recruit talent for the future and to provide opportunity to a law school student who may be interested in a career in government and public pension law. One intern will be a law student, and the other will be for legal analyst work. The division intends to expose the interns to the work of all sections of the office in order to provide broad experience of LACERA's legal needs and promote understanding of all major dimensions of LACERA's business. The division will also support additional work in specialized areas if the intern expresses a focused interest. The Legal Division focuses on diversity as an important factor in all our recruiting, which will be a consideration, as well in selecting an excellent intern. The planning for recruitment of the interns is underway.

E. Training

Attorneys are required by California law to obtain 25 hours of mandatory continuing legal education every three years. The Legal Office's attorneys are diligent in obtaining this training and seeking additional training as needed. Training is provided through SACRS, the National Association of Public Pension Attorneys, and other sources.

Other LACERA staff obtain training on important processes and skills through the Human Resources Office.

SERVICES AND SUPPLIES

Even as the office's staffing grows in capability and the demand for legal services within the organization continues to expand, we will strive in FY 2023-24 to be more efficient. Therefore, we have increased the Services and Supplies budget associated with staff to reflect the proposed greater headcount. Overall, the Services and Supplies budget has been reduced based on a projected reduction in Outside Legal Counsel fees.

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience, and increased headcount. LACERA will continue to be efficient across the board in FY 2023-24, primarily through a focus on efficiency; continued reduction in the physical, hard copy library in favor of electronic resources; allocation of education opportunities and organizational memberships to minimize—if not eliminate—travel, avoid duplication, and increase the sharing of knowledge and information; and better management of outside legal resources.

Outside Legal Resources is a difficult category to budget and control, because it is dependent on unpredictable contingencies and claims as well as Board issues that may arise. The office proposes an amount for FY 2023-24 to recognize recent trends in outside counsel usage, including projections based on the status of major pending matters, while

at the same time committing to manage outside counsel assignments to control cost.

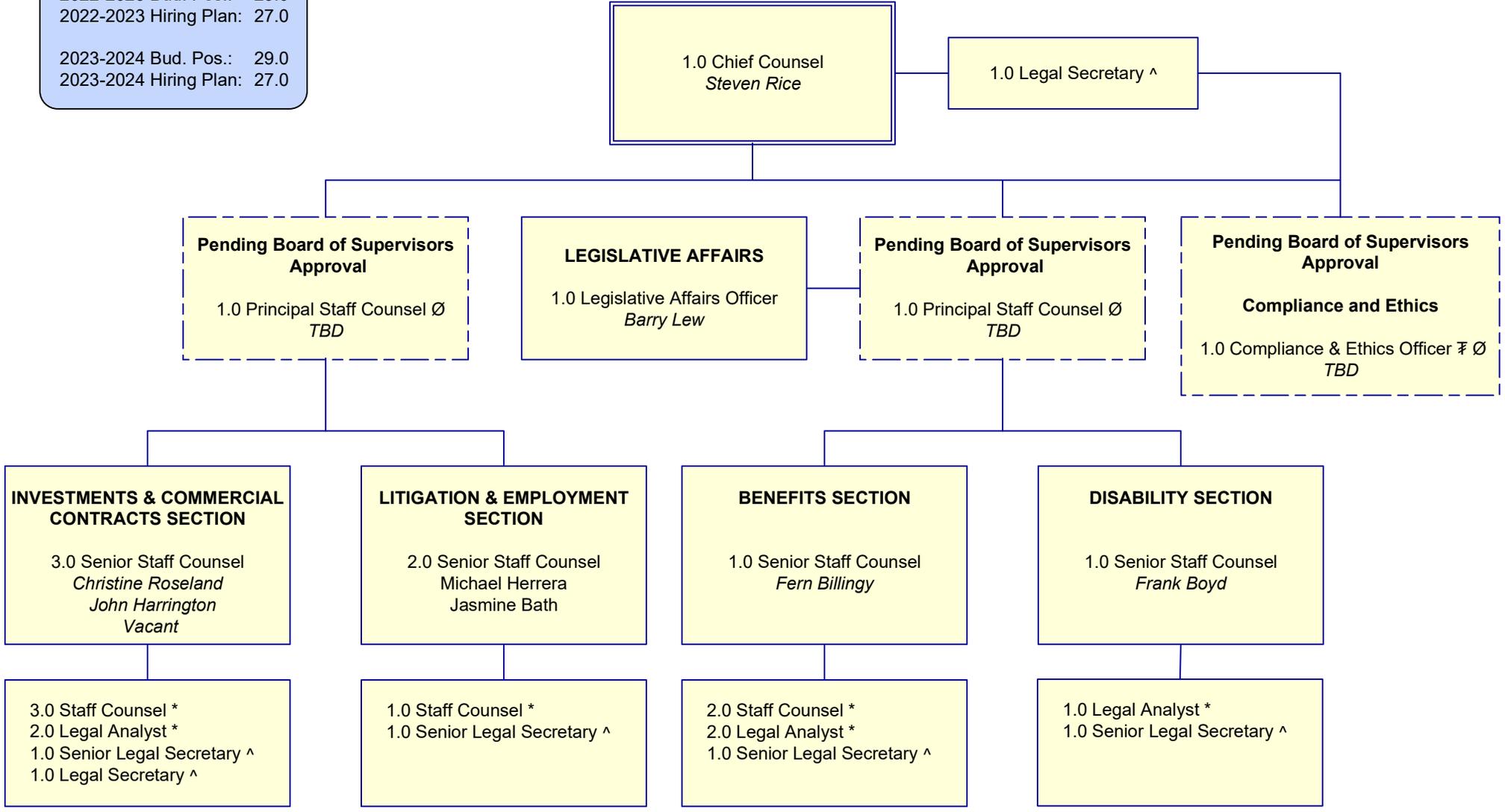
In order to supplement the division's recruitment efforts for full-time investment attorneys, the division is currently exploring secondments with some of our major outside investment law firms to be used in support of the division's work for the Investments Division. Under this arrangement, one or more firms will place an attorney with LACERA on a full- or part-time basis. A secondment relationship will provide LACERA with high-quality investment attorneys devoted to our work, whom we may be able to recruit for a full-time position. Such a relationship will also deepen the selected law firms' understanding of LACERA and enable them to provide better service to the fund even after the secondment has ended. The secondment will be used if the division is not able to recruit permanent investment Senior Staff Counsel and Staff Counsel through the civil service exam process and will be used on a temporary basis until permanent staff can be hired. This is a creative way of addressing staffing shortages and recruiting challenges for sophisticated permanent investment attorneys, while supporting LACERA's investment transactional work at the needed level of expertise. Because this expense is in support of investment work, it is not an administrative expense and therefore is not included in the administrative budget. Outside counsel hired on a secondment basis, like other outside investment counsel, is a non-administrative expense not included in the Administrative Budget.

LEGAL SERVICES

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 29.0
 2022-2023 Hiring Plan: 27.0

2023-2024 Bud. Pos.: 29.0
 2023-2024 Hiring Plan: 27.0



* Classification study for the position requested

^ Position upgrade from Senior Management Secretary to Senior Legal Secretary and Management Secretary to Legal Secretary as a result of classification study (Board of Supervisors approved on October 18, 2022).

Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments & Litigation Team, 1.0 Principal Staff Counsel in Benefits & Disability Team, and 1.0 Compliance and Ethics Officer in Legal Services)

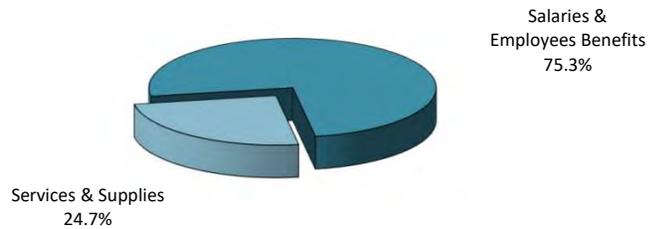
₣ Title change from Director of Compliance to Compliance and Ethics Officer

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

LEGAL SERVICES

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|---------------|---|-------------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$7,524,432 | \$7,029,695 | \$2,867,503 | \$5,771,400 | (\$1,258,295) | -17.9% | \$494,737 | 7.0% |
| Services & Supplies | 2,473,300 | 3,427,500 | 3,330,007 | 4,369,800 | 942,300 | 27.5% | (954,200) | -27.8% |
| OPERATING BUDGET | \$9,997,732 | \$10,457,195 | \$6,197,510 | \$10,141,200 | (\$315,995) | -3.0% | (\$459,463) | -4.4% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$4,320,931 | \$3,853,589 | \$1,742,020 | \$3,375,300 | (478,289) | -12.4% | \$467,342 | 12.1% |
| Total Agency Temp Salaries | 179,400 | 196,600 | 43,577 | 147,500 | (49,100) | -25.0% | (17,200) | -8.7% |
| Employee Benefits (Variable) | 2,568,864 | 2,555,301 | 892,326 | 1,864,300 | (691,001) | -27.0% | 13,563 | 0.5% |
| Employee Benefits (Other) | 276,951 | 261,912 | 120,513 | 256,700 | (5,212) | -2.0% | 15,039 | 5.7% |
| OPEB Contribution | 153,485 | 138,993 | 59,683 | 110,200 | (28,793) | -20.7% | 14,492 | 10.4% |
| Stipends | 0 | 0 | | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 19,900 | 18,400 | 9,384 | 17,400 | (1,000) | -5.4% | 1,500 | 8.2% |
| Bilingual Bonus | 2,400 | 2,400 | 0 | 0 | (2,400) | -100.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 2,500 | 2,500 | 0 | 0 | (2,500) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$7,524,432 | \$7,029,695 | \$2,867,503 | \$5,771,400 | (\$1,258,295) | -17.9% | \$494,737 | 7.0% |
| Salary Differential | - | - | - | - | | | - | |
| TOTAL S&EB | \$7,524,432 | \$7,029,695 | \$2,867,503 | \$5,771,400 | (\$1,258,295) | -17.9% | \$494,737 | 7.0% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

LEGAL SERVICES

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|-------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 09216A | CHIEF COUNSEL | 1 | LS19 | 28,397 | 340,758 | | | |
| 09213A | SENIOR STAFF COUNSEL | 6 | LS16 | 121,389 | 1,456,662 | | | |
| 09212A | STAFF COUNSEL | 3 | LS12 | 51,452 | 617,429 | | | |
| 00795A | LEGISLATIVE AFFAIRS OFFICERS | 1 | 115H | 12,639 | 151,664 | | | |
| 09235A | LEGAL ANALYST | 4 | 102F | 34,452 | 413,424 | | | |
| 00441A | SENIOR LEGAL SECRETARY | 2 | 101H | 15,903 | 190,837 | | | |
| 00440A | LEGAL SECRETARY | 2 | 97C | 13,830 | 165,959 | | | |
| POSITIONS | | 19 | | | 3,336,733 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 99999A | PRINCIPAL STAFF COUNSEL Ø | 2 | LS17 | 16,235 | 194,816 | | | |
| 99999A | COMPLIANCE & ETHICS OFFICER Ø | 1 | LS16 | 15,102 | 181,224 | | | 90,612 |
| 09213A | SENIOR STAFF COUNSEL | 1 | LS16 | 15,102 | 181,224 | 181,224 | | |
| 09212A | STAFF COUNSEL | 3 | LS12 | 11,308 | 135,701 | 407,102 | | |
| 09235A | LEGAL ANALYST | 1 | 102F | 6,740 | 80,882 | 80,882 | | |
| 00441A | SENIOR LEGAL SECRETARY | 2 | 101H | 6,592 | 79,107 | | | 79,107 |
| | | | | | | 669,208 | 0 | 169,719 |
| POSITIONS | | 10 | | | 838,927 | | | |
| TOTAL POSITIONS | | 29 | | | | | | |
| GROSS SALARIES | | | | | 4,175,661 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 62,635 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 74,295 | | | |
| BONUS | | | | | 8,342 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 4,320,931 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------|------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| AUTO EXPENSE | \$3,900 | \$4,400 | \$633 | \$2,900 | (\$1,500) | -34.1% | (\$500) | -11.4% |
| TRANSPORTATION & TRAVEL | 21,800 | 17,800 | 3,263 | 12,300 | (5,500) | -30.9% | 4,000 | 22.5% |
| OFFICE SUPPLIES & EQUIPMENT | 5,000 | 6,000 | 1,045 | 3,000 | (3,000) | -50.0% | (1,000) | -16.7% |
| PROFESSIONAL & SPEC. SRVCS. | 280,300 | 252,300 | 127,569 | 252,300 | 0 | 0.0% | 28,000 | 11.1% |
| LEGAL FEES & SERVICES | 2,050,000 | 3,040,500 | 3,140,010 | 4,001,800 | 961,300 | 31.6% | (990,500) | -32.6% |
| EDUCATIONAL EXPENSES | 110,000 | 104,500 | 57,130 | 95,500 | (9,000) | -8.6% | 5,500 | 5.3% |
| MISCELLANEOUS | 2,300 | 2,000 | 359 | 2,000 | 0 | 0.0% | 300 | 15.0% |
| TOTAL | \$2,473,300 | \$3,427,500 | \$3,330,007 | \$4,369,800 | \$942,300 | 27.5% | (\$954,200) | -27.8% |

*All amounts rounded to the nearest dollar.

** The projection for Legal Fees & Services will be offset by \$1M credit.

LEGAL SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|---------------------|---------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$3,630,372 | \$2,598,365 | \$3,853,589 | \$3,375,300 | \$4,320,931 |
| Total Agency Temp Salaries | 150,000 | 103,549 | 196,600 | 147,500 | 179,400 |
| Employee Benefits (Variable) | 2,117,944 | 1,484,491 | 2,555,301 | 1,864,300 | 2,568,864 |
| Employee Benefits (Other) | 214,441 | 215,724 | 261,912 | 256,700 | 276,951 |
| OPEB Contribution | 105,267 | 95,913 | 138,993 | 110,200 | 153,485 |
| OPEB Contribution (Budget Surplus) | 0 | 105,267 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 30,000 | 20,897 | 18,400 | 17,400 | 19,900 |
| Bilingual Bonus | 2,400 | 1,000 | 2,400 | 0 | 2,400 |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 2,500 | 0 | 0 | 0 | 0 |
| Transportation Allowance | 0 | 0 | 2,500 | 0 | 2,500 |
| SERVICES & SUPPLIES | | | | | |
| Auto Expenses | 4,400 | 1,726 | 4,400 | 2,900 | 3,900 |
| Transportation & Travel | 26,400 | 8,221 | 17,800 | 12,300 | 21,800 |
| Office Supplies & Equipment | 6,000 | 1,616 | 6,000 | 3,000 | 5,000 |
| Professional & Specialized Services | 252,300 | 255,691 | 252,300 | 252,300 | 280,300 |
| Legal Fees & Services | 1,100,000 | 2,888,853 | 3,040,500 | 4,001,800 | 2,050,000 |
| Educational Expenses | 103,000 | 79,821 | 104,500 | 95,500 | 110,000 |
| Miscellaneous | 3,000 | 622 | 2,000 | 2,000 | 2,300 |
| TOTAL OPERATING BUDGET | \$7,748,024 | \$7,861,756 | \$10,457,195 | \$10,141,200 | \$9,997,732 |

*All amounts rounded to the nearest dollar.

MEMBER SERVICES

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

To provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We will strive at all times to provide accurate, clear, and common-language explanations of all plans, plans 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.

INTRODUCTION

Member Services is dedicated to continually improving the member experience across all channels. We provide full-service support—from assisting members with technical support for My LACERA and general account maintenance to providing in-depth retirement counseling and assisting survivors when a member passes away. Our focus is on member education and support.

Member Services is composed of three operational sections:

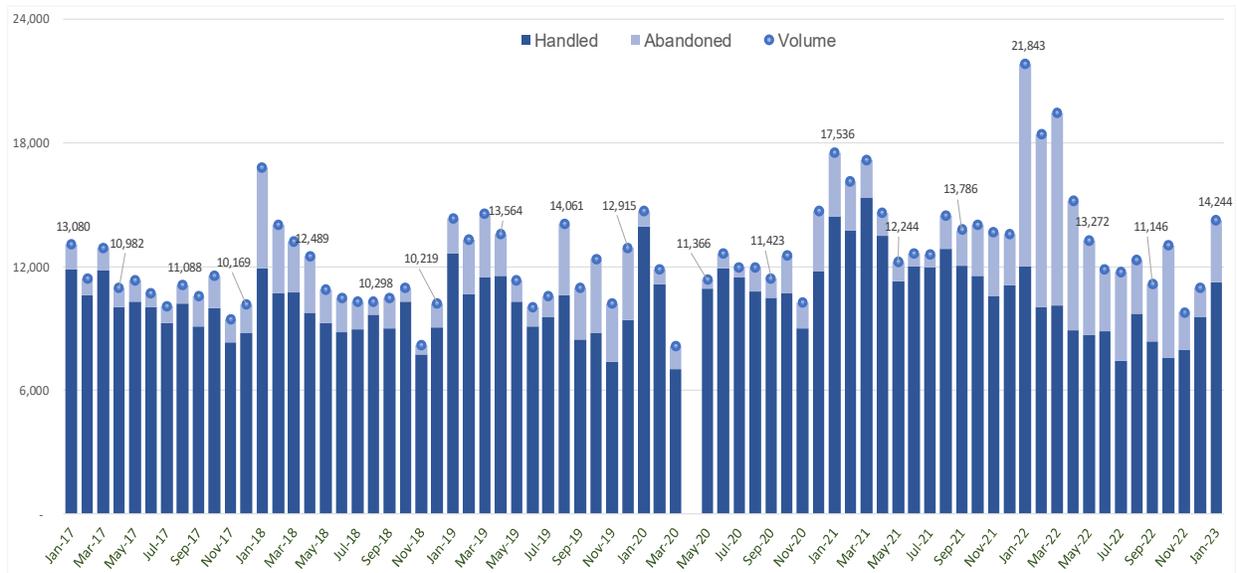
- **The Contact Center:** This section is composed of our Call Center, which provides full-service support for members and survivors; HR Pros from the County and outside districts; My LACERA technical support; and the Correspondence Unit.
- **Outreach:** The Outreach section consists of the Member Services Center (MSC), which provides in-person and virtual one-on-one counseling sessions for members. The Outreach section also provides webinars to educate members on a wide variety of topics and conducts in-person workshops and benefit tables at various County and union events.

- Member Quality Control Group (MSQC):** The MSQC section maintains the Member Services knowledge base referred to as the MS Operating Instructions, monitors phone calls to confirm exacting performance expectations are maintained, and oversees the collection and analysis of member feedback for Member Services interactions. The MSQC also oversees the escalation process and includes a Member Care Unit, which addresses more complex member concerns.

ACCOMPLISHMENTS

FY 2022-23 was a year of innovation and rapid change as we worked to address historic call volumes, recover from the high vacancy rate resulting from the COVID-19 pandemic, expand our appointment availability in the Member Service Center during a reduced staffing environment, and begin the planning and development of our Member Experience program focus.

The last two years have seen the highest call volumes since we started tracking them in 2006. These call volumes were driven by a high interest in retirement planning, delays in processing death benefits, and delays in processing Part B reimbursements and were compounded by high vacancies in our Call Center.



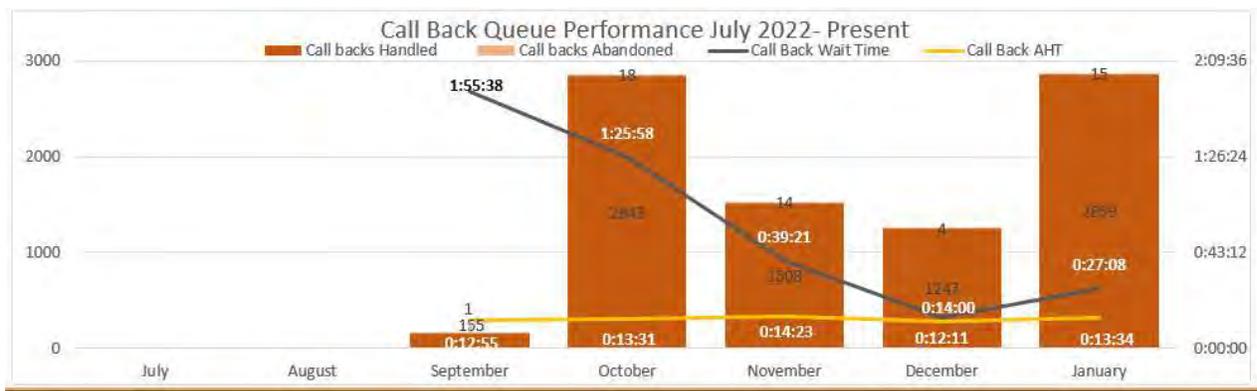
Facing increases of this nature with the challenges of a high vacancy rate required the division to take multiple innovative steps to improve the member experience.

The division worked alongside our Benefits Division to support the Quality Assurance Division as they trained two large CORE Benefit Training (CBT) program classes of Retirement Benefit Specialist Is to fill Call Center vacancies. This effort was a first for

LACERA as we conducted two classes nearly simultaneously. The three divisions worked together closely to coordinate the training, including pausing training to help Member Services launch a new service channel to support My LACERA.

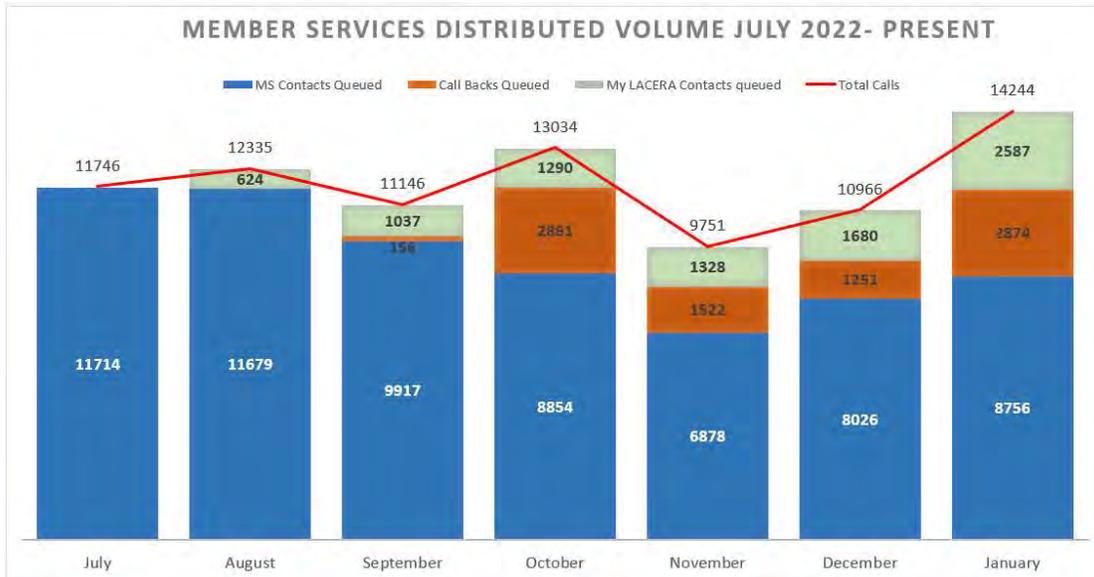
Member Services turned to innovative technical solutions to address continued high call volumes while we waited for the new trainees to graduate. During the first half of FY 2022-23, the division launched two new services: the callback feature and the new My LACERA support queue.

Member Services team members partnered with Systems and our Call Center SaaS provider, Amazon Web Services (AWS), to develop and roll out the new callback feature, which allows members to opt for a same day callback instead of waiting on hold. On average, about 117 members a day opt to take advantage of the callback feature, with an average wait time of 1 hour, 9 minutes. The team is working to define a Grade of Service (GOS) to include in the KPI for this queue.



In the fall of 2022, Member Services launched the new My LACERA Support queue in our Call Center, allowing members to bypass the main queue to get direct assistance with accessing and using My LACERA. The support queue averages about 90 calls per day, with an average wait time of 1 minute, 20 seconds. The GOS KPI for this queue is 89.94 percent of all calls answered in 60 seconds or less.

Together, these innovative technologies—along with a slightly lower call volume and careful workforce management during the first half of the fiscal year—helped reduce our average call wait time by 15 percent from 21 minutes, 37 seconds to 18 minutes, 23 seconds.



Member Services also rolled out a new appointment and queue management system for our Member Service Center in the second quarter of FY 2022-23. The new system provides improved performance for members scheduling in-person or virtual appointments. The new system replaced a slow and unresponsive appointment system, vastly improving the member experience. The new technology includes automatic email notifications for members as a reminder of their upcoming appointment.

Behind the scenes, the new queue management technology will allow us to begin collecting improved metrics for the Member Service Center operations, so we can better track how we provide service, forecast future staffing needs, and identify areas for improvement in our processes.

With better insight and careful workforce management and planning, Member Services also prepared for and increased the availability of appointments in the Member Service Center for the 2023 March Madness season. The team increased available appointments from 12 to 25–30 per day for in-person and 17 to 19 for virtual appointments. The team also worked to once again provide Saturday virtual counseling sessions to meet member demand. These efforts were carried out despite our staffing challenges. .

Focusing on developing our Member Experience program, Member Services introduced new surveys for members to provide feedback about their Call Center and Member Service Center interactions. Members can now opt to answer a post-call survey before speaking to a specialist. The short, five-question survey collects member feedback on their interaction during that call. (Members completing a one-on-one counseling session in the Member Service Center receive a text message satisfaction survey.) This is the beginning of our member experience feedback loop.

Additional advances include the launch and support of multi-factor authentication for My LACERA and new procedures supporting our death benefit claim form automation process.

The Member Operations Group (MOG) is always looking for ways to develop staff and improve the level of service we provide to members. The Member Services and Benefits divisions work together closely to coordinate activities on a number of levels. This year the two divisions joined forces to create a new and innovative way of sharing resources to further the development of staff and keep all staff connected to the members. The new classes that graduated in late 2022 were moved forward as hybrid Retirement Benefit Specialists. The two divisions will be developing a rotation schedule that will see these specialists working in both the Call Center and processing member requests in the Core Benefits Unit. The rotation keeps staff training current, fosters a greater understanding of the member request lifecycle, and keeps all staff focused on improving the member experience, all without degrading the service that either division offers.

Looking Forward to FY 2023-24

Our focus in 2023-2024 is to continue to innovate and improve our ability to deliver service to members when and how they want it. Superior Member Experience is Priority No. 1 in the proposed strategic plan— this priority and the associated objectives will help guide us as we work to improve the efficiency of our highly personalized service while expanding self-service options. As Member Services focuses on planning and delivering on the objectives outlined in strategic Priority No. 1, we look forward to working with the Member Experience Council to focus and prioritize efforts to improve specific member journeys.

Our initial focus will be reimagining the retirement planning journey. A multidivisional effort is underway to standardize the Member Services retirement counseling procedures to ensure members receive the same information and level of support regardless of their channel of choice, as well as ensuring that we have an integrated approach to helping members with their retirement plans. This new approach will also incorporate the lacera.com Retirement Planning section as an ongoing resource hub as they move through the retirement process. By developing a reference hub that matches the information shared during their personalized counseling sessions, members will have an online resource that will help answer their questions and increase their knowledge and understanding of the retirement planning process and benefits. We expect this resource will improve their experience and may even reduce call volumes from follow-up questions. We expect this new standardized process to be in place during the first quarter of FY 2023-24.

Future phases expected to kick in toward the end of FY 2023-24 will include integrating Retiree Healthcare in the standardized retirement planning counseling session. By cross-training Member Services staff, we can ensure that every retirement counseling interaction will include explanations of the basics of the healthcare plans. Staff will be

trained to identify trigger points to connect members with the RHC Member Care Unit for more advanced discussions regarding plan selection and Medicare questions.

All of these efforts will serve as a springboard for future plans to develop a self-service or guided online retirement process similar to what you may experience in popular tax preparation programs.

Additional focus is expected on the new member journey as we partner with Benefits and Systems to change the New Member Sworn Statement process. The current process requires new members to complete a paper form provided by our HR Pro partners throughout the County. Our goal is to modernize this process and combine it with My LACERA registration. This will allow us to begin forming a stronger digital relationship with our members at the start of their careers, which serves as the gateway for proactive communications during other member journeys and additional self-service offerings.

Member Services is partnering with our Call Center SaaS provider, AWS, to implement an innovative AI-assisted Secure Validation and Voice Authorization process for our Call Centers. Currently members must be validated by a specialist before we can begin discussing private retirement-related topics or process member requests. This process can range from one to three minutes or more. The new process will securely validate the member prior to reaching a specialist and deliver the member's account to the specialist so we can begin assisting the member right away. Not only will this personalize the interaction and improve the one-on-one member experience, it will also reduce average handling time for specialists, allowing us to handle more calls in a standard day. Of course, in keeping with our focus on the member experience, those who do not wish to go through this process can opt out and be validated by a specialist in person. If a member opts into voice authentication, their voice alone will serve as the verification method—again, making their overall experience smoother and faster.

Member Services will also continue working with other MOG divisions as we implement the case management system (CMS). We will be evaluating the potential for the CMS to be used to manage our escalation and hardship process and help us increase our ability to communicate status with members. Our expectation for the CMS is a new transparency that will allow early intervention to resolve challenges and pivot us away from a task-process method, which isolates processes, to a more complete view of the member. Greater visibility will allow us to see and eliminate errors, which will increase member satisfaction.

Member Services will also be partnering with Systems to issue an RFP for an Enterprise Communication System that will provide enhanced member interaction capabilities in our Call Center and also allow us to evaluate potential AI-assisted chat support on our website. More details will be released as we refine the RFP.

Ensuring a consistent level of service and a positive member experience requires stable staffing in our member-facing divisions. Member Services and MOG are working with

Human Resources and the Executive Office to create a pipeline of trained staff to continually fill vacancies that occur. Member Services is a gateway division that serves as a launching platform for staff to grow with LACERA over time. New staff are trained by Quality Assurance in our Core Benefits Training program and then work in the Member Services Call Center and often promote from the Call Center to other parts of the organization. This constant (but positive) staff movement leaves a perpetual, cyclical high vacancy rate in the Call Center. High vacancy rates degrade our ability to provide service not only in the Call Center, but also in the Member Service Center, which often relies on specialists moving from the Call Center to fill their vacancies. By approaching the Board of Retirement with a request to over-hire, we can ensure that we have a steady pipeline of trained staff to vacancies quickly.

We are looking forward to a new cadre of trainees beginning in April of 2023, who will graduate near the end of the year. Member Services has been working with the other MOG divisions to develop a revamped Core Benefits Training program that incorporates both technical knowledge and the soft skills required to provide members complex benefit and retirement counseling. The new program will focus on developing a well-rounded and trained staff that can fulfill our vision of hybrid Retirement Benefit Specialists who can work in both a Member Services member interaction role as well as a Benefits processing role. The new program has added customer service training, including mock call practices as well as the historical production level practice for Benefits processing.

We expect the new class to provide us with a sufficient pipeline of trained staff that will also allow us to fill vacancies in our Member Service Center. Member Services is focused and determined to increase the availability of in-person and virtual appointments. This is a critical goal that we hope to meet toward the end of the FY 2023-24.

The new Division Manager of Member Services, like other MOG division managers, will be responsible for working with the MS Section Heads and Supervisors to identify core competencies and develop a preliminary roadmap for staff member education and development for positions under their purview. These roadmaps will be reviewed and serve as tools for creating individual self-development plans for subordinate staff. Formal training will include local and cost-effective instruction.

STAFFING

Member Services service levels continue to improve as a result of a reduction in staffing vacancies. In FY 2022-23, Member Services placed 14 graduates of two Core Benefits Training (CBT) classes in the Member Services Call Center. Our Call Center has 30 positions, and because of the pandemic, LACERA was not able to offer training classes in more than two years. Our staffing is dynamic, as many specialists will promote, transfer to other divisions, and retire, so having new specialists from the CBT is how we add staff. Before the graduation of classes in 2023, the last CBT class began in 2019, so the additional specialists we added this past fiscal year has significantly improved

our ability to deliver timely service to our callers. Member Services is not asking for additional positions in FY 2023-24.

OVERTIME

With the development of the case management project, we will need Member Services subject matter experts to contribute their insights and knowledge. Member Services is asking for the overtime budget to be increased by 15 percent in staffing hours from FY 2022-23, totaling \$214,200, for this project. In addition to case management, Member Services is asking for overtime funds to provide additional retirement counseling meetings and to support Benefits during March Madness.

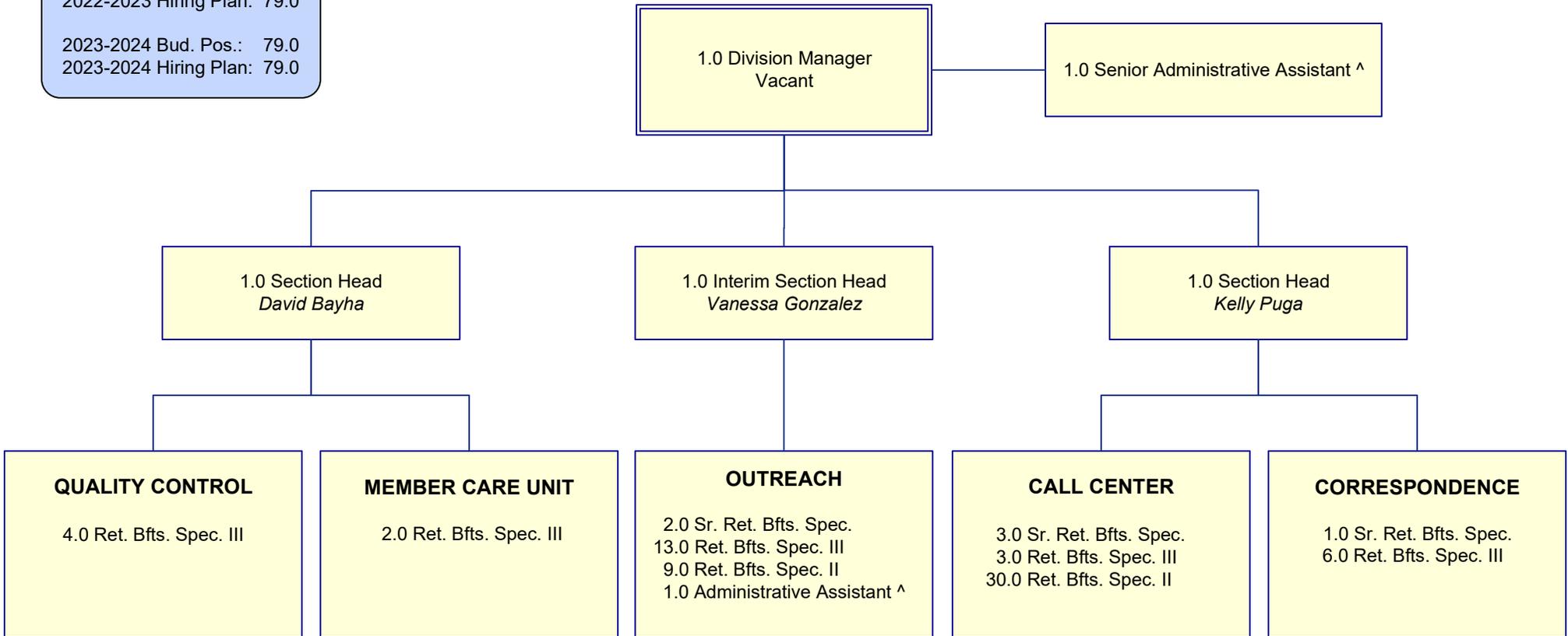
SERVICES AND SUPPLIES

The Services and Supplies budget requests are in line with previous years and based on actual and historical expenditure trends. We reduced our travel during the pandemic and anticipate restarting conference participation in FY 2023-24. SACRS, CALAPRS, CEBS and ICMI are some of the conferences we attended in the past.

MEMBER SERVICES DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 79.0
 2022-2023 Hiring Plan: 79.0
 2023-2024 Bud. Pos.: 79.0
 2023-2024 Hiring Plan: 79.0



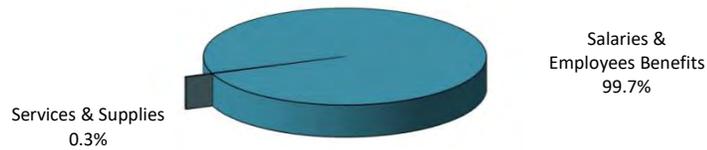
^ Position upgrade from Senior Secretary to Senior Administrative Assistant and Secretary to Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

MEMBER SERVICES

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|-------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$11,034,096 | \$10,452,614 | \$4,747,709 | \$9,533,400 | (\$919,214) | -8.8% | \$581,482 | 5.6% |
| Services & Supplies | 29,200 | 26,800 | 4,411 | 21,500 | (5,300) | -19.8% | 2,400 | 9.0% |
| OPERATING BUDGET | \$11,063,296 | \$10,479,414 | \$4,752,120 | \$9,554,900 | (\$924,514) | -8.8% | \$583,882 | 5.6% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$6,231,376 | \$5,973,287 | \$2,892,560 | \$5,679,400 | (\$293,887) | -4.9% | \$258,089 | 4.3% |
| Total Agency Temp Salaries | 0 | 37,000 | 0 | 0 | (37,000) | -100.0% | (37,000) | -100.0% |
| Employee Benefits (Variable) | 3,925,972 | 3,639,900 | 1,411,761 | 2,983,400 | (656,500) | -18.0% | 286,072 | 7.9% |
| Employee Benefits (Other) | 399,401 | 383,245 | 177,242 | 375,600 | (7,645) | -2.0% | 16,156 | 4.2% |
| OPEB Contribution | 221,347 | 203,383 | 112,971 | 208,600 | 5,217 | 2.6% | 17,964 | 8.8% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 214,200 | 174,000 | 140,732 | 259,900 | 85,900 | 49.4% | 40,200 | 23.1% |
| Bilingual Bonus | 16,800 | 16,800 | 4,750 | 8,800 | (8,000) | -47.6% | 0 | 0.0% |
| Sick Leave Buyback | 15,000 | 15,000 | 7,694 | 17,700 | 2,700 | 18.0% | 0 | 0.0% |
| Rideshare Allowance | 10,000 | 10,000 | 0 | 0 | (10,000) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$11,034,096 | \$10,452,614 | \$4,747,709 | \$9,533,400 | (\$919,214) | -8.8% | \$581,482 | 5.6% |
| Salary Differential ** | - | - | - | - | - | | - | |
| TOTAL S&EB | \$11,034,096 | \$10,452,614 | \$4,747,709 | \$9,533,400 | (\$919,214) | -8.8% | \$581,482 | 5.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

MEMBER SERVICES

2023-2024 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00772A SECTION HEAD, LACERA | 3 | LS9 | 32,112 | 385,340 | | | |
| 01312A SENIOR RETIREMENT BENEFITS SPECIALIST | 4 | 104A | 35,943 | 431,316 | | | |
| 01311A RETIREMENT BENEFITS SPECIALIST III | 26 | 98G | 195,174 | 2,342,084 | | | |
| 00439A SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 6,840 | 82,080 | | | |
| 01310A RETIREMENT BENEFITS SPECIALIST II | 28 | 92A | 153,216 | 1,838,592 | | | |
| POSITIONS | 62 | | | 5,079,412 | | | |
| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00773A DIVISION MANAGER | 1 | LS12 | 11,308 | 135,701 | 135,701 | | |
| 01312A SENIOR RETIREMENT BENEFITS SPECIALIST | 2 | 104A | 7,028 | 84,336 | | | |
| 01311A RETIREMENT BENEFITS SPECIALIST III | 2 | 98G | 6,062 | 72,749 | | | 72,749 |
| 01310A RETIREMENT BENEFITS SPECIALIST II | 11 | 92A | 5,076 | 60,912 | 670,032 | | |
| 00438A ADMINISTRATIVE ASSISTANT | 1 | 86J | 4,400 | 52,795 | | | 26,397 |
| | | | | | 805,733 | 0 | 99,147 |
| POSITIONS | 17 | | | 904,879 | | | |
| TOTAL POSITIONS | 79 | | | | | | |
| GROSS SALARIES | | | | 5,984,291 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | 89,764 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | 141,676 | | | |
| BONUS | | | | 15,644 | | | |
| 120-DAY RETIREE(S) | | | | 0 | | | |
| TOTAL SALARIES | | | | 6,231,376 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA

FISCAL YEAR 2023-2024

SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$11,500 | \$8,000 | \$2,921 | \$9,000 | \$1,000 | 12.5% | \$3,500 | 43.8% |
| OFFICE SUPPLIES & EQUIPMENT | 4,000 | 5,000 | 1,477 | 2,500 | (2,500) | -50.0% | (1,000) | -20.0% |
| EDUCATIONAL EXPENSES | 11,200 | 11,300 | 0 | 8,900 | (2,400) | -21.2% | (100) | -0.9% |
| MISCELLANEOUS | 2,500 | 2,500 | 13 | 1,100 | (1,400) | -56.0% | 0 | 0.0% |
| TOTAL | \$29,200 | \$26,800 | \$4,411 | \$21,500 | (\$5,300) | -19.8% | \$2,400 | 9.0% |

*All amounts rounded to the nearest dollar.

MEMBER SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|---------------------|--------------------|---------------------|--------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$5,973,011 | \$5,259,951 | \$5,973,287 | \$5,679,400 | \$6,231,376 |
| Total Agency Temp Salaries | 0 | 0 | 37,000 | 0 | 0 |
| Employee Benefits (Variable) | 3,275,270 | 2,793,049 | 3,639,900 | 2,983,400 | 3,925,972 |
| Employee Benefits (Other) | 367,397 | 373,194 | 383,245 | 375,600 | 399,401 |
| OPEB Contribution | 180,351 | 202,477 | 203,383 | 208,600 | 221,347 |
| OPEB Contribution (Budget Surplus) | 0 | 180,351 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 133,800 | 221,062 | 174,000 | 259,900 | 214,200 |
| Bilingual Bonus | 16,800 | 11,400 | 16,800 | 8,800 | 16,800 |
| Sick Leave Buyback | 15,000 | 12,569 | 0 | 0 | 0 |
| Rideshare Allowance | 10,000 | 0 | 15,000 | 17,700 | 15,000 |
| Transportation Allowance | 0 | 0 | 10,000 | 0 | 10,000 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 21,700 | 0 | 8,000 | 9,000 | 11,500 |
| Office Supplies & Equipment | 12,500 | 1,972 | 5,000 | 2,500 | 4,000 |
| Educational Expenses | 16,500 | 150 | 11,300 | 8,900 | 11,200 |
| Miscellaneous | 4,800 | 0 | 2,500 | 1,100 | 2,500 |
| TOTAL OPERATING BUDGET | \$10,027,130 | \$9,056,175 | \$10,479,414 | \$9,554,900 | \$11,063,296 |

*All amounts rounded to the nearest dollar.

QUALITY ASSURANCE & METRICS

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

To provide the promised benefits to our members in a timely and accurate manner by training and monitoring staff's quality and improving our business processes.

INTRODUCTION

The Quality Assurance & Metrics Division (QA) performs three main functions in service to LACERA's Member Operations Group (MOG), which are those divisions that provide retirement benefit services to LACERA's members. In order to deliver these services, QA is divided into three main units:

- **Quality Auditing:** Providing independent transactional audits of work processed by MOG staff for our members.

QA independently reviews and reports on the benefit-related business transactions performed by the MOG. The accuracy and completeness of business transactions are measured by audit parameters established by QA and the Executive Office after consultation between QA and audited divisions. QA compiles an annual report to the Operations Oversight Committee of the Board of Retirement regarding the overall accuracy and quality of the preceding fiscal year's member transactions.

QA reviews audit parameters with the auditee divisions annually so QA can audit cases based primarily on risk. These parameters include:

- **Audit Criteria:** These are the standards against which the quality of transactions is measured, based on LACERA's policies and procedures, as well as governing laws and regulations.
- **Audit Risk Levels:** This is a ranking of the magnitude of a particular transaction's risks to LACERA or its member. Various risk-related

characteristics are associated with each risk level. Risk levels help QA auditors triage cases for risk-based sampling and workload management. Risks are developed in conjunction with QA, the audited division, the Member Operations Group AEO, and Internal Audit.

- *Audit Sampling Plan*: Auditors apply a pre-determined sampling methodology when selecting cases to be audited for each audited group of transactions.
- *Audit Workflow*: To conduct its audits, QA uses a series of standardized steps designed to test the transaction's quality at appropriate points in the process.
- **Technical Training**: Providing in-depth technical benefits training for MOG staff, from new hires to veterans. The key initiatives of this training program are:
 - Core Benefits Training for newly hired Retirement Benefits Specialists and others who may benefit from entry-level retirement benefit specialist training.
 - Ad hoc training on various topics at the request of the MOG divisions.
 - Advanced CERL Education (ACE) to help increase the analytical and advanced processing skills of specialists to prepare them to perform the most complex work at the level of RBS III or higher.
 - QA Staff Development Training

For the first time since its inception the 2022 CORE Benefits Training program consisted of two simultaneous classes with 10 and 13 participants, who were trained and evaluated by nine QA instructors on 23 Benefits processes. The trainees processed over 1,500 cases with an overall accuracy of 96.68 percent during the production periods (All training production work was checked 100 percent before being finalized.)

The CORE Benefits Training program took place over 10 months, alternating classroom instruction and practice with periods of actual processing of member requests. Training materials were reviewed and updated before each session to reflect changes in the retirement law, LACERA's business policies, and LACERA's Systems processing.

As part of the proposed "Superior Member Experience" Priority, we are revamping the Core Benefit Training Program to include the use of mock calls, role-playing, and other customer service training so that every module covering the back-office processing of work will conclude with training to help relate that process to our members through member calls and face-to-face counseling. This will ensure we are providing Specialists who are able to serve in a hybrid capacity in both Benefits and Member Services.

FY 2023-2024 will see the first iteration of the revised course structure. To help alleviate staffing shortages in all MOG divisions and leverage the available QA staff, for the next upcoming Core Benefits Training, QA plans to train one large class of approximately 26 trainees. We plan to provide approximately 7 to 10 months of immersive classroom training on both Core Benefits and Member Services processes. This will be followed by about five months of combined Member Services and Benefits production work. QA will audit 100 percent of the Benefits production work. We believe that the immersive training approach will help accelerate the transition of the trainees from the training environment to the true production environment. Until sufficient QA vacancies are filled and ramped up to full productivity, QA will make use of overtime to keep pace with its growing workload.

QA has been developing e-learning modules to broaden our blended learning approach, using Udemy, and other desktop software tools. Future training will employ a combination of interactive learning complemented with face-to-face learning, as well as easily accessed refresher information. We continually evaluate our training programs to ensure we are providing the most comprehensive training in the shortest time frame possible to effectively train Specialists and improve their ability to service members.

Between 2021 and 2022, QA did not conduct Advanced CERL Education (ACE) training due to COVID exigencies as well as staff shortages, but refresher training for veteran staff was conducted. For FY 2021-2022, refresher training for veteran staff was provided covering account analysis, redeposits, and general-to-safety transfers.

- **Special Projects:** Special projects as assigned by the Executive Office and consistent with QA's independent quality assurance function.

QA engages in special projects assigned by the Executive Office that are appropriate for QA's skills and resources and do not compromise QA's standards of independence, objectivity, and professional ethics. For example, QA Senior Quality Auditors analyze, test, and validate new procedures, calculations, legislation, and system benefit calculation programming, such as beta testing the benefit calculation engine, validating mass contribution rate changes, validating member account adjustments for the felony conviction process, and analyzing new County pay codes. Pay code analysis can take from 90 minutes to several weeks for each batch of new pay codes, depending upon availability of information and the extent of coordination needed between LACERA's Quality Assurance Division, Legal Division, and Executive Office, as well as Los Angeles County's Auditor Controller and Executive Office. The Quality Analysts also performed annual census testing of 30 randomly selected member records. The PEPRAs embedded pay codes testing, Alameda project, and PEPRAs final compensation testing are in process.

Quality Assurance also collaborates with other divisions to facilitate data cleanup projects as directed by LACERA's strategic goals.

Expanding the Scope of Quality Auditing

QA has surveyed its partners in the MOG and identified at least 20 processes that are currently not audited by QA that carry sufficient risk to warrant QA's testing. Given that QA's currently available 10 auditors are able to audit 17 processes, the expansion of QA's audit scope would require a multi-year effort. We propose implementing 5 to 10 new process audits per fiscal year, assuming all vacant budgeted positions are filled. This rate of expansion is subject to the availability of new QA auditors in the coming years, and the staffing needs for this scope expansion effort will need to be assessed as these efforts progress.

The following is a partial list of processes that QA plans to audit in the future as resources become available:

- Death legal transactions like legal splits, retired deaths, power of attorneys, and levies
- Exceptions team transactions like withdrawals, tax, error reports, plan changes, IOB postings (excess contributions), recalculations of previous service and temporary time
- Payroll Unit transactions like disability reciprocity and payroll adjustments
- Account Integrity Section transactions like death notifications, Benefit Protection Unit transactions and verifications, new enrollments, and various data entry transactions not yet audited.
- Process Management Group transactions like business rule updates, special projects, systems implementations, and felony forfeitures
- Account Settlement Unit transactions like complex collection cases, required minimum distribution administration, and internal collection administration processes.
- Correspondence Unit transactions and administrative processes
- Member Services Quality Control Unit transactions and administrative processes

In addition to traditional transactional testing, QA will be working with the MOG divisions to undertake call monitoring to help support the quality of LACERA's service to its members as delivered through the Call Center and possibly other future channels of communication. By moving this function from within Member Services to QA, LACERA hopes to promote greater independence and objectivity in the call monitoring program, as documented in Internal Audit recommendations. To facilitate this transition, the MSQC team and QA reviewed the current Member Services process and determined that it is currently being managed by approximately two full-time equivalents (FTEs). Accordingly,

two new Quality Auditor II positions are projected to be needed and will be requested in a future budget year to ensure that QA has sufficient staff to accommodate the Call Center monitoring functions. This is over and above QA's existing five vacant positions, which are needed to further expand QA's audit scope as discussed above.

Supporting Strategic Initiatives in FY 2023-2024 and Beyond

Quality Assurance is partnering with the development team for the case management system. Quality Assurance is contributing subject matter experts to work on the development of the new first payment process and will be conducting user acceptance testing throughout the various stages of the implementation.

In support of LACERA's strategic focus on continuously improving our members' customer service experience, has been working with its partners throughout LACERA, especially Benefits, Member Services, and Communications, to undertake the development and implementation of an organization-wide system of customer surveys covering both internal and external customers. These efforts will be folded into the proposed Member Experience Council.

Below is a list of other initiatives planned for FY 2023-2024 are reflected below:

| Project | Division Served | Project Objective | Timeframe |
|--|------------------------------|--|------------------|
| Case Management: Phase 1 Retirement Process | Benefits | Implement automated workflow in case management system with interface to standalone QA processes | 2023-2024 |
| Case Management: Phase 2 Retirement Process | Benefits | Integrate QA auditing processes into case management system | 2023-2024 |
| Implement Hybrid New Specialist Training to replace Core Benefits Training | Benefits and Member Services | Restructure new specialist class starting in 2023, and refine training using advanced tools in 2024-2025 | 2023-2025 |
| Transition to risk-based sampling | Benefits | Adopt risk-based sampling upon implementation of risk-based risk data collection and case management metrics | 2023-2025 |

Future Special Projects

QA will collaborate with the MOG Divisions on new special projects, such as additional Alameda project testing, PEPRA embedded earnings testing, FAC testing, organization-wide member surveys, other internal/external party surveys, and the case management system implementation.

Implementing 2021 Internal Audit Recommendations

A 2021 Internal Audit recommendation suggested that LACERA can increase the independence of the quality assurance operations by removing QA organizationally from the Member Operations Group. The Executive Office will be forming a work group with SME from Human Resources, Benefits, Internal Audit, and Quality Assurance to develop plans to fulfill the IA recommendations. This is a significant effort that includes separating Quality Assurance from the Member Operations Group vertical management structure and moving it to the Business Services Group. This will include developing plans to break off the Process Management Group (PMG) in Benefit into a new division and moving the QA Technical Training unit to PMG.

In preparation for this QA's Senior Quality Auditor responsible for the training function will be developing the project plan in conjunction with PMG to manage the transition and to organize the program and the new training unit within PMG.

STAFFING REQUEST

QA has five existing staff vacancies—three Senior Quality Auditors and two Quality Auditor IIs. To better match resources to QA's key functions, QA will seek to fill two Senior Quality Auditor positions to ensure sufficient supervision of the QA audit staff, and then use the remaining vacancies to further increase audit staffing. Once these vacancies are filled, QA plans to utilize new metrics reports developed for QA to determine future staffing needs. Given our current vacancies, we will not be requesting any additional staffing this fiscal year.

In light of increased member transactions and the existing QA staff shortages, the QA budget request includes \$11,500 for overtime, which is for nonexempt staff who support the various QA functions, especially during the peak retirement season.

QA utilizes a number of administrative, production, and timekeeping reports that are generated for management in QA and the MOG, and for the Executive Office. Currently, these reports involve inefficient and unreliable excel worksheets. In this budget request, we are hoping to recruit one intern or professional student worker with Excel, Power BI, and SharePoint knowledge and experience to help improve the existing reports and data sets. This individual will also help organize QA's electronic and physical files.

Investing in our People:

One of the goals assigned to the Member Operations Group for the current fiscal year is to review each job classification within our operational control and develop a list of skill competencies and training that would be beneficial to those within those classifications. The results of this project will help us support our "Investing in People" strategic priority

by having an assessment that we can use to develop future training programs. This will also help us create individual development plans for staff.

SERVICES AND SUPPLIES

Our request for Services and Supplies has decreased based on divisional restructuring for lean operating efficiency, the increased use of paperless remote working tools, and changes from physical travel to online training for staff.

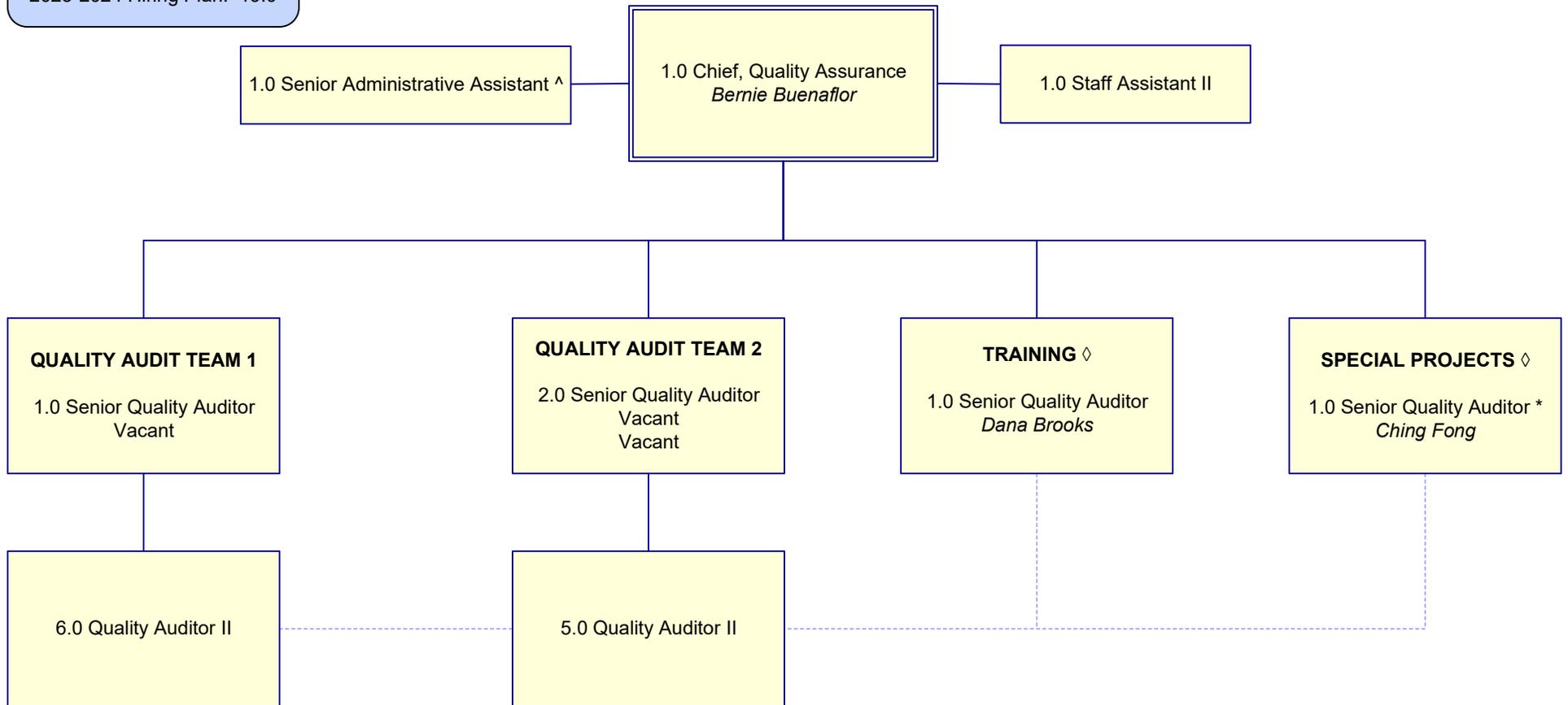
Educational expenses have been reduced overall to account for savings from LACERA's production-focused priorities over the last few years and from lower-than-budgeted staff levels. As QA updates its job training requirements and as staffing levels increase, more classes will be introduced within a structured QA staff development program that can better prepare both current and future QA auditors to serve LACERA's quality control needs. These include foundational courses, such as the following training for QA's auditors:

- Institute of Internal Auditors Audit Standards
- Audit Report Preparation and Audit Communication
- Audit Sampling
- Controls Self-Assessment
- Root Cause Analysis

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 19.0
 2022-2023 Hiring Plan: 19.0
 2023-2024 Bud. Pos.: 19.0
 2023-2024 Hiring Plan: 19.0



* Classification study for the position requested.

^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

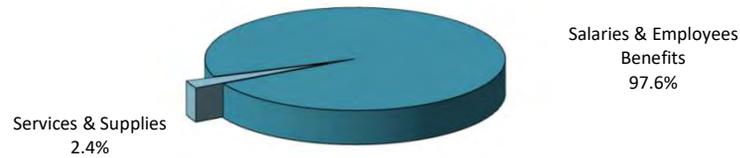
◇ In addition to the quality audit, QA Auditors conduct training and work on special projects, which are coordinated by the QA Sr. Auditor for Training and the QA Sr. Auditor for Special Projects, respectively.

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

QUALITY ASSURANCE

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|------------|---|-----------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$3,301,232 | \$2,830,468 | \$1,416,168 | \$2,754,200 | (\$76,268) | -2.7% | \$470,764 | 16.6% |
| Services & Supplies | 82,100 | 87,900 | 4,812 | 68,100 | (19,800) | -22.5% | (5,800) | -6.6% |
| OPERATING BUDGET | \$3,383,332 | \$2,918,368 | \$1,420,981 | \$2,822,300 | (\$96,068) | -3.3% | \$464,964 | 15.9% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$1,885,279 | \$1,607,869 | \$847,544 | \$1,590,200 | (\$17,669) | -1.1% | \$277,410 | 17.3% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 1,213,448 | 1,009,017 | 473,878 | 963,700 | (45,317) | -4.5% | 204,431 | 20.3% |
| Employee Benefits (Other) | 120,837 | 123,397 | 56,778 | 121,000 | (2,397) | -1.9% | (2,560) | -2.1% |
| OPEB Contribution | 66,968 | 65,485 | 37,519 | 69,300 | 3,815 | 5.8% | 1,483 | 2.3% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 11,500 | 21,500 | 449 | 10,000 | (11,500) | -53.5% | (10,000) | -46.5% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 1,000 | 1,000 | 0 | 0 | (1,000) | -100.0% | 0 | 0.0% |
| Rideshare Allowance | 2,200 | 2,200 | 0 | 0 | (2,200) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$3,301,232 | \$2,830,468 | \$1,416,168 | \$2,754,200 | (\$76,268) | -2.7% | \$470,764 | 16.6% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$3,301,232 | \$2,830,468 | \$1,416,168 | \$2,754,200 | (\$76,268) | -2.7% | \$470,764 | 16.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

QUALITY ASSURANCE

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|---|---------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00780A | CHIEF, QUALITY ASSURANCE | 1 | LS12 | 17,116 | 205,394 | | | |
| 00798A | SENIOR QUALITY AUDITOR | 2 | 108G | 20,306 | 243,666 | | | |
| 00797A | QUALITY AUDITOR II | 9 | 103E | 81,547 | 978,569 | | | |
| 00427A | STAFF ASSISTANT II | 1 | 94L | 6,122 | 73,465 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 6,840 | 82,080 | | | |
| POSITIONS | | 14 | | | 1,583,174 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00798A | SENIOR QUALITY AUDITOR | 3 | 108G | 7,420 | 89,040 | | | 133,560 |
| 00797A | QUALITY AUDITOR II | 2 | 103E | 6,448 | 77,371 | | | 77,371 |
| | | | | | | 0 | 0 | 210,931 |
| POSITIONS | | 5 | | | 210,931 | | | |
| TOTAL POSITIONS | | 19 | | | | | | |
| GROSS SALARIES | | | | | 1,794,105 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 26,912 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | 10,202 | | | |
| BONUS | | | | | 54,060 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,885,279 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|------------------------------|---------------------------|----------------|-----------------|---|---------------|---|--------------|
| | | YTD | | | OVER/(UNDER) | | OVER/(UNDER) | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | \$ CHANGE | % CHANGE |
| TRANSPORTATION & TRAVEL | \$9,600 | \$12,000 | \$1,990 | \$6,300 | (\$5,700) | -47.5% | (\$2,400) | -20.0% |
| OFFICE SUPPLIES & EQUIPMENT | 1,000 | 1,000 | 268 | 600 | (400) | -40.0% | 0 | 0.0% |
| PROFESSIONAL & SPECIALIZED SERVICES | 55,000 | 50,000 | 0 | 50,000 | 0 | 0.0% | 5,000 | 10.0% |
| EDUCATIONAL EXPENSES | 16,300 | 24,500 | 2,555 | 11,000 | (13,500) | -55.1% | (8,200) | -33.5% |
| MISCELLANEOUS | 200 | 400 | 0 | 200 | (200) | -50.0% | (200) | -50.0% |
| TOTAL | \$82,100 | \$87,900 | \$4,812 | \$68,100 | (\$19,800) | -22.5% | (\$5,800) | -6.6% |

*All amounts rounded to the nearest dollar.

QUALITY ASSURANCE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$1,821,199 | \$1,432,437 | \$1,607,869 | \$1,590,200 | \$1,885,279 |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits (Variable) | 1,090,338 | 827,081 | 1,009,017 | 963,700 | 1,213,448 |
| Employee Benefits (Other) | 117,634 | 118,337 | 123,397 | 121,000 | 120,837 |
| OPEB Contribution | 57,745 | 58,878 | 65,485 | 69,300 | 66,968 |
| OPEB Contribution (Budget Surplus) | 0 | 57,745 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 21,300 | 264 | 21,500 | 10,000 | 11,500 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 1,000 | 0 | 0 | 0 | 0 |
| Rideshare Allowance | 2,200 | 0 | 1,000 | 0 | 1,000 |
| Transportation Allowance | 0 | 0 | 2,200 | 0 | 2,200 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 12,000 | 0 | 12,000 | 6,300 | 9,600 |
| Office Supplies & Equipment | 2,000 | 235 | 1,000 | 600 | 1,000 |
| Professional & Specialized Services | 50,000 | 50,000 | 50,000 | 50,000 | 55,000 |
| Educational Expenses | 19,500 | 6,119 | 24,500 | 11,000 | 16,300 |
| Miscellaneous | 400 | 0 | 400 | 200 | 200 |
| TOTAL OPERATING BUDGET | \$3,195,316 | \$2,551,097 | \$2,918,368 | \$2,822,300 | \$3,383,332 |

*All amounts rounded to the nearest dollar.



SYSTEMS DIVISION

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

The Systems Division (Systems) oversees all aspects of information technology for LACERA. Systems provides technology support services and creates innovative application solutions to assist the organization in meeting our commitment to protect, produce, and provide the promised benefits to our members.

INTRODUCTION

In support of LACERA's mission to strengthen, modernize, and build a world-class technological infrastructure, Systems has implemented new remote computing capabilities, cloud-hosted services, better systems redundancies, and stronger cybersecurity features. This budget request for FY 2023-24 showcases the division's ongoing dedication to delivering exceptional support to our internal clients and offering more self-service options for LACERA members. This budget will also provide the division with the necessary resources to work with the Information Security Office to address cybersecurity threats and enhance our cybersecurity program.

FY 2022-23 ACCOMPLISHMENTS

The Systems Division has continued to modernize LACERA's technology infrastructure and implement automated business solutions for greater efficiency. Our three information technology sections—Business Solutions, Project Management Office, and Infrastructure—are engaged, working effectively, and making an impact on the organization. Here are the projects we have completed so far this year:

Appointment Scheduling Solution: Systems worked closely with Member Services to implement QFlow, an appointment scheduling and queuing solution that supports both onsite and virtual appointments.

Automated Death Benefits Processing: LACERA expanded the automation of death claim forms to include retired members with no surviving spouse. The automation replaced a manual process with a streamlined workflow that automatically mails member-specific forms and requests to beneficiaries as well as followup correspondence until all necessary forms are completed and signed and all supporting documentation is submitted.

Boardroom Audio/Visual Improvements: Systems upgraded the audio and visual equipment in LACERA's boardroom to further enhance our ability to support onsite and hybrid board meetings. The equipment upgrades include replacing the older voting kiosks with current workstations and touchscreen panels and improved microphones with visual queues to distinguish muted and unmuted mics. Programmatic changes also allow Trustees attending onsite to maintain an individual tile during the Zoom meeting broadcast, which facilitates a more professional experience.

Call Center Improvements: Systems worked closely with Member Services to enhance our Amazon Web Services (AWS) Call Center solution to include a callback request feature for members on hold, the ability to announce call wait times, automation of Call Center holiday processing, an emergency access console, an after-call survey for Call Center interactions, and a My LACERA support queue.

Hardware Asset Management Solution: LACERA has implemented a cloud-based solution for hardware asset management (HAM). This low-code solution automates the tracking of assets throughout their lifecycle—from procurement to disposal—and has mobile capabilities for asset inventory auditing, remote asset receiving, and asset disposal scanning. The use of this solution replaces a tedious manual process.

My LACERA Multi-Factor Authentication: LACERA implemented multi-factor authentication (MFA) for resetting passwords and accessing My LACERA from unrecognized devices. My LACERA previously relied on user-selected challenge questions to authenticate users who forgot their passwords or attempted to access My LACERA from an unrecognized device.

Online Disability Application: LACERA developed an online disability retirement application on My LACERA to facilitate member self-service, improve the member experience, and streamline the intake of disability retirement applications.

IRS Tax Form Change Implementation: LACERA implemented new tax tables as well as a revised version of the Federal Withholding Certificate for Pension & Annuity Recipients, published by the IRS. Workspace, My LACERA, and lacera.com were updated to support the new tables and forms.

ServiceNow Implementation: Systems selected ServiceNow, a cloud-based IT service management tool, to improve how the division manages IT incidents, problems, requests, and knowledge. Phase 1 of the ServiceNow implementation was completed and provides automation and tracking for all requests coming into the Systems Helpdesk. Future phases of the project will introduce sophisticated automation for routine IT requests as well as Human Resources case management that automates HR workflow and integrates HR onboarding and offboarding with the Systems Division IT service management tool.

We also have the following projects in progress:

Automated Budget Solution: LACERA has historically relied upon Excel spreadsheets and manual processes for developing and managing the association's budget. LACERA released a Request for Proposals (RFP) for an automated budget solution in 2022. After an extensive RFP and selection process, the Board of Retirement approved the selection of Questica on October 6, 2022. The implementation of Questica is in progress, and we anticipate full implementation in Summer 2023. Our goal is to use the new system for the development of the FY 2024-25 budget.

Case Management Phase 1: In May 2022, the BOR approved LACERA's recommended vendor, Eccentex, to partner with LACERA to develop our case management system. Eccentex was selected after an extensive review of 13 vendor proposals received from our RFP. The first phase of the case management project includes Disability Retirement Services, the Disability Litigation Office, and Benefits' first payment process. We expect Phase 1 to be completed by June 2023.

Data Lake: LACERA is creating a data lake to provide a single source of accurate and accessible enterprise data and a process for using this data. LACERA currently leverages multiple systems to create reports for data analysis. These reporting systems follow a traditional reporting process: A user requests information from Systems and a report is prepared and scheduled for them. While traditional reporting will continue to be supported, the data lake project will facilitate the creation of dashboards to replace most traditional reports and provide data to power users so that they can create their own dashboards. We are currently completing the first phase of this project, which includes building the infrastructure and framework of LACERA's data lake. The second phase of the project involves the conversion of legacy reports and creating new reports and dashboards for LACERA's business divisions. Phase 2 will begin in April 2023 and is expected to be completed in Fall 2023. Phases 3 and 4 of the project involve standardizing, documenting, and optimizing the data lake and the process and are expected to be completed by June 2024.

Enterprise Contract Lifecycle Management (ECLM): LACERA has procured an ECLM solution from Cobblestone. This solution will automate the development, approval, and management of contracts and RFPs at LACERA. We expect the implementation to be completed in summer 2023.

Form 700 Automation: LACERA has procured an automated solution for Form 700 submission and tracking from Granicus. This solution will automate a tediously manual task for trustees and LACERA staff. We expect the implementation of the Granicus solution to be completed by April 2023.

Human Resources (HR) Digitization: LACERA is currently converting paper Human Resources' personnel, payroll, medical, and classification files to electronic files to allow quick retrieval of documents by a hybrid workforce, shared access to information, and an audit trail of document access. The HR digitization project team decided to leverage a product that is already implemented at LACERA for this effort: Microsoft SharePoint. The paper files are currently being scanned and indexed into SharePoint. We expect this project to be completed in summer 2023.

Human Resources (HR) Case Management: In December 2022, the Information Technology Coordination Council approved a case management project for Human Resources. Funding for the project was approved during the FY 2022-23 midyear budget adjustments. The HR Project team selected ServiceNow's HR module for their case management solution, and they are currently selecting a ServiceNow business partner to implement and customize the ServiceNow Human Resources module. We expect the implementation to be completed in summer 2023.

LACERA Incident Response Team (LIRT) Incident Management Solution: In December 2022, the Information Technology Coordination Council approved a LIRT incident management solution project to automate the tracking of LACERA incidents. The LIRT project team decided to leverage a product that is already implemented at LACERA: ServiceNow Information Technology Service Management (ITSM). LACERA is currently selecting a business partner to customize the incident workflow of ServiceNow ITSM to support LACERA's process. We expect this project to be completed in June 2023.

Policy Management Solution: In September 2022, the Information Technology Coordination Council approved a policy management project to automate the creation, review, approval, and maintenance of LACERA policies as well as track the versions and acknowledgement of policies. Funding for this project was included in the FY 2022-23 budget. The policy management project team issued a Request for Quote (RFQ) and is currently reviewing quotes submitted by interested vendors and consultants.

Pre-Paid Bank Card Integration: LACERA is in the final vendor evaluation phase for pre-paid bank card solutions for monthly benefit payments. The goals of this project are to provide a lower cost alternative to issuing checks for those participants without a banking relationship, to create a more reliable payment process in the event of a disaster that impacts the ability to mail monthly paper checks, and to reduce or eliminate paper checks that are mailed to one-time payees. The integration of this service is expected to be completed by fall 2023.

Procurement and Accounts Payable Solution: LACERA has procured a procurement and accounts payable solution that integrates and automates purchasing and accounts payment for greater efficiencies. Administrative Services, Financial and Accounting Services (FASD) and Systems divisions have been collaborating to implement this solution to improve our current processes. We expect to implement the solution in phases starting in summer 2023.

PERMANENT STAFFING

The Systems Division is continuing to evaluate and make the appropriate staffing adjustments necessary to ensure we have the proper resources to meet our commitments, support LACERA's mission, and to create the most efficient, productive, and secure enterprise.

Systems is requesting the removal of one position that is no longer needed and the addition of one position that appropriately supports LACERA's operations. There is no net change in the number of positions; we are requesting 62 budgeted positions for FY 2023-24, with the following changes:

- We are requesting that one position, Information Systems Manager I, be removed and replaced with one position, Information Technology Manager I, who will join the Project Manager Office to manage the development of new technology projects at LACERA.

| | |
|---------------------------------------|-----|
| Positions Requested for FY 2023-2024: | 1 |
| Positions Removed FY 2023-2024: | (1) |
| Net Change: | 0 |

TEMPORARY STAFFING

The Systems Division uses temporary staffing for two reasons: to fill a temporary gap in skillsets for a limited amount of time and to acquire essential technical resources on a temporary basis while waiting for competitive exams to be opened. Most of our current temporary staffing fall into the second category. They are performing work that will be performed by permanent staff members once the permanent positions are filled. These temporary staff members have the technical skills needed to support our IT operations, and we hope they will apply for the positions when they open.

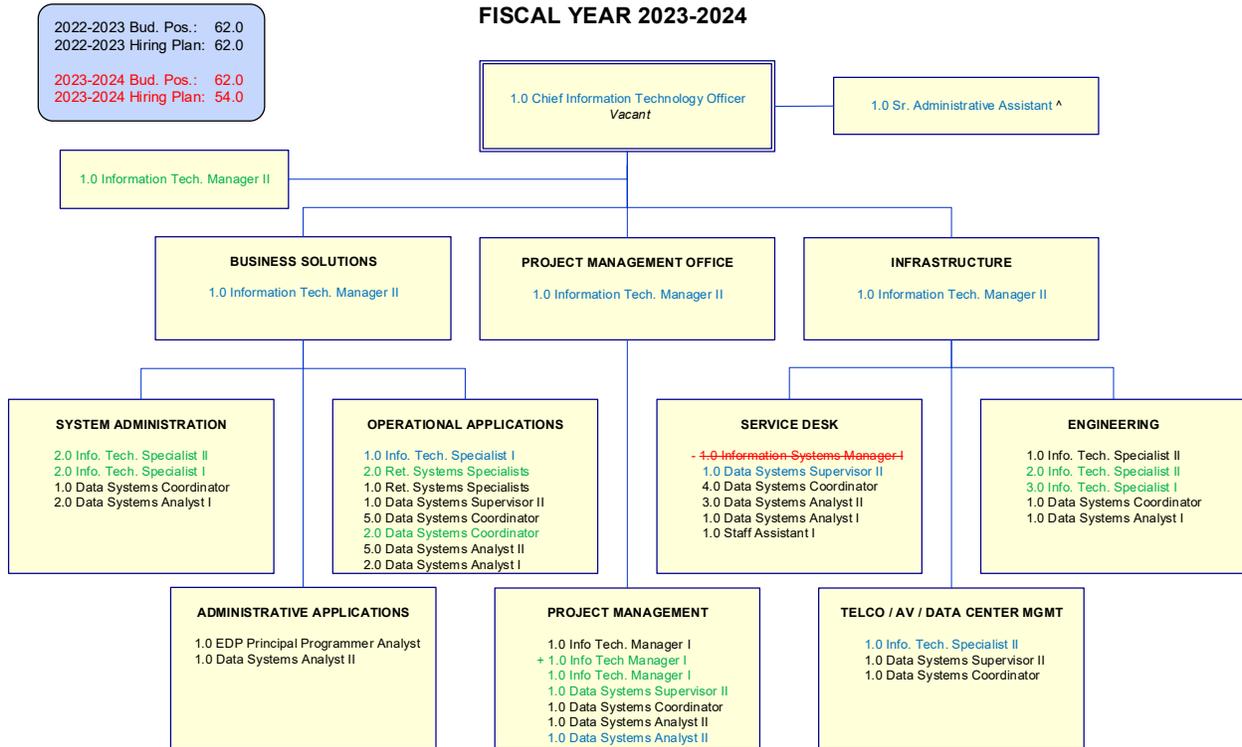
While we have had vacancies in Systems for a long time, Human Resources has developed a hiring plan that includes our vacancies. We currently have 26 vacancies in Systems. During the remainder of FY 2022-23 and FY 2023-24, the Human Resources hiring plan includes filling 21 of these positions. The 21 positions anticipated to be filled include:

- Chief Information Technology (1)
- Retirement Systems Specialist (2)
- Information Technology Manager II (3)
- Information Technology Specialist I (8)
- Information Technology Specialist II (7)

We expect these positions to be filled by temporary staff members who are transitioning to permanent employment, permanent staff members who are getting promoted, and external recruits who are joining LACERA as new employees. As this hiring plan is executed, we plan to reduce our use of temporary employees. The following chart illustrates the vacancies in Systems: the positions in blue text are vacant; the positions in green text are vacant and are currently filled by a temporary employee:

SYSTEMS DIVISION

FISCAL YEAR 2023-2024



+ Added position
 - Deleted position
 ^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).
 Blue Text are vacant
 Green Text are vacant and the duties are being performed by temporary staffing

INTERNS

The Systems Division is requesting three interns: one for each of our major information systems sections. Our goals for hiring interns are to provide meaningful work to students who are studying Information Technology, obtain energetic resources with a new perspective for short-term projects, and find qualified candidates to permanently join our division.

OVERTIME

The overtime budget is primarily allocated for

- After-hour system maintenance and upgrades
- Emergency system support
- Support for Saturday Member Services and Benefits operations
- Support for extended office hours during peak months

- Continued development and post-implementation support for the following new systems: Phase 1 of Sol, our case management solution; Questica, our automated budget solution; Cobblestone, our contract management solution; and Certify, our automated accounts payable solution
- Development and implementation support for Phase 2 of Sol

Staff Development

The Systems Division intends to place a priority on developing technical mastery and building professional relationships. Staff will be offered training to further develop their skills, knowledge, and abilities as well as conferences to exchange information with their peers at other associations. With the implementation of new technology, we will also train staff to administer and support the new solutions as needed. While we have leaned heavily on online, virtual training during the pandemic and understand the efficiencies of this training model, we plan to take advantage of in-person opportunities going forward to make sure LACERA is in touch with our peers and is not advancing our technology in isolation.

SERVICES AND SUPPLIES

LACERA's budget aggregates all information technology expenditures, including those that are division-specific, within Systems' budget. This provides centralized technology services to all divisions, sets LACERA's technology standards, and coordinates and governs organization-wide technology-related initiatives to improve planning and technology investments decisions.

The Systems Division's services and supplies budget is intended to support the needs of the entire organization, and contains the following major components:

- Planning: Ensure LACERA's IT processes support the organization's overall strategic plan; consolidate fragmented infrastructure and network appliances; develop and update standard operating procedures; expand enterprise solutions; and redesign the delivery of services
- Maintenance: Product support, licensing fees, ongoing and established operational costs, etc.
- New Projects: Requirements gathering, workflow understanding and optimization, allocation for new systems, applications, products, or services

The list of projects highlights Systems' fiscal year 2023-24 budget requests:

| Project | Total Cost (Account) | Description |
|------------------------------------|-----------------------------|--|
| Member Case Management (Phase 2) | \$760,000 | Case management continues to be a top priority for LACERA in the upcoming fiscal year. During FY 2022-23, LACERA selected a vendor for our enterprise case management solution and is currently implementing Phase 1 of the project. Phase 1 includes the disability retirement, disability appeals, and member first payment processes. The estimate in this current fiscal year is for Phase 2 of five project phases. Phase 2 will include optical character recognition (OCR) technology and focus on the legal review, administrative appeals and escalations, insurance enrollment, and felony forfeiture appeals processes. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources. The licensing costs for the case management solution will be an annual cost going forward. |
| AWS Call Center phases 7, 8, and 9 | \$300,000 | To further improve and enhance our call center operations, LACERA seeks to implement voice recognition and artificial intelligence (AI) technology to mimic the organization's secure validation process. The new features will enable the organization to simulate a member's existing basic and secure confirmation process, leverage AI to allow members to choose between the confirmation process or be placed into predefined servicing queues with designated agents, and provide enhance reporting on secure confirmation statical data. |
| Knowledge management solution | \$300,000 | LACERA seeks to purchase or build a repository and automated workflow solution for LACERA knowledge management. The solution will be a single trusted source of information that is accurate, consistent, and |

| | | |
|---|------------------|---|
| | | <p>up to date and enables the right information to be found, at the right time, by the people who need it. We currently maintain this critical enterprise content in multiple formats and on disparate systems. The same amount was requested during the FY 2022-23 budget for both policy and knowledge management; however, we have separated these two efforts. The policy solution will be completed in the current fiscal year, and the knowledge management project, which is a significantly larger effort, will begin in FY 2023-24.</p> |
| <p>Telecommunications upgrade and hosted Contact Center</p> | <p>\$250,000</p> | <p>LACERA seeks to modernize our existing telecommunications infrastructure. This funding is requested to support LACERA’s telecommunications strategy both for our Pasadena office and to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and pension administration system. The same amount for this project was requested during the F Y 2022-23 budget; however, this project was deferred to focus on implementing improvements to the current AWS Call Center solution (member callback feature)</p> |
| <p>Teams room conversion</p> | <p>\$225,000</p> | <p>As part of LACERA’s IT modernization effort, Systems is converting all LACERA conference rooms to Microsoft Teams-enabled meeting rooms. Once completed, each conference room will provide a rich and collaborative Teams meeting experience that is simple to use and supports LACERA’s flexible hybrid work environment by enabling remote participants to see and hear everyone in the room. There are 15 conference rooms that need to be converted: Six of these conference rooms will be converted in FY 2022-23. The budget for FY 2023-24 is to convert the remaining nine rooms.</p> |

| | | |
|--|-----------|--|
| Facilities management solution | \$150,000 | The Administrative Services Division seeks to implement an enterprise facilities management software solution to replace our current tediously manual processes. The new system will ensure that the organization can properly manage the health and safety of our work environment while enhancing our ability to improve maintenance, cleaning, and space change requests. |
| Uninterruptible power supply (UPS) upgrade | \$150,000 | LACERA seeks to replace the end-of-life UPS units that provide critical backup power to LACERA's data centers and boardroom during outages. This funding is requested to redesign and replace the existing units to create a redundant power system. The project was previously requested during the FY 2022-23 midyear adjustments; however, it was deferred due to supply chain constraints. |
| Legal matters management system | \$150,000 | The Legal Division seeks to implement an enterprise legal matters management software solution to replace our current tediously manual processes. The new system will ensure that the division can properly facilitate remote work and streamline workflows, time tracking, and document management processes. |
| Keycard reader upgrades | \$100,000 | LACERA seeks to replace the current keycard readers that provide physical access to all LACERA suites with a modern solution that allows better customization and safety enhancements. |
| Professional consulting services for Great Plains integrations | \$100,000 | As LACERA continues to implement various enterprise software solutions such as hardware asset management, contract management, budgeting, and accounts payable, funding is needed for professional services to ensure these applications integrate seamlessly with our current general ledger system, Great Plains. |
| Benefits PBI upgrade | \$100,000 | The Benefits Division seeks to replace their current end-of-life member/beneficiary research system. The new system will |

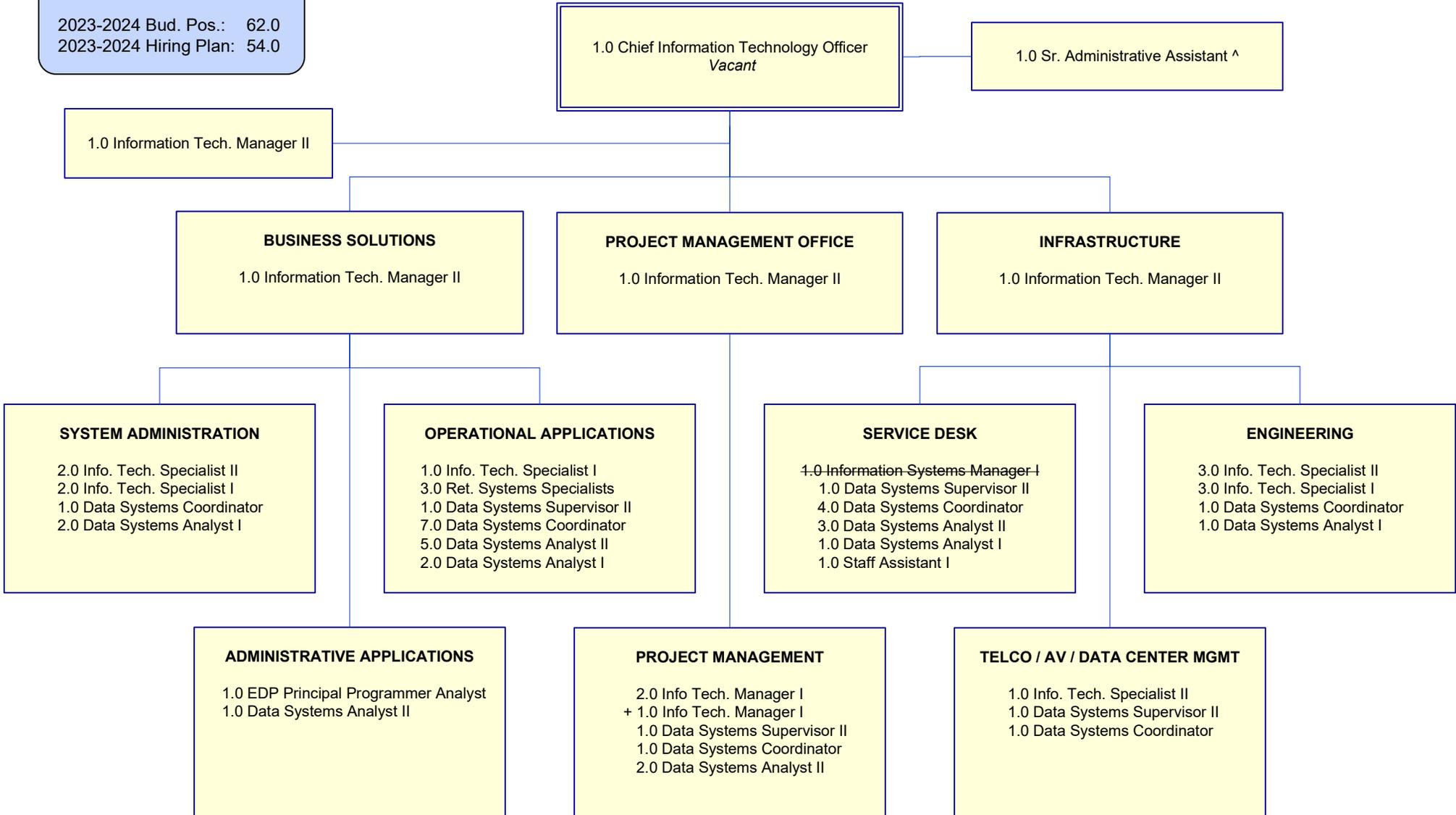
| | | |
|------------------------------------|----------|--|
| | | ensure that the organization can quickly and accurately identify deceased members and locate or identify the beneficiary to fulfill our fiduciary responsibilities and pay out the owed benefits. |
| Investments due diligence solution | \$30,000 | The Investments Division seeks to implement a due diligence solution, such as DiligenceVault. The new system will automate the analysis of manager and fund data as part of the due diligence processes. |

SYSTEMS DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 62.0
2022-2023 Hiring Plan: 62.0

2023-2024 Bud. Pos.: 62.0
2023-2024 Hiring Plan: 54.0



+ Added position

– Deleted position

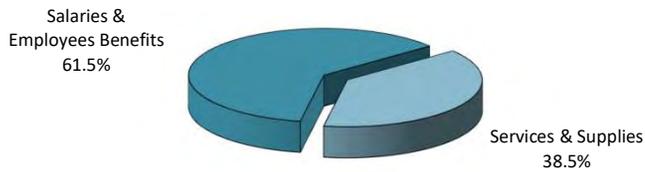
^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

LACERA
FISCAL YEAR 2023-2024
BUDGET SUMMARY

SYSTEMS DIVISION

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|--------------|---|---------------|---|-------------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$14,681,722 | \$14,122,286 | \$6,293,162 | \$12,392,900 | (\$1,729,386) | -12.2% | \$559,436 | 4.0% |
| Services & Supplies | 9,187,800 | 8,249,400 | 5,088,935 | 8,678,500 | 429,100 | 5.2% | 938,400 | 11.4% |
| OPERATING BUDGET | \$23,869,522 | \$22,371,686 | \$11,382,097 | \$21,071,400 | (\$1,300,286) | -5.8% | \$1,497,836 | 6.7% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$6,950,188 | \$5,534,330 | \$2,893,621 | \$5,668,700 | \$134,370 | 2.4% | \$1,415,858 | 25.6% |
| Total Agency Temp Salaries | 2,881,700 | 4,576,300 | 1,540,301 | 3,080,700 | (1,495,600) | -32.7% | (1,694,600) | -37.0% |
| Employee Benefits (Variable) | 3,907,381 | 3,212,254 | 1,415,130 | 2,768,800 | (443,454) | -13.8% | 695,127 | 21.6% |
| Employee Benefits (Other) | 445,474 | 410,601 | 189,029 | 402,400 | (8,201) | -2.0% | 34,873 | 8.5% |
| OPEB Contribution | 246,880 | 217,901 | 111,615 | 206,100 | (11,801) | -5.4% | 28,979 | 13.3% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 229,200 | 150,000 | 134,831 | 249,000 | 99,000 | 66.0% | 79,200 | 52.8% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 12,000 | 8,635 | 17,200 | 5,200 | 43.3% | 0 | 0.0% |
| Rideshare Allowance | 8,900 | 8,900 | 0 | 0 | (8,900) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$14,681,722 | \$14,122,286 | \$6,293,162 | \$12,392,900 | (\$1,729,386) | -12.2% | \$559,436 | 4.0% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$14,681,722 | \$14,122,286 | \$6,293,162 | \$12,392,900 | (\$1,729,386) | -12.2% | \$559,436 | 4.0% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

SYSTEMS DIVISION

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|------------------|--------------------------------------|--------|----------|-----------------|---------------|
| 00804A | INFORMATION TECH. MANAGER II | 1 | LS12 | 26,100 | 313,200 |
| 00803A | INFORMATION TECH. MANAGER I | 1 | LS11 | 14,004 | 168,052 |
| 00802A | INFORMATION TECHNOLOGY SPECIALIST II | 1 | 126B | 14,054 | 168,646 |
| 00460A | DATA SYSTEMS SUPERVISOR II | 2 | 119E | 26,761 | 321,135 |
| 02644A | RETIREMENT SYSTEMS SPECIALIST | 1 | 118K | 13,779 | 165,343 |
| 00453A | EDP PRINCIPAL PROG. ANALYST | 1 | 118H | 13,711 | 164,533 |
| 00469A | DATA SYSTEMS COORDINATOR | 13 | 113J | 141,263 | 1,695,161 |
| 00458A | DATA SYSTEMS ANALYST II | 10 | 108B | 99,702 | 1,196,420 |
| 00457A | DATA SYSTEMS ANALYST I | 6 | 105F | 48,658 | 583,900 |
| 00426A | STAFF ASSISTANT I | 1 | 87L | 5,958 | 71,501 |

POSITIONS 37 4,847,892

| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------|--------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00805A | CHIEF INFORMATION TECHNOLOGY (UC) | 1 | LR14 | 13,068 | 156,819 | 156,819 | | |
| 00804A | INFORMATION TECH. MANAGER II | 3 | LS12 | 11,308 | 135,701 | | 203,551 | |
| 00803A | INFORMATION TECH. MANAGER I | 2 | LS11 | 10,519 | 126,233 | | | |
| 00802A | INFORMATION TECHNOLOGY SPECIALIST II | 5 | 126B | 12,795 | 153,539 | | 575,771 | |
| 00801A | INFORMATION TECHNOLOGY SPECIALIST I | 6 | 120L | 11,118 | 133,415 | | 600,367 | |
| 00460A | DATA SYSTEMS SUPERVISOR II | 2 | 119E | 10,662 | 127,949 | | | |
| 00782A | INFORMATION SYSTEMS MANAGER I | 1 | 118L | 10,531 | 126,375 | | | |
| 00782A | INFORMATION SYSTEMS MANAGER I | (1) | 118L | 10,531 | 126,375 | | | |
| 02644A | RETIREMENT SYSTEMS SPECIALIST | 2 | 118K | 10,506 | 126,067 | | | 126,067 |
| 00469A | DATA SYSTEMS COORDINATOR | 2 | 113J | 9,151 | 109,808 | | | 109,808 |
| 00458A | DATA SYSTEMS ANALYST II | 1 | 108B | 7,854 | 94,243 | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 5,216 | 62,592 | | | |
| | | | | | | 156,819 | 1,379,689 | 235,874 |

POSITIONS 25 1,772,383

TOTAL POSITIONS 62

GROSS SALARIES 6,620,274

ANTICIPATED MOU SALARY INCREASE** 99,304

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 50,470

BONUS 25,685

120-DAY RETIREE(S) 2 154,454

TOTAL SALARIES 6,950,188

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

LACERA
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|--------------------|--------------------|---|-------------|---|--------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| COMMUNICATIONS | \$570,000 | \$535,000 | \$340,026 | \$528,500 | (\$6,500) | -1.2% | \$35,000 | 6.5% |
| TRANSPORTATION & TRAVEL | 41,600 | 4,200 | 2,925 | 8,100 | 3,900 | 92.9% | 37,400 | 890.5% |
| POSTAGE | 450,000 | 390,000 | 0 | 450,000 | 60,000 | 15.4% | 60,000 | 15.4% |
| OFFICE SUPPLIES & EQUIPMENT | 713,000 | 469,000 | 506,130 | 708,000 | 239,000 | 51.0% | 244,000 | 52.0% |
| EQUIPMENT MAINTENANCE | 730,000 | 405,000 | 110,042 | 446,000 | 41,000 | 10.1% | 325,000 | 80.2% |
| PROFESSIONAL & SPECIALIZED SERVICES | 1,540,000 | 1,359,600 | 518,971 | 1,375,600 | 16,000 | 1.2% | 180,400 | 13.3% |
| COMPUTER SERVICES & SUPPORT | 5,079,600 | 5,049,600 | 3,604,075 | 5,141,000 | 91,400 | 1.8% | 30,000 | 0.6% |
| EDUCATIONAL EXPENSES | 63,100 | 36,500 | 6,545 | 21,000 | (15,500) | -42.5% | 26,600 | 72.9% |
| MISCELLANEOUS | 500 | 500 | 221 | 300 | (200) | -40.0% | 0 | 0.0% |
| TOTAL | \$9,187,800 | \$8,249,400 | \$5,088,935 | \$8,678,500 | \$429,100 | 5.2% | \$938,400 | 11.4% |

*All amounts rounded to the nearest dollar.

** Corrections are anticipated that will result in the projected expenses being consistent with the approved budget.

SYSTEMS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$6,054,880 | \$4,686,335 | \$5,534,330 | \$5,668,700 | \$6,950,188 |
| Total Agency Temp Salaries | 2,193,100 | 3,899,919 | 4,576,300 | 3,080,700 | 2,881,700 |
| Employee Benefits (Variable) | 3,530,148 | 2,421,661 | 3,212,254 | 2,768,800 | 3,907,381 |
| Employee Benefits (Other) | 381,398 | 384,347 | 410,601 | 402,400 | 445,474 |
| OPEB Contribution | 187,224 | 169,448 | 217,901 | 206,100 | 246,880 |
| OPEB Contribution (Budget Surplus) | 0 | 187,224 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 133,300 | 171,708 | 150,000 | 249,000 | 229,200 |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 |
| Sick Leave Buyback | 12,000 | 11,693 | 0 | 0 | 0 |
| Rideshare Allowance | 8,900 | 0 | 12,000 | 17,200 | 12,000 |
| Transportation Allowance | 0 | 0 | 8,900 | 0 | 8,900 |
| SERVICES & SUPPLIES | | | | | |
| Communications | 630,000 | 584,479 | 535,000 | 528,500 | 570,000 |
| Transportation & Travel | 4,600 | 4,421 | 4,200 | 8,100 | 41,600 |
| Postage | 390,000 | 439,440 | 390,000 | 450,000 | 450,000 |
| Office Supplies & Equipment | 399,600 | 363,967 | 469,000 | 708,000 | 713,000 |
| Equipment Maintenance | 434,500 | 362,815 | 405,000 | 446,000 | 730,000 |
| Professional & Specialized Services | 1,536,600 | 1,506,719 | 1,359,600 | 1,375,600 | 1,540,000 |
| Computer Services & Support | 4,619,600 | 4,187,326 | 5,049,600 | 5,141,000 | 5,079,600 |
| Educational Expenses | 36,500 | 9,169 | 36,500 | 21,000 | 63,100 |
| Miscellaneous | 1,000 | 291 | 500 | 300 | 500 |
| TOTAL OPERATING BUDGET | \$20,553,351 | \$19,390,963 | \$22,371,686 | \$21,071,400 | \$23,869,522 |

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2024

| | Current Year | | Prior Year ACTUAL FOR FY 2021-2022 |
|--|---------------------------------|----------------------------------|---|
| | EXPENSES AS OF 12/31/2022 | PROJECTED FOR FY 2023-2024 | |
| Pension Trust Fund: | | | |
| Investment Management Fees | | | |
| U.S. Equity | \$ 2,771,854 | \$ 5,603,729 | \$ 11,508,316 |
| Non-U.S. Equity | 11,805,022 | 23,206,076 | 33,386,467 |
| Fixed Income | 2,431,795 | 23,191,603 | 38,166,125 |
| Cash and Short-Term | 159,208 | 318,415 | 307,397 |
| Mortgage Loan Services | 12,562 | 25,123 | 29,291 |
| Private Equity | 3,693,955 | 14,464,646 | 12,551,478 |
| Real Assets | 1,622,885 | 3,397,637 | 2,632,597 |
| Real Estate | 11,068,980 | 26,315,691 | 23,567,148 |
| Hedge Funds | 216,243 | 1,038,852 | 633,015 |
| Commodities | 1,715,923 | 3,431,846 | 5,203,433 |
| Total Investment Management Fees | 35,498,427 | 100,993,617 | 127,985,266 |
| Other Investment Expenses | | | |
| Consultants | | | |
| General Investment Portfolio | 122,500 | 490,000 | 514,890 |
| Private Equity | 271,431 | 1,035,181 | 1,047,682 |
| Real Estate | 96,369 | 328,569 | 378,450 |
| Other Consulting Fees | 428,208 | 856,417 | 1,019,292 |
| | 918,508 | 2,710,166 | 2,960,313 |
| Custodians | | | |
| Investment Custodian and Banking Fees | 2,087,113 | 3,000,000 | 3,695,080 |
| Mortgages | - | 5,000 | 5,000 |
| | 2,087,113 | 3,005,000 | 3,700,080 |
| Performance and Other Fees | 58,391,882 | 182,305,072 | 173,036,159 |
| Investment Management Data Services | 1,072,020 | 1,964,910 | 1,596,581 |
| Investment Legal Counsel | 1,214,680 | 2,255,000 | 1,081,799 |
| Total Other Investment Expenses | 63,684,203 | 192,240,147 | 182,374,933 |
| Total Management Fees and Other Investment Expenses | \$ 99,182,630 | \$ 293,233,765 | \$ 310,360,199 |
| Actuarial Consulting Services | 27,067 | 250,000 | 219,132 |
| Total Pension Fund Non-Administrative Expenses | \$ 99,209,697 | \$ 293,483,765 | \$ 310,579,331 |
| Retiree Health Care (RHC) Program Funds: | | | |
| Fixed Income Management Fees | \$ 51,981 | \$ 103,962 | \$ 90,402 |
| Short-Term Management Fees | 9,378 | 18,757 | 24,901 |
| Custodian Fees | 15,000 | 30,000 | 30,167 |
| Total RHC Program Non-Administrative Expenses | \$ 76,359 | \$ 152,718 | \$ 145,470 |
| Other Post Employment Benefits (OPEB) Trust Fund: | | | |
| Enhanced Cash Management Fees | \$ 11,691 | \$ 23,381 | \$ 19,537 |
| Commodities Management Fees | 71,159 | 142,318 | 160,882 |
| Global Equity Management Fees | 148,993 | 297,986 | 294,582 |
| Fixed Income Management Fees | 157,389 | 314,779 | 329,178 |
| Real Estate Management Fees | 73,531 | 147,061 | 148,004 |
| Private Assets | - | 928,000 | - |
| General Investment Portfolio Consultant | 42,499 | 84,998 | 61,676 |
| Custodian Fees | 108,309 | 216,618 | 218,862 |
| Total OPEB Trust Non-Administrative Expenses | \$ 613,570 | \$ 2,155,141 | \$ 1,232,721 |

CEO's 100-Day Plan Status



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Los Angeles County Employees Retirement Association (LACERA)

Roadmap for Implementing Action Steps in the 100-Day Management Report

Updated: 03/10/2023

| | | | | Timeline | | | | | | | |
|---|--------------|--|---------------|------------------|--|-----------|-----|-----|-----------|----------------|-------------------|
| Focus | Action Steps | | | Accountability | | FY2020-21 | | | FY2021-22 | FY2022-23 | Percent Completed |
| | | | | Lead | Support | Jul | Aug | Sep | | | |
| CHAPTER II - UPDATE ON ACTIONS TAKEN | | | | | | | | | | | |
| Strategic Planning & Action Plans | | | | | | | | | | | |
| SP | II.1 | Report review with Trustees | CEO | Trustees | | | | | | | 100% |
| SP | II.2 | Refined "Next Action Steps" | CEO | Execs | | | | | | | 100% |
| SP | II.3 | Strategic planning effort | CEO | Trustees, Execs | | | | | | | 100% |
| SP | II.4 | Strategic Plan actions defined | CEO | Execs | | | | | | | 90% |
| COVID-19 Transition Plan | | | | | | | | | | | |
| C19 | II.5 | After action reviews | CEO | Execs | M | M | M | M | M | M | Ongoing |
| C19 | II.6 | COVID-19 Transition Plan | CEO, AEO/Ops | IT, Admin, HR | Starting with Member Services | | | | | | 100% |
| C19 | II.7 | Plans to address the work backlog: | AEO/Ops | Mem Group | | | | | | | |
| C19 | II.7a | -- Retiree Disability (moving to paperless) | AEO/Ops | Mgr/Disab | Slight delays in third-parties providing documentation | | | | | | 100% |
| C19 | II.7b | -- Member Services (heavily "real time") | AEO/Ops | Mgr/Mem | | | | | | | 100% |
| C19 | II.7c | -- Benefit Services (rules, resources, tech) | AEO/Ops | Mgr/Benefits, IT | Heavy backlog pre-/post-COVID-19 | | | | | Ongoing | |
| C19 | II.7c1 | . "Quick fix" Benefits backlog plan | Mgr/Benefits | Legal, IT | | | | | | Ongoing | |
| C19 | II.7c2 | . Longer term Benefits backlog plan (self-service) | Mgr/Benefits | IT, PMG | | | | | | Ongoing | |
| Business Continuity Planning (BCP) | | | | | | | | | | | |
| SP | II.8 | Unified BCP | AEO/Ops | Admin., HR | | | | | | | 100% |
| IT | II.9 | BCP/DRP initiatives implementation for IT | IT Exec | | See Chapter V | | | | | | 100% |
| Management of Staff Working Remotely | | | | | | | | | | | |
| Culture | II.10 | Remote staff management | Execs | HR Dir | | | | | | Ongoing Hybrid | 100% |
| CHAPTER III - NEW ORGANIZATIONAL ALIGNMENT | | | | | | | | | | | |
| Org | III.1 | Structural review with both Boards | CEO | Trustees | | | | | | | 100% |
| Org | III.2 | Staff announcement of new structure | CEO | Execs | | MAC | | | | | 100% |
| Org | III.3 | Routine executive meetings | CEO | Execs | | | | | | Ongoing | 100% |
| Org | III.4 | Member-facing functional alignment | AEO/Ops | Mem Ops | | | | | | | 100% |
| Org | III.5 | New COO position | CEO | HR Dir | | | | | | | 100% |
| Org | III.6 | CFO position redefined & filled | CEO | HR Dir | | | | | | | 50% |
| Org | III.7 | CI&TO position defined; recruitment begun | CEO | HR Dir | | | | | | | 100% |
| Org | III.8 | Compliance Officer position filled | Chief Counsel | HR Dir | | | | | | | 25% |
| Org | III.9 | PIO position filled | CEO | HR Dir | | | | | | | 10% |
| Org | III.10 | Organizational refinements if any | CEO | Execs | | | | | | Ongoing | |
| Org | III.11 | Job titles/org hierarchy consistency | HR Dir | | | | | | | Ongoing | |
| CHAPTER IV - PLANNING | | | | | | | | | | | |
| SP | IV.1 | Best practices identified for Strategic Plan | Execs | Mgrs | | | | | | See also VII.4 | |

Los Angeles County Employees Retirement Association (LACERA)

Roadmap for Implementing Action Steps in the 100-Day Management Report

Updated: 03/10/2023

| | | | | Timeline | | | | | | | | |
|---|--------------------------|--|--|-------------------|-------------------|-----------------------------------|-----|-----|----------------------------|-----------|-----------|-------------------|
| Focus | | Action Steps | | Accountability | | FY2020-21 | | | | FY2021-22 | FY2022-23 | Percent Completed |
| | | | | Lead | Support | Jul | Aug | Sep | Q2 | | | |
| SP | IV.2 | Shared vision & strategic planning | | CEO | Trustees | | | | See Chapter II on Update | | | 100% |
| SP | IV.3 | Unified BCP | | Admin Services | IT | See Chapter II on Update | | | | | | 100% |
| SP | IV.4 | IT plans (strategy, security BCP, DRP) | | IT | ITMC | See Chapter V on IT Modernization | | | | | | 100% |
| SP | IV.5 | HR Plans | | HR Dir | Execs | | | | | | | 100% |
| SP | IV.6 | Improved budgeting process | | CFO, Admin | | See also VII.1 on budgeting | | | | | | 75% |
| SP | IV.7 | Communications Plan | | Comm | Mem Ops, RHC, IT | | | | Ongoing | | | 75% |
| SP | IV.8 | Linkage of plans to Strategic Plan | | Execs | | | | | Ongoing | | | 100% |
| CHAPTER V - IT MODERNIZATION | | | | | | | | | | | | |
| IT Planning, Structure, & Staffing | | | | | | | | | | | | |
| IT-Org | V.1 | IT Management Council established | | IT Exec | CEO, Execs | | | | Meets quarterly thereafter | | | 100% |
| IT-Org | V.2 | Priority IT plans developed & implemented | | IT Exec | IT Team | | | | | | | 90% |
| IT-Org | V.3 | Priority IT policies & IT developed | | IT Exec | ITMC | | | | Ongoing | | | |
| | | -- PMO | | | | | | | | | | 100% |
| | | -- IT Operations | | | | | | | | | | 100% |
| IT-Org | V.4 | IT Strategic Plan developed & aligned | | IT Exec | ITMC | | | | Ongoing | | | 75% |
| IT-Org | V.5 | IT Program Management Office established | | CEO | CTO, AEO/Admin | | | | | | | 100% |
| IT-Org | V.6 | IT/IS structure realigned | | CEO, CTO | AEO/Admin | | | | Ongoing | | | 100% |
| IT-Org | V.7 | IT staffing plan implemented | | IT Exec | HR Dir | | | | | | | 50% |
| IT Security | | | | | | | | | | | | |
| IT-Security | V.8 | Immediate IT vulnerabilities addressed | | IT Exec | IT Sec Consultant | | | | | | | 100% |
| IT-Security | V.9 | Security expert consultant study completed | | CEO | IT Exec | | | | | | | 100% |
| IT-Security | V.10 | Security study recommendations adopted | | IT Exec | ITMC | | | | Ongoing | | | 100% |
| IT Investment | | | | | | | | | | | | |
| IT-Invest | V.11 | IT recommended investments | | CTO, AEO/Admin | ITMC | | | | Ongoing | | | |
| IT-Invest | V.12 | IT Modernization/IT Strategic Plan adopted | | IT Exec | Trustees | | | | | | | 75% |
| IT-Invest | V.13 | IT capabilities/systems upgrade investments | | Trustees, IT Exec | ITMC | | | | Ongoing | | | |
| IT-Imple | IT Implementation | | | | | | | | | | | |
| IT-Imple | V.14 | IT "quick fixes" implemented | | CTO, AEO/Admin | | | | | | | | 100% |
| IT-Imple | V.15 | IT Strategic Plan/other IT plans implemented | | CTO, AEO/Admin | | | | | Ongoing | | | |
| IT-Imple | V.16 | Robust telecommuting capabilities | | CTO, AEO/Admin | IT Exec | | | | | | | 100% |
| IT-Imple | V.17 | Migration to the cloud (vendor resources) | | CTO, AEO/Admin | CIO | | | | | | | 100% |
| IT-Imple | V.18 | Migration to the cloud (servers & systems) | | IT Exec | | | | | | | | 90% |
| IT-Imple | V.19 | Virtual call center, including counseling | | AEO/Ops, IT | Mem Group | | | | | | | 100% |
| IT-Imple | V.20 | Remote work capability for benefits analysts | | IT | | | | | | | | 100% |

Los Angeles County Employees Retirement Association (LACERA)
Roadmap for Implementing Action Steps in the 100-Day Management Report

Updated: 03/10/2023

| Focus | Action Steps | | Accountability | | Timeline | | | | | | | Percent Completed |
|--|--------------|--|----------------|--------------------|---|---------|--------------|-----------|-----------|---------------|---------|-------------------|
| | | | | | FY2020-21 | | | FY2021-22 | FY2022-23 | | | |
| | | | | | Lead | Support | Jul | | | Aug | Sep | |
| CHAPTER VI - WORK CULTURE & CHANGE MANAGEMENT | | | | | | | | | | | | |
| Culture | VI.1 | Leadership & management dev program | CEO | HR Dir | | | | | | | | 10% |
| Culture | VI.2 | Diversity/Inclusion Plan (culture/values) | CEO | Execs, HR Dir | | | | | | Ongoing | | 30% |
| Culture | VI.3 | Shortened technical training | QA | Mem Group | | | | Prepare | | | Monitor | 75% |
| Culture | VI.4 | Levels of Protection defined & implemented | Chief Counsel | Compliance Officer | | | | | | | | 20% |
| CHAPTER VII - ENHANCED PROCESSES & OPERATIONS | | | | | | | | | | | | |
| Improve | VII.1 | New budget system and processes | Admin Services | CFO | Build on existing "Great Plains" platform | | | | | | | 75% |
| Improve | VII.1 | Division staffing & metrics in budget | CEO/COO | Mgrs/Mem Ops | | | Draft Budget | | | | Ongoing | |
| Improve | VII.2 | Continuous process improvement initiative | AEO/Mem Serv | PMG | | | | | | Ongoing | Ongoing | |
| Improve | VII.3 | Metrics & priority processes to improve | PMG | Mgrs/Mem Ops | | | | | | Annual | Annual | 60% |
| Improve | VII.4 | Best practices & best-in-class standard | Execs | Mgrs/Mem Ops | | | | | | See also IV.1 | | |
| Improve | VII.5 | Process inventory/priorities approved | Execs | AEO/Ops, PMG | | | | | | Annual | Annual | 100% |
| Improve | VII.6 | Process improvement with metrics | PMG | Mgrs/Mem Ops | | | | | | Ongoing | Ongoing | 75% |
| Improve | VII.7 | Potential expansion of PMG's services | CEO | Execs | | | | | | | | 25% |

The LACERA Strategic Plan will be inserted here upon approval by the Boards.

Towards Best-In-Class Investor

2023 Work Plan and Strategic Initiatives

Investments Division

Board of Investments
January 11, 2023

Jonathan Grabel – Chief Investment Officer



2023 Work Plan Recommendation and Overview

Recommendation

- Approve the 2023 Work Plan and Strategic Initiatives

Overview



The updated 2023 Work Plan and Strategic Initiatives for LACERA's Investments Division aims to:

1. Provide **visibility** into current and upcoming initiatives
2. Reflect and **synthesize** Board-approved projects and input, recent Board meetings, and Offsite discussions into a cohesive action plan
3. Promote **disciplined execution** and aligned resources for defined priorities while acknowledging that LACERA is resilient and adaptable to unforeseen circumstances

LACERA Investments Division

Work Plan and Strategic Initiatives Timeline

Components of the Investments Division's Work Plan and Strategic Initiatives have evolved over several years while maintaining the goal to improve portfolio outcomes



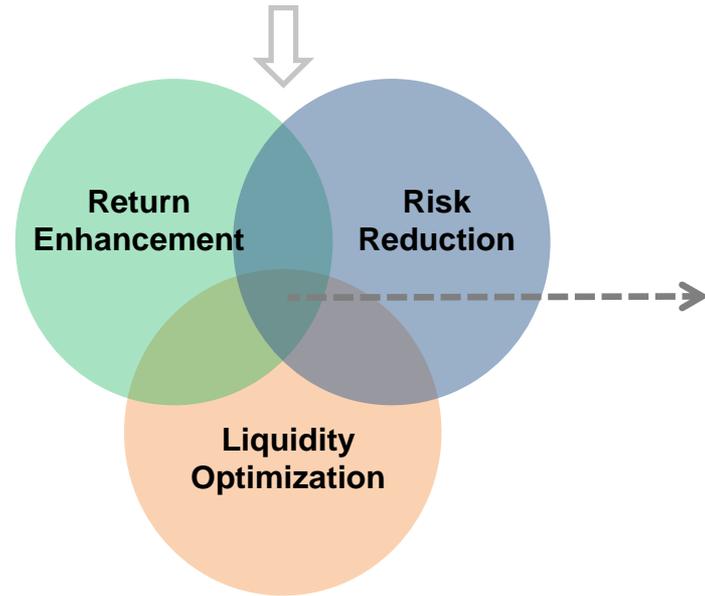
2023 Work Plan

Background and Strategic Initiatives



Execute Strategic Asset Allocation

while balancing...



Produce, Protect, and Provide the Promised Benefits



Enhance Operational Effectiveness



Optimize Investment Model



Maximize Stewardship and Ownership Rights



Strengthen Influence on Fees and Cost of Capital



LACERA T.I.D.E.



2023 Work Plan

Strategic Initiatives Towards Best-In-Class Investor

Across LACERA's five strategic initiatives, our **journey** from an allocator to a best-in-class investor has numerous elements of **recent progress** and **future aspirations**



Progress points and aspirations may overlap -- in areas where we have both accomplishments and incremental goals

Upcoming slides highlight each initiative and reflect feedback from the BOI →

2023 Work Plan

Strategic Initiatives


Enhance
Operational
Effectiveness


Optimize
Investment
Model


Maximize
Stewardship and
Ownership Rights


Strengthen
Influence on Fees
and Cost of Capital


LACERA
T.I.D.E.



**Enhance
Operational
Effectiveness**

Objective:

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

Progress:

- Enhanced risk analytics and reporting
- Improved asset transparency and wire transfer processes
- Established single-investor vehicles and dedicated managed accounts

Aspirations:

- Continuous improvement of investment and operational due diligence
- Optimize presentation and quality of information provided to the Board
- Advance OPEB strategic asset allocation and unitization structure
- Derive and maximize value from technology
- Avoid uncompensated complexity

2023 Work Plan

Strategic Initiatives


Enhance
Operational
Effectiveness


Optimize
Investment
Model


Maximize
Stewardship and
Ownership Rights


Strengthen
Influence on Fees
and Cost of Capital


LACERA
T.I.D.E.



Optimize Investment Model

Objective:

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

Progress:

- Expanded co-investment programs to additional asset categories
- Created revenue sharing agreements with asset managers through emerging manager programs
- Completed analysis of internal asset management for public markets

Aspirations:

- Evolve internal staff investment committees
- Further cultivate an investor mindset
- Continuously right-size capital invested to asset managers and mandates

2023 Work Plan

Strategic Initiatives


Enhance
Operational
Effectiveness


Optimize
Investment
Model


Maximize
Stewardship and
Ownership Rights


Strengthen
Influence on Fees
and Cost of Capital


LACERA
T.I.D.E.



Maximize Stewardship and Ownership Rights

Objective:

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

Progress:

- Institutionalized consistent ESG and DEI due diligence and monitoring across all mandates
- Routinized global proxy voting consistent with LACERA Principles
- Expanded engagements on board diversity, climate, public policy

Aspirations:

- Expanding climate risk analysis to total Fund including private markets
- Implement recently restated Responsible Contractor Policy
- Integrate Global Real Estate Sustainability Benchmark in real assets
- Assume voting rights in OPEB separate account structure
- Amplify progress and leadership in governance and ESG initiatives

2023 Work Plan

Strategic Initiatives


Enhance
Operational
Effectiveness


Optimize
Investment
Model


Maximize
Stewardship and
Ownership Rights


Strengthen
Influence on Fees
and Cost of Capital


LACERA
T.I.D.E.



Strengthen Influence on Fees and Cost of Capital

Objective:

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

Progress:

- Increased allocation to private equity co-investment program, reducing costs
- Elevated non-economic terms such as capacity rights, revenue sharing, and beneficial rights
- Established dedicated managed accounts with better terms

Aspirations:

- Be “term-makers” as opposed to “term-takers”
- Promote creativity and solutions when tailoring terms
- Further measure and reduce costs across portfolio

2023 Work Plan

Strategic Initiatives


Enhance
Operational
Effectiveness


Optimize
Investment
Model


Maximize
Stewardship and
Ownership Rights


Strengthen
Influence on Fees
and Cost of Capital


LACERA
T.I.D.E.



LACERA
T.I.D.E.

Objective:

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

Progress:

- Instituted comprehensive annual updates to the BOI
- Increased insight of manager practices for portfolio evaluation
- Vast increase in manager reporting, DEI focus, and candor
- Expanded industry collaboration and external advocacy
- Expanded allocation opportunities for emerging managers

Aspirations:

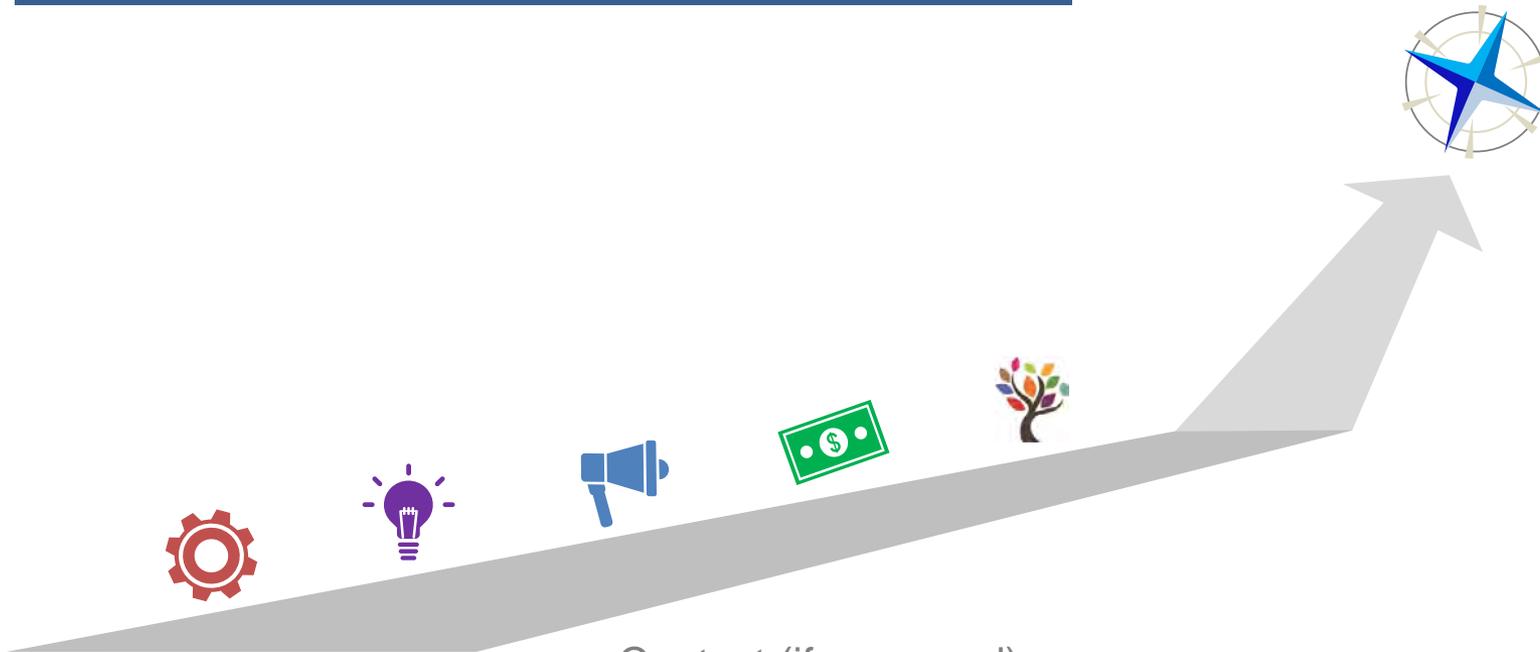
- Constructive influence for manager adoption of leading DEI practices
- Evolve holistically towards inclusion and diversity and equity
- Maximize functional empowerment and engagement of internal team

2023 Work Plan Recommendation

Recommendation:

Approve the 2023 Work Plan and Strategic Initiatives

Execute
Strategic Asset Allocation
Towards Best-In-Class Investor



Context (if approved):

- The Investments Division's 2023 Work Plan and Strategic Initiatives would be a component of LACERA's strategic plan
- The Investments Division may re-evaluate its work plan as circumstances warrant

Appendix



Prospective 2023 Calendar

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

- Each committee meets at least two times per calendar year
- Additional meetings would be scheduled on an as-needed basis
- Will work with the Board regarding Offsite format and logistics



2023 Work Plan

1st Quarter Preliminary Monthly Calendar

| FEBRUARY 8, 2023 | |
|-----------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | OPEB Public Markets Search Minimum Qualifications Recommendation |
| Growth | Private Equity Investment Recommendation |
| | |
| | |
| Committee: (open) | |
| Category | Subject |
| | |
| | |

| MARCH 8, 2023 | |
|-----------------------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Trust and OPEB Performance Report and Review |
| Total Fund | General Consultant Trust and OPEB Performance Report |
| Growth | Private Equity Investment Recommendations |
| Real Assets | Investment Recommendation |
| Committee: Equity: Public/Private | |
| Category | Subject |
| Growth | Private Equity Performance Report and Review |
| Growth | Guest Speaker(s) |

Please note that certain listed items are subject to Committee advancement and/or Board approval.



2023 Work Plan

2nd Quarter Preliminary Monthly Calendar

APRIL 12, 2023

Board of Investments:

| Category | Subject |
|--|--|
| Total Fund | Annual Securities Lending Income Report |
| Growth | Private Equity Investment Recommendation |
| Real Assets | Investment Recommendation |
| | |
| Committee: Corporate Governance | |
| Category | Subject |
| Corporate Gov. | Principles Policy Review |
| Corporate Gov. | Guest Speaker(s) |
| | |

MAY 10, 2023

Board of Investments:

| Category | Subject |
|--|---|
| Total Fund | OPEB Public Markets Search Recommendation |
| Growth | Private Equity Investment Recommendation |
| | |
| | |
| Committee: Credit and Risk Mitigation | |
| Category | Subject |
| Credit | Performance Report and Review |
| Risk Mitigation | Performance Report and Review |
| Credit | Guest Speaker(s) |

JUNE 14, 2023

Board of Investments:

| Category | Subject |
|-------------------------------|--|
| Total Fund | Trust and OPEB Performance Report |
| Total Fund | General Consultant Trust and OPEB Performance Report |
| Growth | Private Equity Investment Recommendation |
| Real Assets | Investment Recommendation |
| Committee: Real Assets | |
| Category | Subject |
| Real Assets | Implementation Update |
| Real Assets | Guest Speaker(s) |
| Real Assets | Performance Report and Review |

Please note that certain listed items are subject to Committee advancement and/or Board approval.



2023 Work Plan

3rd Quarter Preliminary Monthly Calendar

| JULY 12, 2023 | |
|-----------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Board Offsite (potential) |
| Total Fund & OPEB | Strategic Asset Allocation Study - Process Overview |
| Real Assets | Real Estate Findings Update Memo |
| Growth | Private Equity Investment Recommendation |
| Credit | Investment Recommendation |
| Committee: Equity: Public/Private | |
| Category | Subject |
| Growth | Global Equity – Review of Active Portfolio |
| | |

| AUGUST 9, 2023 | |
|-----------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Board Offsite (potential) |
| Real Assets | Real Assets and Real Estate Emerging Manager Program Search Manager Recommendation |
| | |
| | |
| | |
| Committee: (open) | |
| Category | Subject |
| | |
| | |

| SEPTEMBER 13, 2023 | |
|---------------------------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Board Offsite (potential) |
| Total Fund | Trust and OPEB Performance Report and Review |
| Total Fund | General Consultant Trust and OPEB Performance Report |
| Growth | Private Equity Portfolio Performance Review |
| Real Assets | Private Fund Investment Recommendation |
| Committee: Credit and Risk Mitigation | |
| Category | Subject |
| Credit | Structure Review |
| Risk Mitigation | Structure Review |

Please note that certain listed items are subject to Committee advancement and/or Board approval.



2023 Work Plan

4th Quarter Preliminary Monthly Calendar

OCTOBER 11, 2023

Board of Investments:

| Category | Subject |
|-------------------|---|
| Total Fund & OPEB | Strategic Asset Allocation Study |
| Total Fund | Fee Attribution Analysis |
| Growth | Private Equity Investment Recommendation |
| Real Assets | Investment Recommendation |
| Real Assets | Responsible Contractor Policy – Compliance Update |

Committee: Corporate Governance

| Category | Subject |
|----------------|--|
| Corporate Gov. | Proxy Voting Results and Trends |
| Corporate Gov. | Review of Engagement and Stewardship Initiatives |

NOVEMBER 8, 2023

Board of Investments:

| Category | Subject |
|-------------------|--|
| Total Fund & OPEB | Strategic Asset Allocation Study |
| Credit | Asset Category Consultant Search Minimum Qualifications Recommendation |
| Risk Mitigation | Asset Category Consultant Search Minimum Qualifications Recommendation |
| Real Assets | Asset Category Consultant Search Minimum Qualifications Recommendation |
| Real Assets | Investment Recommendation |

Committee: Equity: Public/Private

| Category | Subject |
|----------|--|
| Growth | Global Equity MSCI Risk Review |
| Growth | Private Equity Performance Report and Review |

DECEMBER 13, 2023

Board of Investments:

| Category | Subject |
|-------------------|--|
| Total Fund & OPEB | Strategic Asset Allocation Study |
| Total Fund | Trust and OPEB Performance Report |
| Total Fund | General Consultant Trust and OPEB Performance Report |
| Total Fund | T.I.D.E. Initiative Update |
| Total Fund | 7514.7 – Investment Fee Update |
| Other | Actuarial Valuation of Retirement Benefits |

Committee: Real Assets

| Category | Subject |
|-------------|------------------|
| Real Assets | Structure Review |
| Real Assets | Guest Speaker(s) |

Please note that certain listed items are subject to Committee advancement and/or Board approval.





FY 2023-2024

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RETIREE HEALTHCARE

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

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

INTRODUCTION

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members, survivors, and eligible dependents. This budget request for FY 2023-24 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many complex changes in federal and state programs such as the Affordable Care Act (ACA), Medicare, and Social Security guidelines as applicable to the RHCBP, in addition to the general healthcare landscape. This budget will provide the division with the support needed to deliver timely quality service to our retired members/survivors and their eligible dependents.

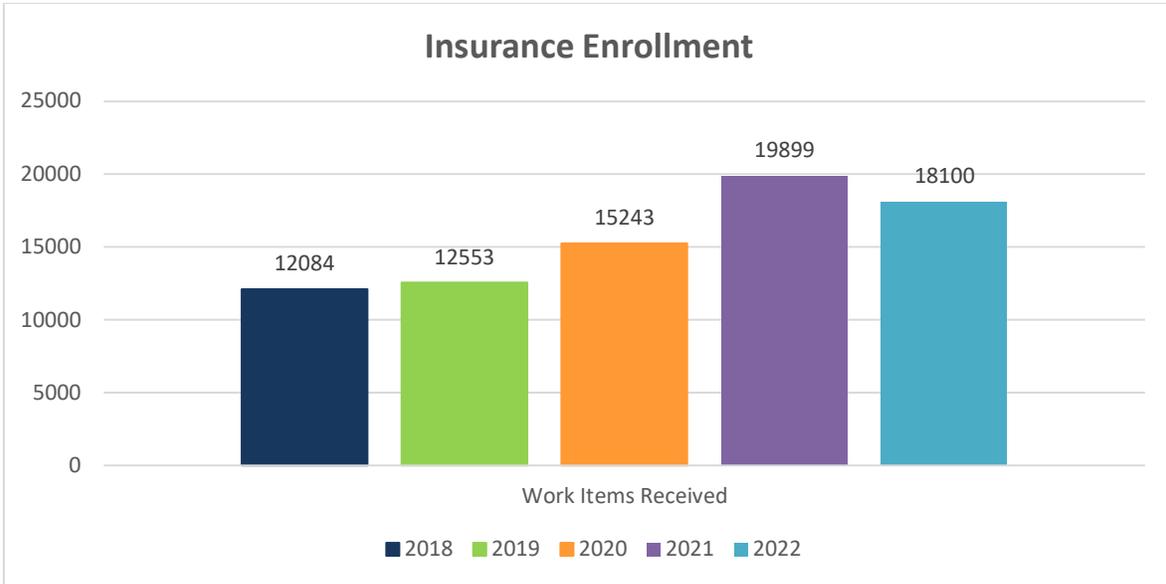
The RHC Division consists of the following units:

- **Operations Unit:**

Assists in planning, assigning, organizing, and managing the work of staff engaged in the research, resolution, and processing of retiree healthcare medical, dental/vision, and MAPD enrollment/change/cancellation forms and explanation of complex retiree healthcare benefits questions from members. Assists in the Medicare Part B premium verification and premium adjustments project. Handles member correspondence as it relates to healthcare eligibility, enrollment, and other

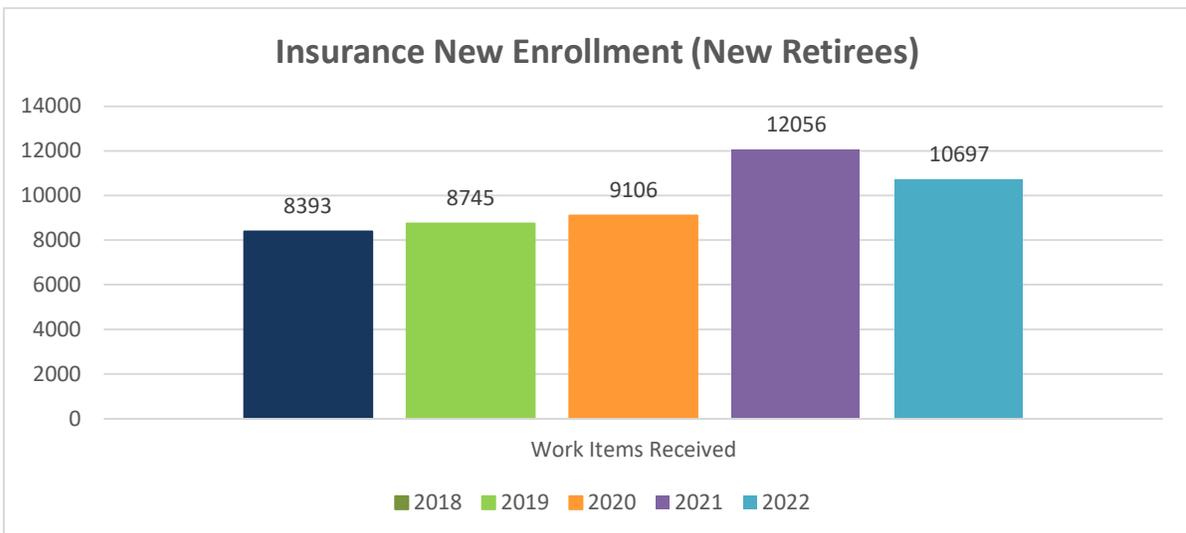
healthcare benefits-related issues.

Following are charts that show the number of forms received, and completed for years 2018 through 2022 by work object items, not per member:



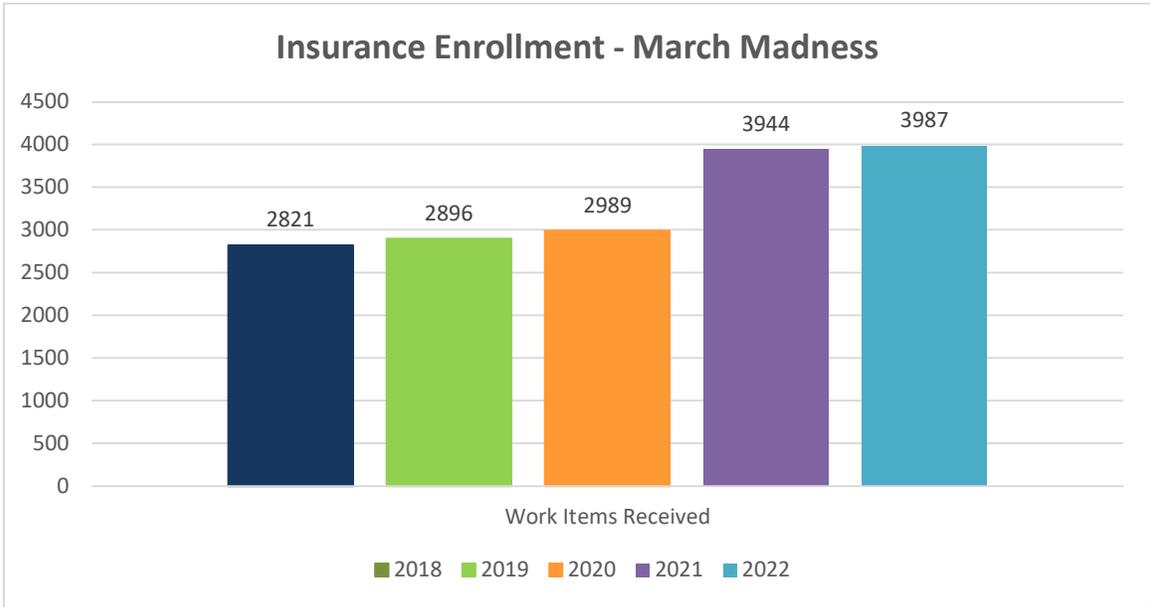
Work Items Received are based on work objects, not per member

| | Growth Avg. | % Growth Avg. |
|--|--------------------|----------------------|
| 2023-2024 Forecast (Insurance Enrollment) | 2160 | 12% |



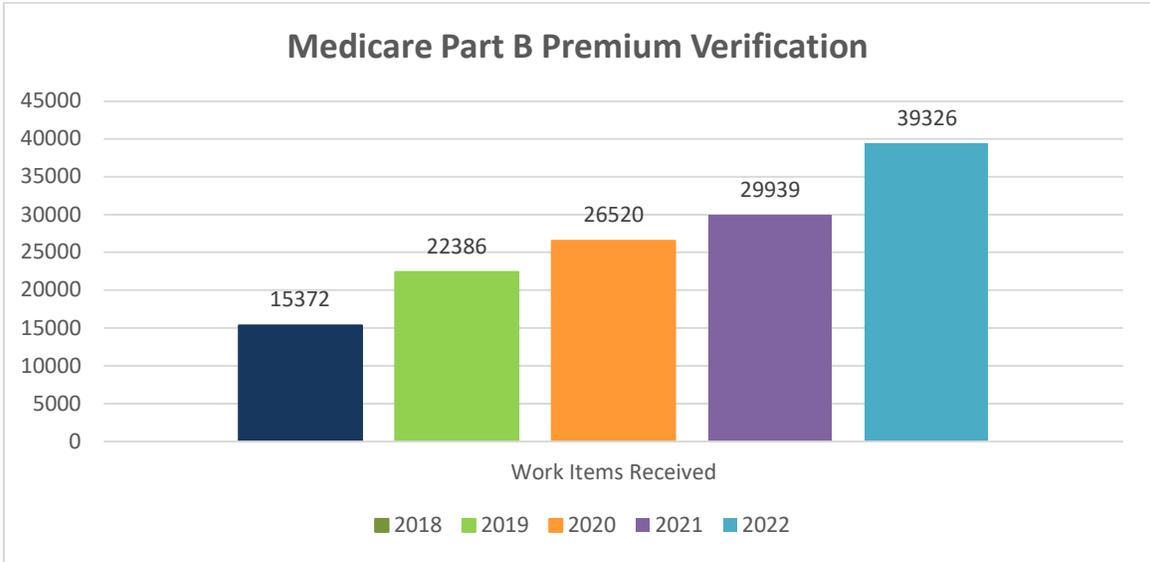
Work Items Received are based on work objects, not per member

| | Growth Avg. | % Growth Avg. |
|--|--------------------|----------------------|
| 2023-2024 Forecast (Insurance New Enrollments (New Retirees)) | 813 | 8% |



Work Items Received are based on work objects, not per member

| | Growth Avg. | % Growth Avg. |
|---|--------------------|----------------------|
| 2023-2024 Forecast (Insurance Enrollment March Madness) | 387 | 10% |



Work Items Received are based on work objects, not per member

| | Growth Avg. | % Growth Avg. |
|---|--------------------|----------------------|
| 2023-2024 Forecast (Part B Verifications) | 11,000 | 27% |

*Note that the Part B verification process changed in 2023. Those who qualified had their 2023 Part B reimbursement amount auto-adjusted. This change will have an effect on the overall forecast.

- **Quality Control Unit/Financial Section:**

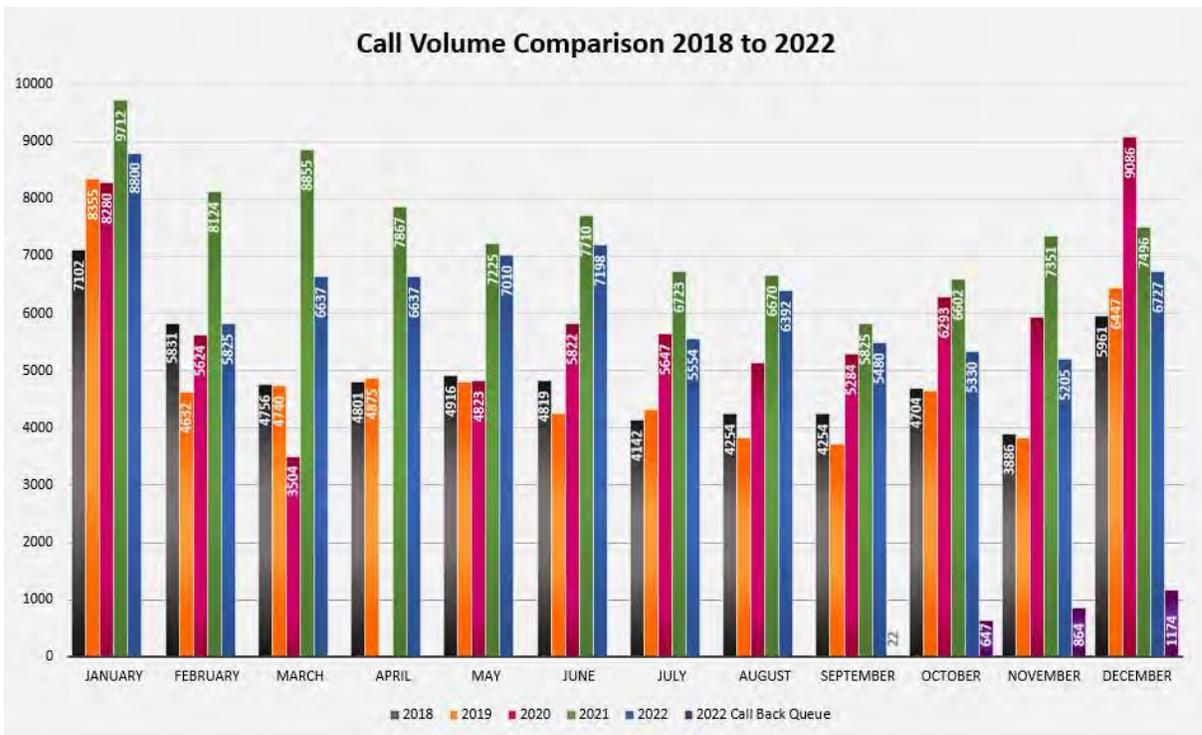
Assists in conducting extensive operational and procedural audits to ensure guidelines are followed by staff. Responsible for quality control. Provides review of retiree healthcare enrollment forms to ensure accuracy and completeness. Engages in the monthly carrier discrepancy reports and auditing of accounts to reflect the accuracy of eligibility, data input, and premium amounts. Conducts monthly call monitoring between members and staff to ensure accurate information is being provided to members during each encounter; conducts quality checks of enrollment forms processed by Operations staff. In addition, they create, process, mail and monitor Age 65 letters. Although this unit is responsible for coordinating with other RHC units, training new staff, and providing refresher classes to existing RHC staff, the applicable divisional unit is responsible for monitoring the training guides to ensure they are updated as needed.

Financial Section

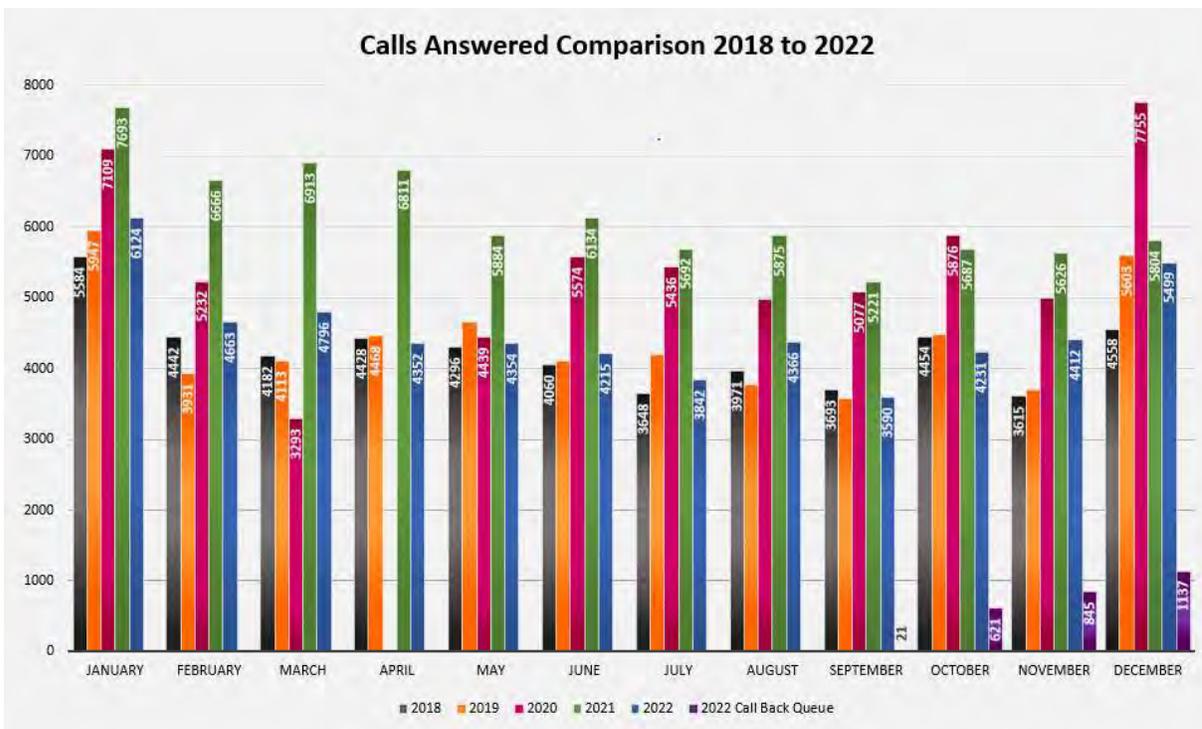
Assists in the processing of billing, non-deductible, and COBRA premium payments. This unit is also responsible in the monthly reconciliation reports to ensure that the monthly healthcare premium payments are made to the health plan carriers timely and accurately, and processing the monthly RHC statistical data report to the Executive Office.

Retiree Healthcare has an Accountant position currently residing within the division, because some knowledge of the healthcare program is needed in order to understand the billing and reconciliation of premiums at month-end. Once the division is fully staffed and staff is trained, we are considering transitioning this item to the Financial Accounting Services Division (FASD) in the future.

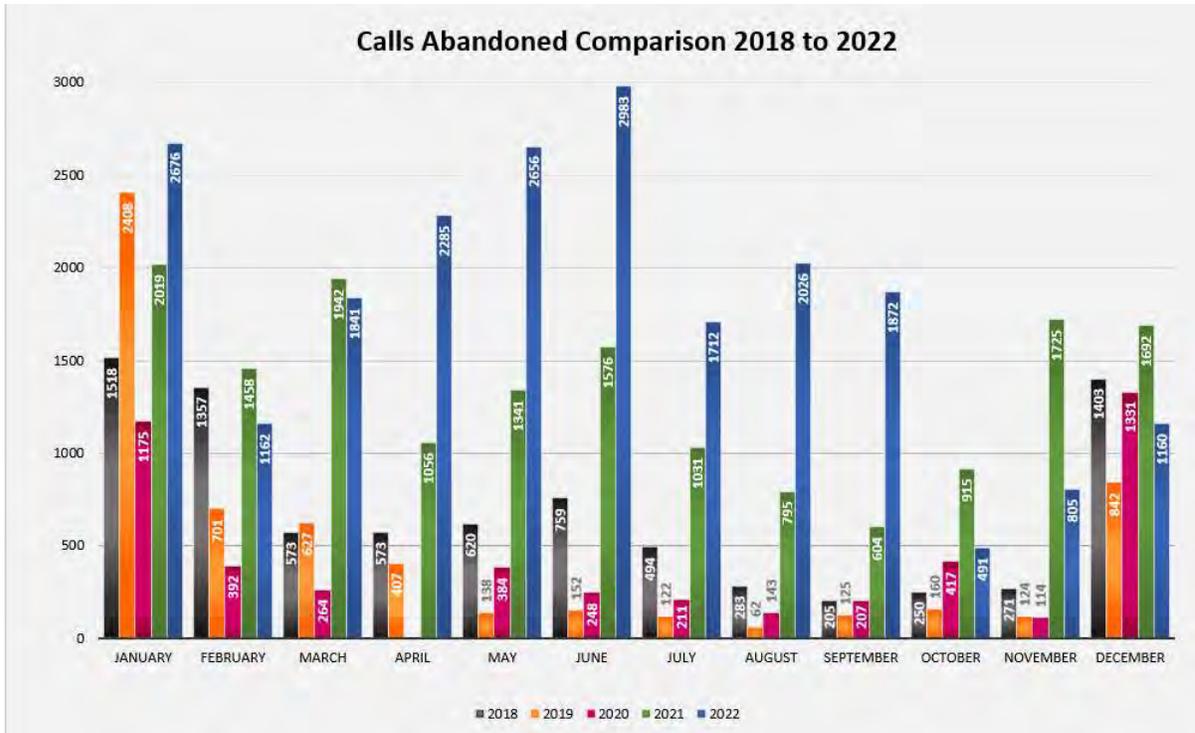
- **RHC Call Center:** Assists members and the organization at large with responding to retiree healthcare benefits-related questions, resolving complex questions regarding the Retiree Healthcare Benefits Program and healthcare enrollment, as well as providing information to management regarding its impact on division operations.



| | Growth Avg. | % Growth Avg. |
|----------------------------------|-------------|---------------|
| 2023-2024 Forecast (Call Volume) | 972 | 4% |



| | Growth Avg. | % Growth Avg. |
|-------------------------------------|-------------|---------------|
| 2023-2024 Forecast (Calls Answered) | 132 | 1% |



| | Growth Avg. | % Growth Avg. |
|--------------------------------------|-------------|---------------|
| 2023-2024 Forecast (Calls Abandoned) | 6085 | 54% |

RHC Successes:

- Polished and updated the operational procedures for all units of the division
- Achieved an overall single-digit healthcare premium increase during the renewal process
- Improved the Operations enrollment processing triage description for efficiency
- Improved the Part B audit review process by creating a new work queue
- Participated in the implementation of the callback feature of Amazon Connect
- Aligned each divisional unit in accordance with the organizational chart
- Initiated the update of a new interactive enrollment checklist that is simpler and more user-friendly for the processors and Audit team
- Implemented the RHC Call Center training plan and manuals for new hires in the RHC Call Center
- Modified the member submission of the Part B premium verifications for 2023, improving the process
- Hired three Retirement Benefits Specialist (RBS) I County temporary staff for the Call Center. They are going through the RHC training. The addition has helped our Call Center respond to increases in call volume after the Part B mailing and during March Madness season.
- Added sample healthcare enrollments forms to the website to assist members in completing the enrollment forms correctly

- We are collaborating with Communications with the creation of a Medicare video to educate members about Medicare basics and how it works together with the LACERA-administered healthcare program.

RHC Challenges:

- Members are unable to submit electronic enrollment forms; paper enrollments are still being submitted to the health plan carriers.
- Call volume increases during Part B verification mailing and March Madness; non-Call Center staff are needed to assist with the incoming calls

Goals:

- As part of the organization's focused efforts to provide a great member experience, RHC is partnering with the Systems Division to automate the Medicare Part B premium verification process.
- Dependent Database Audit: We intend to issue a Request for Information (RFI) this fiscal year.
- Electronic submission of enrollment forms: Staff is partnering with the Systems Division for this project.

RHC is also working to:

- Implement a new seminar for members becoming Medicare eligible, in partnership with Member Services Division
- Create an annual Supplemental Retiree Healthcare Newsletter that focuses solely on healthcare and health-related topics
- Find ways to expedite healthcare enrollments and the Part B Medicare verification process by applying for a data exchange agreement with the Social Security Administration

STAFFING

We have a total of 37 budgeted positions. No new positions are requested.

Temporary Agency Staff

We are not asking to budget for temporary agency staff this fiscal year.

120-Day Return-to-Work Position

The 120-day retiree will continue to work on that basis as an advisor to the Retiree Healthcare Division, which she developed. With experience at developing programs on the County CEO side as well as having been LACERA's former Healthcare Director, she is instrumental in providing clarity and background on the intent behind ordinance language that supports LACERA's administration of the healthcare program for L.A. County. In addition, and most importantly, she diligently arranges introductions with the

CEOs and presidents of various health plans that LACERA conducts business with as they are made available. The healthcare industry is and continues to become more complex. Coupled with the unique program that LACERA administers, the 120-day retiree advisor is and has been a resource to executive management, LACERA's healthcare consultants, and the Board of Retirement. This handoff of knowledge and relationships is vital to understanding both the intent behind the County ordinance and methods that would be allowable while remaining compliant.

Overtime

Overtime is being requested to manage the workload related to the high volume of enrollment forms received from March Madness, processing of Medicare Part B premium verifications, and for any unanticipated special projects and special mailings that regularly occur. The total overtime amount being requested for this fiscal year is \$134,900.

SERVICES AND SUPPLIES

Professional and Specialized Services: Audits

We have budgeted \$806,500 to cover the cost of conducting the following program audits for this fiscal year:

| | |
|---|-----------|
| Cav Mac OPEB Triennial Audit: | \$348,000 |
| Milliman's OPEB Triennial Experience Study and Valuation: | \$458,500 |

Internal Audit is adding the OPEB Triennial Audit as it relates to the RHCBP for this fiscal year, and Cav Mac will be performing the audits. Internal Audit is also adding the OPEB Triennial Experience Study and Valuation to be performed by Milliman as it relates to the RHCBP. This is a concerted effort that is coordinated through the Financial Accounting Services Division (FASD) and Internal Audit but supported by the Retiree Healthcare administrative budget as it is OPEB-related.

FUNDING AND OPERATING EXPENSES

The RHCBP's operating expenses must be funded by the program, and its operations cannot be subsidized by the trust funds used to operate the retirement benefit trust. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, an RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

In 2022, the Board of Retirement approved a \$2 increase to the administrative fee from \$8 to \$10 per member, per plan, per month. However, actual administrative expenditures for FY 2022-2023 remained just below \$8.00. Given the current balance and projected expenditures, there is no compelling reason to increase the fee above \$8 in FY 2023-2024 and staff recommends reducing the fee back to \$8.00 . Below is a chart of administrative fee amounts from 1999 to present:

| Time Period | Administrative Fee Amount |
|------------------------------|----------------------------------|
| July 1, 2023 – June 30, 2024 | \$8.00 |
| July 1, 2022 – June 30, 2023 | \$10.00 |
| July 1, 2016 – June 30, 2022 | \$8.00 |
| July 1, 2013 – June 30, 2016 | \$5.00 |
| July 1, 2005 – June 30, 2013 | \$3.00 |
| July 1, 2000 – June 30, 2005 | \$3.20 |
| July 1, 1999 – June 30, 2000 | \$2.50 |

The chart below shows the RHC administrative revenue and expenses for the last 10 years

| RHC ADMIN REVENUE AND EXPENSES FOR THE LAST 10 YEARS | | | |
|---|----------------------|-----------------------|---------------------|
| | Admin Revenue | Admin Expenses | Over/(Under) |
| FYE 2022 | \$ 10,710,527 | \$ 9,236,963 | \$ 1,473,564 |
| FYE 2021 | \$ 10,245,895 | \$ 8,099,102 | \$ 2,146,793 |
| FYE 2020 | \$ 10,076,876 | \$ 6,828,067 | \$ 3,248,809 |
| FYE 2019 | \$ 9,823,062 | \$ 6,118,267 | \$ 3,704,794 |
| FYE 2018 | \$ 9,559,745 | \$ 5,681,953 | \$ 3,877,792 |
| FYE 2017 | \$ 9,631,327 | \$ 5,326,190 | \$ 4,305,137 |
| FYE 2016 | \$ 5,984,986 | \$ 5,279,617 | \$ 705,369 |
| FYE 2015 | \$ 5,578,149 | \$ 5,424,333 | \$ 153,816 |
| FYE 2014 | \$ 5,466,487 | \$ 5,006,498 | \$ 459,989 |
| FYE 2013 | \$ 3,351,652 | \$ 4,597,261 | \$ (1,245,609) |

Note: Admin fee increased from \$8 to \$10.

Note: Admin fee increased from \$5 to \$8.

RETIREE HEALTH CARE BENEFITS PROGRAM

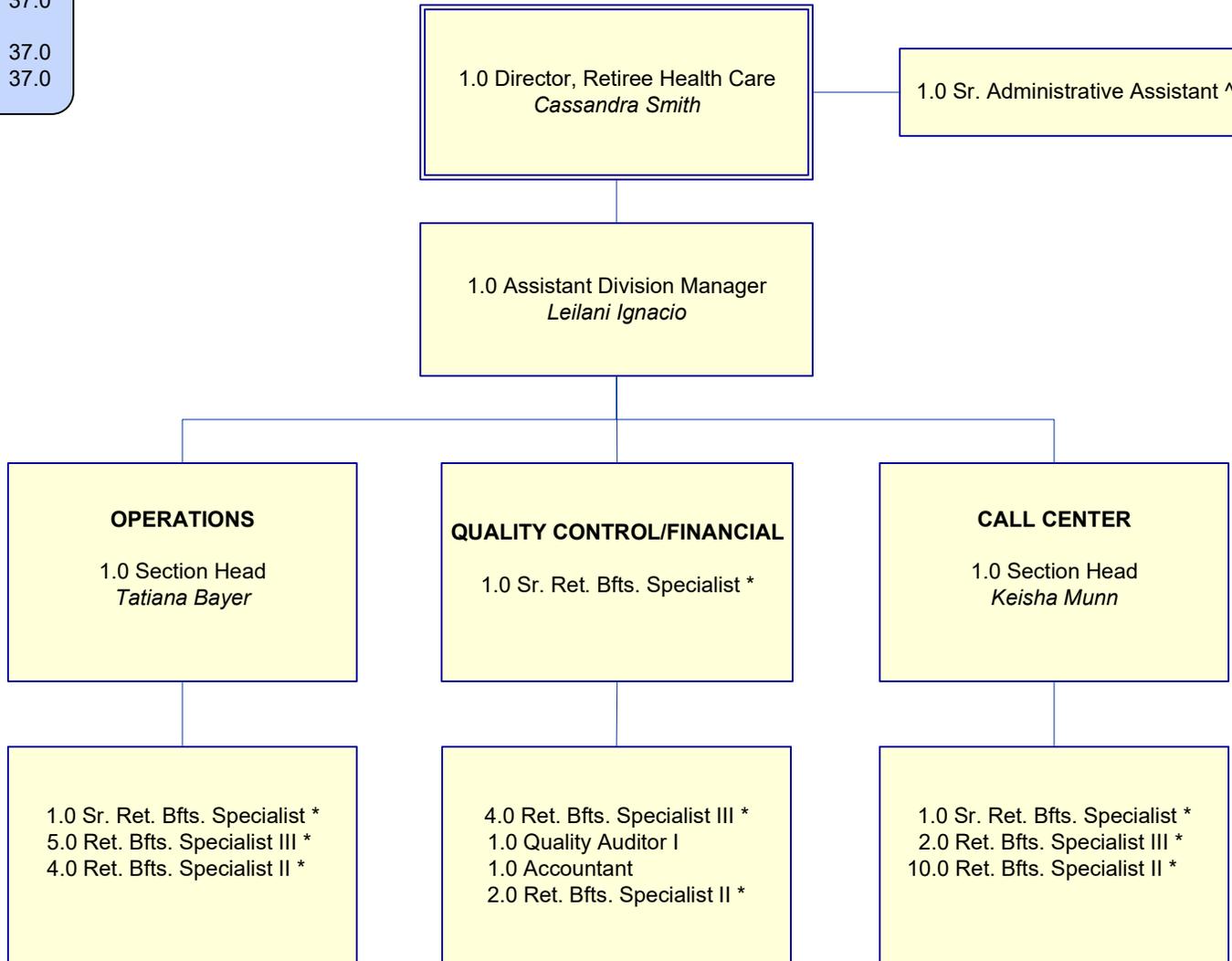
FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 37.0

2022-2023 Hiring Plan: 37.0

2023-2024 Bud. Pos.: 37.0

2023-2024 Hiring Plan: 37.0



* Classification study for the position requested.

^ Position upgrade from Senior Secretary to Senior Administrative Assistant (Board of Supervisors approved on October 18, 2022).

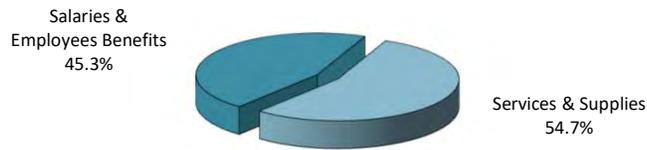
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2023-2024

BUDGET SUMMARY

| | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | | |
|--|---------------------------------|--------------|-------------|---|-------------|---|-------------|----------|
| | PROPOSED BUDGET 2023-2024 | YTD | | OVER/(UNDER) | | \$ CHANGE | % CHANGE | |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | | | % CHANGE |
| Salaries & Employees Benefits | \$5,752,106 | \$5,172,923 | \$2,639,419 | \$5,039,100 | (\$133,823) | -2.6% | \$579,183 | 11.2% |
| Services & Supplies | 6,933,333 | 6,140,699 | 3,192,506 | 5,682,600 | (458,099) | -7.5% | 792,634 | 12.9% |
| OPERATING BUDGET | \$12,685,439 | \$11,313,623 | \$5,831,925 | \$10,721,700 | (\$591,923) | -5.2% | \$1,371,816 | 12.1% |

2023 - 2024 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2023-2024
SALARIES AND EMPLOYEE BENEFITS SUMMARY

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Total LACERA Salaries | \$3,349,841 | \$3,006,805 | \$1,633,592 | \$3,131,400 | \$124,595 | 4.1% | \$343,036 | 11.4% |
| Total Agency Temp Salaries | 0 | 149,800 | 99,650 | 149,800 | 0 | 0.0% | (149,800) | -100.0% |
| Employee Benefits (Variable) | 2,129,974 | 1,775,266 | 766,815 | 1,550,700 | (224,566) | -12.6% | 354,708 | 20.0% |
| OPEB Contribution | 118,991 | 100,853 | 38,716 | 71,500 | (29,353) | -29.1% | 18,138 | 18.0% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 134,900 | 121,800 | 94,568 | 121,800 | 0 | 0.0% | 13,100 | 10.8% |
| Bilingual Bonus | 4,800 | 4,800 | 1,950 | 3,700 | (1,100) | -22.9% | 0 | 0.0% |
| Sick Leave Buyback | 10,000 | 10,000 | 4,128 | 10,200 | 200 | 2.0% | 0 | 0.0% |
| Rideshare Allowance | 3,600 | 3,600 | 0 | 0 | (3,600) | -100.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$5,752,106 | \$5,172,923 | \$2,639,419 | \$5,039,100 | (\$133,823) | -2.6% | \$579,183 | 11.2% |
| Salary Differential | - | - | - | - | - | | - | |
| TOTAL S&EB | \$5,752,106 | \$5,172,923 | \$2,639,419 | \$5,039,100 | (\$133,823) | -2.6% | \$579,183 | 11.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/23, with the exception of Agency Temp Salaries, which are as of 01/31/23.

LACERA
FISCAL YEAR 2023-2024
SALARIES

RETIREE HEALTHCARE BENEFITS PROGRAM

2023-2024 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | | |
|---|---------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|--|
| 00793A | DIRECTOR, RETIREE HEALTHCARE | 1 | LS14 | 18,636 | 223,635 | | | | |
| 00771A | ASSISTANT DIVISION MANAGER | 1 | LS10 | 14,811 | 177,734 | | | | |
| 00772A | SECTION HEAD | 2 | LS9 | 19,129 | 229,544 | | | | |
| 01312A | SENIOR RETIREMENT BENEFITS SPECIALIST | 3 | 104A | 25,776 | 309,312 | | | | |
| 01311A | RETIREMENT BENEFITS SPECIALIST III | 11 | 98G | 82,885 | 994,619 | | | | |
| 00415A | ACCOUNTANT | 1 | 95G | 7,531 | 90,375 | | | | |
| 00439A | SENIOR ADMINISTRATIVE ASSISTANT | 1 | 93A | 6,840 | 82,080 | | | | |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 9 | 92A | 50,409 | 604,912 | | | | |
| POSITIONS | | 29 | | | 2,712,212 | | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS | |
| 00796A | QUALITY AUDITOR I | 1 | 98C | 6,003 | 72,034 | | | 36,017 | |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 7 | 92A | 5,076 | 60,912 | 426,384 | | | |
| | | | | | | 426,384 | 0 | 36,017 | |
| POSITIONS | | 8 | | | 462,401 | | | | |
| TOTAL POSITIONS | | 37 | | | | | | | |
| GROSS SALARIES | | | | | | 3,174,613 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | | 47,619 | | | |
| ANTICIPATED STEP AND/OR MERIT SALARY INCREASE | | | | | | 48,575 | | | |
| BONUS | | | | | | 0 | | | |
| 120-DAY RETIREE(S) | | 1 | | | | | 79,035 | | |
| TOTAL SALARIES | | | | | | 3,349,841 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/23.
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/23.
 Represented positions shown in blue.
 Vacancies are shown at the 1st Step.
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.5% to anticipate a 3% MOU increase as of 01/01/24.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

| DIVISION | FYE 2021 | | FYE 2022 | | FYE 2023 | | FYE 2024 |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Retiree Healthcare | \$308,000 | \$290,409 | \$511,700 | \$251,294 | \$149,800 | \$149,800 | \$0 |
| GRAND TOTAL | \$308,000 | \$290,409 | \$511,700 | \$251,294 | \$149,800 | \$149,800 | \$0 |

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

| DIVISION | FYE 2021 | | FYE 2022 | | FYE 2023 | | FYE 2024 |
|--------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Retiree Healthcare | \$115,600 | \$118,314 | \$118,500 | \$121,935 | \$121,800 | \$121,800 | \$134,900 |
| GRAND TOTAL | \$115,600 | \$118,314 | \$118,500 | \$121,935 | \$121,800 | \$121,800 | \$134,900 |

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**VACANT POSITIONS
SUMMARY**

| Division | Budgeted Positions FY 2022-2023 | Vacancy (as of 03/31/23) | % | Budgeted Positions FY 2023-2024 | Vacancy | % |
|--------------------|--|-------------------------------------|------------|--|----------------|------------|
| Retiree Healthcare | 37 | 8 | 22% | 37 | 8 | 22% |
| TOTAL | 37 | 8 | 22% | 37 | 8 | 22% |

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2023-2024
SERVICES & SUPPLIES ACCOUNT SUMMARY

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022-2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|---------------------------------------|---------------------------|------------------------|--------------------|--------------------|---|--------------|---|--------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| TRANSPORTATION & TRAVEL | \$24,700 | \$24,700 | \$14,882 | \$18,100 | (\$6,600) | -26.7% | \$0 | 0.0% |
| POSTAGE | 300,000 | 300,000 | 25,010 | 300,000 | 0 | 0.0% | 0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 5,000 | 4,500 | 836 | 4,300 | (200) | -4.4% | 500 | 11.1% |
| OPERATIONAL COSTS | 5,006,533 | 4,540,999 | 2,648,416 | 4,107,300 | (433,699) | -9.6% | 465,534 | 10.3% |
| PROFESSIONAL AND SPECIALIZED SERVICES | 1,556,500 | 1,229,400 | 490,781 | 1,220,300 | (9,100) | -0.7% | 327,100 | 26.6% |
| BANK SERVICES | 21,500 | 21,500 | 11,160 | 21,000 | (500) | -2.3% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 18,800 | 19,300 | 1,421 | 11,300 | (8,000) | -41.5% | (500) | -2.6% |
| MISCELLANEOUS | 300 | 300 | 0 | 300 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | \$6,933,333 | \$6,140,699 | \$3,192,506 | \$5,682,600 | (\$458,099) | -7.5% | \$792,634 | 12.9% |

*All amounts rounded to the nearest dollar.

RETIREE HEALTH CARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

| | FYE 2022 | | FYE 2023 | | Proposed |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Projection | Budget |
| SALARIES & EMPLOYEE BENEFITS | | | | | |
| Total LACERA Salaries | \$2,814,534 | \$2,471,718 | \$3,006,805 | \$3,131,400 | \$3,349,841 |
| Total Agency Temp Salaries | 511,700 | 251,294 | 149,800 | 149,800 | 0 |
| Employee Benefits (Variable) | 1,728,430 | 1,240,912 | 1,775,266 | 1,550,700 | 2,129,974 |
| Employee Benefits (Other) | 0 | 0 | 0 | 0 | 0 |
| OPEB Contribution | 82,573 | 65,490 | 100,853 | 71,500 | 118,991 |
| OPEB Contribution (Budget Surplus) | 0 | 82,573 | 0 | 0 | 0 |
| Stipends | 0 | 0 | 0 | 0 | 0 |
| Overtime | 118,500 | 121,935 | 121,800 | 121,800 | 134,900 |
| Bilingual Bonus | 3,600 | 2,900 | 4,800 | 3,700 | 4,800 |
| Sick Leave Buyback | 10,000 | 9,274 | 10,000 | 10,200 | 10,000 |
| Rideshare Allowance | 3,600 | 0 | 3,600 | 0 | 3,600 |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 |
| SERVICES & SUPPLIES | | | | | |
| Transportation & Travel | 28,500 | 6,169 | 24,700 | 18,100 | 24,700 |
| Postage | 300,000 | 266,316 | 300,000 | 300,000 | 300,000 |
| Office Supplies & Equipment | 6,000 | 335 | 4,500 | 4,300 | 5,000 |
| Building Costs | 4,532,792 | 3,568,648 | 4,540,999 | 4,107,300 | 5,006,533 |
| Professional & Specialized Services | 1,209,800 | 1,119,868 | 1,229,400 | 1,220,300 | 1,556,500 |
| Bank Services | 21,500 | 20,650 | 21,500 | 21,000 | 21,500 |
| Educational Expenses | 19,300 | 8,880 | 19,300 | 11,300 | 18,800 |
| Miscellaneous | 300 | 0 | 300 | 300 | 300 |
| TOTAL OPERATING BUDGET | \$11,391,128 | \$9,236,963 | \$11,313,623 | \$10,721,700 | \$12,685,439 |

*All amounts rounded to the nearest dollar.



FY 2023-2024

TABLE OF CONTENTS

Other Post-Employment Benefits (OPEB) Trust

| Program Description | PAGE |
|----------------------------|-------------|
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| Cost Summary | |
| Cost Summary | 4-0 |

OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST

BUDGET HIGHLIGHTS

FISCAL YEAR 2023-2024

Mission

Produce, Protect, and Provide the Promised Benefits

INTRODUCTION

The County of Los Angeles (“County”) established the OPEB Trust for the purpose of pre-funding the Retiree Healthcare Benefits Program (“OPEB Program”). The OPEB Trust serves as a funding tool for the participating employers to hold and invest assets used to pay OPEB Program benefits, such as medical, dental and vision. LACERA’s Board of Investments is responsible for exercising oversight of the investment management for both the Retirement Fund and the OPEB Trust.

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

LACERA administers a Retiree Healthcare Program for members that is funded through the employer plan sponsors. Historically, these plan sponsors have paid the monthly premium costs for current eligible retirees on a pay-as-you-go basis. In FY 2012-13, the County of Los Angeles (County) and LACERA established a trust to begin to prefund the program and address its long-term liability. LACERA’s Board of Investments is the trustee and investment manager for the trust.

In FY 2016-17, the Superior Court joined the program. Beginning in FY 2017-18, the costs of administering the program were required to be reported separately on financial statements based on the size of the participating agencies.

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

the trusts. Instead, the trust agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB Trust.

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

A Method for Tracking OPEB Trust Expenses

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

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

Cost Methodology

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

Direct Costs of Salaries and Employee Benefits

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

Indirect Services and Supplies

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

Indirect Salaries and Employee Benefits

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

Direct Services and Supplies

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

Allocation of Costs

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

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

Reconciliation of Actual Costs

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

OPEB TRUST COST ALLOCATION

FISCAL YEAR 2023-2024

| | PROPOSED BUDGET 2023-2024 | CURRENT YEAR 2022 - 2023 | | | COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 2022-2023 BUDGET | |
|-------------------------------|------------------------------|-----------------------------|----------------|----------------|---|--------------|---|-------------|
| | | YTD | | | OVER/(UNDER) | | \$ CHANGE | % CHANGE |
| | | BUDGET | (01-31-23) | PROJECTION | BUDGET | % CHANGE | | |
| Salaries & Employees Benefits | \$521,881 | \$481,543 | \$280,900 | \$452,651 | (\$28,893) | -6.0% | \$40,338 | 8.4% |
| Services & Supplies | \$210,788 | 190,304 | 111,011 | 178,886 | (11,418) | -6.0% | 20,484 | 10.8% |
| OPERATING BUDGET | \$732,669 | \$671,847 | 391,911 | 631,536 | (40,311) | -6.0% | \$60,822 | 9.1% |

2023 - 2024 PROPOSED BUDGET

