



FISCAL YEAR 2026 - 2027

ADMINISTRATIVE,
RETIREE HEALTHCARE BENEFITS, AND
OPEB TRUST BUDGETS

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Executive Summary

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The proposed Administrative Budget for FY 2026-27 represents the fiscal plan for implementing LACERA's administrative and operational objectives toward achieving our mission to produce, protect and provide the promised benefits to our members. This proposed budget reflects the Board of Retirement's (BOR) Strategic Priorities and the Board of Investments' (BOI) Strategic Initiatives. Together, the BOR and BOI ensure LACERA's resources are allocated effectively and prudently managed, consistent with their fiduciary duties to our members.

Board of Retirement's Strategic Priorities

Throughout Fiscal Year (FY) 2026–27, LACERA will continue to implement the Board approved 2023–2028 Strategic Plan, which is organized around five strategic goals: Superior Member Experience; Innovation Through Technology; Investing in People; Ethics, Compliance, and Enterprise Risk Management; and Fiscal Durability.

FY 2026–27 represents a pivotal year for LACERA as the organization continues to advance the 2023–2028 Strategic Plan while transitioning from foundational planning to sustained execution across multiple enterprise-wide initiatives. Building on progress made in prior years, LACERA remains focused on strengthening member trust, modernizing operations, investing in its workforce, and reinforcing strong governance and fiscal stewardship.

Superior Member Experience

Improving the member experience remains a core organizational priority. In FY 2026–27, LACERA will continue efforts to deliver a consistent, omnichannel experience across the member journeys, supported by clearer communications, improved digital tools, and more accessible educational content. Work under the Organizational Strategic Communications Plan advances transparency, clarity, and coordination across all member-facing channels, while reinforcing LACERA's mission and values.

In FY 2026-27, LACERA will focus on the development of a digital member empowerment platform by adding a mobile app to our digital strategy. This digital member empowerment platform will enhance the member experience and will be designed to provide secure, on demand access to pension and retiree healthcare information, digital services, and educational resources, meeting evolving member expectations while improving service efficiency, transparency, and responsiveness. The initiative will move forward with a planning and requirements phase, ensuring alignment with governance processes and long-term digital architecture before full implementation. This initiative represents a visible, member-facing outcome of LACERA's broader organizational improvements and commitment to a superior, omnichannel experience.

In parallel, the organization will continue its focus on case management enhancements and digital strategy planning to improve service delivery, increase consistency, and reduce rework, ensuring members receive timely, accurate, and understandable information at every stage of engagement.

Innovation Through Technology

FY 2026–27 includes continued investment in enterprise technology initiatives that support both operational efficiency and improved member service. Major areas of focus include business intelligence and knowledge management.

Artificial intelligence and automation are being evaluated thoughtfully, with an emphasis on consistency, shared data sources, and measurable value. These efforts support LACERA's goal of modernizing operations while maintaining strong controls, security, and fiduciary oversight.

Investing in People

A continued commitment to Investing in People with a particular emphasis on leadership development, workforce planning, and organizational culture is an elevated focus. Building on culture survey results and staff feedback, LACERA is advancing action plans that strengthen accountability, clarify leadership expectations, and reinforce a positive and inclusive workplace culture. DEI principles are embedded across workforce initiatives, supporting equitable opportunities for recruitment, development, and advancement, while reinforcing LACERA's values.

In FY 2026–27, LACERA will also focus on simplifying and improving the new hire experience, recognizing that effective onboarding is critical to employee engagement, productivity, and retention. Efforts include streamlining hiring and onboarding processes, improving coordination across divisions, and reducing administrative complexity to ensure new employees can integrate quickly and effectively into the organization.

Together, these initiatives support a resilient, engaged workforce and reinforce LACERA's ability to attract, develop, and retain talent while advancing the organization's strategic priorities.

Ethics, Compliance, and Enterprise Risk Management

An important transition continues to be underway for LACERA's Ethics and Compliance Program, as the organization moves from foundational planning into formal implementation. The establishment of the Ethics and Compliance Office, supported by approved classifications and governance structures, strengthens enterprise-wide risk management and reinforces LACERA's fiduciary responsibilities.

A central milestone for FY 2026–27 is the continued execution of the Chief Ethics and Compliance Officer (CECO) hiring plan. Recruitment activities are underway following Board approved classifications and governance structures, with the goal of onboarding the CECO to lead the Ethics and Compliance Office. The CECO will be responsible for overseeing program implementation, advancing training and culture initiatives, and

supporting consistent application of ethical standards across the organization. Additional staffing for the Ethics and Compliance Office will follow in subsequent phases to support program sustainability.

In parallel, LACERA is developing and implementing a comprehensive Enterprise Risk Management (ERM) framework. An ERM Group has been established, and Internal Audit and the Ethics and Compliance team are collaborating to ensure coordination, clarity of roles, and efficient use of resources.

The ERM framework is designed to provide a structured, enterprise-wide approach to identifying, assessing, prioritizing, and monitoring risks across strategic, operational, financial, compliance, and reputational domains. Key FY 2026–27 activities include development of the ERM governance structure, completion of foundational ERM assessments, establishment of risk reporting and monitoring practices, and integration of risk considerations into organizational planning and oversight processes.

Ongoing collaboration among the Executive Office, Legal Services, Internal Audit, and other divisions ensures strong governance, transparency, and accountability in support of both Boards and stakeholders.

Fiscal Durability

Fiscal Durability remains a foundational element of LACERA's 2023–2028 Strategic Plan, ensuring the organization can sustainably fulfill its fiduciary responsibilities while adapting to evolving economic, regulatory, and operational conditions.

In FY 2026–27, LACERA will continue advancing enterprise tools and capabilities that strengthen fiscal stewardship, transparency, and operational controls. Recent and ongoing initiatives include implementation of key financial and administrative systems—such as Accounts Payable (Certify), budget software (Questica), a centralized vendor management program, and Travel and Expense software (Certify/Emburse)—to modernize workflows and improve consistency, compliance, and audit readiness.

Building on this foundation, FY 2026–27 work continues with the Enterprise Contract Lifecycle Management (ECLM) solution (CobbleStone), including process review and assessment efforts already underway. In addition, the Strategic Plan roadmap includes financial training for staff and an Enterprise Resource Planning (ERP) tool assessment to further strengthen enterprise financial maturity and decision support.

LACERA will also continue supporting the Investment Office in implementing and achieving the Board of Investments' strategic priorities through governance and policy initiatives that reinforce long-term sustainability. Key initiatives include approval of the Actuarial Funding Policy and Interest Crediting Policy for Reserves and advancement of the OPEB Prefunding Policy, which strengthens funding governance and long-range financial resilience.

In FY 2026–27, a primary focus area is completing the classification and analysis of the LACERA Building, along with implementation planning tied to that assessment. Additional initiatives include selecting a media and public relations firm and implementing an

Investment Office staff salary adjustment program, supporting organizational sustainability and Investment Office operational effectiveness.

Board of Investments Strategic Initiatives

In parallel with the organization wide Strategic Plan, FY 2026–27 advances the Board of Investments' (BOI) Strategic Framework and Initiatives: *Towards Best in Class Investor*, which guides the implementation and oversight of LACERA's investment program. The framework provides visibility into investment-related initiatives, strengthens governance, and supports disciplined execution of the Strategic Asset Allocation in alignment with LACERA's fiduciary mission.

The BOI Strategic Framework is organized around five strategic initiatives that collectively promote return enhancement, risk mitigation, liquidity optimization, and operational excellence:

- *Optimize Investment Model* – advancing durable investment structures, improving portfolio efficiency, and strengthening risk-adjusted returns through innovative and scalable approaches.
- *Maximize Stewardship and Ownership Rights* – safeguarding long-term economic value through active proxy voting, engagement, and policy advocacy.
- *Strengthen Influence on Fees and Cost of Capital* – leveraging LACERA's scale and expertise to improve alignment, reduce costs, and enhance net returns.
- *LACERA Towards Inclusion, Diversity, and Equity (TIDE)* – promoting inclusive and equitable practices across investment partners, service providers, and internal operations.
- *Enhance Operational Effectiveness* – improving governance, reporting, data, and resource alignment to support a resilient and adaptive investment program.

The Board of Investments will also initiate a strategic framework refresh and governance review, in collaboration with LACERA's general investment consultant, Meketa. This effort includes gathering trustee input, benchmarking governance practices, and refining priorities to ensure the framework remains responsive to evolving market conditions, regulatory developments, and industry best practices.

Looking Ahead

Together with the BOR Strategic Plan, the BOI Strategic Framework reinforces LACERA's commitment to strong governance, disciplined execution, and long-term sustainability in support of members and beneficiaries.

As LACERA enters FY 2026–27, the organization remains focused on disciplined execution, clear prioritization, and sustained progress toward its long-term strategic goals. By aligning resources, governance, and leadership around shared priorities, LACERA is well positioned to continue delivering high quality service to members while strengthening organizational resilience and public trust.

Summary of Technology Modernization Projects for FY 2026-27

Project Title	Description	Goal and Benefit	FY 2026-27 Budget	Phase	Estimated Completion Date
Project Portfolio Management (PPM) Solution	The Systems Project Management Office (PMO) seeks to implement a Portfolio Project Management (PPM) solution to help LACERA manage and prioritize multiple projects within our portfolio. A PPM solution will help define project portfolios and prioritize them based on ROI, resource availability, and strategic objectives. Once the projects are initiated, the PPM solution will enhance our ability to track costs, identify risks, manage timelines, and report on status.	The goal of the PPM solution is to optimize the selection, prioritization, and execution of projects to ensure they align with LACERA's strategic initiatives. One of the most important features of a PPM is cross-project visibility, allowing the Executive Office and the Systems PMO to visualize dependencies between project resources, maximizing efficiency and avoiding hidden bottlenecks.	\$80,000	Phase 1 of 1	12/31/2026
Facilities Management Solution	LACERA seeks to implement ServiceNow's Facilities Management solution to centralize and streamline the way facility operations are managed across the organization. This platform will enable employees to submit maintenance and facilities requests through a unified portal, while providing facilities staff with the ability to track issue locations, associated assets, and work orders from intake through completion, improving response times and reducing manual processes.	A centralized Facilities Management Solution will modernize LACERA's facility operations, improving service delivery, operational efficiency, and space utilization. The solution will reduce manual effort, accelerate response times, and provide better visibility and control to support effective decision making and compliance.	\$100,000	Phase 1 of 1	6/30/2027
Disability Retirement Services (DRS) Artificial Intelligence (AI) Indexing Solution	LACERA seeks to implement an artificial intelligence use case within the Disability Application Process workflow. The proposed solution will automate the indexing of physicians' reports, eliminating the need for manual indexing.	The DRS AI solution will automate the manual indexing of physicians' reports, significantly reducing the time and effort required to process each disability retirement case.	\$150,000	Phase 1 of 1	6/30/2027
Virtual Mailroom Solution	LACERA seeks a virtual mailroom to ensure business continuity by providing efficient and secure management of incoming mail. The virtual mailroom would use a third-party provider to ensure uninterrupted document processing and remote accessibility.	The objective of this project is to contract with a third-party service provider to handle the receipt and scanning of LACERA's paper mail. The scanned documents will then be transmitted to LACERA for integration into our existing automated document routing workflow. This initiative aims to ensure business continuity for LACERA's Document Processing Center (DPC), which currently manages the opening and scanning of all incoming paper mail. In the event of a disaster affecting LACERA's building in Pasadena, this solution will provide a reliable and efficient alternative for mail processing.	\$150,000	Phase 1 of 1	6/30/2027
Member Experience Communication Platform (MECP)	LACERA is modernizing our existing telecommunications infrastructure for servicing our members by implementing a world-class Member Service Contact Center that integrates with our existing Microsoft suite of products, our pension administration system, and our case management system. This funding is requested to enhance the features of the new system.	The goal of this second phase is to implement additional features in the new MECP solution to improve the member experience.	\$150,000	Phase 2 of 2	6/30/2027
Enterprise Resource Planning Consulting Services	LACERA seeks to engage with a consulting firm to begin planning for the replacement of LACERA's legacy general ledger system with a modern Enterprise Resource Planning (ERP) solution that leverages cloud technology, automation, and advanced analytics.	This strategic modernization effort will enhance financial accuracy, streamline workflows, reduce manual processes, and position LACERA for long term operational efficiency and scalability.	\$150,000	Phase 1 of 2	6/30/2027

Summary of Technology Modernization Projects for FY 2026-27

Project Title	Description	Goal and Benefit	FY 2026-27 Budget	Phase	Estimated Completion Date
Member Identity Verification Solution	To support LACERA's strategic objective of Superior Member Service and as part of our commitment to protecting the promised benefits, the organization seeks to improve our member identity verification processes.	This project will ensure the organization can leverage identity verification and/or authentication services that adhere to the highest standards of data privacy and protection while enhancing the user experience and member satisfaction, reducing operational costs, and improving compliance and security requirements.	\$220,000	Phase 1 of 1	6/30/2027
My LACERA Mobile Application	LACERA seeks to begin the development of the My LACERA mobile application to expand member access, improve service delivery, and modernize our digital engagement capabilities.	A My LACERA mobile platform will provide secure, on-the-go access to essential retirement information, self-service tools, and real-time notifications, significantly reducing call center volume and operational workload. By meeting members where they are and aligning with industry standards for public pension systems, this investment strengthens LACERA's commitment to accessibility, efficiency, and long-term digital transformation.	\$500,000	Phase 1 of 1	6/30/2027
Member Case Management System – Continuation of Phase 2/Initiation of Phase 3	Case management continues to be a top priority for LACERA in the upcoming fiscal year. Phase 2 includes the death process, while Phase 3 includes the collections and Retiree Healthcare Enrollment processes.	LACERA has realized significant benefits from Phase 1 of Case Management, including increased efficiency, enhanced automation, and improved member satisfaction. Phases 2 and 3 will extend these benefits to the Death, Collections, and RHC Enrollment processes.	\$500,000	Phase 2 & 3 of 5	6/30/2027
Knowledge Management Solution	To support LACERA's strategic objective of Innovation Through Technology, the organization seeks to implement an enterprise knowledge management solution that stores and organizes the knowledge and information of the organization into a single robust solution. We currently maintain this critical enterprise content in multiple formats and on disparate systems.	This project will improve the efficiency of processes and operations by reducing the time and effort required to access and use relevant knowledge and information, preserve intellectual assets by capturing and storing knowledge of subject-matter experts or retirees and support learning and development of staff by providing a resource to acquire and update their knowledge and skills.	\$590,000	Phase 1 of 2	6/30/2027
Business Intelligence Initiative – Temporary Contractors to Augment Internal Resources	LACERA seeks to continue the advancement of our enterprise business intelligence capabilities by expanding the use of Power Business Intelligence (BI) dashboards and fully leveraging LACERA's enterprise data lake within Microsoft Fabric. With Fabric and Purview providing a unified, governed data foundation, the division will deliver interactive, real-time dashboards that give staff and leadership clearer visibility into operational performance, workload trends, and member service metrics.	This investment will improve the accuracy and timeliness of reporting, reduce manual data handling, enable more data driven decision-making across the organization, strengthen LACERA's ability to proactively identify opportunities, manage risk, and enhance service delivery.	\$840,000	Phase 1 of 1	12/31/2028
Mainframe Migration – Temporary Contractors to Augment Internal Resources	From 2014 to 2018, LACERA successfully migrated all real-time business functions from its legacy mainframe to Workspace, LACERA's in-house Pension Administration System. While this effort was highly successful, it did not address batch processing functions, which continue to operate on the mainframe. This ongoing initiative focuses on migrating remaining batch processes to Workspace, fully eliminating reliance on mainframe technology. Many of the underlying business rules already exist within Workspace, positioning the organization for a more efficient and lower risk transition.	Completing this migration will reduce operational risk associated with aging mainframe technology and a shrinking skilled workforce, streamline system operations, enable long term cost savings, and improve system maintainability.	\$920,000	Phase 1 of 1	6/30/2028

Mission

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

Vision

Empowering our members to enjoy a healthy and secure retirement

Values

Accountability Collaboration Inclusivity Innovation Integrity Transparency

FISCAL YEAR 2026-2027

Organizational Chart



----- Administrative
———— Functional

* Luis Lugo was appointed as CEO by both Boards during the Joint Board of Retirement and Board of Investments meeting on February 4, 2026.

** The CEO is the appointing authority for the CECO. The CECO reports functionally to the ACRE, both Boards, and the CEO. The CECO reports administratively to the Chief Counsel.

*** The Chief of Internal Audit reports administratively to the CEO and functionally to the ACRE.

FISCAL YEAR 2026-2027

Board of Retirement

Mission Statement

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

▶ The Board

Composed of 12 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.



James P. Harris
Chair
Elected by Retired Members



Wayne Moore
Vice Chair
Appointed by Board of Supervisors



Les Robbins
Secretary
Elected by Retired Members



Nancy M. Durazo
Elected by General Members



Bobbie Fesler
Appointed by Board of Supervisors



Elizabeth B. Ginsberg
Treasurer and Tax Collector
Ex-Officio Member



Jason E. Green
Elected by Safety Members



Shawn R. Kehoe
Elected by Safety Members



Aleen Langton
Elected by General Members



Ernesto J. Pantoja
Appointed by Board of Supervisors



Lisa Proft
Chief Deputy Treasurer and Tax Collector
Acting Ex-Officio Member



David Ryu
Appointed by Board of Supervisors

Board of Investments

Mission Statement

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

▶ The Board

Composed of ten 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.



Shawn R. Kehoe
Chair
Elected by Safety Members



Nicole Mi
Vice Chair
Elected by General Members



Mike Gatto
Secretary
Appointed by Board of Supervisors



Trevor Fay
Appointed by Board of Supervisors



Elizabeth B. Ginsberg
Treasurer and Tax Collector
Ex-Officio Member



Patrick L. Jones
Appointed by Board of Supervisors



Aleen Langton
Elected by General Members



Debbie Martin
Elected by Retired Members



Alma K. Martinez
Appointed by Board of Supervisors



Lisa Proft
Chief Deputy Treasurer and Tax Collector
Acting Ex-Officio Member

BUDGET POLICIES

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

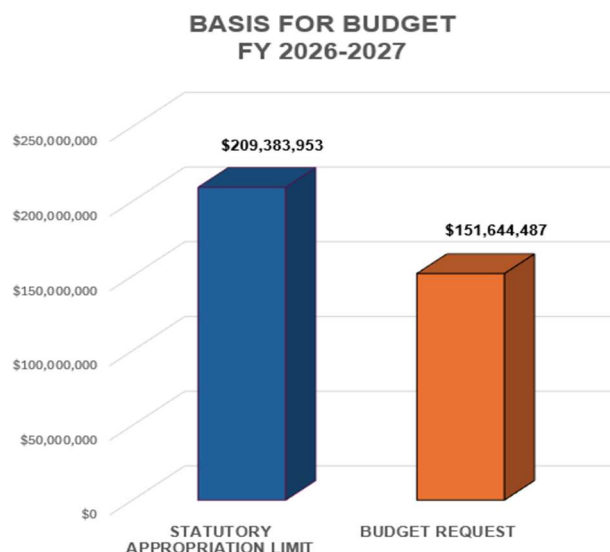
The budget is made up of three operating funds: the Administrative Fund, the Retiree Healthcare Benefits Program Fund, and the Other Post-Employment Benefits (OPEB) Trust Fund.

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

Legal Requirement

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

Per the 1937 Act, LACERA's statutory appropriation limit for FY 2026-27 is \$209,383,953. The proposed budget for FY 2026-27 totals \$151,644,487, \$57,739,466 below the statutory appropriation limit. Further, CERL requires that the administrative budget be funded from investment earnings of the plan.



JOGC Oversight

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

Budgetary Control and Financial Forecasting

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

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

Chief Executive Officer (CEO) Authority

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

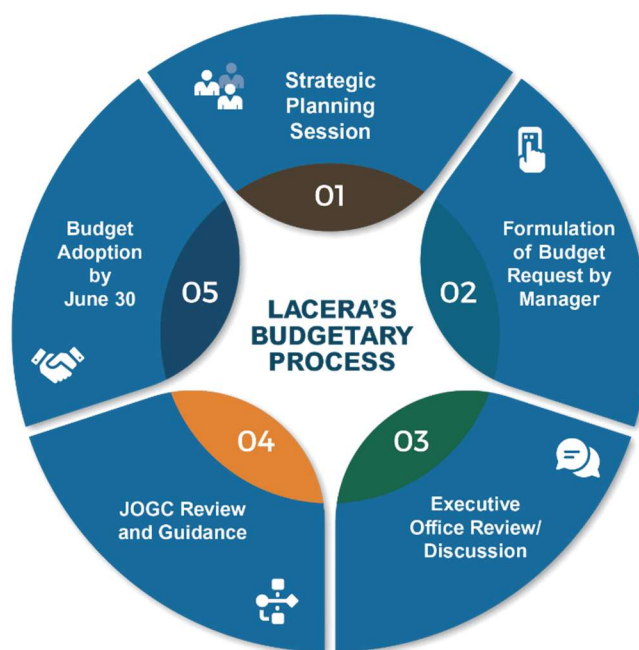
Retiree Healthcare Benefits Program

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

Non-Administrative Expenses

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

BUDGET PROCESS



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

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

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

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

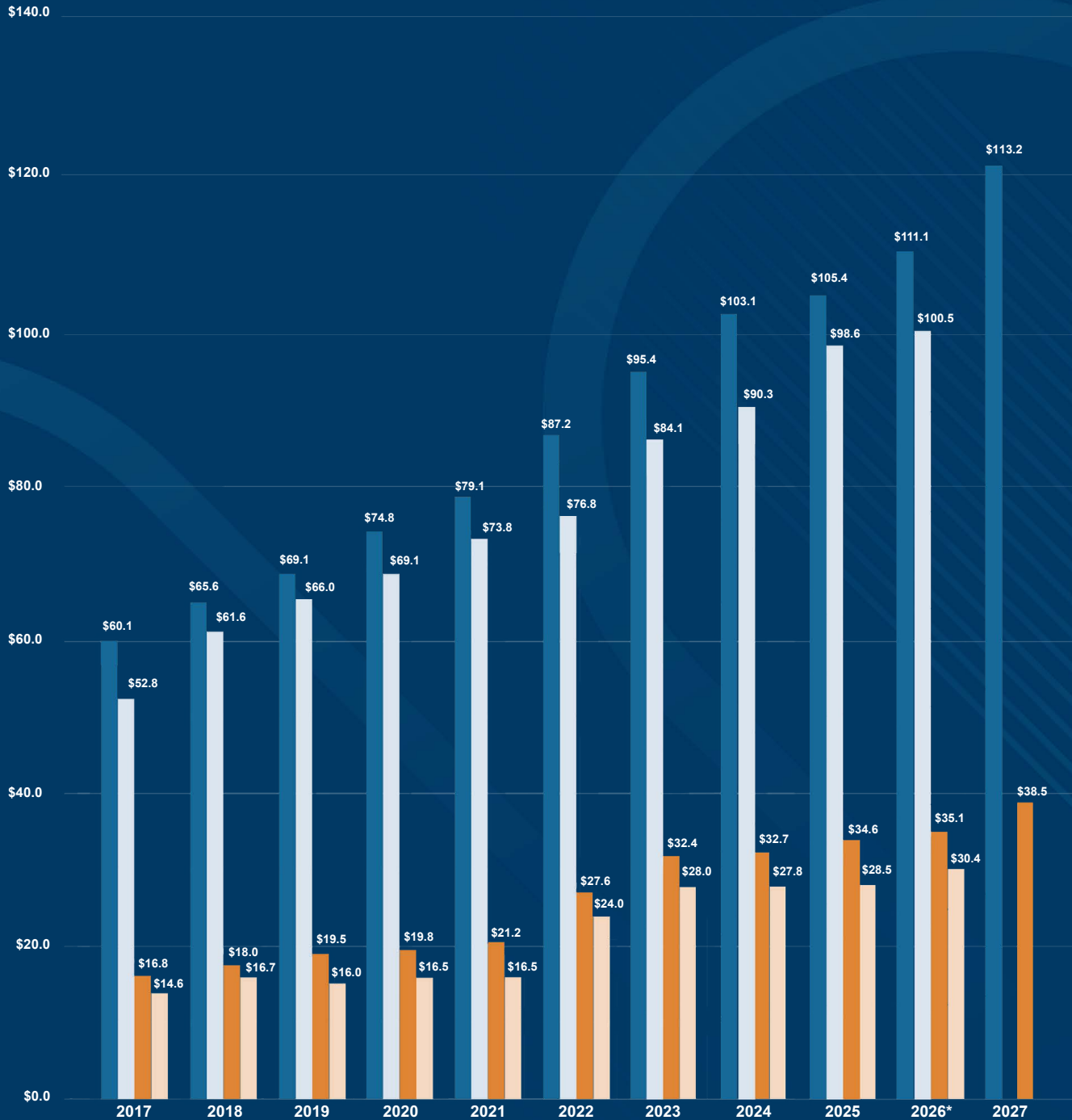
Lastly, the JOGC's proposed budget is submitted for approval at the meetings of each Board in June. Each year the budget must be adopted by June 30th to take effect on July 1st.

HISTORY: BUDGET EXPENDITURES

Salaries & Employee Benefits and Services & Supplies

2017-2027

(\$ in Millions)



* The Actual Expenditures for the budget year ending 2026 are projected based on YTD figures through 01/31/2026

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

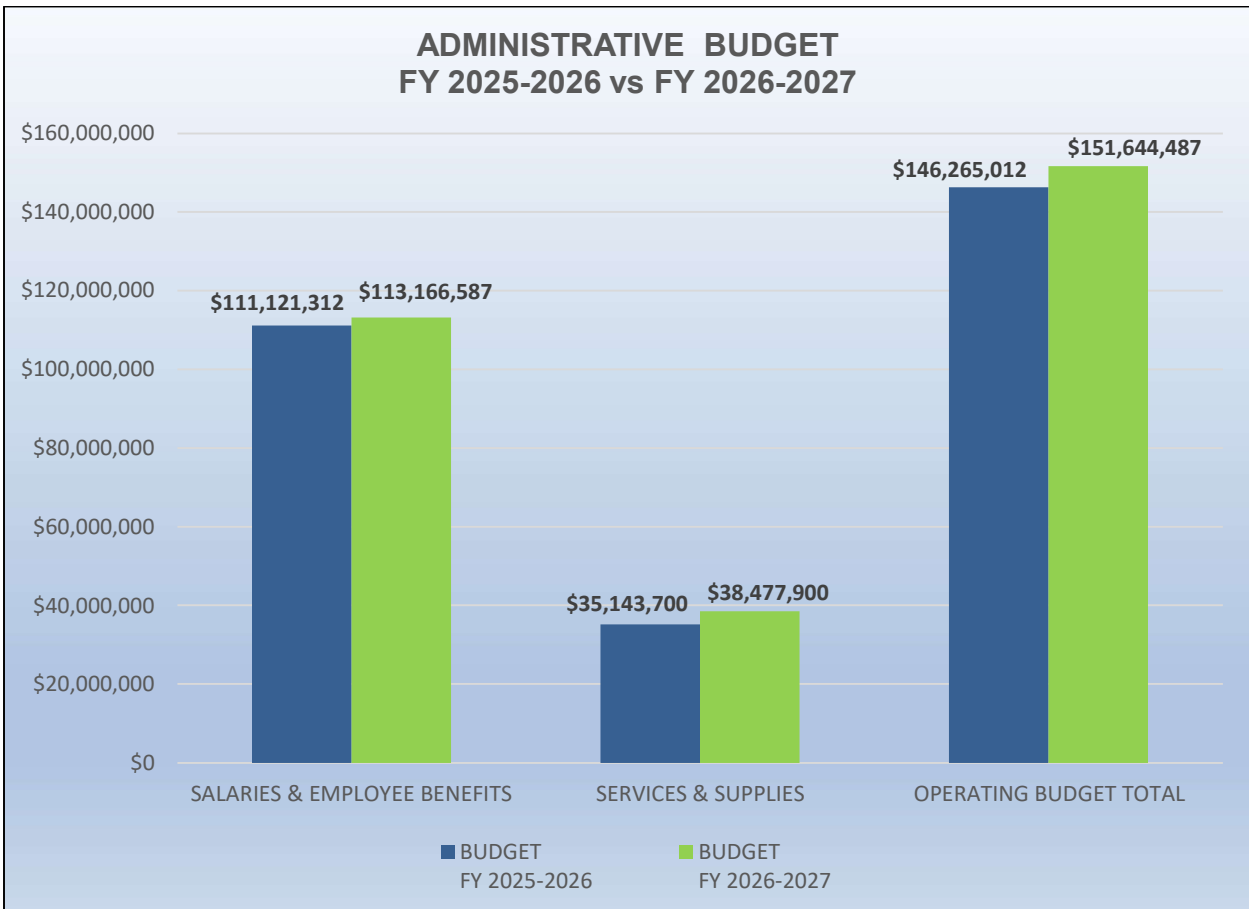
FISCAL YEAR 2026 - 2027

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 2026-27 is \$151,644,487. This represents a 3.7 percent increase from the prior year budget.

ADMINISTRATIVE BUDGET	BUDGET FY 2025-2026	BUDGET FY 2026-2027	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$111,121,312	\$113,166,587	\$2,045,275	1.8%
SERVICES & SUPPLIES	\$35,143,700	\$38,477,900	\$3,334,200	9.5%
TOTAL	\$146,265,012	\$151,644,487	\$5,379,475	3.7%



The chart below displays the total budgeted costs per division in comparison to the prior year. For additional details see the divisional tabs.

DIVISION	BUDGET REQUEST FY 2025-2026	BUDGET REQUEST FY 2026-2027	VARIANCE	% CHANGE
Administrative Services	\$16,938,924	\$17,367,437	\$428,514	2.5%
Benefits	13,374,834	14,549,947	1,175,112	8.8%
Board of Retirement	386,500	386,500	0	0.0%
Board of Investments	659,000	659,000	0	0.0%
Communications	4,312,331	4,575,183	262,852	6.1%
Disability Litigation	2,516,477	0	(2,516,477)	-100.0%
Disability Retirement	11,316,482	12,014,311	697,829	6.2%
Ethics & Compliance Office	356,341	379,946	23,606	6.6%
Executive Office	4,837,217	4,394,717	(442,500)	-9.1%
Financial & Accounting Services	5,981,192	6,347,681	366,489	6.1%
Human Resources	6,670,206	6,722,420	52,214	0.8%
Information Security Office	1,913,642	2,429,476	515,834	27.0%
Internal Audit	3,484,879	3,190,726	(294,153)	-8.4%
Investment Office	20,791,311	21,014,406	223,094	1.1%
Legal Services	9,516,635	10,883,332	1,366,697	14.4%
Member Services	12,762,490	14,329,818	1,567,328	12.3%
Quality Assurance	3,215,620	2,891,039	(324,582)	-10.1%
Systems	27,230,931	29,508,549	2,277,618	8.4%
TOTAL	\$146,265,012	\$151,644,487	\$5,379,475	3.7%

Salaries and Employee Benefits Summary

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

S&EB CATEGORY	BUDGET REQUEST FY 2025-2026	BUDGET REQUEST FY 2026- 2027	VARIANCE	% CHANGE
<u>SALARIES & OTHER PAYS</u>				
Permanent / County Temporary	\$62,876,754	\$63,695,583	\$818,829	1.3%
Agency Temporary	6,107,100	5,258,700	(848,400)	-13.9%
LACERA Intern Program	413,000	288,000	(125,000)	-30.3%
Stipends	65,000	65,000	0	0.0%
Overtime	1,472,400	1,566,600	94,200	6.4%
Bilingual Bonus	20,400	19,200	(1,200)	-5.9%
Transportation Allowance	36,000	36,000	0	0.0%
Rideshare Allowance	70,300	69,400	(900)	-1.3%
Sickleave Buyback	119,800	119,800	0	0.0%
TOTAL SALARIES & OTHER PAYS	\$71,180,754	\$71,118,283	(\$62,471)	-0.1%
<u>VARIABLE BENEFITS</u>				
Retirement	11,896,604	12,646,443	749,839	6.3%
FICA Contribution	904,370	916,821	12,451	1.4%
County Subsidy - Insurance	3,651,760	3,565,304	(86,456)	-2.4%
Options Plan	5,876,077	6,026,200	150,122	2.6%
Life Insurance	26,173	25,963	(210)	-0.8%
Health Insurance Temps	22,541	389,507	366,966	1628.0%
Flexible Benefit Plan	18,805	18,805	0	0.0%
Thrift Plan / Horizons	2,498,213	2,532,560	34,347	1.4%
Savings Plan	1,609,628	1,608,850	(778)	0.0%
Pension Savings Plan	59,193	59,193	0	0.0%
Megaflex	6,841,071	6,837,763	(3,308)	0.0%
TOTAL VARIABLE BENEFITS	\$33,404,435	\$34,627,407	\$1,222,973	3.7%
OPEB CONTRIBUTION	\$2,791,123	\$3,160,896	\$369,773	13.2%
OTHER BENEFITS	\$3,745,000	\$4,260,000	\$515,000	13.8%
TOTAL EMPLOYEE BENEFITS	\$39,940,558	\$42,048,304	\$2,107,745	5.3%
TOTAL SALARIES & EMPLOYEE BENEFITS	\$111,121,312	\$113,166,587	\$2,045,275	1.8%

Assumptions

The following assumptions were used in developing the budgets:

- LACERA utilizes an incremental-based budget process with the prior year resources as the “budget base” adjusted to reflect changes to activities or costs.
- Salaries are budgeted based on projected yearly costs by position. Filled positions assume salary-step and/or merit increases where eligible.
- Vacant positions are budgeted at the first step and salary savings are calculated by reducing the salary cost by the number of months it takes to hire against the position. The number of months funded is based on LACERA’s hiring plan as of February 27, 2026, and is clearly identified in each division’s tab. Vacant positions as of January 2026 that are expected to be filled by June 30, 2026 are budgeted for the full year.
- The budget excludes costs associated with the pending Memorandum of Understanding (MOU) and any related COLAs, as final terms have not yet been approved by the Los Angeles County Board of Supervisors.
- Variable benefits costs are adjusted consistently with Los Angeles County negotiated fringe benefit rates.
- Funding of RBS I (County Temp Classification) added to S&EB

Explanation of S&EB Costs

The proposed budget for S&EB totals \$113,166,587, an increase of approximately \$2 million or 1.8 percent. A breakdown of the significant changes impacting S&EB costs are detailed below.

Compensation and Benefits Assumptions

The FY 2026–27 budget does not include any cost-of-living adjustments (COLAs) and does not assume any changes to salaries or benefits resulting from labor negotiations that are currently pending County approval.

The budget excludes costs associated with the pending Memorandum of Understanding (MOU) and any related COLAs, as final terms have not yet been approved by the Los Angeles County Board of Supervisors. Upon approval, the final agreement is expected to include retroactive cost impacts, which may be eligible for absorption within the FY 2026–27 budget, subject to the timing of approval and overall budget capacity at that time.

Consistent with prior practice, the budget assumes normal salary step progression and merit increases for qualified and eligible employees, along with commensurate increases in employee benefits. Benefit costs are estimated at approximately 54 percent of total salaries, consistent with Los Angeles County budgeting and actuarial assumptions.

Budget Risk Disclosure – Pending MOU

The FY 2026–27 budget does not include funding for the pending MOU or any associated COLAs, as these items remain subject to final County approval and confirmation of actual cost impacts. Estimated costs are approximately \$6 million. Approval of the MOU may result in retroactive compensation and benefit costs that were not incorporated into the adopted budget.

Upon receipt of County approval and verified cost details, staff will assess the fiscal impact and determine whether the costs can be absorbed within existing FY 2026–27 appropriations. Staff will present recommended funding adjustments to the Board as part of the mid-year budget adjustment process.

Staffing Changes and Organizational Realignment

For FY 2026–27, there is no net increase in permanent positions. Position additions are fully offset by position eliminations and realignments across divisions, resulting in a net-zero change to LACERA's total budgeted staffing authority, which remains at 509 positions (excluding the Retiree Healthcare Benefits Program).

As part of these organizational realignments, the Disability Litigation Office (DLO) was consolidated into Legal Services effective upon the retirement of the DLO Chief Counsel, following a determination by the Chief Executive Officer. This leadership transition provided an appropriate and timely opportunity to reassess the organizational structure, reporting alignment, and long-term business need for maintaining Disability Litigation as a standalone division.

Based on this review, executive leadership determined that disability litigation functions are substantively aligned with Legal Services' existing disability advisory, litigation, and governance responsibilities. As a result, maintaining Disability Litigation as a separate division was no longer necessary to effectively deliver these services.

Key considerations supporting the consolidation include:

- **Continuity of Operations:** Disability litigation functions continue without interruption, with existing staff and institutional knowledge retained.
- **Separation of Duties:** In accordance with California law, appropriate separation is maintained on a case-by-case basis between staff advising the Board on disability matters and staff representing LACERA in disputed disability cases.
- **Organizational Efficiency:** The consolidation reduces duplicative executive-level oversight and streamlines the organizational structure.

- **Strategic Alignment:** Integration supports a cohesive and coordinated legal approach across disability advice, administrative litigation, and Board support.
- **Succession Planning and Span of Control:** The realignment aligns with broader executive review of span of control, succession planning, and future organizational design within Legal Services.
- **Staff Culture and Opportunity:** Consolidation enhances collaboration within Legal Services and expands professional development opportunities for former DLO staff through exposure to additional legal and strategic work.

This consolidation represents an administrative and reporting change only. All Disability Litigation positions, functions, and workloads continue within Legal Services, and there is no increase to overall legal staffing or associated costs because of this realignment.

While overall staffing levels remain unchanged, the FY 2026–27 position realignments result in net ongoing savings of \$263,999, as reflected in the position change summary below. These savings are attributable to strategic realignments, position eliminations, and classification changes that better align resources with operational needs while maintaining service levels.

A detailed summary of position changes, by division and classification, is provided below for Board review.

Summary of Position Changes

DIVISION	#	POSTION TITLE	BUDGET IMPACT
Benefits Division	3.0	Retirement Benefits Specialist III	\$356,580
	(3.0)	Retirement Benefits Specialist II	(\$298,585)
Disability Litigation	(1.0)	Chief Counsel, Disability Litigation	(\$433,437)
	(2.0)	Senior Staff Counsel	(\$592,163)
	(3.0)	Senior Legal Secretary	(\$387,737)
	(1.0)	Principal Investment Officer	(\$491,214)
Investment Office	1.0	Senior Investment Officer	\$395,408
	2.0	Finance Analyst I	\$306,422
	(1.0)	Senior Administrative Assistant	(\$102,258)
Legal Services	2.0	Senior Staff Counsel	\$592,163
	3.0	Senior Legal Secretary	\$387,737
Systems Division	1.0	Data Systems Supervisor II	\$209,044
	(1.0)	Retirement Systems Specialists	(\$205,960)
Total	0.0		(\$263,999)

* Based on Human Resources Recruitment Calendar

Permanent/County Temporary Salaries

Funding for Permanent/County Temporary Salaries is increasing by approximately \$818,829 million or 1.3 percent. This is a result of anticipated salary-step and merit increases.

Agency Temporary Salaries

Agency Temporary Salaries funding was reduced by \$848,400, or 13.9%, in FY 2026-27. LACERA engages Agency Temporary staff primarily to address essential operational requirements while recruiting permanent employees, and to fill temporary skill gaps or supplement teams for short-term projects where ongoing additional staffing is unnecessary. The decrease for FY 2025-26 reflects the hiring of permanent staff.

Intern Program

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

For FY 2026-27, LACERA hopes to welcome 14 Interns to work on special projects across the organization as outlined below:

Division	No.	Project Description
Information Security Office	1	Knowledge management and information security program projects
Investment Office	4*	Performance attribution, market research, and investment analysis
Legal Office	2	Legal projects (law students)
Member Services	1	Member Services support
Systems	6	Workflow automation, onsite data center, and data lake
Total	14	

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

At LACERA, internships are paid with the intention to ensure access to these opportunities. The FY 2026-27 Administrative Budget includes \$288,000 to fund 12 Interns; two additional Interns for the Investment Office will be funded through outside organizations that seek to encourage individuals of diverse and underrepresented backgrounds.

Employee Benefits

Total employee benefits for FY 2026–27 are projected to total \$42,048,304, an increase of \$2,107,745, or 5.3 percent, compared to the prior year. Of this amount, variable employee benefits increased by \$1,222,973, or 3.7 percent, reflecting changes in staffing levels, benefit participation, and salary-driven cost adjustments.

Within variable benefits, health insurance costs increased by \$366,966, primarily to reflect anticipated benefit needs associated with the onboarding of the Retirement Benefits Specialist I (RBS I) training class.

In contrast, retirement costs increased by \$749,839, driven by assumed salary step progression and merit increases. Because employer retirement contributions are directly tied to employee salaries, increases in wages result in corresponding increases in retirement contribution costs.

In addition, Other Post-Employment Benefits (OPEB) Contributions and other benefits increased by approximately \$369,773. These amounts represent the employer portion of pension-related and other benefit costs paid by LACERA for its own employees.

Total Budgeted Positions

Based on the proposal of net-zero positions, LACERA's total budgeted positions count will be 509.

DIVISION	BUDGETED POSITIONS FY 2025-2026	CHANGE	BUDGETED POSITIONS FY 2026-2027
ADMINISTRATIVE SERVICES	44	0	44
BENEFITS DIVISION	78	0	78
COMMUNICATIONS	14	0	14
DISABILITY LITIGATION	6	(6)	0
DISABILITY RETIREMENT	44	0	44
ETHICS & COMPLIANCE OFFICE	3	0	3
EXECUTIVE OFFICE	10	0	10
FINANCIAL & ACCOUNTING	33	0	33
HUMAN RESOURCES	21	0	21
INFORMATION SECURITY OFFICE	5	0	5
INTERNAL AUDIT SERVICES	11	0	11
INVESTMENT OFFICE	49	1	50
LEGAL SERVICES	29	5	34
MEMBER SERVICES	81	0	81
QUALITY ASSURANCE	19	0	19
SYSTEMS	62	0	62
TOTAL	509	0	509

Ordinance Positions

Ordinance positions reflect the employment authority by classification ratified by the Los Angeles County Board of Supervisors for LACERA. Not all positions outlined in LACERA's Ordinance are funded in the budget. Each year, the Board of Retirement and the Board of Investments adopt a budget, which includes funding for a specified number of positions. Most of these positions are funded for a full year; positions that are anticipated to be vacant at the beginning of the fiscal year are generally funded for less than 12 months. Historically, LACERA has maintained a higher number of Ordinance positions than budgeted to allow flexibility in filling positions within specific classifications. Each time a position is filled, it must be applied against an authorized position identified in the Ordinance, and funding must be available within the budget. Additionally, when the Boards authorize new positions as part of the budget, they cannot be immediately filled if there is not sufficient authority within the Ordinance, and it typically takes the Board of Supervisors several months to add new positions to LACERA's Ordinance. With the exception of the Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer positions and two Principal Staff Counsel, which are currently pending, all positions proposed for funding in the FY 2026–27 Budget are included in the existing Ordinance.

Vacancy Information

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

Once the executive and management teams have agreed on a plan, the staffing requests are approved in the budget proposal presented to the Boards. The vacant position chart below shows that there are 98 vacant positions as of March 31, 2026. However, LACERA anticipates hiring or promoting twenty-six staff in the fourth quarter of FY 2025-2026, for a total of 60 hiring actions for the full year.

Vacant Positions Summary

DIVISION	BUDGETED POSITIONS FY 2025-2026	VACANCY (AS OF 03/31/26)	%	BUDGETED POSITIONS FY 2026-27*
Administrative Services	44	13	30%	44
Benefits	78	12	15%	78
Communications	14	4	29%	14
Disability Litigation	6	1	17%	0
Disability Retirement Services	44	8	18%	44
Ethics & Compliance Office Ø	3	3	100%	3
Executive	10	3	30%	10
Financial Accounting Services	33	3	9%	33
Human Resources	21	4	19%	21
Information Security Office	5	0	0%	5
Internal Audit	11	1	9%	11
Investment Office	49	9	18%	50
Legal Services Ø	29	8	28%	34
Member Services	81	3	4%	81
Quality Assurance	19	7	37%	19
Systems	62	19	31%	62
LACERA Total	509	98	19%	509

*Includes new requested positions

Ø Includes four (4) budgeted positions not yet approved by Board of Supervisors

Hiring Plan

LACERA's Human Resources (HR) Division is responsible for implementing Strategic Objective 3.3 Improving and Simplifying our Hiring Process. In FY 2025-26, we are on track to promulgate 14 hiring lists by the end of the fiscal year, approximately half of the eligible lists created in FY 2024-25. By the end of the year, LACERA anticipates onboarding in various departments including FASD, Executive Office, Systems, Investment Office, and Retirement Benefits Specialists I as part of the Specialist Basic Training class.

Services and Supplies (S&S)

The FY 2026-27 Services and Supplies (S&S) budget is \$38,477,900, an increase of \$3,334,200, or 9.5 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:

- Professional and Specialized Services are expected to increase by \$3,067,100 or 57.3 percent driven primarily by strategic planning and technology-focused initiatives. Approximately \$2.8 million is dedicated to enterprise strategic planning

efforts centralized under the Strategic Planning cost center (GL 9724) to enhance transparency and oversight. Key investments include strategic planning support in the Executive Office, a risk assessment consultant in Internal Audit, and major digital strategy and innovation initiatives within the Systems Division to advance LACERA's long-term operational and technology goals.

- Educational Expenses are expected to increase by \$342,200 or 17.4 percent. The proposed increase is the result of multiple divisions requesting a modest adjustment in alignment with Strategic Initiative 3: Investing in People. This initiative underscores LACERA's commitment to becoming an employer of choice at all levels. Also, due to multiple divisions requesting a Gartner subscription service.
- Legal Fees & Services expenses are expected to decrease by \$500,000 or 20.3 percent. The decrease is attributed to the resolution of the County lawsuit.

Services & Supplies Summary

S&S CATEGORY	BUDGET REQUEST FY 2025- 2026	BUDGET REQUEST FY 2026- 2027	VARIANCE	% CHANGE
Auto Expenses	\$52,300	\$124,400	\$72,100	137.9%
Communications	355,000	347,500	(7,500)	-2.1%
Transportation & Travel	970,100	948,500	(21,600)	-2.2%
Postage	1,269,000	1,349,000	80,000	6.3%
Stationery & Forms	948,000	911,500	(36,500)	-3.9%
Office Supplies & Equipment	855,500	753,900	(101,600)	-11.9%
Insurance	1,331,900	1,363,000	31,100	2.3%
Equipment Maintenance	222,000	252,500	30,500	13.7%
Equipment Rents & Leases	260,000	270,000	10,000	3.8%
Building Costs	7,695,000	7,900,000	205,000	2.7%
Parking Fees	561,000	561,000	0	0.0%
Professional & Specialized Services	5,351,500	8,418,600	3,067,100	57.3%
Bank Services	200,000	200,000	0	0.0%
Legal Fees & Services	2,460,000	1,960,000	(500,000)	-20.3%
Disability Fees & Services	3,340,200	3,335,200	(5,000)	-0.1%
Computer Services & Support	6,575,000	6,746,000	171,000	2.6%
Educational Expenses	1,966,000	2,308,200	342,200	17.4%
Miscellaneous	731,200	728,600	(2,600)	-0.4%
TOTAL	\$35,143,700	\$38,477,900	\$3,334,200	9.5%

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025 - 2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Gross Salaries	\$63,695,583	\$62,876,754	\$29,763,023	\$56,104,000	(\$6,772,754)	-10.8%	\$818,829	1.3%
Salary Differential	-	-	-	-	-	-	-	-
Permanent Salaries	\$63,695,583	\$62,876,754	\$29,763,023	\$56,104,000	(\$6,772,754)	-10.8%	\$818,829	1.3%
Outside Agency Temporary Staffing	5,258,700	6,107,100	3,356,208	6,223,300	116,200	1.9%	(848,400)	-13.9%
LACERA Intern Program	288,000	413,000	285,571	413,000	0	0.0%	(125,000)	-30.3%
Variable Benefits								
Retirement	12,646,443	11,896,604	6,465,474	12,438,700	542,096	4.6%	749,839	6.3%
FICA Contribution	916,821	904,370	489,851	886,500	(17,870)	-2.0%	12,451	1.4%
County Subsidy - Insurance	3,565,304	3,651,760	1,439,714	2,379,900	(1,271,860)	-34.8%	(86,456)	-2.4%
Options Plan	6,026,200	5,876,077	2,381,757	4,785,500	(1,090,577)	-18.6%	150,122	2.6%
Life Insurance	25,963	26,173	12,306	24,900	(1,273)	-4.9%	(210)	-0.8%
Health Insurance Temps	389,507	22,541	0	16,800	(5,741)	-25.5%	366,966	1628.0%
Flexible Benefit Plan	18,805	18,805	0	0	(18,805)	-100.0%	0	0.0%
Thrift Plan/Horizons	2,532,560	2,498,213	929,636	1,834,500	(663,713)	-26.6%	34,347	1.4%
Savings Plan	1,608,850	1,609,628	629,020	1,290,700	(318,928)	-19.8%	(778)	0.0%
Pension Savings Plan	59,193	59,193	1,978	3,400	(55,793)	-94.3%	0	0.0%
Megaflex	6,837,763	6,841,071	3,325,636	5,919,300	(921,771)	-13.5%	(3,308)	0.0%
Total	34,627,407	33,404,435	15,675,373	29,580,200	(3,824,235)	-11.4%	1,222,973	3.7%
Other Benefits	4,260,000	3,745,000	1,825,433	3,706,300	(38,700)	-1.0%	515,000	13.8%
OPEB Contribution	3,160,896	2,791,123	1,427,322	2,787,100	(4,023)	-0.1%	369,773	13.2%
Stipends	65,000	65,000	21,721	42,000	(23,000)	-35.4%	0	0.0%
Overtime	1,566,600	1,472,400	575,007	1,502,000	29,600	2.0%	94,200	6.4%
Bilingual Bonus	19,200	20,400	9,750	15,600	(4,800)	-23.5%	(1,200)	-5.9%
Sickleave Buyback	119,800	119,800	90,632	112,500	(7,300)	-6.1%	0	0.0%
Rideshare Allowance	69,400	70,300	2,355	4,800	(65,500)	-93.2%	(900)	-1.3%
Transportation Allowance	36,000	36,000	19,200	30,000	(6,000)	-16.7%	0	0.0%
S&EB TOTAL	\$113,166,587	\$111,121,312	\$53,051,594	\$100,520,800	(\$10,600,512)	-9.5%	\$2,045,275	1.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
SALARIES AND EMPLOYEE BENEFITS
DIVISION SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025 - 2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$6,577,537	\$6,402,524	\$3,008,596	\$5,468,000	(\$934,524)	-14.6%	\$175,014	2.7%
Benefits	14,414,347	13,237,934	6,602,114	13,279,500	41,566	0.3%	1,176,412	8.9%
Communications	2,987,583	2,713,931	1,199,493	2,219,700	(494,231)	-18.2%	273,652	10.1%
Disability Litigation	0	2,481,377	1,096,821	2,041,600	(439,777)	-17.72%	(2,481,377)	-100.0%
Disability Retirement	8,242,111	7,533,582	3,786,147	7,044,400	(489,182)	-6.5%	708,529	9.4%
Ethics and Compliance Office	\$247,746	236,141	8,860	17,500	(218,641)	-92.6%	11,606	4.9%
Executive Office	3,557,617	3,939,117	2,090,613	3,591,300	(347,817)	-8.8%	(381,500)	-9.7%
Financial & Accounting Services	5,946,681	5,724,192	2,952,778	5,141,300	(582,892)	-10.2%	222,489	3.9%
Human Resources	4,176,520	4,064,506	2,087,729	3,683,100	(381,406)	-9.4%	112,014	2.8%
Information Security Office	1,383,276	1,339,442	354,884	825,600	(513,842)	-38.4%	43,834	3.3%
Internal Audit	2,482,226	2,715,679	1,400,339	2,502,200	(213,479)	-7.9%	(233,453)	-8.6%
Investment Office	20,652,906	20,429,811	8,751,679	17,805,100	(2,624,711)	-12.8%	223,094	1.1%
Legal Services	8,817,432	7,019,735	3,435,493	6,625,300	(394,435)	-5.6%	1,797,697	25.6%
Member Services	13,946,118	12,424,890	6,197,866	11,591,200	(833,690)	-6.7%	1,521,228	12.2%
Quality Assurance	2,863,939	3,129,520	1,396,312	2,792,500	(337,020)	-10.8%	(265,582)	-8.5%
Systems Division	16,870,549	17,728,931	8,681,871	15,892,500	(1,836,431)	-10.4%	(858,382)	-4.8%
S&EB TOTAL	\$113,166,587	\$111,121,312	\$53,051,594	\$100,520,800	(\$10,600,512)	-9.5%	\$2,045,275	1.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA

FISCAL YEAR 2026-2027

AGENCY TEMPORARY STAFFING
DIVISION SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2 0 2 5 - 2 0 2 6			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$276,500	\$350,900	\$433,221	\$550,000	\$199,100	56.7%	(\$74,400)	-21.2%
Benefits	280,600	0	107,657	195,000	195,000	0.0%	280,600	0.0%
Communications	271,500	400,100	160,673	276,000	(124,100)	-31.0%	(128,600)	-32.1%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	340,500	420,000	291,619	580,000	160,000	38.1%	(79,500)	-18.9%
Ethics & Compliance Office	0	0	0	0	0	0.0%	0	0.0%
Executive Office	0	141,200	5,791	5,800	(135,400)	-95.9%	(141,200)	-100.0%
Financial & Accounting Services	334,700	526,500	212,684	526,500	0	0.0%	(191,800)	-36.4%
Human Resources	28,000	28,000	0	20,000	(8,000)	-28.6%	0	0.0%
Information Security Office	0	213,000	0	0	(213,000)	-100.0%	(213,000)	-100.0%
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	134,600	127,400	98,775	170,000	42,600	33.4%	7,200	5.7%
Member Services	52,300	0	0	0	0	0.0%	52,300	0.0%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	3,540,000	3,900,000	2,045,789	3,900,000	0	0.0%	(360,000)	-9.2%
TOTAL	\$5,258,700	\$6,107,100	\$3,356,208	\$6,223,300	\$116,200	1.9%	(\$848,400)	-13.9%

*All amounts rounded to the nearest dollar.

LACERA
BUDGET REQUEST INFORMATION
AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2024		FYE 2025		FYE 2026		FYE 2027
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$457,800	\$297,609	\$412,400	\$416,407	\$350,900	\$550,000	\$276,500
Benefits	62,200	45,355	57,900	9,122	0	195,000	280,600
Communications	331,000	85,859	276,400	163,058	400,100	276,000	271,500
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	138,100	191,004	407,300	363,391	420,000	580,000	340,500
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	645,200	1,011,813	161,000	20,376	141,200	5,800	0
Financial & Accounting Services	776,700	544,167	482,500	524,955	526,500	526,500	334,700
Human Resources	139,000	156,870	50,500	9,930	28,000	20,000	28,000
Information Security Office	0	0	302,000	388,228	213,000	0	0
Internal Audit	0	0	0	0	0	0	0
Investment Office	0	0	0	0	0	0	0
Legal Services	179,400	180,763	116,700	131,689	127,400	170,000	134,600
Member Services	72,600	57,563	295,800	69,479	0	0	52,300
Quality Assurance	0	0	0	0	0	0	0
Systems	2,881,700	3,285,956	2,140,100	2,909,452	3,900,000	3,900,000	3,540,000
GRAND TOTAL	\$5,683,700	\$5,856,959	\$4,702,600	\$5,006,086	\$6,107,100	\$6,223,300	\$5,258,700

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2026-2027
OVERTIME REQUEST
DIVISION SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2 0 2 5 - 2 0 2 6			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$54,800	\$54,500	\$3,577	\$40,000	(\$14,500)	-26.6%	\$300	0.6%
Benefits	593,900	579,700	280,502	780,000	200,300	34.6%	14,200	2.4%
Communications	4,900	4,600	859	2,300	(2,300)	-50.0%	300	6.5%
Disability Litigation	0	3,000	222	400	(2,600)	-86.7%	(3,000)	-100.0%
Disability Retirement	99,500	59,400	77,283	120,000	60,600	102.0%	40,100	67.5%
Ethics & Compliance Office	0	0	0	0	0	0.0%	0	0.0%
Executive Office	30,700	28,400	20,818	28,400	0	0.0%	2,300	8.1%
Financial & Accounting Services	68,500	62,300	37,887	50,000	(12,300)	-19.7%	6,200	10.0%
Human Resources	7,100	6,700	5,149	6,700	0	0.0%	400	6.0%
Information Security Office	0	0	0	0	0	0.0%	0	0.0%
Internal Audit	3,800	5,700	788	3,000	(2,700)	-47.4%	(1,900)	-33.3%
Investment Office	800	800	0	0	(800)	-100.0%	0	0.0%
Legal Services	27,000	21,000	10,773	21,000	0	0.0%	6,000	28.6%
Member Services	415,900	397,900	56,313	300,000	(97,900)	-24.6%	18,000	4.5%
Quality Assurance	12,900	12,300	107	200	(12,100)	-98.4%	600	4.9%
Systems Division	246,800	236,100	80,730	150,000	(86,100)	-36.5%	10,700	4.5%
TOTAL	\$1,566,600	\$1,472,400	\$575,007	\$1,502,000	\$29,600	2.0%	\$94,200	6.4%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2024		FYE 2025		FYE 2026		FYE 2027
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$35,700	\$14,068	\$47,300	\$31,099	\$54,500	\$40,000	\$54,800
Benefits	426,400	818,091	562,900	766,157	579,700	780,000	593,900
Communications	4,500	1,821	4,500	1,279	4,600	2,300	4,900
Disability Litigation	2,800	572	2,900	134	3,000	400	0
Disability Retirement	103,600	192,653	140,800	102,279	59,400	120,000	99,500
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	27,600	32,129	28,400	26,068	28,400	28,400	30,700
Financial & Accounting Services	64,700	52,129	62,800	47,405	62,300	50,000	68,500
Human Resources	4,700	13,998	6,500	2,901	6,700	6,700	7,100
Information Security Office	0	0	0	0	0	0	0
Internal Audit	5,300	258	5,500	775	5,700	3,000	3,800
Investment Office	800	24	800	31	800	0	800
Legal Services	19,900	27,524	20,300	26,177	21,000	21,000	27,000
Member Services	214,200	381,613	384,900	231,271	397,900	300,000	415,900
Quality Assurance	11,500	2,031	11,900	0	12,300	200	12,900
Systems	229,200	226,414	229,200	137,318	236,100	150,000	246,800
GRAND TOTAL	\$1,150,900	\$1,763,326	\$1,508,700	\$1,372,894	\$1,472,400	\$1,502,000	\$1,566,600

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

**VACANT POSITIONS
SUMMARY**

DIVISION	BUDGETED POSITIONS FY 2025-2026	VACANCY (AS OF 03/31/26)	%	PROPOSED BUDGETED POSITIONS FY 2026-2027 *	VACANCY	%
Administrative Services	44	13	30%	44	13	30%
Benefits	78	12	15%	78	12	15%
Communications	14	4	29%	14	4	29%
Disability Litigation	6	1	17%	0	0	0%
Disability Retirement Services	44	8	18%	44	8	18%
Ethics & Compliance Office Ø	3	3	100%	3	3	100%
Executive	10	3	30%	10	3	30%
Financial Accounting Services	33	3	9%	33	3	9%
Human Resources	21	4	19%	21	4	19%
Information Security Office	5	0	0%	5	0	0%
Internal Audit	11	1	9%	11	1	9%
Investment Office	49	9	18%	50	10	20%
Legal Services Ø	29	8	28%	34	8	24%
Member Services	81	3	4%	81	3	4%
Quality Assurance	19	7	37%	19	7	37%
Systems	62	19	31%	62	19	31%
LACERA Total	509	98	19%	509	98	19%

* Includes new requested positions.

Ø Includes four (4) budgeted positions not yet approved by Board of Supervisors.

LACERA
FISCAL YEAR 2026-2027
SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2 0 2 5 - 2 0 2 6			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Auto Expense	\$124,400	\$52,300	\$56,702	\$25,900	(\$26,400)	-50.5%	\$72,100	137.9%
Communications	347,500	355,000	203,739	321,000	(34,000)	-9.6%	(7,500)	-2.1%
Transportation and Travel	948,500	970,100	241,548	649,100	(321,000)	-33.1%	(21,600)	-2.2%
Postage	1,349,000	1,269,000	898,496	1,347,000	78,000	6.1%	80,000	6.3%
Stationery and Forms	911,500	948,000	422,325	831,100	(116,900)	-12.3%	(36,500)	-3.9%
Office Supplies and Equipment	753,900	855,500	353,468	673,000	(182,500)	-21.3%	(101,600)	-11.9%
Insurance	1,363,000	1,331,900	1,233,401	1,234,700	(97,200)	-7.3%	31,100	2.3%
Equipment Maintenance	252,500	222,000	156,885	214,700	(7,300)	-3.3%	30,500	13.7%
Equipment Rents and Leases	270,000	260,000	70,067	140,000	(120,000)	-46.2%	10,000	3.8%
Building Costs	7,900,000	7,695,000	3,244,147	6,235,000	(1,460,000)	-19.0%	205,000	2.7%
Parking Fees	561,000	561,000	325,677	560,000	(1,000)	-0.2%	0	0.0%
Professional and Spec. Svcs.	8,418,600	5,351,500	2,151,640	4,178,700	(1,172,800)	-21.9%	3,067,100	57.3%
Bank Services	200,000	200,000	109,595	200,000	0	0.0%	0	0.0%
Legal Fees and Services	1,960,000	2,460,000	1,454,709	2,532,000	72,000	2.9%	(500,000)	-20.3%
Disability Fees and Services	3,335,200	3,340,200	1,436,360	3,131,300	(208,900)	-6.3%	(5,000)	-0.1%
Computer Services and Support	6,746,000	6,575,000	4,156,492	6,081,700	(493,300)	-7.5%	171,000	2.6%
Educational Expense	2,308,200	1,966,000	599,838	1,368,200	(597,800)	-30.4%	342,200	17.4%
Miscellaneous	728,600	731,200	279,142	709,900	(21,300)	-2.9%	(2,600)	-0.4%
S&S TOTAL	\$38,477,900	\$35,143,700	\$17,394,231	\$30,433,300	(\$4,710,400)	-13.4%	\$3,334,200	9.5%

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SERVICES AND SUPPLIES
DIVISION SUMMARY

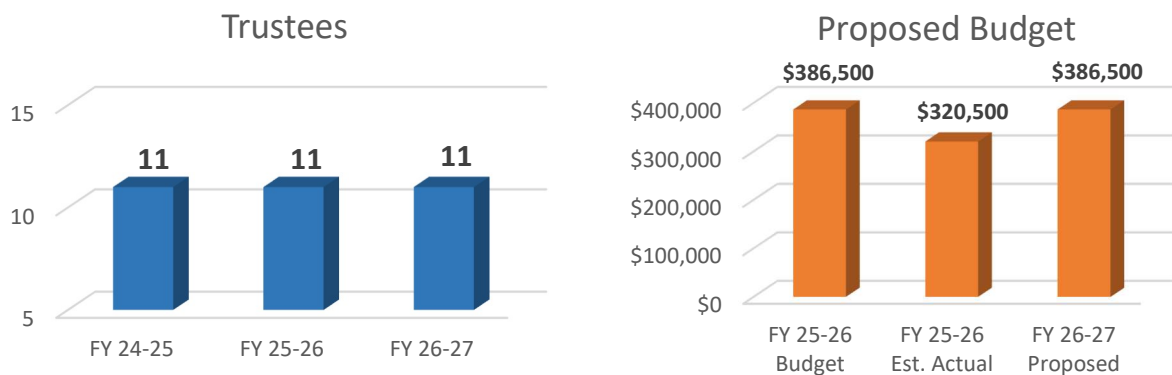
	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2 0 2 5 - 2 0 2 6			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$10,789,900	\$10,536,400	\$5,399,390	\$8,789,900	(\$1,746,500)	-16.6%	\$253,500	2.4%
Benefits	135,600	136,900	29,250	73,200	(63,700)	-46.5%	(1,300)	-0.9%
Board of Retirement	386,500	386,500	50,358	320,500	(66,000)	-17.1%	0	0.0%
Board of Investments	659,000	659,000	331,835	548,000	(111,000)	-16.8%	0	0.0%
Communications	1,587,600	1,598,400	714,879	1,512,800	(85,600)	-5.4%	(10,800)	-0.7%
Disability Litigation	0	35,100	6,157	16,800	(18,300)	-52.1%	(35,100)	-100.0%
Disability Retirement	3,772,200	3,782,900	1,539,897	3,397,200	(385,700)	-10.2%	(10,700)	-0.3%
Ethics & Compliance Office	132,200	120,200	88,512	119,600	(600)	-0.5%	12,000	10.0%
Executive Office	837,100	898,100	365,321	528,300	(369,800)	-41.2%	(61,000)	-6.8%
Financial & Accounting Services	401,000	257,000	124,423	244,000	(13,000)	-5.1%	144,000	56.0%
Human Resources	2,545,900	2,605,700	762,032	1,712,900	(892,800)	-34.3%	(59,800)	-2.3%
Information Security Office	1,046,200	574,200	287,361	535,500	(38,700)	-6.7%	472,000	82.2%
Internal Audit	708,500	769,200	295,589	760,900	(8,300)	-1.1%	(60,700)	-7.9%
Investment Office	361,500	361,500	102,207	304,100	(57,400)	-15.9%	0	0.0%
Legal Services	2,065,900	2,496,900	1,484,941	2,582,400	85,500	3.4%	(431,000)	-17.3%
Member Services	383,700	337,600	136,415	267,500	(70,100)	-20.8%	46,100	13.7%
Quality Assurance	27,100	86,100	5,524	67,800	(18,300)	-21.3%	(59,000)	-68.5%
Systems	12,638,000	9,502,000	5,670,139	8,651,900	(850,100)	-8.9%	3,136,000	33.0%
S&S TOTAL	\$38,477,900	\$35,143,700	\$17,394,231	\$30,433,300	(\$4,710,400)	-13.4%	\$3,334,200	9.5%

*All amounts rounded to the nearest dollar.

Board of Retirement

FISCAL YEAR 2026-2027 **BUDGET NARRATIVE**

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



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
No significant changes			

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

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

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

Removal of One-Time Expenditures

The Board of Retirement does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

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

Board Offsite Expense

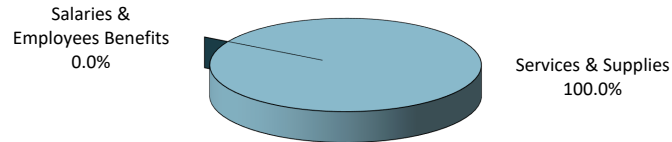
The budget for the Board Offsite remains unchanged from the prior year adjusted amount of \$175,000.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

BOARD OF RETIREMENT

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	386,500	386,500	50,358	320,500	(66,000)	-17.1%	0	0.0%
OPERATING BUDGET	\$386,500	\$386,500	\$50,358	\$320,500	(\$66,000)	-17.1%	\$0	0.0%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$93,500	\$93,500	\$11,527	\$52,500	(\$41,000)	-43.9%	\$0	0.0%
EDUCATIONAL EXPENSES	106,000	106,000	11,722	83,000	(23,000)	-21.7%	0	0.0%
MISCELLANEOUS	187,000	187,000	27,108	185,000	(2,000)	-1.1%	0	0.0%
TOTAL	\$386,500	\$386,500	\$50,358	\$320,500	(\$66,000)	-17.1%	\$0	0.0%

*All amounts rounded to the nearest dollar.

BOARD OF RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

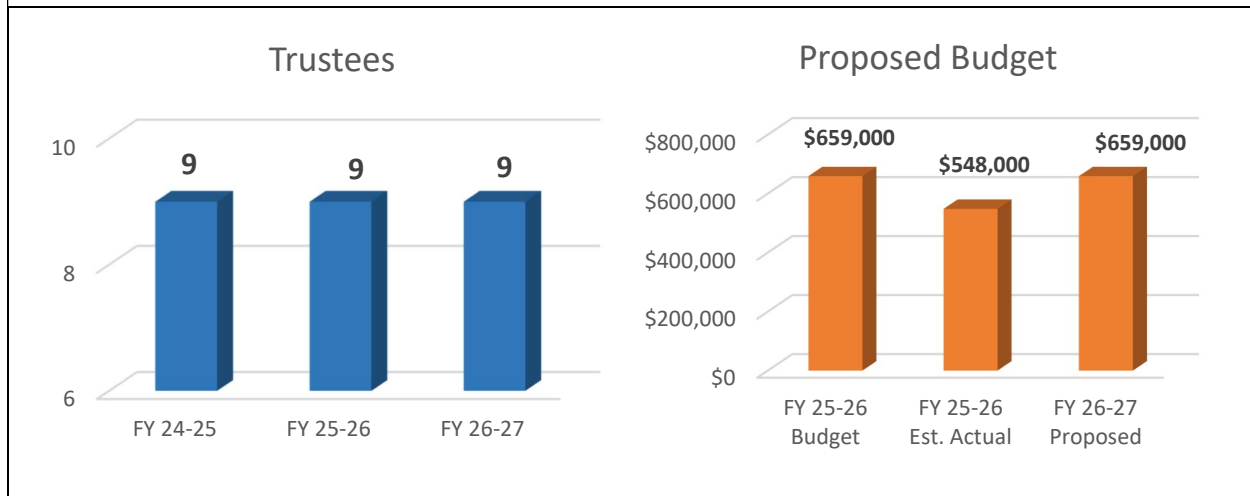
	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SERVICES & SUPPLIES					
Transportation & Travel	\$93,500	\$52,034	\$93,500	\$52,500	\$93,500
Educational Expenses	86,000	80,710	106,000	83,000	106,000
Miscellaneous	162,000	118,245	187,000	185,000	187,000
TOTAL OPERATING BUDGET	\$341,500	\$250,989	\$386,500	\$320,500	\$386,500

*All amounts rounded to the nearest dollar.

Board of Investments

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

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



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
No significant changes			

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

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

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

Removal of One-Time Expenditures

The Board of Investments does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

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

Offsite Board Meeting

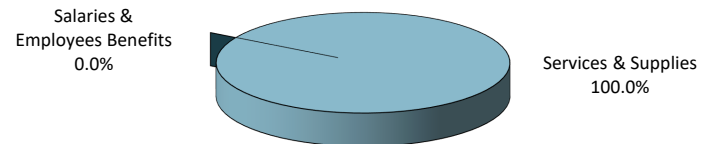
The Offsite Board Meeting budget remains flat at \$180,000, the actual cost from FY 2025-26.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

BOARD OF INVESTMENTS

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	659,000	659,000	331,835	548,000	(111,000)	-16.8%	0	0.0%
OPERATING BUDGET	\$659,000	\$659,000	\$331,835	\$548,000	(\$111,000)	-16.8%	\$0	0.0%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$246,000	\$246,000	\$83,557	\$174,000	(\$72,000)	-29.3%	\$0	0.0%
EDUCATIONAL EXPENSES	216,000	216,000	99,528	180,000	(36,000)	-16.7%	0	0.0%
MISCELLANEOUS	197,000	197,000	148,750	194,000	(3,000)	-1.5%	0	0.0%
TOTAL	\$659,000	\$659,000	\$331,835	\$548,000	(\$111,000)	-16.8%	\$0	0.0%

*All amounts rounded to the nearest dollar.

BOARD OF INVESTMENTS

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SERVICES & SUPPLIES					
Transportation & Travel	\$246,000	\$100,780	\$246,000	\$174,000	\$246,000
Educational Expenses	200,000	148,296	216,000	180,000	216,000
Miscellaneous	110,000	124,823	197,000	194,000	197,000
TOTAL OPERATING BUDGET	\$556,000	\$373,898	\$659,000	\$548,000	\$659,000

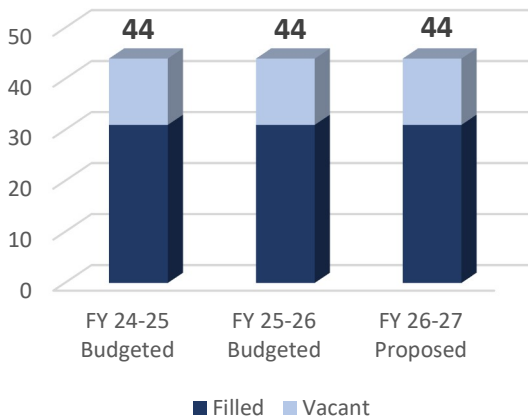
*All amounts rounded to the nearest dollar.

Administrative Services

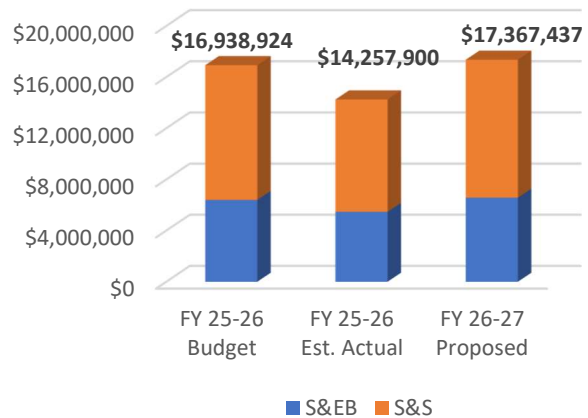
FISCAL YEAR 2026-2027 **BUDGET NARRATIVE**

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

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$350,900	\$276,500	(\$74,400)

Special Order – Automobile	\$22,000	\$100,000	\$78,000
Standard Stock	\$90,000	\$50,000	(\$40,000)
Building Operational Costs	\$6,500,000	\$6,200,000	(\$300,000)
Renovation Projects	\$920,000	\$1,500,000	\$580,000
Educational Materials	\$500	\$60,500	\$60,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

Promoting Fiscal Responsibility Objective 5.1

ASD continues to advance key modernization efforts aimed at improving financial management, increasing transparency, and strengthening long-term fiscal sustainability. Significant progress has been made across budget systems, reporting capabilities, analytics, procurement modernization, and cross-divisional collaboration.

The transition to Questica Budget Software has streamlined budget development and replaced several legacy processes, enabling Division Managers to manage their financial plans more efficiently. With enhanced access to historical trends, expenditure data, and real-time insights, managers are now better positioned to make informed, data-driven decisions.

Financial transparency has continued to improve through automated Budget-to-Actual reporting and real-time expenditure visibility. These tools provide the organization with current, actionable financial information that supports timely and well-supported decision-making.

System integration and analytics capabilities have also expanded. The completed Questica–eHR integration now provides accurate and automated personnel data, while operational Power Business Intelligence reporting delivers deeper analytical insights and enhanced financial visibility for divisions.

Modernization is also advancing within Procurement and Vendor Management through the implementation of the Cobblestone Enterprise Contract Lifecycle Management (ECLM) platform, which automates contract and RFP processes and replaces legacy systems. Collaboration with the Legal Division is progressing toward integration with the LawVu platform to align legal review with contract workflows. Procedure development and training remain underway to support consistent, organization-wide adoption.

Looking ahead, ASD is preparing for Enterprise Resource Planning (ERP) discovery and pre-planning activities that will inform future decisions about enterprise-wide systems innovation. This early groundwork will help identify business requirements, assess current-state challenges, and establish a roadmap for a comprehensive ERP strategy that supports long-term operational efficiency.

Collectively, these initiatives reinforce LACERA's commitment to responsible stewardship, operational efficiency, and the long-term strength of the fund.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Aligned with LACERA's Strategic Plan, ASD's FY 2026–27 goals focus on strengthening the operational and financial infrastructure that enables divisions to deliver programs and services effectively while ensuring disciplined and strategic use of resources. As a key contributor to the Fiscal Durability strategic priority, ASD supports sound financial governance, enterprise sustainability, and responsible stewardship.

ASD's focus for FY 2026–27 includes modernizing financial and administrative systems, leveraging technology and process improvements to enhance efficiency, reinforcing a culture of fiscal responsibility, and ensuring staff who are responsible for financial operations are appropriately trained and supported. Core functions, such as budget development and monitoring, risk and insurance management, facilities and safety services, records and information management, and vendor management, continue to provide essential enterprise support.

Through these efforts, ASD continues to strengthen LACERA's operational and financial foundation, advancing transparency, staff capability, safety, and efficient member services in direct support of the Strategic Plan.

Strategic Initiatives

1. Fiscal Durability – Objective 5

Enhancing Financial Management & Reporting

In FY 2025–26, ASD strengthened financial management through expanded use of Questica, completion of the Questica–eHR integration, and enhanced Power Business Intelligence reporting. In FY 2026–27, ASD will reinforce its established alignment of budget development with executive direction to ensure strategic, purpose-driven funding tied to LACERA's objectives. Procurement modernization will continue through the centralized Vendor Management Program, alongside updates to the Records and Information Management retention schedule to support compliance, risk mitigation, and fiscal stewardship.

Fostering a Culture of Fiscal Responsibility

ASD will continue promoting financial training for managers to strengthen budgeting discipline, improve financial literacy, and support consistent, responsible decision-making aligned with strategic objectives.

2. Innovation Through Technology – Objective 2

Driving Innovation Through Technology

The Digital Mailroom initiative will further streamline document processing through improved digitization, routing, tracking, and accuracy, reducing operational risk and accelerating service delivery. Additionally, ERP discovery and pre-planning efforts will commence in FY 2026-27.

3. Investing in People – Objective 3

Supporting Employee Development

ASD remains committed to workforce capability and resilience through leadership and compliance training, professional certification support, and cross-training in Procurement and the Document Processing Center to strengthen operational continuity and continuous improvement.

4. Superior Member Experience – Objective 1

Facilities Improvements & Space Optimization

ASD is advancing key facilities enhancements to better support LACERA's evolving operational needs. This includes the Boardroom relocation and expansion to the first floor, funded through Tenant Improvement (TI) allocations. The project will provide improved accessibility, upgraded meeting space, and enhanced functionality for Board and committee meetings. These modernization efforts support greater operational efficiency, improved public engagement, and a more professional environment for critical governance activities.

These initiatives collectively reinforce LACERA's commitment to responsible financial stewardship, operational efficiency, workforce development, and a secure, member-focused environment. ASD's forward-looking approach continues to build a strong foundation for the organization's long-term success.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

There are no changes to permanent staffing for FY 2026-27.

Temporary Staffing

ASD's proposed budget for agency temporary staff is \$276,500 for FY 2026-27. This amount represents a \$74,400 reduction in funds allocated to temporary staff, stemming from the filling of permanent positions, which reduces the need for temporary agency staff.

Although ASD aims to hire permanent staff to fill the remaining vacancies, it remains practical to continue employing temporary staff until the workload is fully transitioned.

Agency temporary staff will support budget, procurement, and document processing.

Overtime Needs

We expect overtime to be necessary for FY 2026-27 during periods of heightened activity related to budget preparation, facilities maintenance, repairs and modifications, special projects, and for the DPC staff during the March Rush. Overtime will be essential for staff to continue to support these projects while fulfilling their current duties. The hours for FY 2026-27 will remain the same as the hours for FY 2025-26. There is only a minor increase due to cost-of-living adjustments.

Interns

Administrative Services does not anticipate hiring an intern in FY 2026-27.

Rehired Retirees

Administrative Services does not anticipate any use of retired rehires in FY 2026-27.

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

Removal of One-Time Expenditures

Administrative Services does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Special Order – Automobile

ASD's budget for FY 2026–27 is increased to \$100,000 to cover a possible vehicle purchase due to potential changes in Executive Office operations. This is an increase of \$78,000.

Standard Stock

Following an evaluation of our existing supply inventory, we have concluded that the budget request can be reduced to \$50,000. This adjustment represents a decrease of \$40,000.

Building Operational Costs

Administrative Services secured a new rental agreement for FY 2026-27, reducing rent costs by \$300,000 from \$6,500,000 to \$6,200,000.

Renovation Projects

During the current fiscal year, multiple building renovation projects are planned, including the expansion of the Legal Office and renovations for other divisions. To support these efforts, the facilities budget is increased to \$1,500,000, representing an increase of \$580,000 to accommodate anticipated project costs. This increase also includes funding for new furniture and audiovisual equipment associated with the first-floor Boardroom renovation.

Anticipated FY 2026-27 Renovation Projects
Boardroom (Furniture & AV Systems)
HR Suite & Training Room (Furniture)
6 th Floor Legal Expansion
Disability Litigation Relocation
6 th Floor Administrative Services Expansion
5 th Floor Renovation
Member Services Center – Two Additional Offices

Educational Materials

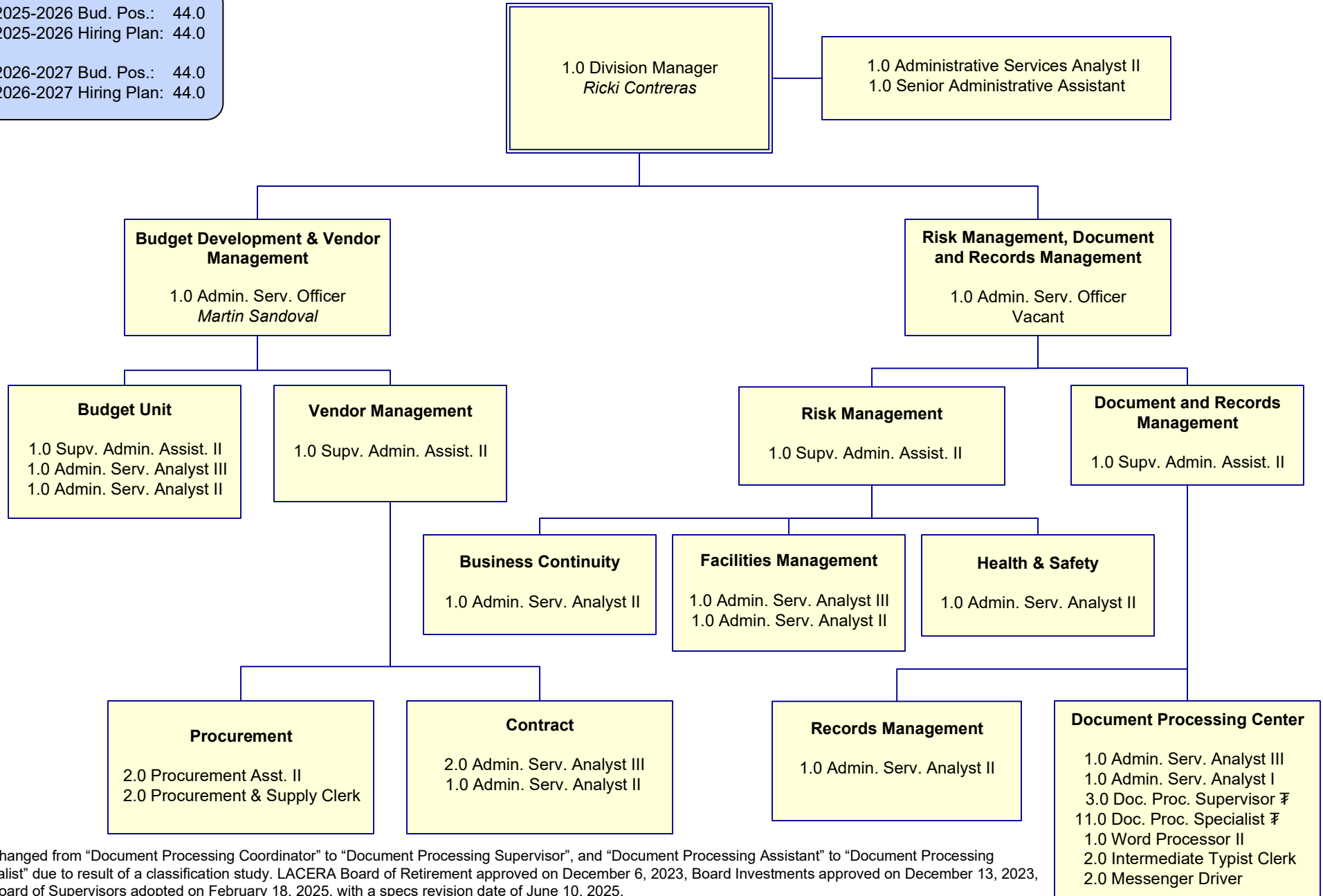
An additional \$60,000 is requested for a Gartner Consulting Subscription bringing the total request from \$500 to \$60,500.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 44.0
2025-2026 Hiring Plan: 44.0

2026-2027 Bud. Pos.: 44.0
2026-2027 Hiring Plan: 44.0



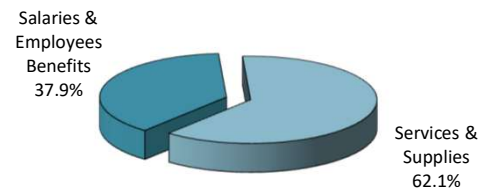
₪ Title changed from "Document Processing Coordinator" to "Document Processing Supervisor", and "Document Processing Assistant" to "Document Processing Specialist" due to result of a classification study. LACERA Board of Retirement approved on December 6, 2023, Board Investments approved on December 13, 2023, and Board of Supervisors adopted on February 18, 2025, with a specs revision date of June 10, 2025.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
	YTD			OVER/(UNDER)			
	BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
PROPOSED BUDGET 2026-2027							
Salaries & Employees Benefits	\$6,577,537	\$6,402,524	\$3,008,596	\$5,468,000	(\$934,524) -14.6%	\$175,014	2.7%
Services & Supplies	10,789,900	10,536,400	5,399,390	8,789,900	(1,746,500) -16.6%	253,500	2.4%
OPERATING BUDGET	\$17,367,437	\$16,938,924	\$8,407,986	\$14,257,900	(\$2,681,024) -15.8%	\$428,514	2.5%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$3,653,724	\$3,586,967	\$1,529,264	\$2,900,000	(\$686,967)	-19.2%	\$66,757	1.9%
Total Agency Temp Salaries	276,500	350,900	433,221	550,000	199,100	56.7%	(74,400)	-21.2%
Employee Benefits (Variable)	2,154,356	2,024,610	852,620	1,598,000	(426,610)	-21.1%	129,746	6.4%
Employee Benefits (Other)	242,642	212,039	102,601	210,000	(2,039)	-1.0%	30,602	14.4%
OPEB Contribution	181,316	159,308	81,464	159,200	(108)	-0.1%	22,008	13.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	54,800	54,500	3,577	40,000	(14,500)	-26.6%	300	0.6%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	3,976	7,000	(300)	-4.1%	0	0.0%
Rideshare Allowance	6,900	6,900	1,875	3,800	(3,100)	-44.9%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$6,577,537	\$6,402,524	\$3,008,596	\$5,468,000	(\$934,524)	-14.6%	\$175,014	2.7%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$6,577,537	\$6,402,524	\$3,008,596	\$5,468,000	(\$934,524)	-14.6%	\$175,014	2.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

ADMINISTRATIVE SERVICES DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0410	ADMINISTRATIVE SERVICES OFFICER, LACERA	1	LS09
0423	SUPERVISING ADMIN ASSIST II, LACERA	3	111B
0421	ADMINISTRATIVE SERVICES ANALYST III	5	102E
0420	ADMINISTRATIVE SERVICES ANALYST II	7	098E
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0464	PROCUREMENT ASSISTANT II, LACERA	2	092J
0419	ADMINISTRATIVE SERVICES ANALYST I	1	089A
0472	DOCUMENT PROCESSING SUPERVISOR	1	088D
0467	PROCUREMENT & SUPPLY CLERK, LACERA	1	086B
0471	DOCUMENT PROCESSING SPECIALIST, LACERA	6	085D
0461	MESSENGER DRIVER, LACERA	2	079E
Total Filled Positions =		31	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0410	ADMINISTRATIVE SERVICES OFFICER, LACERA	1	LS09
0423	SUPERVISING ADMIN ASSIST II, LACERA	1	111B
0472	DOCUMENT PROCESSING SUPERVISOR	2	088D
0448	WORD PROCESSOR II, LACERA	1	087C
0467	PROCUREMENT & SUPPLY CLERK, LACERA	1	086B
0471	DOCUMENT PROCESSING SPECIALIST, LACERA	5	085D
0445	INTERMEDIATE TYPIST-CLERK, LACERA	2	079L
Total Vacant Positions =		13	
TOTAL POSITIONS =		44	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
AUTO EXPENSE	\$108,500	\$34,000	\$50,380	\$11,200	(\$22,800)	-67.1%	\$74,500	219.1%
TRANSPORTATION & TRAVEL	47,400	47,400	10,182	22,000	(25,400)	-53.6%	0	0.0%
POSTAGE	390,000	410,000	410,000	410,000	0	0.0%	(20,000)	-4.9%
STATIONERY & FORMS	1,000	1,000	0	1,000	0	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	155,500	242,900	71,245	146,200	(96,700)	-39.8%	(87,400)	-36.0%
INSURANCE	1,363,000	1,331,900	1,233,401	1,234,700	(97,200)	-7.3%	31,100	2.3%
EQUIPMENT MAINTENANCE	5,000	27,000	675	27,000	0	0.0%	(22,000)	-81.5%
EQUIPMENT RENTS & LEASES	50,000	40,000	19,986	40,000	0	0.0%	10,000	25.0%
BUILDING COSTS	7,900,000	7,695,000	3,244,147	6,235,000	(1,460,000)	-19.0%	205,000	2.7%
PROFESSIONAL & SPEC. SRVCS.	655,000	646,000	343,553	624,000	(22,000)	-3.4%	9,000	1.4%
EDUCATIONAL EXPENSES	95,500	49,200	4,706	26,800	(22,400)	-45.5%	46,300	94.1%
MISCELLANEOUS	19,000	12,000	11,115	12,000	0	0.0%	7,000	58.3%
TOTAL	\$10,789,900	\$10,536,400	\$5,399,390	\$8,789,900	(\$1,746,500)	-16.6%	\$253,500	2.4%

*All amounts rounded to the nearest dollar.

ADMINISTRATIVE SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$3,293,363	\$2,756,263	\$3,586,967	\$2,900,000	\$3,653,724
Total Agency Temp Salaries	412,400	416,407	350,900	550,000	276,500
Employee Benefits (Variable)	1,928,832	1,543,325	2,024,610	1,598,000	2,154,356
Employee Benefits (Other)	208,726	207,488	212,039	210,000	242,642
OPEB Contribution	135,659	144,294	159,308	159,200	181,316
Additional OPEB Contribution	0	135,659	0	0	0
Stipends	0	0	0	0	0
Overtime	47,300	31,099	54,500	40,000	54,800
Bilingual Bonus	0	0	0	0	0
Pay in Lieu of Salary Reduction	0	6	0	0	0
Sick Leave Buyback	7,300	6,682	7,300	7,000	7,300
Rideshare Allowance	6,900	3,755	6,900	3,800	6,900
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Auto Expenses	33,000	1,149	34,000	11,200	108,500
Transportation & Travel	31,600	13,564	47,400	22,000	47,400
Postage	410,000	410,000	410,000	410,000	390,000
Stationery & Forms	1,000	3,771	1,000	1,000	1,000
Office Supplies & Equipment	280,500	161,800	242,900	146,200	155,500
Insurance	1,440,200	1,232,368	1,331,900	1,234,700	1,363,000
Equipment Maintenance	3,300	900	27,000	27,000	5,000
Equipment Rents & Leases	260,000	147,562	40,000	40,000	50,000
Building Costs	7,663,500	6,177,965	7,695,000	6,235,000	7,900,000
Professional & Specialized Services	583,000	428,130	646,000	624,000	655,000
Educational Expenses	49,200	24,935	49,200	26,800	95,500
Miscellaneous	14,000	11,624	12,000	12,000	19,000
TOTAL OPERATING BUDGET	\$16,809,779	\$13,858,745	\$16,938,924	\$14,257,900	\$17,367,437

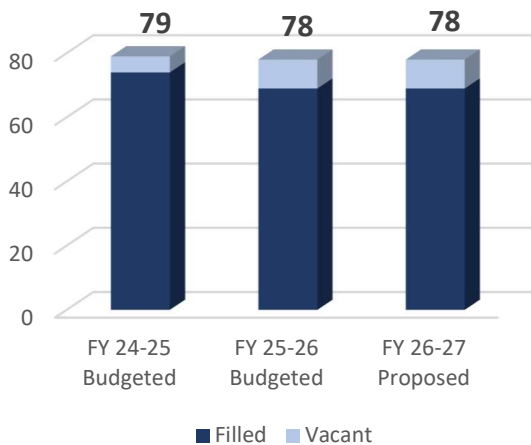
*All amounts rounded to the nearest dollar.

Benefits Division

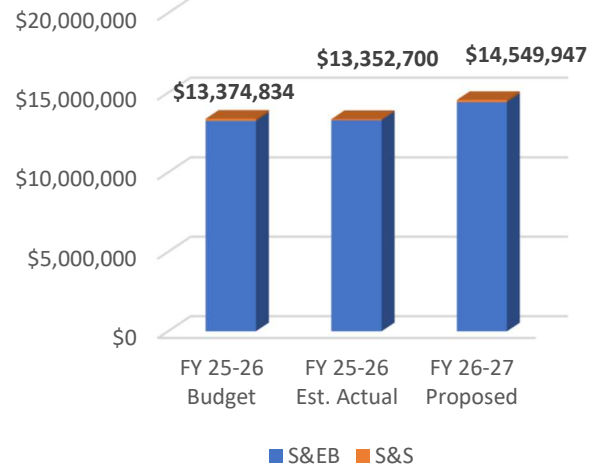
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

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

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Three RBS II to RBS III Position Upgrades	\$298,585	\$356,580	\$57,995
Agency Temporary	\$0	\$280,600	\$280,600

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

- Guide and provide consultation regarding the automation of Temporary Time purchases (in progress)
- Guide and provide consultation regarding the automated calculation of Final Average Compensation (FAC) for PEPRAs members (complete)
- Work with Systems to automate the Supplemental Disability process (in progress)
- Work with Systems to create a process where staff can generate all letters through Workspace without the use of the Excel templates (in progress)
- Implement automation to improve the efficiency of the Benefits payroll process (complete)
- Implement automation to improve the efficiency of Active and Retired Death processes (in progress)
- Coordinate the implementation of retiree payments through a prepaid Mastercard (complete)
- Calculate and distribute additional COLA payments due to members and third-party payees (in progress)
- Collaborate with the Exceptions Unit to find and implement opportunities to create efficiency through automation (in progress)

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

As LACERA moves toward automation, self-service, and the continued onboarding of hybrid Retirement Benefits Specialists, we need to consider the development of current staff for LACERA's future needs. We must do this while also addressing the present needs of our members.

The Advanced Payroll Unit (APU) and Death Legal Unit (DLU) are specialized units within the Special Benefits Services section of the Benefits Division. For many years, the Advanced Payroll Unit has operated at a deficit, using overtime to address the increasing workload. To help increase efficiency, LACERA has invested in Sol, our case management system. Sol has been beneficial, providing us with a 30 percent reduction in processing time for the First Payment process. However, the team still needs additional staffing to assist with the increasing workload, particularly for the Disability Payment process, which has seen a 32 percent increase since 2021. Prior to 2021, the team was already working overtime to maintain the service level expectation and ensure timely service to our members. For clarification, the 30 percent gain we enjoy from Sol applies only to the First Payment portion of the process, not the complex analysis and counseling also performed by the team.

Similarly, the Death Legal Unit has experienced challenges of its own, also having to work overtime to maintain our service level expectations. One of the areas includes the additional complexity in analyzing the Power of Attorney document. In order to address the additional time and effort needed, we worked with the Legal Office and experienced staff to develop training and rigorous procedures that allowed us to onboard and train an agency temp to cover this process. In an ideal environment, we would be able to operate without the agency temp and reduce, and eventually eliminate, overtime.

Rather than expand the number of staff in either unit, we can use this as an opportunity to develop current staff into the type of specialist that will be required in the future. For example, in the future, we will begin formally auditing the work of the advanced teams. Right now, advanced work is reviewed by a supervisor. LACERA will need project managers to work with Legal and Systems to add automation to these processes. We will also need to analyze the processes in depth to find the best ways to create efficiencies while remaining in compliance with CERL, Probate, and IRS Regulations. With deep knowledge of all aspects of Benefits, these specialists will be ready to serve the future LACERA.

To do this, we are requesting three (3) Retirement Benefits Specialists III (RBS III) who will learn the work of both APU and DLU. As a result, they will be capable of taking on Executive Referrals and special projects from beginning to end. The rest of the time, they will be assisting these teams wherever they are needed.

Rather than add to the number of Benefits staff, we would like to open this opportunity to existing RBS II staff who demonstrate the aptitude for analytical tasks as well as

strong oral and written communication. As staff are selected to this team, we would then close the vacated RBS II position, keeping the number of staff in Benefits the same.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

Core Benefits Services: Reduction of three RBS II positions

Exceptions Unit: Increase of three RBS III positions

As discussed under the Strategic Goals and Objectives, we would like to upgrade three RBS II positions under Core Benefit Services to RBS III positions under the Exceptions Unit. This team of specialists will assist the existing DLU and APU teams performing work at the level of RBS III. Having this team will ensure that we provide a Superior Member Experience to our members at an advanced level while we discover and implement efficiency opportunities.

Temporary Staffing

Two PMG analysts were reassigned or promoted during 2025. Although budgeted for six staff, PMG is down to two full-time staff in addition to the Acting Section Head. Filling these positions is temporarily on hold as PMG is part of an organizational study expected to be completed in FY 2026-27 to determine the appropriate placement within the Member Operations Group and the appropriate classifications. However, while the study is ongoing their important work must continue. As a result, we brought on two agency temps to assist the team. We would like to extend their time at LACERA into 2027.

Overtime Needs

We are not requesting any change in the overtime budget. A total of 8,400 hours is requested to support the following areas: 1) Advanced Payroll Unit, 2) Death Legal Unit, 3) Account Maintenance Unit, and 4) Core Benefits Services in anticipation of an increase in retirement elections beginning January 2027.

Interns

The Benefits Division does not anticipate any use of interns in FY 2026-27.

Rehired Retirees

The Benefits Division does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

The Benefits Division has no anticipated one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Travel

This year, we will continue to offer opportunities for staff to network and gain industry knowledge by attending outside training and conferences.

Supervisors will be invited to represent LACERA at industry events. In addition to SACRS and CALAPRS Benefits Roundtables, leaders and staff will attend the International Foundation of Employee Benefit Plans (IFEBP) annual conference and the Association of Certified Fraud Examiners (ACFE) global conference.

The total budget for training and conferences is \$10,800 for the following:

- SACRS – Fall and Spring Conferences
- CALAPRS Roundtable (3x / year)
- Fraud (ACFE)
- IFEBP

Below is a summary of the costs associated with travel and lodging for these events.

Event	Staff	Total Travel	Total Lodging	Total
SACRS – Fall 2026	2	\$200	\$2,400	\$2,600
SACRS – Spring 2027	2	\$800	\$2,400	\$3,200
ACFE	2	\$1600	\$2,000	\$3,600
CALAPRS Roundtables	4	\$0	\$0	\$0
IFEBP	1	\$500	\$900	\$1,400
Total				\$10,800

The SACRS Fall 2026 Conference will be held in Rancho Mirage and will only require ground transportation. The SACRS Spring 2027 Conference will be held in Monterey and will require air travel in addition to ground transportation. The ACFE Fraud Conference will be held in Boston, MA, and will require both air travel and ground transportation. IFEBP will be held in New Orleans, LA, and will require both air travel and ground transportation. The CALAPRS Roundtables this year will be held virtually.

Outside Consultant

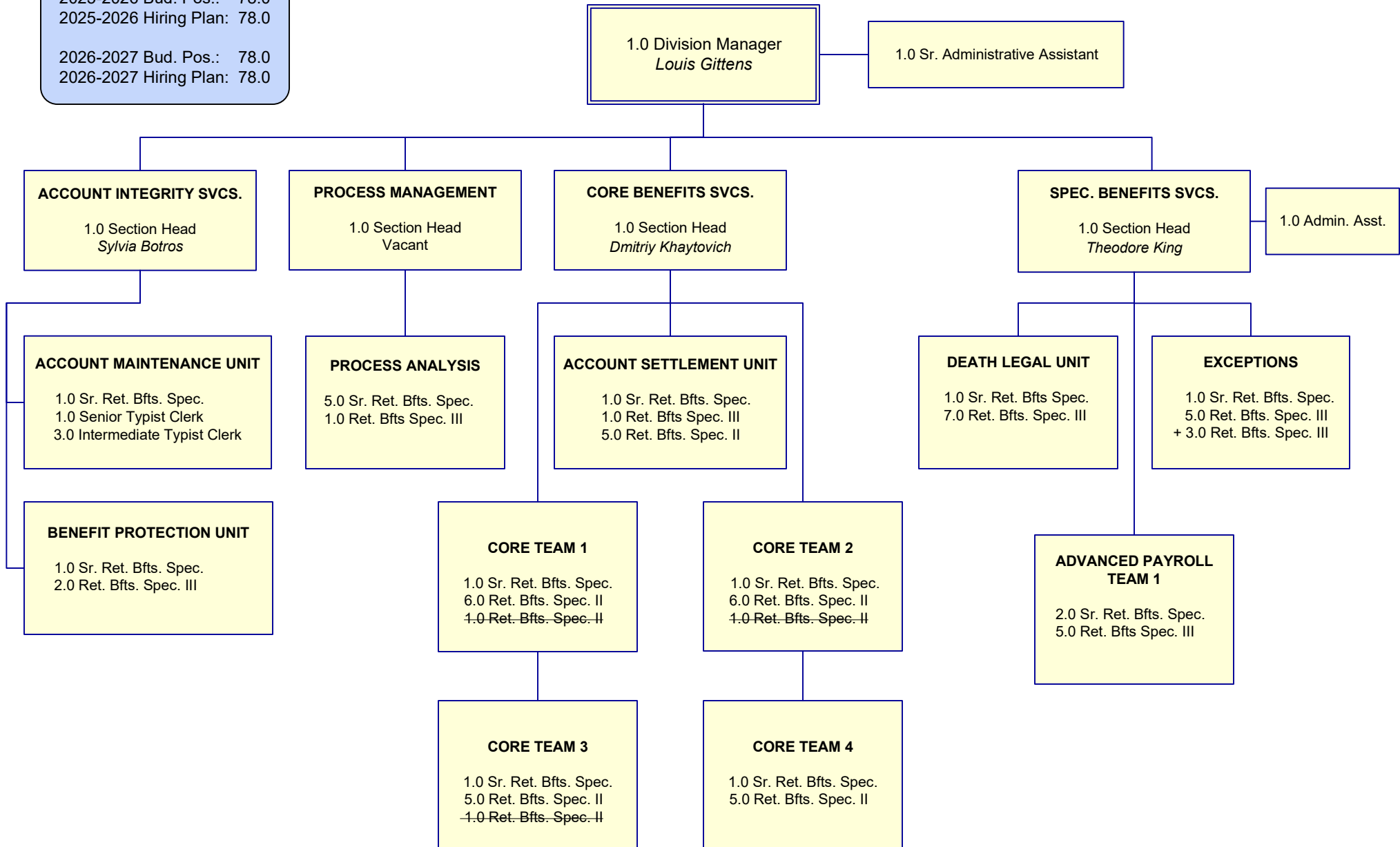
This year, we would like an outside consultant to help Benefits managers and supervisors build cohesive and collaborative teams and work with the entire division to foster a culture of trust and accountability. This program will also focus on communication, decision-making, and succession planning. The \$42,000 budgeted for this training is being housed in the HR Division's budget.

BENEFITS DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 78.0
2025-2026 Hiring Plan: 78.0

2026-2027 Bud. Pos.: 78.0
2026-2027 Hiring Plan: 78.0



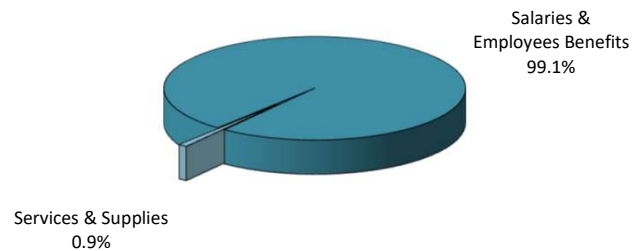
+ Added position
- Deleted position

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$14,414,347	\$13,237,934	\$6,602,114	\$13,279,500	\$41,566	0.3%	\$1,176,412	8.9%
Services & Supplies	135,600	136,900	29,250	73,200	(63,700)	-46.5%	(1,300)	-0.9%
OPERATING BUDGET	\$14,549,947	\$13,374,834	\$6,631,363	\$13,352,700	(\$22,134)	-0.2%	\$1,175,112	8.8%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2026-2027
SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$8,038,525	\$7,565,746	\$3,806,852	\$7,500,000	(\$65,746)	-0.9%	\$472,779	6.2%
Total Agency Temp Salaries	280,600	0	107,657	195,000	195,000	0.0%	280,600	0.0%
Employee Benefits (Variable)	4,513,676	4,254,339	1,988,032	3,987,400	(266,939)	-6.3%	259,337	6.1%
Employee Benefits (Other)	533,835	447,236	217,088	442,800	(4,436)	-1.0%	86,598	19.4%
OPEB Contribution	398,912	336,014	171,825	335,700	(314)	-0.1%	62,898	18.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	593,900	579,700	280,502	780,000	200,300	34.6%	14,200	2.4%
Bilingual Bonus	3,600	3,600	1,950	3,600	0	0.0%	0	0.0%
Sick Leave Buyback	35,000	35,000	28,209	35,000	0	0.0%	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	\$14,414,347	\$13,237,934	\$6,602,114	\$13,279,500	\$41,566	0.3%	\$1,176,412	8.9%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$14,414,347	\$13,237,934	\$6,602,114	\$13,279,500	\$41,566	0.3%	\$1,176,412	8.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

BENEFITS DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0772	SECTION HEAD, LACERA	3	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	9	106C
1311	RETIREMENT BENEFITS SPECIALIST III	23	100J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
1310	RETIREMENT BENEFITS SPECIALIST II	27	094C
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	088L
0446	SENIOR TYPIST-CLERK, LACERA	1	083K
0445	INTERMEDIATE TYPIST-CLERK, LACERA	3	079L
Total Filled Positions =		69	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0772	SECTION HEAD, LACERA	1	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	6	106C
1311	RETIREMENT BENEFITS SPECIALIST III	2	100J
Total Vacant Positions =		9	

TOTAL POSITIONS =

78

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD		PROJECTION	OVER/(UNDER)			
		BUDGET	(01-31-26)		BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$12,900	\$14,700	\$7,703	\$14,600	(\$100)	-0.7%	(\$1,800)	-12.2%
OFFICE SUPPLIES & EQUIPMENT	3,400	3,400	65	200	(3,200)	-94.1%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	65,200	65,200	20,019	52,500	(12,700)	-19.5%	0	0.0%
EDUCATIONAL EXPENSES	52,100	51,600	1,442	3,900	(47,700)	-92.4%	500	1.0%
MISCELLANEOUS	2,000	2,000	20	2,000	0	0.0%	0	0.0%
TOTAL	\$135,600	\$136,900	\$29,250	\$73,200	(\$63,700)	-46.5%	(\$1,300)	-0.9%

*All amounts rounded to the nearest dollar.

BENEFITS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$7,118,357	\$7,440,390	\$7,565,746	\$7,500,000	\$8,038,525
Total Agency Temp Salaries	57,900	9,122	0	195,000	280,600
Employee Benefits (Variable)	4,292,096	3,993,127	4,254,339	3,987,400	4,513,676
Employee Benefits (Other)	433,766	437,514	447,236	442,800	533,835
OPEB Contribution	281,922	299,869	336,014	335,700	398,912
Additional OPEB Contribution	0	281,922	0	0	0
Stipends	0	0	0	0	0
Overtime	562,900	766,157	579,700	780,000	593,900
Bilingual Bonus	3,600	3,600	3,600	3,600	3,600
Sick Leave Buyback	12,000	34,389	35,000	35,000	35,000
Rideshare Allowance	16,300	0	16,300	0	16,300
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	14,700	16,813	14,700	14,600	12,900
Office Supplies & Equipment	3,400	175	3,400	200	3,400
Professional & Spec. Svcs.	65,200	36,191	65,200	52,500	65,200
Educational Expenses	51,600	2,860	51,600	3,900	52,100
Miscellaneous	1,600	1,328	2,000	2,000	2,000
TOTAL OPERATING BUDGET	\$12,915,341	\$13,323,458	\$13,374,834	\$13,352,700	\$14,549,947

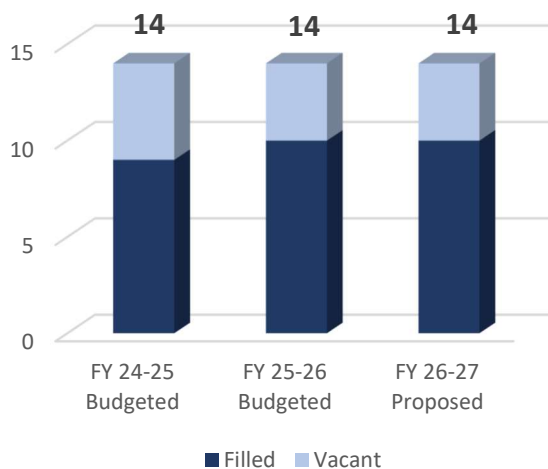
*All amounts rounded to the nearest dollar.

Communications

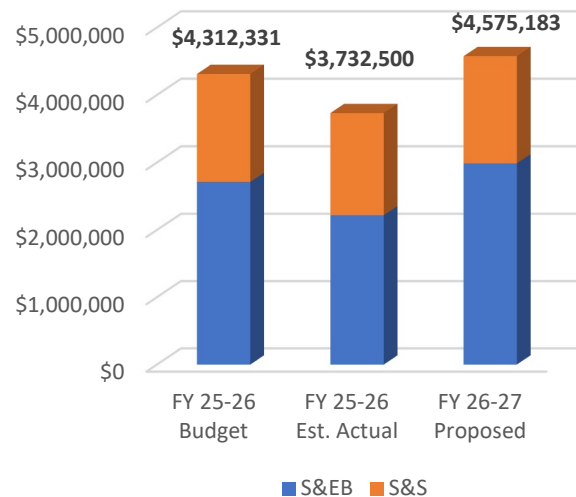
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

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

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Miscellaneous Brochures	\$0	\$25,000	\$25,000
Pre-Retirement Guide	\$35,000	\$15,000	(\$20,000)
Survey	\$12,000	\$0	(\$12,000)
Unanticipated Projects	\$40,000	\$50,000	\$10,000
Q&A Brochures	\$10,000	\$0	(\$10,000)
Retirement University	\$85,000	\$60,000	(\$25,000)
Miscellaneous Video Production	\$50,000	\$60,000	\$10,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

In FY 2025–26, the Communications Division successfully advanced several initiatives aligned with LACERA’s 2023–2028 Strategic Plan:

- **Omnichannel Member Experience (Objective 1.1)**
 - Redesigned the Retirement Guide (now the Service Retirement Guide) and launched the *Steps to Prepare* campaign.
 - Completed production on the revised *My LACERA* and *Online Retirement Application* videos and began production on the *Online Disability Retirement Application* video.
 - Managed correspondence to members regarding the Way2Go Prepaid Mastercard campaign.
 - Began production of the *Retirement University* video series (12 videos).
 - Began production of the *Go to Webinar* campaign creating “Roadmaps” for New Hire, Mid-Career, and Pre-Retirement webinars.
- **Enhance Member Educational Content (Objective 1.2)**
 - Expanded LACERA’s social media presence on LinkedIn and Facebook, supporting digital engagement goals.
- **Develop, Implement, and Deploy Digital Strategy (Objective 1.3)**
 - Updated lacera.gov to meet WCAG 2.1 Level AA Standards (ADA Compliance Requirements).
- **Retiree Healthcare (Objective 1.4)**
 - Produced RHC medical/dental forms walkthrough videos.
 - Developing plan summary charts with RHC for LACERA newsletters.

- **Investing in People, Develop and Implement a Framework—DEI (Objective 3.1)**
 - Assisted with the launch of the IDEA Statement of Commitment campaign.
- **Compliance and Enterprise Risk Management (Objective 4.1)**
 - Assisted Internal Audit with the *Speak Up* campaign.
 - Assisted with the redesign of the *Code of Ethical Conduct* brochure.
 - Supported public domain migration from lacera.com to lacera.gov.
- **Investing in People, Improve and Simplify Hiring Process (Objective 3.3)**
 - Supported HR initiatives including LACERA Connect webpage development and NeoGov Attract enhancements.

These efforts strengthened LACERA's ability to deliver clear, accessible, and timely information to members and stakeholders across multiple channels.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Building on prior successes, the Communications Division will focus on the following priorities for FY 2026–27:

- **Enhance Member Experience (Strategic Initiative 1.1)**
 - Update all collateral materials to reflect updated journey language, as needed.
 - Expand educational and journey-specific videos including the completion of the Retirement University series.
 - Improve email templates and automation for member communications.
 - Create and manage various targeted member communication campaigns.
 - Increase social media engagement through targeted campaigns and promotional materials.
- **Strategic Outreach & Education (Strategic Initiative 1.3)**
 - Refresh content on lacera.gov.
 - Implement Board Elections campaign to inform members and continue production of Board Education materials.
 - Support investment communications through publishing quarterly reports, whitepapers, and website updates.
- **Support Retiree Healthcare (Objective 1.4)**
 - Produce quarterly RHC newsletters and comparison charts for plan options.
 - Assist with member survey distribution.
- **Compliance and Ethics Program (Objective 4.1)**
 - Finalize and distribute the *Code of Ethical Conduct*, including mandatory training and attestation campaigns.
 - Develop explanatory videos for hotline and privacy policies and maintain ongoing ethics messaging.

Additional major projects managed or supported:

- Annual Benefits Statement (ABS) redesign and launch
- Update LACERA Plan Books

- Assist QA with creating a central repository for internal and public-facing pay codes

Training and development goals: Educational enrichment is instrumental for staff members to improve and modernize their skillsets as well as maintain enthusiasm for their craft. For FY 2026-27, the budget reflects Communications' goals to:

- Have supervisors continue to participate in the L.A. County Learning Academy to complete the remaining recommended courses;
- Provide training programs for staff members focusing on job-specific skills as well as team building and collaboration;
- Participate in the California Association of Public Information Officials (CAPIO), including CAPIO training webinars and the annual conference (two staff members);
- Participate in the National Conference on Public Employee Retirement Systems (NCPERS) Pension Communications Summit (one staff member); and
- Participate in two to four courses of NN/g Virtual Training UX Experience (Nielson Norman Group).

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

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

Temporary Staffing

We are requesting the continuation of two agency temporary staff members: one Writer II and one Social Media Specialist. The Writer II is needed to backfill a vacant position to assist with work overflow. The Social Media Specialist is needed to underfill the PIO position and to continue to fully develop a comprehensive and consistent social media campaign along with internal management resources.

Overtime Needs

Communications is requesting overtime for various staff positions to be available when urgent requests arise that require the staff member to work beyond scheduled 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 additional hours to complete the project(s).

Interns

Communications is not requesting interns in FY 2026-27.

Rehired Retirees

Communications is not requesting rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

Communications does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

A few of our immediate goals, objectives, and/or one-time projects for FY 2026-27 are listed below, outlining specific **summary of significant changes** and the justifications for budget allocations in detail.

- **Misc. Brochures:** In an effort to condense and refine the Communication Budget, we are requesting the addition of Misc. Brochures. With this addition, Communications will delete/remove Survivor Brochure, Direct Deposit, Q&A Brochures, and Transfer Brochures and will budget under Misc. Brochures.
- **Increased, New Member Welcome Package:** The increase in cost for the New Member Welcome Package aligns with Strategic Initiative 1.1: Superior Member Experience, which emphasizes delivering an omnichannel approach and enhancing engagement from the very first point of contact. The welcome package serves as a critical onboarding tool, providing new members with clear, comprehensive, and accessible information about their benefits and resources. To support this initiative, we propose a budget increase of \$5,000 from \$20,000 in the prior year for a total amount of \$25,000 for this fiscal year.

Services and Supplies Adjustments, not outlined above:

Pre-Retirement Guide

Reduced budget amount by \$20,000 based on actual expenditure, which decreased the budget from \$35,000 to \$15,000.

Retirees Inserts

Increase budget by \$2,000 for Way2Go Prepaid Mastercard campaign insert. This increased the budget from \$14,000 to \$16,000.

Survey

Deleted (\$12,000). Costs will be accounted for under Campaigns or Strategic Planning.

Unanticipated Projects

Increase budget by \$10,000. This increased the budget from \$40,000 to \$50,000.

Retirement University

Reduced budget amount by \$25,000 based on actual expenditure, which decreased from \$85,000 to \$60,000.

Community Property Guide

Reduced budget amount by \$5,000 based on actual expenditure, which decreased from \$10,000 to \$5,000.

Education Materials

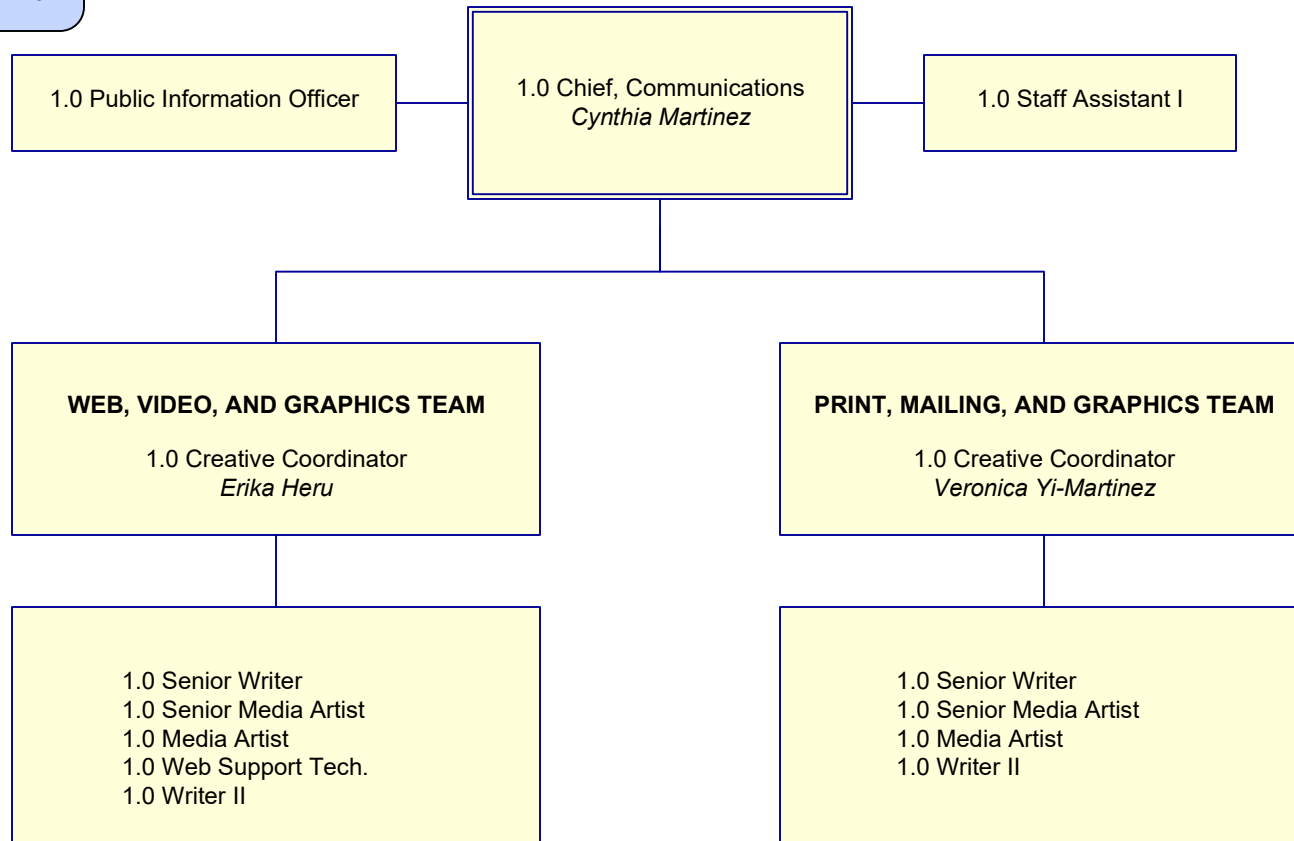
Reduced budget amount by \$1,000 based on actual expenditure, which decreased from \$2,000 to \$1,000.

COMMUNICATIONS

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 14.0
2025-2026 Hiring Plan: 14.0

2026-2027 Bud. Pos.: 14.0
2026-2027 Hiring Plan: 14.0

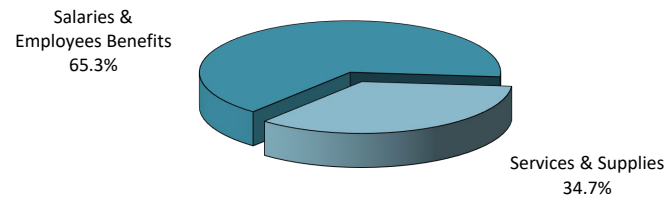


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD		PROJECTION	OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)		BUDGET	% CHANGE		
Salaries & Employees Benefits	\$2,987,583	\$2,713,931	\$1,199,493	\$2,219,700	(\$494,231)	-18.2%	\$273,652	10.1%
Services & Supplies	1,587,600	1,598,400	714,879	1,512,800	(85,600)	-5.4%	(10,800)	-0.7%
OPERATING BUDGET	\$4,575,183	\$4,312,331	\$1,914,372	\$3,732,500	(\$579,831)	-13.4%	\$262,852	6.1%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,641,927	\$1,402,621	\$628,828	\$1,200,000	(\$202,621)	-14.4%	\$239,307	17.1%
Total Agency Temp Salaries	271,500	400,100	160,673	276,000	(124,100)	-31.0%	(128,600)	-32.1%
LACERA Intern Program	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	874,236	756,903	335,916	594,000	(162,903)	-21.5%	117,333	15.5%
Employee Benefits (Other)	109,040	82,914	40,043	82,100	(814)	-1.0%	26,126	31.5%
OPEB Contribution	81,481	62,294	31,855	62,300	6	0.0%	19,186	30.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	4,900	4,600	859	2,300	(2,300)	-50.0%	300	6.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	1,319	3,000	(500)	-14.3%	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	\$2,987,583	\$2,713,931	\$1,199,493	\$2,219,700	(\$494,231)	-18.2%	\$273,652	10.1%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$2,987,583	\$2,713,931	\$1,199,493	\$2,219,700	(\$494,231)	-18.2%	\$273,652	10.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

COMMUNICATIONS

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0794	CHIEF, COMMUNICATIONS, LACERA	1	LS10
0779	CREATIVE COORDINATOR, LACERA	2	112B
0784	SENIOR WRITER, LACERA	2	110A
0807	SENIOR MEDIA ARTIST, LACERA	1	107K
0789	MEDIA ARTIST, LACERA	2	104E
0787	WEB SUPPORT TECHNICIAN, LACERA	1	100G
0426	STAFF ASSISTANT I, LACERA	1	090B
Total Filled Positions =		10	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0465	PUBLIC INFORMATION OFFICER, LACERA	1	110A
0807	SENIOR MEDIA ARTIST, LACERA	1	107K
0786	WRITER II, LACERA	2	100G
Total Vacant Positions =		4	
TOTAL POSITIONS =		14	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$17,600	\$17,600	\$297	\$15,500	(\$2,100)	-11.9%	\$0	0.0%
POSTAGE	409,000	409,000	235,034	487,000	78,000	19.1%	0	0.0%
STATIONERY & FORMS	910,500	947,000	422,325	830,100	(116,900)	-12.3%	(36,500)	-3.9%
OFFICE SUPPLIES & EQUIPMENT	10,000	10,000	5,170	10,000	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	211,000	185,000	50,756	161,100	(23,900)	-12.9%	26,000	14.1%
EDUCATIONAL EXPENSES	28,000	29,000	1,026	8,300	(20,700)	-71.4%	(1,000)	-3.4%
MISCELLANEOUS	1,500	800	270	800	0	0.0%	700	87.5%
TOTAL	\$1,587,600	\$1,598,400	\$714,879	\$1,512,800	(\$85,600)	-5.4%	(\$10,800)	-0.7%

*All amounts rounded to the nearest dollar.

COMMUNICATIONS

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,078,612	\$1,048,425	\$1,402,621	\$1,200,000	\$1,641,927
Total Agency Temp Salaries	276,400	163,058	400,100	276,000	271,500
Employee Benefits (Variable)	646,418	558,296	756,903	594,000	874,236
Employee Benefits (Other)	65,726	65,138	82,914	82,100	109,040
OPEB Contribution	42,718	45,437	62,294	62,300	81,481
Additional OPEB Contribution	0	42,718	0	0	0
Stipends	0	0	0	0	0
Overtime	4,500	1,279	4,600	2,300	4,900
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	3,500	2,600	3,500	3,000	3,500
Rideshare Allowance	1,000	0	1,000	0	1,000
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	17,600	2,257	17,600	15,500	17,600
Postage	379,000	370,650	409,000	487,000	409,000
Stationery & Forms	1,021,500	628,989	947,000	830,100	910,500
Office Supplies & Equipment	10,000	7,861	10,000	10,000	10,000
Professional & Specialized Services	175,000	96,004	185,000	161,100	211,000
Educational Expenses	29,900	7,979	29,000	8,300	28,000
Miscellaneous	600	592	800	800	1,500
TOTAL OPERATING BUDGET	\$3,752,475	\$3,041,283	\$4,312,331	\$3,732,500	\$4,575,183

*All amounts rounded to the nearest dollar.

Disability Litigation

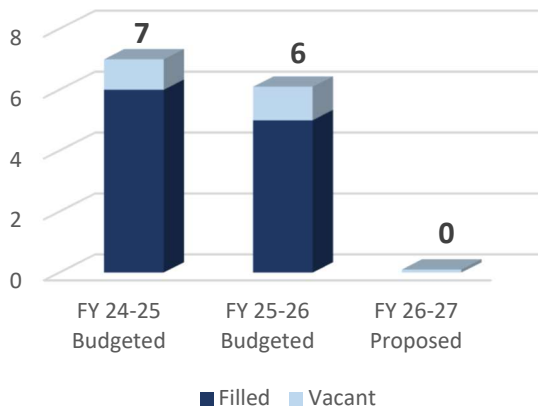
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

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

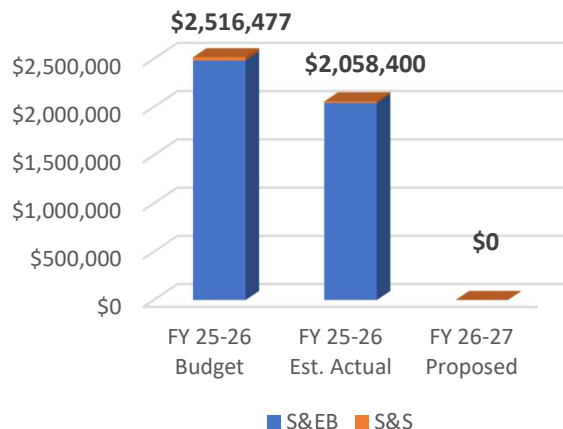
The DLO is composed of five staff: Two Senior Staff Counsels, and three Senior Legal Secretaries.

*Note: The Disability Litigation Office FY 2026-27 budget request will be consolidated into Legal Services.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

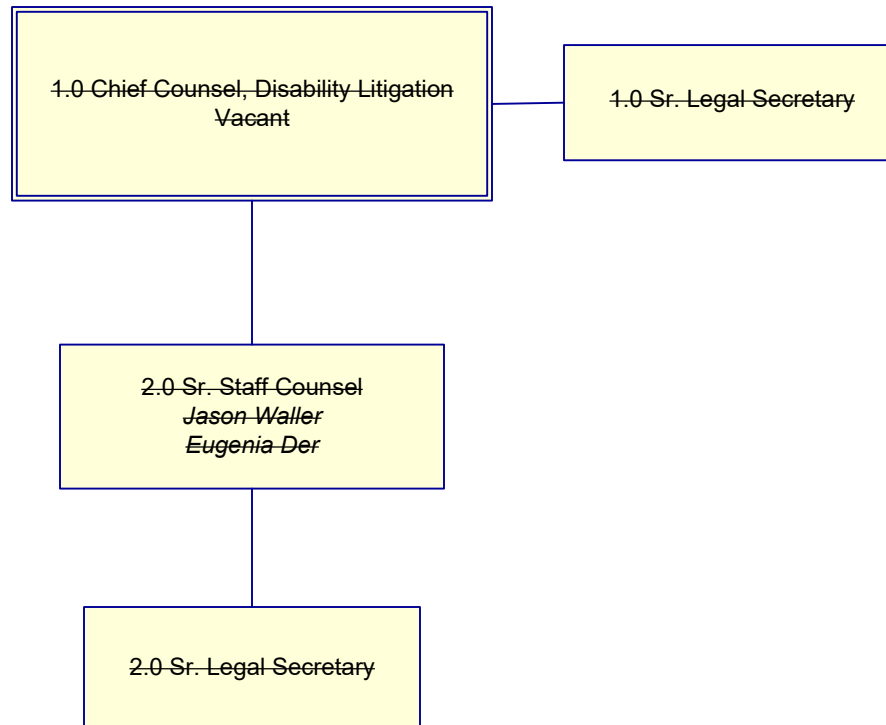
Description	FY 2025-26 Adopted Budget	FY 2026-27 Proposed Budget	Net Change
DLO FY 2026-27	\$2,516,477	\$0	(\$2,516,477)
Total Operating Budget			

DISABILITY LITIGATION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 6.0
2025-2026 Hiring Plan: 6.0

2026-2027 Bud. Pos.: 0.0
2026-2027 Hiring Plan: 0.0



*Note: Effective April 1, 2026, the Disability Litigation Office was transferred to Legal Services.

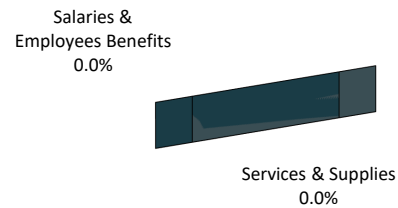
– Deleted position

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$0	\$2,481,377	\$1,096,821	\$2,041,600	(\$439,777)	-17.72%	(\$2,481,377)	-100.0%
Services & Supplies	0	35,100	6,157	16,800	(18,300)	-52.1%	(35,100)	-100.0%
OPERATING BUDGET	\$0	\$2,516,477	\$1,102,978	\$2,058,400	(\$458,077)	-18.2%	(\$2,516,477)	-100.0%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$0	\$1,485,700	\$655,022	\$1,200,000	(\$285,700)	-19.2%	(\$1,485,700)	-100.0%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	0	837,967	365,421	688,200	(149,767)	-17.9%	(837,967)	-100.0%
Employee Benefits (Other)	0	87,825	42,415	87,000	(825)	-0.9%	(87,825)	-100.0%
OPEB Contribution	0	65,984	33,742	66,000	16	0.0%	(65,984)	-100.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	3,000	222	400	(2,600)	-86.7%	(3,000)	-100.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	0	900	0	0	(900)	-100.0%	(900)	-100.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$0	\$2,481,377	\$1,096,821	\$2,041,600	(\$439,777)	-17.72%	(\$2,481,377)	-100.0%
Salary Differential	-	-	-	-			-	
TOTAL S&EB	\$0	\$2,481,377	\$1,096,821	\$2,041,600	(\$439,777)	-17.72%	(\$2,481,377)	-100.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA

FISCAL YEAR 2026-2027

BUDGETED POSITIONS

DISABILITY LITIGATION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9213	SENIOR STAFF COUNSEL, LACERA	0	LS16
0441	SENIOR LEGAL SECRETARY, LACERA	0	103K
Total Filled Positions =		0	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
Total Vacant Positions =		0	
TOTAL POSITIONS =		0	

Non-Represented positions shown in black.

Represented positions shown in blue.

Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
AUTO EXPENSE	\$0	\$2,400	\$601	\$2,000	(\$400)	-16.7%	(\$2,400)	-100.0%
TRANSPORTATION & TRAVEL	0	7,300	50	200	(7,100)	-97.3%	(7,300)	-100.0%
OFFICE SUPPLIES & EQUIPMENT	0	1,300	29	100	(1,200)	-92.3%	(1,300)	-100.0%
PROFESSIONAL AND SPECIALIZED SERVICES	0	300	0	0	(300)	-100.0%	(300)	-100.0%
LEGAL FEES & SERVICES	0	3,000	0	0	(3,000)	-100.0%	(3,000)	-100.0%
EDUCATIONAL EXPENSES	0	20,500	5,477	14,500	(6,000)	-29.3%	(20,500)	-100.0%
MISCELLANEOUS	0	300	0	0	(300)	-100.0%	(300)	-100.0%
TOTAL	\$0	\$35,100	\$6,157	\$16,800	(\$18,300)	-52.1%	(\$35,100)	-100.0%

*All amounts rounded to the nearest dollar.

DISABILITY LITIGATION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,467,993	\$1,254,141	\$1,485,700	\$1,200,000	\$0
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	831,822	674,014	837,967	688,200	0
Employee Benefits (Other)	89,455	88,653	87,825	87,000	0
OPEB Contribution	58,141	61,842	65,984	66,000	0
Additional OPEB Contribution	0	58,141	0	0	0
Stipends	0	0	0	0	0
Overtime	2,900	134	3,000	400	0
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	900	0	900	0	0
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Auto Expenses	2,400	2,107	2,400	2,000	0
Transportation & Travel	7,300	0	7,300	200	0
Office Supplies & Equipment	1,500	52	1,300	100	0
Professional and Specialized Services	0	0	300	0	0
Legal Fees & Services	3,000	0	3,000	0	0
Educational Expenses	39,000	12,008	20,500	14,500	0
Miscellaneous	300	0	300	0	0
TOTAL OPERATING BUDGET	\$2,504,711	\$2,151,092	\$2,516,477	\$2,058,400	\$0

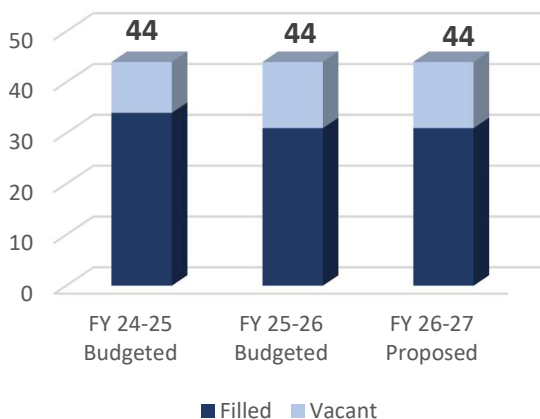
*All amounts rounded to the nearest dollar.

Disability Retirement Services

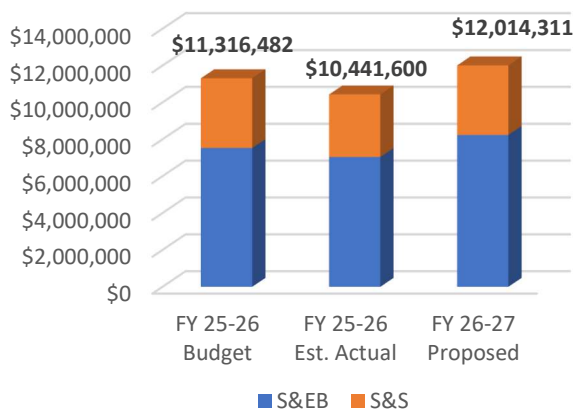
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Disability Retirement Services Division (DRS) evaluates and investigates disability retirement applications submitted by active, retired, and deferred LACERA members; survivors; and County departments. Staff presents recommendations to the Board of Retirement, the governing board responsible for adjudicating disability retirement applications. Staff also facilitates the administration of the disability appeals process and serves as the Clerk of the Board and Custodian of Record for all disability retirement files. Other operational responsibilities and functions of the DRS include contracting professional services for the investigation and appeals processes, including panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$420,000	\$340,500	(\$79,500)
Overtime	\$59,400	\$99,500	\$40,100

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

Innovation Through Technology

Since the launch of the Sol case management system on September 23, 2023, we have been actively working within the system to drive ongoing updates and enhancements. Continuous improvements have helped increase visibility into case data, streamline key workflows, and promote more efficient communication across teams. These advancements in case management support greater data accuracy, more robust consolidation of information, and enhanced supervisory oversight, all of which have contributed to notable gains in operational efficiency and effectiveness. Our commitment to refining the Sol system ensures it remains a flexible, powerful tool, one that empowers staff to resolve disability retirement cases with increased precision, speed, and transparency, ultimately improving the service we deliver to our members. These efforts directly align with our strategic initiative of Innovation Through Technology, as we leverage advanced solutions to optimize our operations. We continue to evaluate and pursue additional technologies that can further enhance our processes and support our mission of delivering exceptional service.

Investing in People

In alignment with our strategic initiative of Investing in People, this past fiscal year marked significant progress in staff development and advancement. We successfully promoted three staff members who participated in a specialized training program, enabling administrative staff to process disability retirement cases and gain hands-on experience necessary for future recruitment as Disability Retirement Specialists. Additionally, we promoted one internal staff member and welcomed three new hires, each contributing their expertise and professionalism to the team. All individuals have completed comprehensive training and are now managing active caseloads—impressively, within just three months, they were able to submit cases for adjudication. These achievements underscore our ongoing commitment to cultivating talent from within and ensuring our workforce is equipped with the skills and knowledge required to deliver exceptional service to our members.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Operational Efficiency

Disability Retirement Services Division will continue its strong commitment to improving disability case processing times while preserving the integrity of the investigative process—an ongoing priority in recent years. For FY 2026–27, we are positioned to advance these efforts through two key enhancements: the addition of new staff and the anticipated implementation of advanced technology to automate labor-intensive tasks such as indexing. These improvements will enable us to leverage increased capacity and innovative tools to accelerate case resolution and deliver a superior member experience. We will also strengthen productivity monitoring by tracking cases processed per specialist, using this data to inform decisions and maintain high performance standards. Rather than adopting external benchmarks that may not reflect our unique processes, we will focus on service standards that add real value, ensuring our efforts drive meaningful improvements. Process enhancements and automation will streamline workflows, reduce manual work, and boost overall operational effectiveness.

Member Education and Engagement

In addition to operational improvements, Disability Retirement Services Division is expanding member education by enhancing written materials and developing video content to provide clear, accessible information about disability benefits and processes. This initiative underscores our dedication to transparency and member engagement, ensuring members have the resources they need to make informed decisions.

Training and Development

Disability Retirement Services Division will continue to build a training curriculum tailored to the diverse needs of our team, offering ongoing development opportunities to strengthen skills and efficiency. Succession planning will include a review of staff competencies and goals to ensure investments align with our Strategic Plan’s priority of investing in people.

Organizational Alignment

These initiatives represent a deliberate evolution of our ongoing work, executed with focus and precision. By integrating people, processes, and technology, we aim to achieve measurable gains in timeliness, consistency, and service quality, all in support of organizational goals of operational excellence and member satisfaction. Every interaction will reflect our commitment to our mission, vision, and I-ACT values.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

No additional permanent staffing is requested in FY 2026-27.

Temporary Staffing

For FY 2026–27, the Disability Retirement Services Division requests funding for six temporary Disability Retirement Support Specialist (DRSS) positions for six months. This ensures continued administrative support to cover staff vacancies due to recent promotions and staff on extended medical leave.

Overtime Needs

The Disability Retirement Services Division's overtime allocation increases from 700 hours in FY 2025–26 to 1,160 hours in FY 2026–27, representing an increase of 460 hours. This increase reflects the Division's need to support expanded operational requirements, including additional after-hours work associated with system and process modernization initiatives, aging case management, and the timely completion of priority projects, while maintaining continuity of operations and service levels.

Interns

Disability Retirement Services Division does not anticipate employing any interns in FY 2026-27.

Rehired Retirees

Disability Retirement Services Division does not anticipate employing any rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

Disability Retirement Services Division does not have one-time expenditures that need to be removed in FY 2026-27.

Services and Supplies Adjustments

Special Orders/Minor Equipment

After reviewing the expenditures of previous years and analyzing historical spending patterns, we propose a reduction from \$1,500 to \$800.

Investigative Services

After reviewing the expenditures of previous years and analyzing historical spending patterns, we propose a reduction from \$15,000 to \$10,000.

Registration Fees

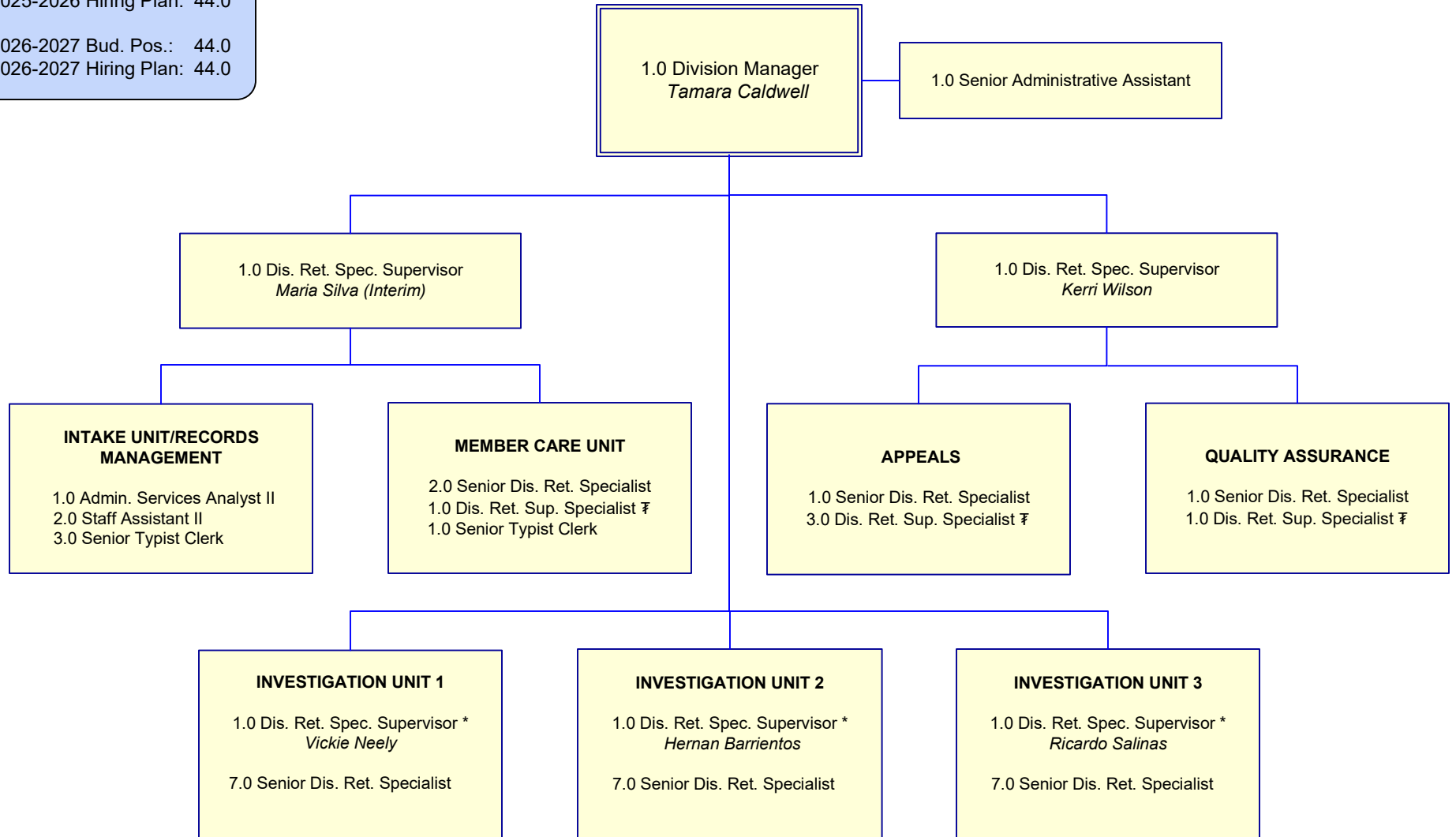
After reviewing the expenditures of previous years and analyzing historical spending patterns, we propose a reduction from \$20,000 to \$15,000.

DISABILITY RETIREMENT

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 44.0
2025-2026 Hiring Plan: 44.0

2026-2027 Bud. Pos.: 44.0
2026-2027 Hiring Plan: 44.0



* Classification and/or compensation study requested.

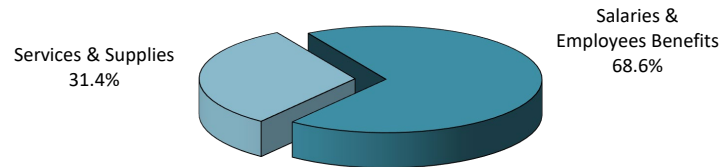
₪ Title changed from "Staff Assistant II" to "Disability Retirement Support Specialist" due to result of a classification study. LACERA Board of Retirement approved on September 6, 2023, Board Investments approved on September 13, 2023, and Board of Supervisors adopted on February 18, 2025.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD		PROJECTION	OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)		BUDGET	% CHANGE		
Salaries & Employees Benefits	\$8,242,111	\$7,533,582	\$3,786,147	\$7,044,400	(\$489,182)	-6.49%	\$708,529	9.4%
Services & Supplies	3,772,200	3,782,900	1,539,897	3,397,200	(385,700)	-10.2%	(10,700)	-0.3%
OPERATING BUDGET	\$12,014,311	\$11,316,482	\$5,326,045	\$10,441,600	(\$874,882)	-7.7%	\$697,829	6.2%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$4,591,779	\$4,110,752	\$2,005,361	\$3,750,000	(\$360,752)	-8.8%	\$481,027	11.7%
Total Agency Temp Salaries	340,500	420,000	291,619	580,000	160,000	38.1%	(79,500)	-18.9%
Employee Benefits (Variable)	2,667,023	2,507,357	1,199,039	2,167,400	(339,957)	-13.6%	159,666	6.4%
Employee Benefits (Other)	304,941	243,003	117,555	240,600	(2,403)	-1.0%	61,938	25.5%
OPEB Contribution	227,869	182,571	93,359	182,400	(171)	-0.1%	45,298	24.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	99,500	59,400	77,283	120,000	60,600	102.0%	40,100	67.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	6,000	6,000	1,933	4,000	(2,000)	-33.3%	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	\$8,242,111	\$7,533,582	\$3,786,147	\$7,044,400	(\$489,182)	-6.5%	\$708,529	9.4%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$8,242,111	\$7,533,582	\$3,786,147	\$7,044,400	(\$489,182)	-6.5%	\$708,529	9.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26 with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

DISABILITY RETIREMENT

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
1643	DISABILITY RETIREMENT SPECIALIST SUPERVISOR, LACERA	4	111C
1632	SENIOR DISABILITY RETIREMENT SPECIALIST, LACERA	18	107C
0420	ADMINISTRATIVE SERVICES ANALYST II	1	098E
790A	DISABILITY RETIRE. SUPPORT SPEC., LACERA	2	097B
0427	STAFF ASSISTANT II, LACERA	2	097B
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0446	SENIOR TYPIST-CLERK, LACERA	2	083K
Total Filled Positions =		31	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
1643	DISABILITY RETIREMENT SPECIALIST SUPERVISOR, LACERA	1	111C
1632	SENIOR DISABILITY RETIREMENT SPECIALIST, LACERA	7	107C
790A	DISABILITY RETIRE. SUPPORT SPEC., LACERA	3	097B
0446	SENIOR TYPIST-CLERK, LACERA	2	083K
Total Vacant Positions =		13	

TOTAL POSITIONS =

44

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$8,000	\$8,000	\$4,752	\$8,000	\$0	0.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	800	1,500	387	1,000	(500)	-33.3%	(700)	-46.7%
PROFESSIONAL & SPEC. SRVCS.	280,000	280,000	62,611	182,000	(98,000)	-35.0%	0	0.0%
LEGAL FEES & SERVICES	130,000	130,000	31,687	60,000	(70,000)	-53.8%	0	0.0%
DISABILITY FEES & SERVICES	3,335,200	3,340,200	1,436,360	3,131,300	(208,900)	-6.3%	(5,000)	-0.1%
EDUCATIONAL EXPENSES	15,700	20,700	3,900	14,100	(6,600)	-31.9%	(5,000)	-24.2%
MISCELLANEOUS	2,500	2,500	200	800	(1,700)	-68.0%	0	0.0%
TOTAL	\$3,772,200	\$3,782,900	\$1,539,897	\$3,397,200	(\$385,700)	-10.2%	(\$10,700)	-0.3%

*All amounts rounded to the nearest dollar.

DISABILITY RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$4,545,563	\$3,663,042	\$4,110,752	\$3,750,000	\$4,591,779
Total Agency Temp Salaries	407,300	363,391	420,000	580,000	340,500
Employee Benefits (Variable)	2,679,885	2,159,261	2,507,357	2,167,400	2,667,023
Employee Benefits (Other)	276,995	276,416	243,003	240,600	304,941
OPEB Contribution	180,030	191,487	182,571	182,400	227,869
Additional OPEB Contribution	0	180,030	0	0	0
Stipends	0	0	0	0	0
Overtime	140,800	102,279	59,400	120,000	99,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	6,000	3,871	6,000	4,000	6,000
Rideshare Allowance	4,500	0	4,500	0	4,500
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	7,700	9,708	8,000	8,000	8,000
Office Supplies & Equipment	5,000	867	1,500	1,000	800
Professional & Specialized Services	235,000	153,244	280,000	182,000	280,000
Legal Fees & Services	20,000	42,271	130,000	60,000	130,000
Disability Fees & Services	3,090,300	2,636,915	3,340,200	3,131,300	3,335,200
Educational Expenses	20,700	13,789	20,700	14,100	15,700
Miscellaneous	500	514	2,500	800	2,500
TOTAL OPERATING BUDGET	\$11,620,273	\$9,797,084	\$11,316,482	\$10,441,600	\$12,014,311

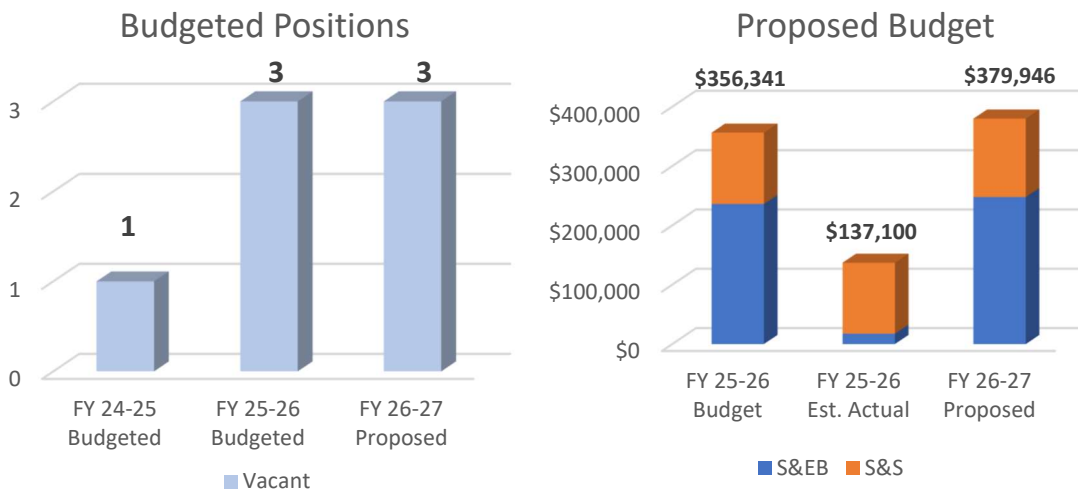
*All amounts rounded to the nearest dollar.

Ethics and Compliance Office

FISCAL YEAR 2026-2027 **BUDGET NARRATIVE**

The Ethics and Compliance Office builds and strengthens LACERA's ethical culture and provides dedicated resources to support compliance with laws, regulations, policies, and procedures. It also offers risk assessment, monitoring, investigation, education and training, and other services that increase awareness and help reduce ethics and compliance risks across the organization.

The Office will continue the move from foundational planning to program implementation in FY 2026-27, with the hiring of the first full-time, permanent staff for the Office.



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Travel	\$8,000	\$15,000	\$7,000
Ethics & Comp. Consulting	\$35,000	\$0	(\$35,000)
Registration Fees	\$7,500	\$12,500	\$5,000
Educational Materials	\$30,000	\$65,000	\$35,000

REPORTING STRUCTURE

Under the Board-approved Ethics and Compliance Program Charter, the Chief Ethics and Compliance Officer (CECO) will oversee the program and report functionally to the Audit, Compliance, Risk, and Ethics (ACRE) Committee, the Board of Retirement and Board of Investments, and the Chief Executive Officer (CEO). The CEO is the CECO's appointing authority, with the approval of the ACRE Committee and Boards. The program supports and will further the fiduciary duty of the ACRE Committee, Boards, and the CEO to provide oversight of ethics and compliance risk management and respond to red flags in these areas.

In December 2024, the ACRE Committee approved and recommended the Chief Ethics and Compliance Officer (CECO) class description and salary; in March 2025, the ACRE Committee approved and recommended a Deputy Chief Ethics and Compliance Officer (DCECO) class description and salary, with two ordinance positions, to assist the CECO by providing subject-matter expertise in particular areas of LACERA's operations. At its April 2025 meeting, the Joint Organizational Governance Committee (JOGC) approved both class descriptions and salaries, which was followed by approval by both Boards at their May 2025 meetings. In October 2025, the Board of Supervisors adopted amendments to County Ordinances including the classifications and salaries.

The Ethics and Compliance Office administratively reports to the Chief Counsel, with the independent functional reporting lines described above, and maintains a separate divisional budget.

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

The Ethics and Compliance Program is a goal in the Board of Retirement's 2023-28 Strategic Plan, and substantial progress is being made to implement the program.

The Ethics and Compliance Program Charter was approved by the Audit Committee and Boards in October 2024. The Audit Committee was renamed the ACRE Committee, and a new Committee Charter was approved to reflect its increased scope of risk oversight responsibilities (also in October 2024).

Pursuant to the new program and ACRE Committee Charters, a foundational work plan was approved (October 2024) and has been actively implemented, consisting of activities that enhance LACERA's readiness to implement the full program upon arrival of the CECO. In addition to obtaining approval for the CECO and DCECO classifications and salaries (discussed above), the foundational work plan, which continues to be implemented on an ongoing basis, has included:

1. Ethics and Compliance Education: Education has included orientation for the ACRE Committee on the basics of ethics and compliance under the U.S. Sentencing Guidelines and the guidance contained in the U.S. Department of Justice "Evaluation of Corporate Compliance Programs." ACRE Committee orientation was also provided on the importance of organizational culture to ethics, compliance, and risk management. At the staff level, many staff members have taken external training from the Society of Corporate Compliance and Ethics (SCCE). Several members of the Ethics and Compliance Committee (ECC) and other staff have invested in education and testing to receive Certified Compliance & Ethics Professional (CCEP) certification. The ECC has also received Messages of the Quarter on Risk Management and Ethics, which ECC members have shared with their own divisions and reported back, leading to a feedback loop of discussion and action regarding these subjects. Similar quarterly messages will be an ongoing form of education.
2. Policy Management: Policy management is a critical element of mitigating ethics and compliance risk. The ECC's Ethics and Compliance Policy Subcommittee reviews and provides initial input on all organizational policies, followed by review by the full ECC before being submitted for approval by the governing authority. Staff implemented *Compass: LACERA's Policy Library* on LACERA's internal intranet in 2025, which continued to be maintained, updated, and expanded throughout FY 2025-26. *Compass* ensures that every LACERA staff member is able to readily locate, apply, and adhere to policies and procedures as they perform their day-to-day operations in compliance with the law and regulations. *Compass* will continue to be refined to further improve its functionality and value. Training on policy development and management is under development.
3. Baseline Ethics and Compliance Risk Assessment: The Ethics and Compliance team joined Internal Audit in its 2025 risk assessment, including meetings with all

divisions, to collect information on organizational ethics and compliance risks. The information gathered is being organized and will be presented to the ACRE Committee.

4. Baseline Ethics and Compliance Culture Survey: LACERA conducted an all-staff Culture Survey, which yielded a 67 percent response rate. Focus groups followed the survey to drill deeper and enhance understanding of the survey's results. A Management Offsite was held to discuss the results and explore ideas for an action plan. The action plan is under development. The results of the survey were reported to all staff and will be summarized for the Boards. The Boards and ACRE Committee will also be informed of the action plan.
5. Update of LACERA's Code of Ethical Conduct: Throughout 2025, staff worked to update the Code. The Code has been expanded and reformatted in alignment with LACERA's Values to be more complete and effective in its role as an important LACERA standard-setting document. This effort is nearing completion, with the Code brought to the ACRE Committee and the Boards in the first few months of 2026 for final approval. Staff has developed a rollout plan, which includes training for all trustees and staff, and ongoing efforts into the future to keep the Code top of mind.

To assist in these efforts, ethics and compliance counsel and additional consulting services from Gartner were utilized to provide professional expertise.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

The first priority for the new fiscal year will be to complete the hiring and integration of the CECO and then consider filling the first Deputy CECO position and a Senior Administrative Assistant, to provide dedicated program leadership and support staff. In the interim, foundational steps will continue, including:

- Taking action to address the 2025-26 risk assessment and culture survey results;
- Ongoing ethics and compliance risk assessments;
- Follow-up ethical culture assessment during FY 2026-27 based on LACERA's Values and behaviors;
- Evaluation of additional Governance, Risk, and Compliance (GRC) software for compliance, ethics, and privacy;
- Development of processes to support LACERA's Values, ethics and compliance, and organizational culture; and
- Additional and enhanced education and training on ethics and compliance and additional staff CCEP certifications.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

In September 2025, the Board of Supervisors gave initial approval to the Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer classifications. This action permits LACERA to begin recruiting. The Chief position will be recruited first, which is expected to begin in the fourth quarter of FY 2025-26 and to be completed early in the first quarter of FY 2026-27. The Senior Administrative Assistant is an existing classification and will begin recruitment shortly after the Chief is hired. It is expected that later in FY 2026-27, the Chief will oversee recruitment of the first Deputy, to be completed by the end of the third quarter of the fiscal year.

Funding is included to reflect nine months of funding for the CECO, six months of funding for the Senior Administrative Assistant, and three months of funding for the DCECO. However, this amount is subject to change based on the actual salary authorized and the date of onboarding.

Temporary Staffing

Temporary staffing is not anticipated for this program in FY 2026-27.

Overtime Needs

Overtime is not anticipated for this program in FY 2026-27.

Interns

No interns are requested for this program in FY 2026-27.

Rehired Retirees

The Ethics and Compliance Office is not requesting any rehired retiree assistance in FY 2026-27.

SUMMARY OF PROPOSED BUDGETARY CHANGES – SERVICES & SUPPLIES (S&S)

The budget is refreshed from FY 2025-26 last year, in anticipation of the hiring of the CECO and other Ethics and Compliance Office staff during FY 2026-27, and to continue the momentum developed in implementing the ACRE Committee- and Board-approved foundational work plan.

Removal of One-Time Expenditures

The Ethics and Compliance Office does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

The following services and supplies are proposed in support of this program in FY 2026-27. Once there is permanent staff in the Ethics and Compliance Office, some of these amounts may be subject to change:

Transportation

Funding totaling \$3,500 is requested to support anticipated auto mileage associated with the Chief Ethics and Compliance Officer, the Deputy Chief Ethics and Compliance Officer, and other staff involved in the program, for business meetings and attendance at training and other events.

Travel

Funding totaling \$15,000 is requested to support all trainings, conferences, and travel-related expenses that relate to Ethics and Compliance. Such expenses for the Ethics and Compliance Office and all other staff will be charged and allocated to the Ethics and Compliance Office.

Special Orders/Minor Equip

Funding totaling \$1,200 is requested for new and developing office special supplies.

Outside Legal Counsel

Funding totaling \$27,000 is requested for outside ethics and compliance counsel to support the development and implementation of LACERA's Ethics and Compliance Program.

Memberships

Funding totaling \$8,000 is requested for memberships to support the Chief Ethics and Compliance Officer's professional development and participation in ethics and compliance-related organizations.

Registration Fees

Funding totaling \$12,500 is requested to the level of Ethics and Compliance training expected of the new Ethics and Compliance Office personnel and other staff.

Educational Materials

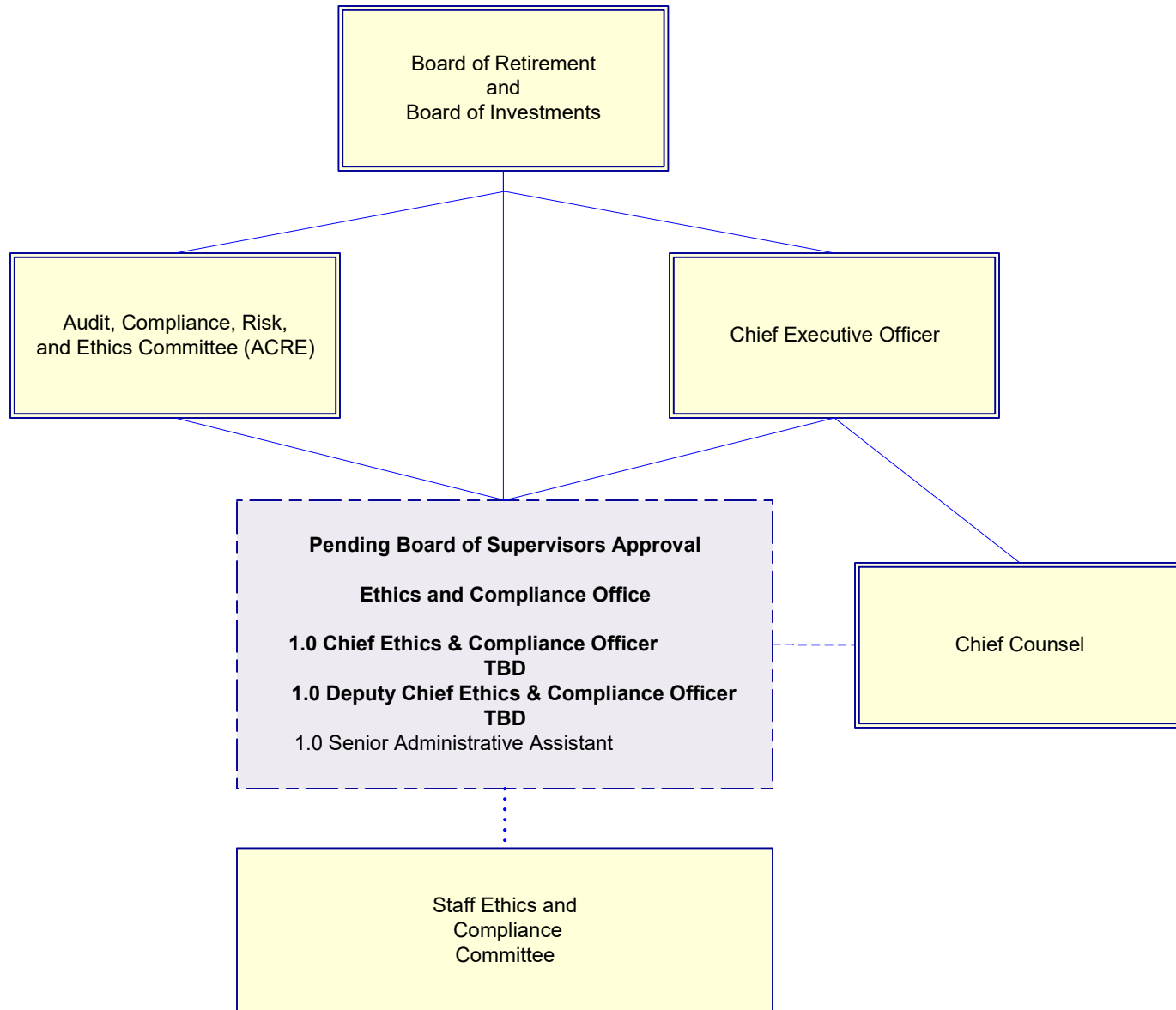
Funding totaling \$65,000 is requested to ensure the program has the educational and professional materials and subscriptions needed to successfully implement LACERA's Ethics and Compliance Program.

ETHICS AND COMPLIANCE OFFICE

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 3.0
2025-2026 Hiring Plan: 3.0

2026-2027 Bud. Pos.: 3.0
2026-2027 Hiring Plan: 3.0



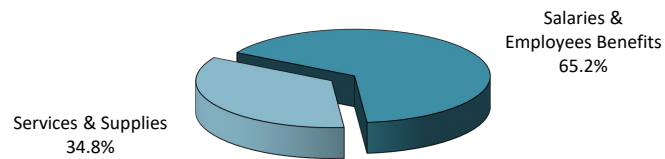
— — — Administrative
—— Functional
..... Advisory

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

ETHICS AND COMPLIANCE OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$247,746	\$236,141	\$8,860	\$17,500	(\$218,641)	-92.6%	\$11,606	4.9%
Services & Supplies	132,200	120,200	88,512	119,600	(600)	-0.5%	12,000	10.0%
OPERATING BUDGET	\$379,946	\$356,341	\$97,372	\$137,100	(\$219,241)	-61.5%	\$23,606	6.6%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

ETHICS AND COMPLIANCE OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$179,457	\$172,614	\$0	\$0	(\$172,614)	-100.0%	\$6,843	4.0%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	47,466	45,656	11	100	(45,556)	-99.8%	1,810	4.0%
Employee Benefits (Other)	11,918	10,204	4,928	9,900	(304)	-3.0%	1,714	16.8%
OPEB Contribution	8,906	7,666	3,921	7,500	(166)	-2.2%	1,239	16.2%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	0	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$247,746	\$236,141	\$8,860	\$17,500	(\$218,641)	-92.6%	\$11,606	4.9%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$247,746	\$236,141	\$8,860	\$17,500	(\$218,641)	-92.6%	\$11,606	4.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

ETHICS AND COMPLIANCE OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
------------------------------	-----------------------------	-----------------------	------------------------

Total Filled Positions = 0

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
------------------------------	-----------------------------	-----------------------	------------------------

99999A	CHIEF, ETHICS & COMPLIANCE OFFICER	1	LS12
99999A	DEPUTY CHIEF, ETHICS & COMPLIANCE OFFICER	1	118J
0439	SENIOR ADMINISTRATIVE ASSISTANT	1	095C

Total Vacant Positions = 3

TOTAL POSITIONS = 3

Non-Represented positions shown in black.
[Represented positions shown in blue.](#)
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

ETHICS AND COMPLIANCE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$18,500	\$11,500	\$2,176	\$6,800	(\$4,700)	-40.9%	\$7,000	60.9%
OFFICE SUPPLIES & EQUIPMENT	1,200	1,200	0	0	(1,200)	-100.0%	0	0.0%
PROFESSIONAL AND SPECIALIZED SERVICES	0	35,000	35,210	35,300	300	0.9%	(35,000)	-100.0%
LEGAL FEES & SERVICES	27,000	27,000	20,770	30,000	3,000	11.1%	0	0.0%
EDUCATIONAL EXPENSES	85,500	45,500	29,470	46,500	1,000	2.2%	40,000	87.9%
MISCELLANEOUS	0	0	886	1,000	1,000	0.0%	0	0.0%
TOTAL	\$132,200	\$120,200	\$88,512	\$119,600	(\$600)	-0.5%	\$12,000	10.0%

*All amounts rounded to the nearest dollar.

ETHICS AND COMPLIANCE OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$93,330	\$830	\$172,614	\$0	\$179,457
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	24,686	13	45,656	100	47,466
Employee Benefits (Other)	5,687	5,636	10,204	9,900	11,918
OPEB Contribution	3,696	3,932	7,666	7,500	8,906
Additional OPEB Contribution	0	3,696	0	0	0
Stipends	0	0	0	0	0
Overtime	0	0	0	0	0
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	0	0	0	0	0
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	11,500	4,629	11,500	6,800	18,500
Office Supplies & Equipment	0	0	1,200	0	1,200
Professional and Specialized Services	0	0	35,000	35,300	0
Legal Fees & Services	20,000	57,065	27,000	30,000	27,000
Educational Expenses	60,500	22,136	45,500	46,500	85,500
Miscellaneous	0	0	0	1,000	0
TOTAL OPERATING BUDGET	\$219,400	\$97,938	\$356,341	\$137,100	\$379,946

*All amounts rounded to the nearest dollar.

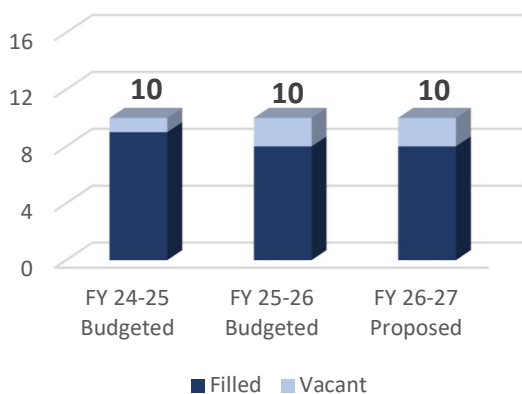
Executive Office

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

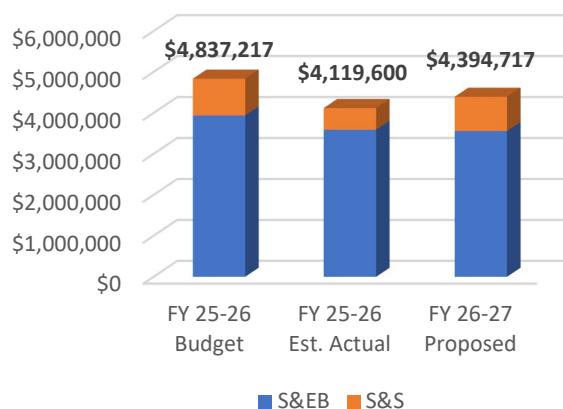
The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA's mission, as articulated through policies adopted through the Boards of Retirement and Investments and through administrative policies and procedures under the purview of the Chief Executive Officer.

LACERA's Information Security Office is part of the Executive Office to maintain its independence from the Systems Division. The Information Security Officer reports to the Deputy Chief Executive Officer. Costs are reported separately for improved transparency. See the attached narrative and summary.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$141,200	\$0	(\$141,200)

Unfund Vacant Position— Executive Board Assistant	\$193,500	\$0	(\$193,500)
Bi-Annual Economic Impact Report	\$70,000	\$0	(\$70,000)
Travel	\$64,000	\$32,000	(\$32,000)
LACERA Summit	\$15,000	\$53,500	\$38,500
Management Offsite	\$0	\$25,000	\$25,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

Throughout FY 2025-26, the Executive Office continued its focus on making incremental progress toward implementing the Board of Retirement's 2023-2028 Strategic Plan and supporting the implementation of the Board of Investment's Strategic Initiatives.

The Special Assistant position was onboarded and plays a crucial role in managing our progress and communicating the status of our progress to Trustees, staff, members, and stakeholders.

In FY 2025-26, the Executive Office focused on building the LACERA culture based on our shared I-ACT values of Inclusivity, Innovation, Integrity, Accountability, Collaboration and Transparency. Toward this end, we held our first annual LACERA Summit, the first opportunity for *all* LACERA team members to convene at the same time and focus on how our values look in action, not just on paper, and to acknowledge and appreciate our team members for their service to our members and Los Angeles County. We also launched a culture survey to help us understand where we are and what our ideal culture should look like. This initial survey serves as our baseline as we develop goals to continuously improve.

The Bi-Annual Economic Impact report, which helps communicate and promote the value that LACERA's pension payments have on our local economy, is scheduled to be completed.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

The Executive Office supports and is fundamentally responsible for implementing the Board of Retirement's Strategic Plan and supports the Investment Office in their implementation of the Board of Investments' Strategic Plan. The Executive Management Team sponsors the strategic priorities and monitors progress toward achieving our mission of producing, protecting, and providing the promised benefits to our members.

The team also works toward realizing our vision of empowering our members to enjoy a healthy and secure retirement, while modeling our values of accountability, collaboration, inclusivity, innovation, integrity, and transparency.

In FY 2026-27, the Executive Office will continue to focus on developing and improving our organizational culture with a focus on tone at the top and ensuring leadership acts in accordance with our I-ACT values.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

No changes to permanent staffing are requested for the Executive Office. One Board Secretary position will remain vacant and unfunded as we assess opportunities to more efficiently and effectively support the Board of Retirement and Board of Investments.

Temporary Staffing

Funds are removed for one temporary staff person at the level of Special Assistant/Public Information Officer. The project, which called for collaboration with LACERA's Chief of Communications on the LACERA Communication Plan, including the Social Media Plan, concluded in FY 2025-26.

Overtime Needs

Overtime funds are provided for the support staff within the Executive Office. Total hours are not changing from prior years.

Interns

The Executive Office does not anticipate the use of interns in FY 2026-27.

Rehired Retirees

The Executive Office does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

The Executive Office eliminated one-time funding of \$70,000 on Professional Services for the bi-annual economic impact report, which was included in the FY 2025-26 budget.

Services and Supplies Adjustments

Travel Expense

A 50 percent reduction in Travel Expense from \$64,000 to \$32,000 is provided to reflect the Executive Office's intention to focus on LACERA's internal culture and service effectiveness during FY 2026-27. Funding is included for representative participation in key industry conferences and travel for legislative advocacy on behalf of LACERA. A similar reduction is also made in Registration Fees.

Registration Fees

A 50 percent reduction in Registration Fees from \$48,000 to \$24,000 is provided to reflect the Executive Office's intention to focus on LACERA's internal culture and service effectiveness during FY 2026-27. Funding is included for representative participation in key industry conferences and education. A similar reduction is also made in Travel Expense.

LACERA Summit

Funds totaling \$53,500 to support LACERA's annual all-hands staff development and appreciation meeting known as the LACERA Summit are consolidated into the Executive Office. Previously, the event was known as the Forum, and funding was split between the Executive Office for Food and Beverages (\$15,000) and Human Resources for guest speakers, venue and furniture rental, and related expenses (\$38,500).

Food/Beverages

Funds previously designated for the all-hands staff development and appreciation meeting known as the LACERA Summit are transferred to a new line item and consolidated with other related expenses such as venue and furniture rental.

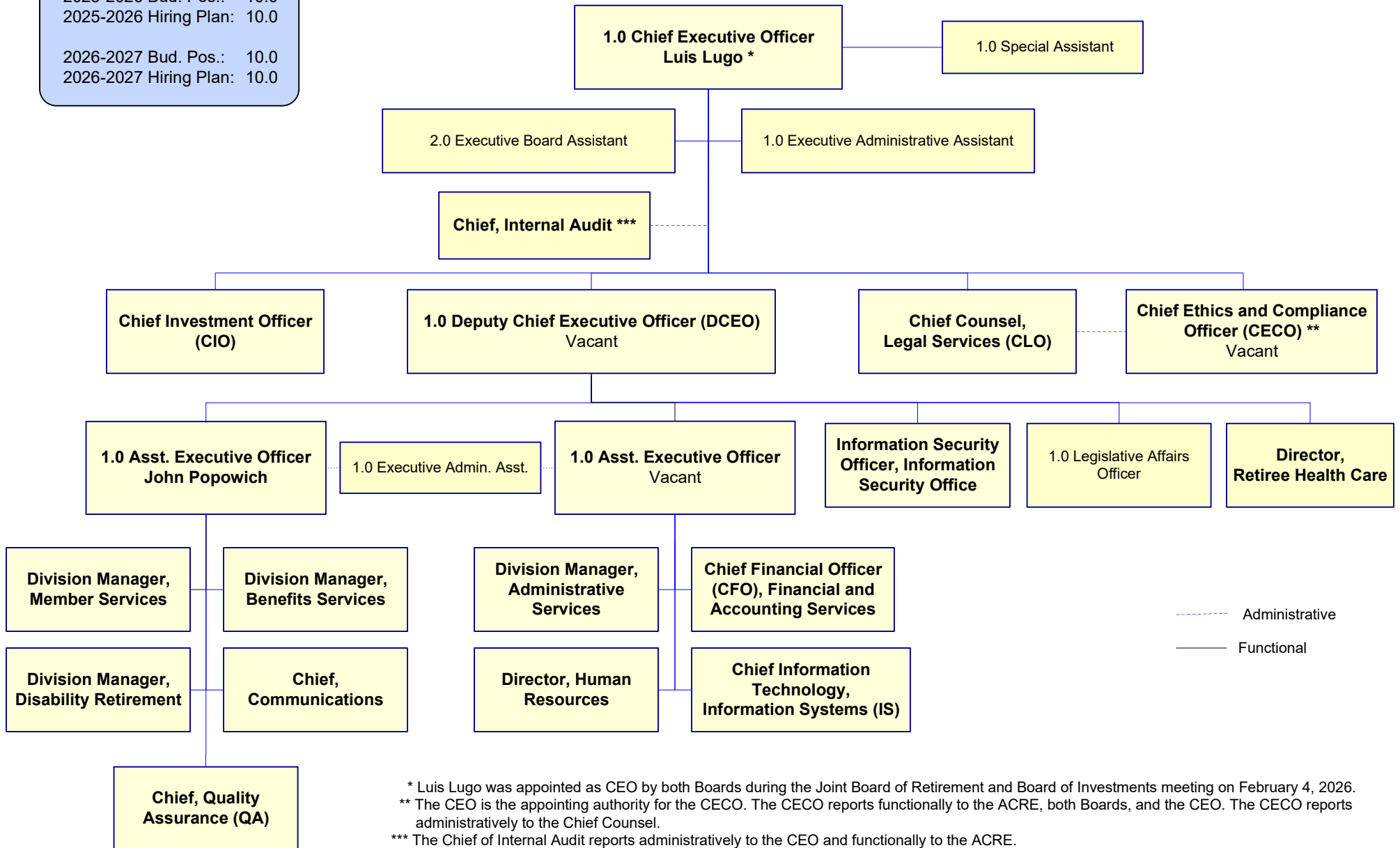
LACERA Management Offsite

The Management Offsite, led by the Executive Office, is designed to bring the leadership team together to reflect, align, and take action around organizational culture, leadership behaviors, and priorities. A total of \$25,000 in funding for LACERA's annual Management Offsite is consolidated under the Executive Office. Previously, these costs were allocated in Human Resources.

EXECUTIVE OFFICE

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 10.0
 2025-2026 Hiring Plan: 10.0
 2026-2027 Bud. Pos.: 10.0
 2026-2027 Hiring Plan: 10.0



* Luis Lugo was appointed as CEO by both Boards during the Joint Board of Retirement and Board of Investments meeting on February 4, 2026.

** The CEO is the appointing authority for the CECO. The CECO reports functionally to the ACRE, both Boards, and the CEO. The CECO reports administratively to the Chief Counsel.

*** The Chief of Internal Audit reports administratively to the CEO and functionally to the ACRE.

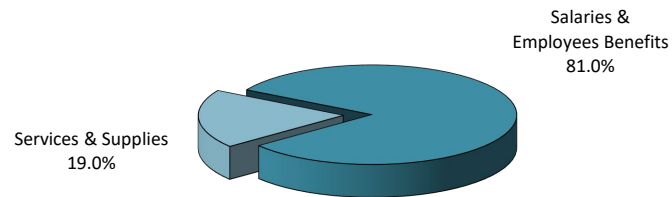
Note: Effective April 1, 2026, the Disability Litigation Office was transferred to Legal Services.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$3,557,617	\$3,939,117	\$2,090,613	\$3,591,300	(\$347,817)	-8.8%	(\$381,500)	-9.7%
Services & Supplies	837,100	898,100	365,321	528,300	(369,800)	-41.2%	(61,000)	-6.8%
OPERATING BUDGET	\$4,394,717	\$4,837,217	\$2,455,934	\$4,119,600	(\$717,617)	-14.8%	(\$442,500)	-9.1%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$2,041,081	\$2,193,198	\$1,243,068	\$2,109,000	(\$84,198)	-3.8%	(\$152,117)	-6.9%
Total Agency Temp Salaries	0	141,200	5,791	5,800	(135,400)	-95.9%	(141,200)	-100.0%
Employee Benefits (Variable)	1,138,198	1,247,222	655,813	1,150,900	(96,322)	-7.7%	(109,024)	-8.7%
Employee Benefits (Other)	165,548	154,647	88,014	153,200	(1,447)	-0.9%	10,901	7.0%
OPEB Contribution	101,289	93,649	47,888	93,600	(49)	-0.1%	7,640	8.2%
Stipends	65,000	65,000	21,721	42,000	(23,000)	-35.4%	0	0.0%
Overtime	30,700	28,400	20,818	28,400	0	0.0%	2,300	8.1%
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	14,400	14,400	7,500	8,400	(6,000)	-41.7%	0	0.0%
ADJUSTED GROSS S&EB	\$3,557,617	\$3,939,117	\$2,090,613	\$3,591,300	(\$347,817)	-8.8%	(\$381,500)	-9.7%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$3,557,617	\$3,939,117	\$2,090,613	\$3,591,300	(\$347,817)	-8.8%	(\$381,500)	-9.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

EXECUTIVE OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0776	CHIEF EXECUTIVE OFFICER, LACERA	1	LR20
0792	ASSISTANT EXECUTIVE OFFICER, LACERA (UC)	2	LS16
0775	SPECIAL ASSISTANT, LACERA	1	LS12
0795	LEGISLATIVE AFFAIRS OFFICER, LACERA	1	117K
0475	EXECUTIVE BOARD ASSISTANT, LACERA	1	109G
0442	EXECUTIVE ADMINISTRATIVE ASSISTANT, LACERA	2	106D
Total Filled Positions =		8	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0770	DEPUTY CHIEF EXECUTIVE OFFICER, LACERA	1	LR18
0475	EXECUTIVE BOARD ASSISTANT, LACERA	1	109G
Total Vacant Positions =		2	

TOTAL POSITIONS =

10

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
AUTO EXPENSE	\$10,500	\$10,500	\$4,907	\$10,300	(\$200)	-1.9%	\$0	0.0%
TRANSPORTATION & TRAVEL	36,100	68,100	3,022	19,000	(49,100)	-72.1%	(32,000)	-47.0%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,000	196	3,000	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	635,000	705,000	300,156	415,000	(290,000)	-41.1%	(70,000)	-9.9%
EDUCATIONAL EXPENSES	112,500	83,000	43,192	55,000	(28,000)	-33.7%	29,500	35.5%
MISCELLANEOUS	40,000	28,500	13,847	26,000	(2,500)	-8.8%	11,500	40.4%
TOTAL	\$837,100	\$898,100	\$365,321	\$528,300	(\$369,800)	-41.2%	(\$61,000)	-6.8%

*All amounts rounded to the nearest dollar.

EXECUTIVE OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

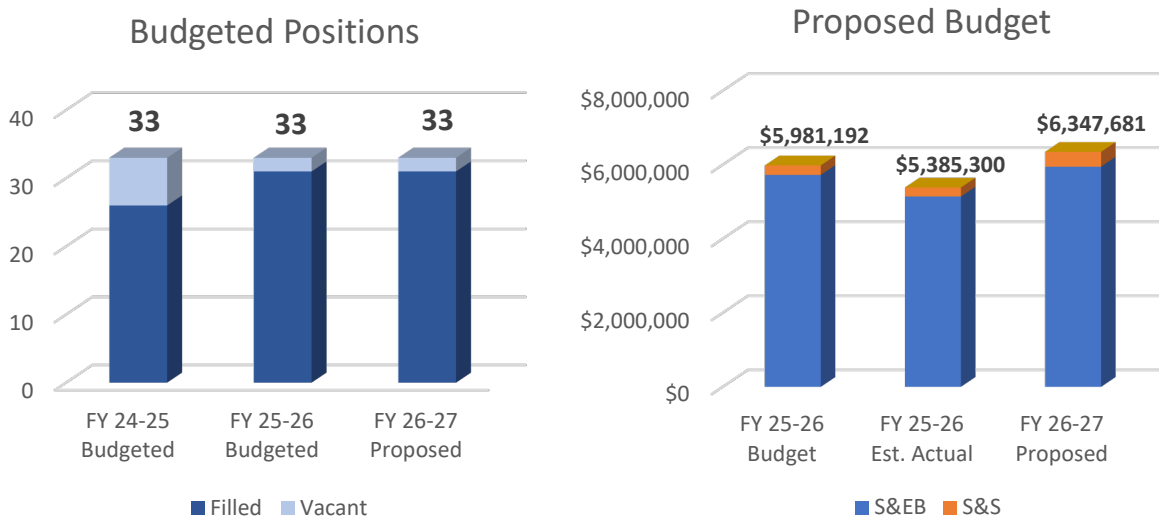
	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,678,887	\$2,063,300	\$2,193,198	\$2,109,000	\$2,041,081
Total Agency Temp Salaries	161,000	20,376	141,200	5,800	0
Employee Benefits (Variable)	1,062,942	1,121,605	1,247,222	1,150,900	1,138,198
Employee Benefits (Other)	140,837	137,660	154,647	153,200	165,548
OPEB Contribution	72,038	76,623	93,649	93,600	101,289
Additional OPEB Contribution	0	72,038	0	0	0
Stipends	65,000	41,076	65,000	42,000	65,000
Overtime	28,400	26,068	28,400	28,400	30,700
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	14,400	14,400	14,400	8,400	14,400
SERVICES & SUPPLIES					
Auto Expenses	10,500	8,483	10,500	10,300	10,500
Transportation & Travel	68,100	12,339	68,100	19,000	36,100
Office Supplies & Equipment	3,000	3,020	3,000	3,000	3,000
Professional & Specialized Services	635,000	390,807	705,000	415,000	635,000
Educational Expenses	83,000	18,764	83,000	55,000	112,500
Miscellaneous	15,000	9,050	28,500	26,000	40,000
TOTAL OPERATING BUDGET	\$4,039,504	\$4,015,608	\$4,837,217	\$4,119,600	\$4,394,717

*All amounts rounded to the nearest dollar.

Financial and Accounting Services

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Financial and Accounting Services Division (FASD) is responsible for conducting LACERA's organizational and investment financial transactions, financial reporting, and coordinating actuarial consulting and reporting in compliance with regulatory and statutory mandates. FASD's guardianship of LACERA's assets and timely, accurate financial reporting support LACERA's mission, vision, and values.



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$526,500	\$334,700	(\$191,800)
Educational Materials	\$6,000	\$132,000	\$126,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

The Financial and Accounting Services Division (FASD) serves as a cornerstone of LACERA's fiscal integrity and durability. Our foremost responsibilities include executing all financial transactions with precision, producing comprehensive annual financial statements, and delivering timely, accurate financial and actuarial reports in strict compliance with statutory deadlines. Beyond these core mandates, FASD plays a pivotal role in advancing enterprise-wide objectives by leading and collaborating on strategic initiatives and high-impact projects that strengthen LACERA's operational resilience and long-term sustainability.

The following is a status of non-routine projects that have been completed or are in progress and expected to be completed during FY 2025-26.

Project Summary	Project Status
Prepaid MasterCard (PMC): Members began enrolling in October 2025, and members received their first payment to the PMC with the November 2025 retiree payroll.	Completed
External Financial Statement Audit Services RFP: Internal Audit partnered with FASD on a Request for Proposal (RFP) for LACERA's external financial statement auditor relationship. Due to an expiring contract, staff issued the request, conducted a proposal review, and selected Clifton, Larson, Allen, LLP (CLA) as LACERA's new external auditor beginning FYE 2026.	Completed
Corporate Credit Card (CCC) Policy: Based on an audit recommendation issued by Internal Audit, FASD updated the CCC Policy and obtained approval from LACERA's internal policy committee. In addition, FASD reviewed CCC Policy related forms and procedures, and provided training to internal staff.	Completed
Staff Travel Policy: Based on an audit recommendation issued by an external consultant, FASD updated the Staff Travel Policy and obtained approval from the internal policy committee. In addition, FASD refreshed travel-related authorization forms and procedures and provided training to internal staff.	Completed
Emburse Professional Implementation: FASD partnered with the Systems division to implement Emburse Professional for Certify Travel and Expense reporting and Certify Accounts Payable (AP), enabling automated travel approvals and online reimbursement submissions. FASD innovated processes to provide paperless workflow, electronic approvals, and direct deposit payments for staff and trustee expenses.	Completed
Cash Manager to Payment Hub Migration: FASD completed this project in August 2025. Payment Hub is a next-generation payment portal developed by State Street Bank that replaced Cash Manager. FASD staff primarily use Payment Hub to process investment management fees, healthcare premiums, and inter-fund wire transfers.	Completed

Actuarial Funding Policy and Interest Crediting Policy: Based on Strategic Plan Objective 5.2, LACERA staff created a cross-functional team, including external consultants, to develop a revised Actuarial Funding Policy and a separate Interest Crediting Policy. The Board of Investments adopted the two new Policies at their October 2024 meeting. FASD implemented the Interest Crediting Policy for the December 2024 and June 2025 interest crediting cycles.	Completed
Financial Statement Audit Readiness Assessment: Since obtaining a new external financial statement auditor, LACERA began to undergo a “pre-audit” assessment in the months prior to the fiscal year-end 2026 financial audit. This review, which is still ongoing, ensures that LACERA’s internal controls for financial reporting are current and documented, while this evaluation supplements the traditional financial statement audit process.	In Progress
RHC Medical Loss Ratio (MLR) and Low-Income Subsidy (LIS) Payment Automation: In November 2025, RHC, Systems, and FASD worked with the Dynamics GP consultant to automate vendor setup, voucher entry, and payment release (including ACH), for approximately two thousand MLR payments to members. The first payment is expected in January 2026, and more payments could occur in future years. Automation will also be applied to expedite several hundred LIS payments, which are currently handled manually on a semi-annually basis.	In Progress
Transition IRS e-Filing Systems: Due to the IRS retiring the Filing Information Returns Electronically (FIRE) system after 2025 tax year submissions in early 2026, FASD will coordinate with Systems on the transition to the Information Returns Intake System (IRIS) system required for the 2026 tax year submission in early 2027. We will establish designated personnel roles with the IRS, submit an application for a new taxpayer control code, and test new files and formats for submission of informational tax returns such as 1099R.	In Progress
Accounts Payable Policy: Since the inaugural AP Policy was issued June 30, 2023, with a mandatory review of three years, FASD will submit an updated AP Policy for approval by LACERA’s internal policy committee. FASD will focus on separating procedural steps from policy language and update each with any changes since the implementation of the automated system, Certify AP, several years ago.	In Progress
Retiree Healthcare (RHC) Administrative Fee Study: The RHC Administrative Fee Study will assess the full cost of administering the Retiree Health Care (RHC) program and evaluate whether current administrative fees accurately reflect the resources required to support ongoing operations. This project will analyze staffing, systems, workflows, and cost drivers to identify gaps and ensure the fee structure is equitable, transparent, and aligned with actual service levels. By developing a more accurate and sustainable fee model, the study will strengthen financial stewardship, improve compliance with cost-allocation standards, and provide a defensible framework for future budgeting.	In Progress

The following is a status of routine annual projects that have been completed or are in progress during FY 2025-26.

Routine Annual Projects (required by law or accounting standards)	Anticipated Completion
2025 Annual Audit and Financial Statements Preparation	Oct. 2025 – Completed
2025 Financial Reports	
• Annual Comprehensive Financial Report (ACFR)	Dec. 2025 – Completed
• Popular Annual Financial Report (PAFR)	Dec. 2025 – Completed
2025 OPEB Trust, Employer Statement of Fiduciary Net Position	January 2026 – Completed
2025 Pension Experience Study Report	March 2026
2025 Pension Valuation Report	March 2026
2025 OPEB Valuation Report	April 2026
2025 GASB 68 Pension, Employer Financial Statement Reporting	April 2026
2025 GASB 75 OPEB, Employer Financial Statement Reporting	May 2026
2026 Employer and Employee Contribution Rate Approval	May 2026
2026 Pension Risk Assessment Report	June 2026
2025 Regulatory Reports, federal and state	Quarterly & Calendar Year-End

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Project Goals and Objectives

In addition to FASD's required annual projects referenced above, the non-routine projects listed below align with LACERA's Strategic Priority 5.1 – Fiscal Durability, to exercise care and prudence in managing our resources and fund assets.

Objective 5.1 states that LACERA will develop organizational tools to support enterprise-wide fiscal responsibility. FASD, as part of a cross-functional team, has begun working on designing and developing financial training for LACERA staff.

A summary of all non-routine projects is outlined below:

Non-Routine Projects	Anticipated Completion
Enterprise Resource Planning (ERP) Finance Module: The ERP Finance Module project will modernize and integrate LACERA's financial functions including general ledger, accounts payable, procurement, budgeting, and reporting, into a single consolidated system. By replacing fragmented legacy processes with standardized, automated workflows, the module will strengthen internal controls, improve data accuracy, and provide real-time financial visibility. This integration will reduce manual workloads, accelerate processing times, and create a reliable single source of truth (SST) that supports more data-driven and informed decision-making as well as provide for future scalability. This integration will reduce manual workloads, accelerate processing times, and create a reliable single source of truth-making.	June 2028
Financial Database Development: The financial database development project will establish a centralized, structured data environment that consolidates multiple financial data sources into a single, governed repository. This foundation will significantly improve the accuracy and speed of financial reporting, support advanced analytics and forecasting, and strengthen compliance through consistent, high-quality data. By reducing the manual effort currently required to gather and reconcile information, the database will increase operational efficiency and allow staff to focus on higher value analysis and strategic decision support. By reducing the manual effort currently required to gather and reconcile information, the database will increase operational efficiency and allow staff to focus on higher-value analysis and strategic decision support.	June 2027
Centralized Project Tracking (Project Management Tool): This initiative will implement a centralized project management tool that standardizes how projects are planned, tracked, and reported across the division. The tool will enhance visibility into timelines, deliverables, and risks, enabling better coordination and more predictable outcomes. By improving transparency and accountability, it will streamline project reporting, support more efficient resource allocation, and alleviate staff workload pressures, reducing the potential for bottlenecks or burnout while improving the overall quality and timeliness of project execution.	December 2026

Training Goals and Objectives

Budgeted funds allocated to staff training and development align with LACERA's Strategic Priority 3: Investing in People, to recruit, motivate, hire, and retain a highly engaged and skilled workforce. LACERA is committed to providing staff with training to meet the requirements for those with certifications and to enhance the skills and knowledge of staff.

FASD managers and supervisors continuously evaluate and define staff training needs. Currently, ten FASD staff members hold a Certified Public Accountant (CPA) license while two are currently pursuing this professional credential. CPAs must attend qualifying training courses to meet the California State Board of Accountancy continuing professional education (CPE) reporting requirements of 80 hours over a two-year period.

All other staff are encouraged to obtain accounting-related training annually to keep current with changes in the accounting profession. Staff may attend relevant courses that cover topics such as: pension funding financial reporting, Governmental Accounting Standards Board (GASB) pronouncements, government accounting, other financial accounting courses, ethics and fraud, or other financial related training. In addition, FASD management recommends new and recently promoted staff members to attend important classes such as supervisory training.

LACERA offers a variety of training and collaboration resources, including webinars and online workshops; one or multi-day in-person local conferences; memberships to local and national professional associations; and some educational and networking conferences that require travel outside of the Los Angeles area.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Permanent Staffing

FASD will not have any adjustments to permanent staffing for FY 2026-27.

Temporary Staffing

The Financial and Accounting Services Division (FASD) currently has two vacant Accountant I positions within the Investment Accounting Section. To ensure continuity of operations and timely completion of critical investment accounting functions, the Division relies on temporary staffing to address workload demands while retaining flexibility to manage vacancies, attrition, and other staffing uncertainties. For FY 2026–27, the request will be reduced to agency temporary support from five (5) to three (3) temporary Accountant positions to support non-routine workload, special projects, and implementation activities associated with the classification study. The reduction of

\$191,800 is mainly due to FASD filling vacancies and implementing the Classification Study.

Overtime Needs

Additional overtime hours are anticipated due to new external auditors performing audit preparation and special projects requiring additional resources for project management and coordination with contractors. Budgeted overtime hours are expected to increase compared to prior year due to ACFR production and special project demands. The overtime budget request for this year of \$68,500 reflects an increase of \$6,200 due to higher salary and employee benefit costs.

Overtime is used every year to manage the additional workload related to the annual financial statement preparation and external audit process, which is the basis for preparing LACERA's Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR). In addition, staff incur overtime when preparing memos and materials to meet Board deadlines for presenting statutorily required actuarial and financial reports. We anticipate additional overtime needs as initiatives that are in progress such as potential changes to retirement benefits, modifying accounting processes to accommodate changes to County funding streams, and updates and changes to the annual financial statements. The overtime budget also allows for additional workload due to unforeseen special projects.

Interns

FASD does not anticipate any use of interns in FY 2026-27.

Rehired Retirees

FASD does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

FASD does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Travel & Transportation

FASD is requesting an increase in funding from \$29,000 to \$42,000 to support staff participation in offsite conferences and networking events nationwide. This funding covers airfare, hotel accommodations, per diem, and ground transportation. The requested amount reflects a \$13,000 increase in strategic investment over the prior year, which is justified by several factors:

- Growth in CPA-certified staff: The number of FASD employees holding CPA licenses has increased, resulting in greater demand for professional development opportunities that may require travel to stay current with industry best practices and that foster professional networks benefiting LACERA's financial operations.
- Rising costs: Registration fees, airfare, lodging, and mileage have all risen due to inflation and increased demand for industry conferences and CPEs.

Membership & Registration Fees

Requesting additional funding from \$14,000 to \$19,000 for continued investment in staff development, including CPA continuing professional education (CPE), registration fees for offsite training, conferences to keep staff's knowledge base updated, and professional organizational memberships for focused education and networking. This is a modest increase of \$5,000 in spending on materials to support updates to accounting and auditing publications. Staff purchased annual continuing professional education subscriptions where they can attend unlimited training events for the year. This aligns with LACERA's commitment to training and professional growth.

FASD leverage training and registration funding provided for represented staff via the negotiated Memorandum of Understanding (MOU). We are maintaining a budget of \$10,000 for training and registration, which includes funding for a CPA review course (including course materials) for any staff member who is studying for the CPA exam.

This investment ensures FASD staff remain well-trained, informed, and connected, directly supporting LACERA's commitment to fiscal integrity and operational excellence.

Educational Materials

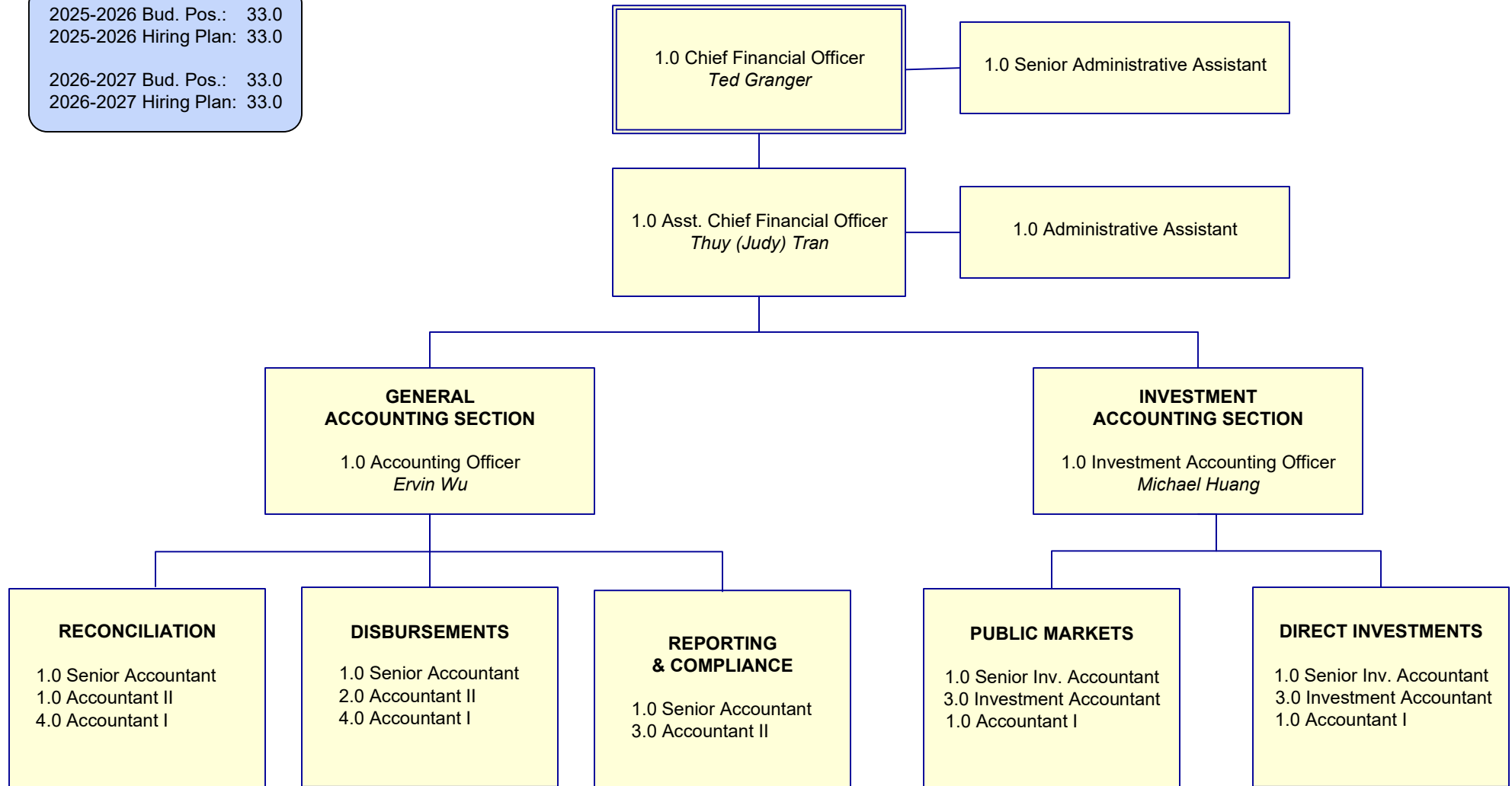
For FY 2026-27, we increased expenditures for Educational Materials to be consistent with LACERA's focus on modernization, operational excellence, and long-term fiscal durability, and at the recommendation of the Executive Office. FASD is requesting an increase from \$6,000 to \$132,000 to engage Gartner for Finance advisory services. This additional investment of \$126,000 will support strategic planning for a Finance Organization Transformation Roadmap, building on prior Board-supported efforts to strengthen finance talent, enhance data and analytics capabilities, and leverage financial and artificial intelligence technology.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 33.0
2025-2026 Hiring Plan: 33.0

2026-2027 Bud. Pos.: 33.0
2026-2027 Hiring Plan: 33.0

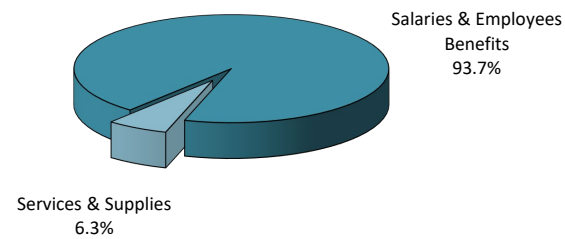


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$5,946,681	\$5,724,192	\$2,952,778	\$5,141,300	(\$582,892)	-10.2%	\$222,489	3.9%
Services & Supplies	401,000	257,000	124,423	244,000	(13,000)	-5.1%	144,000	56.0%
OPERATING BUDGET	\$6,347,681	\$5,981,192	\$3,077,201	\$5,385,300	(\$595,892)	-10.0%	\$366,489	6.1%

2026 -2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$3,440,512	\$3,166,408	\$1,678,674	\$2,750,000	(\$416,408)	-13.2%	\$274,104	8.7%
Total Agency Temp Salaries	334,700	526,500	212,684	526,500	0	0.0%	(191,800)	-36.4%
Employee Benefits (Variable)	1,684,252	1,621,678	851,646	1,479,400	(142,278)	-8.8%	62,574	3.9%
Employee Benefits (Other)	228,482	187,177	90,795	185,400	(1,777)	-0.9%	41,305	22.1%
OPEB Contribution	170,734	140,628	71,912	140,500	(128)	-0.1%	30,106	21.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	68,500	62,300	37,887	50,000	(12,300)	-19.7%	6,200	10.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	8,700	8,500	(3,500)	-29.2%	0	0.0%
Rideshare Allowance	7,500	7,500	480	1,000	(6,500)	-86.7%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,946,681	\$5,724,192	\$2,952,778	\$5,141,300	(\$582,892)	-10.2%	\$222,489	3.9%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$5,946,681	\$5,724,192	\$2,952,778	\$5,141,300	(\$582,892)	-10.2%	\$222,489	3.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

FINANCIAL AND ACCOUNTING SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0800	CHIEF FINANCIAL OFFICER, LACERA	1	LS12
0799	ASSISTANT CHIEF FINANCIAL OFFICER, LACERA	1	LS10
0474	INVESTMENT ACCOUNTING OFFICER, LACERA	1	117C
0470	ACCOUNTING OFFICER, LACERA	1	114B
0477	SENIOR INVESTMENT ACCOUNTANT, LACERA	2	108K
0416	SENIOR ACCOUNTANT, LACERA	3	101L
0476	INVESTMENT ACCOUNTANT, LACERA	6	101K
0473	ACCOUNTANT II, LACERA	6	099D
0415	ACCOUNTANT I, LACERA	8	097J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	088L
Total Filled Positions =		31	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0415	ACCOUNTANT I, LACERA	2	097J
Total Vacant Positions =		2	
TOTAL POSITIONS =		33	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$42,000	\$29,000	\$7,518	\$25,000	(\$4,000)	-13.8%	\$13,000	44.8%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	549	1,000	(5,000)	-83.3%	0	0.0%
BANK SERVICES	200,000	200,000	109,595	200,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	151,000	20,000	5,874	16,500	(3,500)	-17.5%	131,000	655.0%
MISCELLANEOUS	2,000	2,000	887	1,500	(500)	-25.0%	0	0.0%
TOTAL	\$401,000	\$257,000	\$124,423	\$244,000	(\$13,000)	-5.1%	\$144,000	56.0%

*All amounts rounded to the nearest dollar.

FINANCIAL AND ACCOUNTING SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

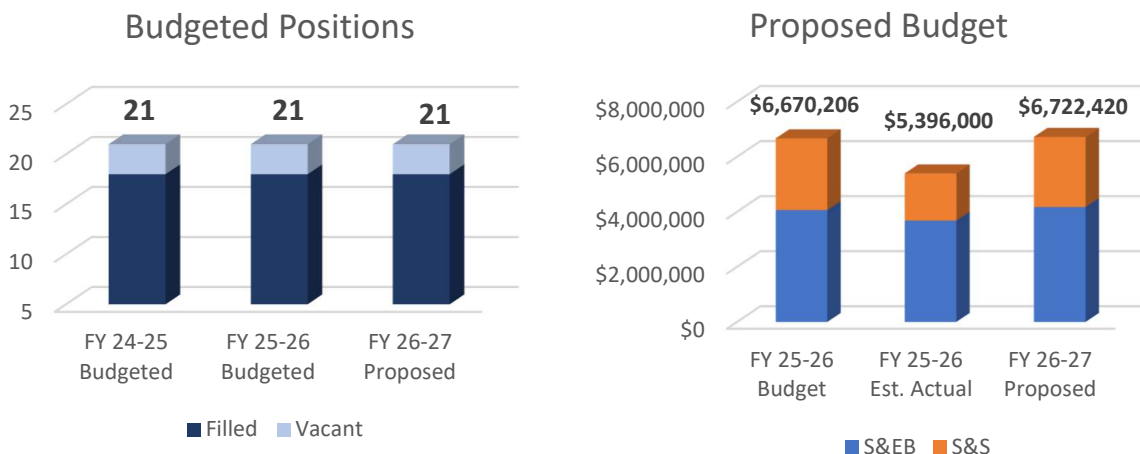
	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$3,017,068	\$2,714,853	\$3,166,408	\$2,750,000	\$3,440,512
Total Agency Temp Salaries	482,500	524,955	526,500	526,500	334,700
Employee Benefits (Variable)	1,527,291	1,453,142	1,621,678	1,479,400	1,684,252
Employee Benefits (Other)	179,562	179,997	187,177	185,400	228,482
OPEB Contribution	116,704	124,132	140,628	140,500	170,734
Additional OPEB Contribution	0	116,704	0	0	0
Stipends	0	0	0	0	0
Overtime	62,800	47,405	62,300	50,000	68,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	7,573	12,000	8,500	12,000
Rideshare Allowance	7,500	240	7,500	1,000	7,500
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	29,000	14,790	29,000	25,000	42,000
Office Supplies & Equipment	6,000	589	6,000	1,000	6,000
Bank Services	200,000	191,072	200,000	200,000	200,000
Educational Expenses	16,000	15,712	20,000	16,500	151,000
Miscellaneous	2,000	626	2,000	1,500	2,000
TOTAL OPERATING BUDGET	\$5,658,426	\$5,391,790	\$5,981,192	\$5,385,300	\$6,347,681

*All amounts rounded to the nearest dollar.

Human Resources

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Human Resources (HR) Division is responsible for providing impactful human resource programs and services to all LACERA employees, supervisors, and managers consistent with LACERA's values of accountability, collaboration, inclusivity, innovation, integrity, and transparency. Our work includes recruitment, selection, performance and workforce management, classification, compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, workplace investigations, workers' compensation, career planning and development, leave management, and disability compliance management.



Summary of Significant Changes

Description	FY 2025-26 Adopted Budget	FY 2026-27 Proposed Budget	Net Change
Forum/Summit	\$38,500	\$0	(\$38,500)
Management Offsite	\$25,000	\$0	(\$25,000)

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

Human Resources staff members execute various initiatives, programs, and projects to attract, motivate, hire, and retain a highly engaged and skilled workforce. In year three of LACERA's Strategic Plan, HR continues to fulfill the objectives outlined in Strategic Initiative 3.3 and created the workplan for Strategic Initiative 3.2.

HR staff members in the Employee and Organizational Development Unit and on the Impact Team participated in the cross-divisional team that administered the culture survey by supporting the collection, analysis, and communication of survey data. They will continue to participate as needed.

As part of Strategic Priority Goal 3 Investing in People, HR continues to work toward decreasing the vacancy rate. The immediate goal is to reduce the vacancy rate to 13 percent and, by executing the strategic plan, ultimately achieve a vacancy rate of 5 to 8 percent. The current vacancy rate is 17 percent, and attrition rate has remained relatively stable at 4.5 percent per year. In support of this strategic goal, from July 1, 2025 to February 28, 2026, HR promulgated 13 eligible lists/registers and processed 32 hiring actions—15 promotions and 17 new hires. It is anticipated that HR will process approximately 44 additional promotional/hiring actions from nine additional eligible lists/registers this fiscal year. By executing the hiring plan, HR directly supports all divisions in decreasing their individual vacancy rates. Additionally, the hiring and promotion of staff members encourage growth and retention.

HR continued to collaborate with the County of Los Angeles Human Resources team to process the creation of new classifications, update classifications, and make changes to the LACERA Ordinance. This work impacted six classifications. Planned and budgeted classification and compensation studies in Systems, Benefits, and Quality Assurance did not proceed as scheduled. Similarly, no consultant was contracted to perform revisions to the Retirement Benefits Specialist I job analysis and assessment. Work on these items will either commence in FY 2025-26 and continue through FY 2026-27, or will commence in FY 2026-27. Additional pending projects include the implementation of the Investment Office and Retiree Healthcare's job classification studies, and we will also be conducting a study in Human Resources. Funds for these projects were approved in the FY 2025-26 budget, and are included in the FY 2026-27 budget.

In September 2025, LACERA hosted the Employee Summit (formerly Forum), an all-staff event, for the first time in five years. The planning began in January, and the event was centered on staff members living LACERA's values.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

In addition to the sustained effort to decrease the organization's vacancy rate, HR will begin work on two long-term projects related to Objective 3.3: (1) identifying a replacement for our current job analysis tool and (2) developing a workforce plan to mitigate attrition. No additional funds are requested for these projects. It is anticipated that this will be completed via LACERA staff work or be absorbed in the existing budget.

The workplan associated with Objective 3.2 is primarily focused on programs and initiatives that encourage employee growth and development. The team will refine existing education tracks and develop new education tracks for all LACERA staff members, supervisors, and leadership to develop a set of core competencies. Approximately \$50,000 will be earmarked for LACERA managers and leadership to participate in 360-degree evaluations and debrief the results. Based on the feedback from the culture survey and focus groups, this type of inclusive feedback will be impactful to the current culture-building efforts. It is anticipated that the \$50,000 cost can be absorbed in the Department Training budget.

HR led the negotiation of a three-year contract with Service Employees International Union (SEIU) in 2025. From October 2025 through January 2026, LACERA engaged in the collective bargaining process with SEIU to negotiate successor agreements for bargaining units 850 and 851. This was a major undertaking that directly impacted approximately half of LACERA's staff members. As always, the goal was to agree on a clear and fair contract. Once the MOUs are approved by the Board of Retirement and Board of Investments, the MOUs will be forwarded to L.A. County for processing and placing the items on the Board of Supervisors' agenda for adoption.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

Human Resources is not requesting any adjustments to permanent staffing.

Temporary Staffing

Human Resources maintains a temporary staffing fund for one Sr. HR Assistant to serve in the event of an expected staff member absence. The current budget includes this request and no other changes.

Overtime Needs

HR requests overtime funds for overtime-earning staff members. These funds are in anticipation of completing time-sensitive functions related to payroll, assignment processing, onboarding, and tight deadlines for high-priority recruitments. The current budget includes the same number of overtime hours as the previous budget.

Interns

The HR budget includes the overall Intern budget. The Intern program provides students with paid, hands-on experience that increases their professional preparedness. It is part of LACERA's IDEA, TIDE, and succession planning programs—all parts of the "Investing in People" strategic priority. LACERA is requesting 14 Interns for use throughout the organization to work in Information Security, Investment Office, Legal Services, Member Services, and Systems Division.

Rehired Retirees

HR does not anticipate any use of retired rehires in FY 2026-27.

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

Removal of One-Time Expenditures

HR does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

LACERA Summit

Previously, the event was known as the Forum. Funding was split between the Executive Office for Food and Beverages (\$15,000) and Human Resources for guest speakers, venue and furniture rental, and related expenses (\$38,500). Human Resources' portion of the budgeted expenses will be transferred to the Executive Office.

LACERA Management Offsite

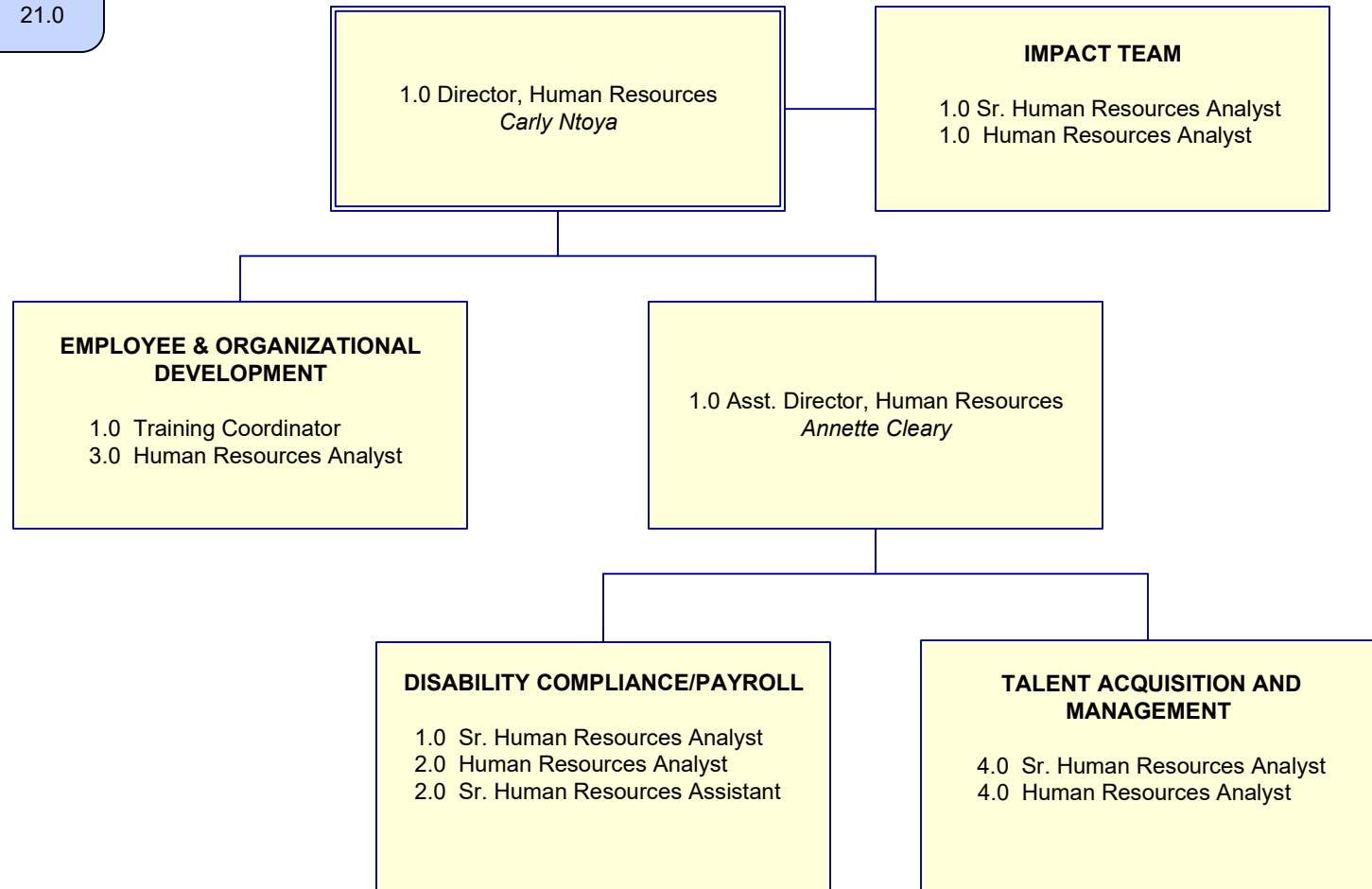
The Management Offsite is designed to bring the leadership team together to reflect, align, and take action around organizational culture, leadership behaviors, and priorities. It is led by the Executive Office. A total of \$25,000 in funding for LACERA's annual Management Offsite is consolidated under the Executive Office. Previously, these costs were allocated in Human Resources.

HUMAN RESOURCES

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 21.0
2025-2026 Hiring Plan: 21.0

2026-2027 Bud. Pos.: 21.0
2026-2027 Hiring Plan: 21.0

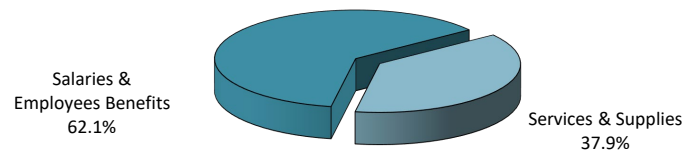


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$4,176,520	\$4,064,506	\$2,087,729	\$3,683,100	(\$381,406)	-9.4%	\$112,014	2.8%
Services & Supplies	2,545,900	2,605,700	762,032	1,712,900	(892,800)	-34.3%	(59,800)	-2.3%
OPERATING BUDGET	\$6,722,420	\$6,670,206	\$2,849,761	\$5,396,000	(\$1,274,206)	-19.1%	\$52,214	0.8%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$2,234,898	\$2,137,582	\$1,029,663	\$1,900,000	(\$237,582)	-11.1%	\$97,317	4.6%
Total Agency Temp Salaries	28,000	28,000	0	20,000	(8,000)	-28.6%	0	0.0%
LACERA Intern Program	288,000	413,000	285,571	413,000	0	0.0%	(125,000)	-30.3%
Employee Benefits (Variable)	1,357,496	1,250,742	655,058	1,118,000	(132,742)	-10.6%	106,754	8.5%
Employee Benefits (Other)	148,419	129,493	62,537	128,200	(1,293)	-1.0%	18,926	14.6%
OPEB Contribution	110,907	97,290	49,750	97,200	(90)	-0.1%	13,617	14.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	7,100	6,700	5,149	6,700	0	0.0%	400	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	1,700	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	\$4,176,520	\$4,064,506	\$2,087,729	\$3,683,100	(\$381,406)	-9.4%	\$112,014	2.8%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$4,176,520	\$4,064,506	\$2,087,729	\$3,683,100	(\$381,406)	-9.4%	\$112,014	2.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

HUMAN RESOURCES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0425	DIRECTOR, HUMAN RESOURCES, LACERA	1	LS12
0437	ASSISTANT DIRECTOR, HUMAN RESOURCES, LACERA	1	LS10
0436	SENIOR HUMAN RESOURCES ANALYST, LACERA	4	107G
1886	TRAINING COORDINATOR, LACERA	1	107F
0434	HUMAN RESOURCES ANALYST, LACERA	9	103G
0435	SENIOR HUMAN RESOURCES ASSISTANT, LACERA	2	096J
Total Filled Positions =		18	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0436	SENIOR HUMAN RESOURCES ANALYST, LACERA	2	107G
0434	HUMAN RESOURCES ANALYST, LACERA	1	103G
Total Vacant Positions =		3	

TOTAL POSITIONS =

21

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$18,200	\$18,200	\$3,884	\$13,000	(\$5,200)	-28.6%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,000	969	2,500	(500)	-16.7%	0	0.0%
PARKING FEES	561,000	561,000	325,677	560,000	(1,000)	-0.2%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	840,800	837,100	204,368	374,300	(462,800)	-55.3%	3,700	0.4%
COMPUTER SERVICES & SUPPORT	150,000	150,000	29,544	30,000	(120,000)	-80.0%	0	0.0%
EDUCATIONAL EXPENSES	712,000	750,500	125,519	455,300	(295,200)	-39.3%	(38,500)	-5.1%
MISCELLANEOUS	260,900	285,900	72,073	277,800	(8,100)	-2.8%	(25,000)	-8.7%
TOTAL	\$2,545,900	\$2,605,700	\$762,032	\$1,712,900	(\$892,800)	-34.3%	(\$59,800)	-2.3%

*All amounts rounded to the nearest dollar.

HUMAN RESOURCES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$2,267,708	\$1,868,671	\$2,137,582	\$1,900,000	\$2,234,898
Total Agency Temp Salaries	50,500	9,930	28,000	20,000	28,000
LACERA Intern Program	336,000	284,372	413,000	413,000	288,000
Employee Benefits (Variable)	1,315,694	1,076,756	1,250,742	1,118,000	1,357,496
Employee Benefits (Other)	138,187	136,947	129,493	128,200	148,419
OPEB Contribution	89,813	95,530	97,290	97,200	110,907
Additional OPEB Contribution	0	89,813	0	0	0
Stipends	0	0	0	0	0
Overtime	6,500	2,901	6,700	6,700	7,100
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	16,200	12,400	18,200	13,000	18,200
Office Supplies & Equipment	3,000	2,551	3,000	2,500	3,000
Parking Fees	517,000	552,228	561,000	560,000	561,000
Professional & Specialized Services	577,300	380,259	837,100	374,300	840,800
Computer Services & Support	150,000	81,311	150,000	30,000	150,000
Educational Expenses	719,000	369,062	750,500	455,300	712,000
Miscellaneous	281,500	298,546	285,900	277,800	260,900
TOTAL OPERATING BUDGET	\$6,470,103	\$5,261,277	\$6,670,206	\$5,396,000	\$6,722,420

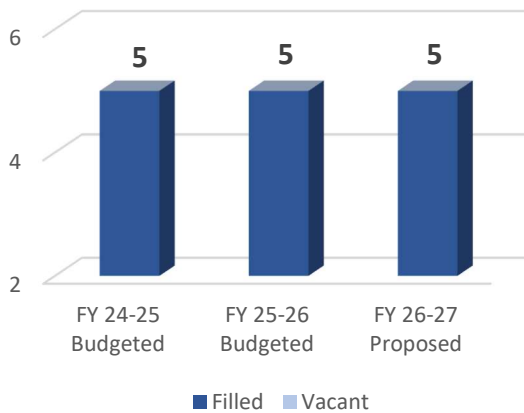
*All amounts rounded to the nearest dollar.

Information Security Office

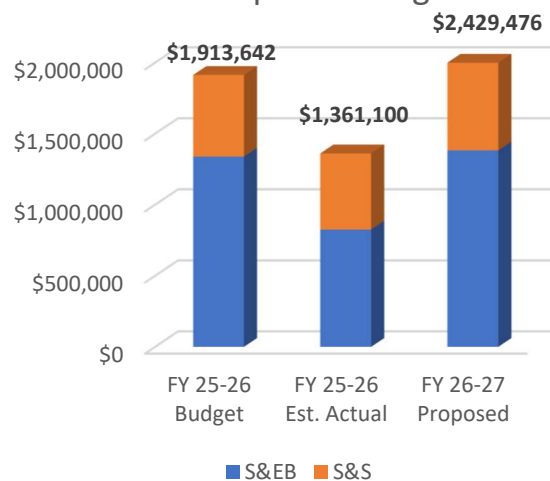
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Information Security Office (ISO) is responsible for enterprise-wide cyber security, ensuring reasonable controls are in place to allow for both efficient and secure business operations in fulfillment of LACERA's mission. The ISO coordinates with the Systems Division but operates independently and is structurally part of the Executive Office to ensure appropriate checks and balances.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$213,000	\$0	(\$213,000)
Software Subscriptions	\$415,000	\$884,000	\$469,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

For this period, the ISO has worked on the following projects and initiatives:

- Continued establishing the framework for the Information Security Governance Program, with a focus on maturing the Information Security Committee (ISC). Incident response tabletop exercises were conducted to ensure the executive team received the required training.
- Completed Phase I of our plan to replace legacy technology for remote access with the implementation of Secure Access Service Edge (SASE). We have begun working on Phase II.
- Implemented an identity monitoring system. IT and departmental assessments are being planned.
- Fully deployed the Security Operations Center (SOC) and XDR (antivirus and malware solution) to protect LACERA and our members.
- The ISO is now fully staffed with permanent employees.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

The ISO's projects have been aligned with LACERA's strategic goals and objectives. The following is a list of objectives and the projects and goals to be achieved:

Governance of the Information Security Program

- Continue to mature and implement elements defined in the Written Information Security Program (WISP).
- Mature the monitoring technology and remote access solution that was implemented to ensure a modern Zero Trust framework.
- Implement a Continuous Security Compliance solution and technology; this will be one of the major project initiatives for this year.
- Continue maturing a robust supply-chain security mechanism to minimize impacts arising from emerging threats.
- Implementing a disaster-recovery program will be another major project to be initiated and completed.

Superior Member Experience

Objective 1.3: Digital Strategy. We are in the process of searching for and implementing a tool that provides a secure method for members to log in and, in addition, facilitate authentication for off-grid members.

Innovation Through Technology

Objective 2.1: Implement Enterprise Business Intelligence. We will complete the implementation of the SOC to ensure security is maintained 24/7 and will begin implementing automated ways to respond to events and incidents. We will also focus on AI for cybersecurity threat hunting and on putting the right mechanisms in place to support AI governance.

Investing in People

Objective 3.3: Improve and Simplify Hiring (Fill Vacancies). We will be working on continuing education, developing our permanent employees, and providing everyone on the team a career path within ISO.

Compliance and Enterprise Risk

Objective 4.1: Develop Enterprise Compliance & Ethics Program. We will be working to mature the Information Security Program and to implement the continuous security compliance solution.

Fiscal Durability

Objective 5.1: Develop Organizational Tools and Controls to Support Fiscal Responsibility. We will be helping to mature the Vendor Risk Management Program. In coordination with the Vendor Management Team, we conduct periodic information security reviews on vendors and fourth-party entities that house LACERA's data or are part of our business processes.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

Full-year funding is provided for five positions within the Information Security Office that were partially funded in FY 2025-26, with a corresponding reduction in Agency Temporary salaries. This trend will continue into FY 2026-27.

Temporary Staffing

The Information Security Office does not anticipate any temporary staff for FY 2026-27.

Overtime Needs

The Information Security Office does not anticipate any overtime for FY 2026-27.

Interns

Funding is included in the Human Resources budget for one intern position to work throughout the year in the Information Security Office. The intern will be working on the knowledge management and implementation of the information security program (IT GRC) projects.

Rehired Retirees

The Information Security Office does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

The Information Security Office does not have any removal one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Software Subscriptions

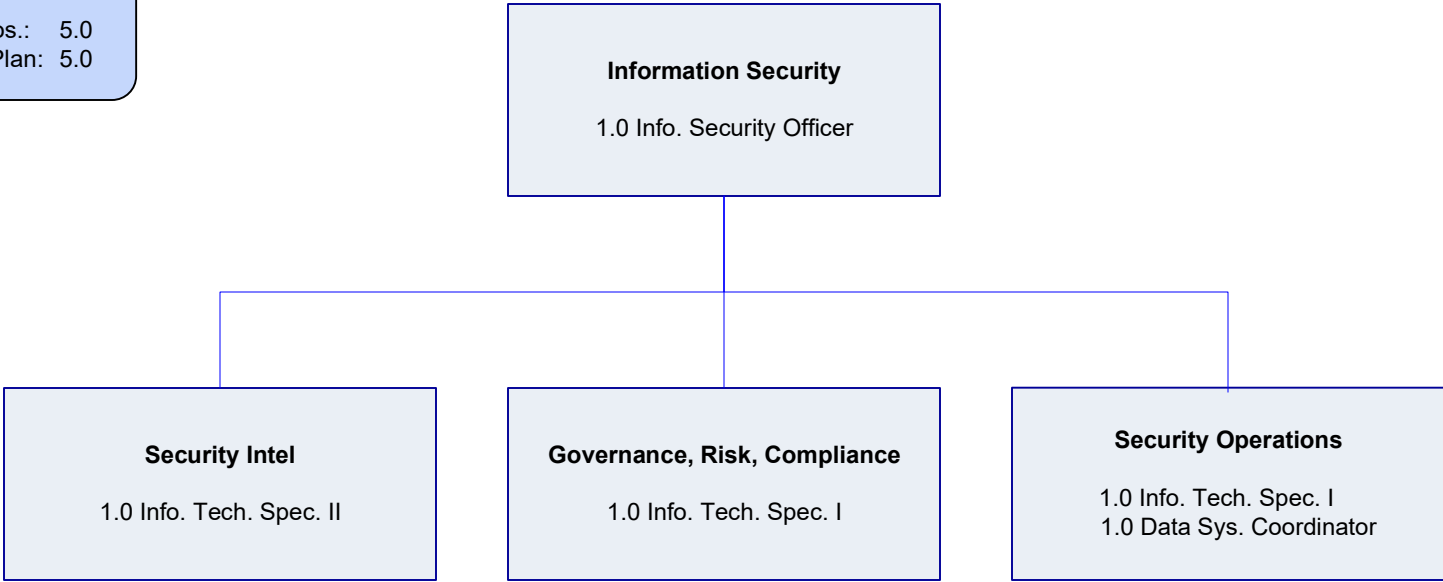
Funding totaling \$884,000 is provided for the Information Security Office to protect LACERA. This amount reflects items that were originally part of the Systems budget that have now transitioned over to the ISO; namely, the SASE, XDR, SOC, and Continuous Security Compliance. These expenditures are in support of LACERA's Strategic Priority 4, Compliance and Enterprise Risk: Develop and Implement Enterprise Risk Management Framework.

INFORMATION SECURITY OFFICE

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 5.0
2025-2026 Hiring Plan: 5.0

2026-2027 Bud. Pos.: 5.0
2026-2027 Hiring Plan: 5.0

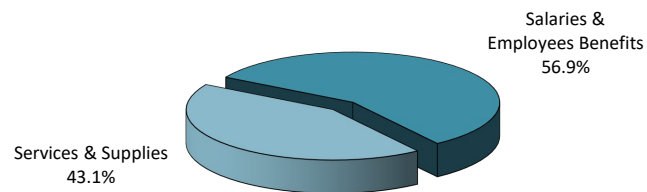


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

INFORMATION SECURITY OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$1,383,276	\$1,339,442	\$354,884	\$825,600	(\$513,842)	-38.4%	\$43,834	3.3%
Services & Supplies	1,046,200	574,200	287,361	535,500	(38,700)	-6.7%	472,000	82.2%
OPERATING BUDGET	\$2,429,476	\$1,913,642	\$642,246	\$1,361,100	(\$552,542)	-28.9%	\$515,834	27.0%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INFORMATION SECURITY OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$854,384	\$789,039	\$197,690	\$550,000	(\$239,039)	-30.3%	\$65,345	8.3%
Total Agency Temp Salaries	0	213,000	0	0	(213,000)	-100.0%	(213,000)	-100.0%
Employee Benefits (Variable)	429,755	255,716	116,749	194,300	(61,416)	-24.0%	174,039	68.1%
Employee Benefits (Other)	56,739	46,643	22,525	46,200	(443)	-1.0%	10,096	21.6%
OPEB Contribution	42,398	35,044	17,920	35,100	56	0.2%	7,355	21.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	0	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,383,276	\$1,339,442	\$354,884	\$825,600	(\$513,842)	-38.4%	\$43,834	3.3%
Less Salary Savings & Differential	0	0	-	-	-	-	-	-
TOTAL S&EB	\$1,383,276	\$1,339,442	\$354,884	\$825,600	(\$513,842)	-38.4%	\$43,834	3.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

INFORMATION SECURITY OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0806	INFORMATION SECURITY OFFICER, LACERA	1	LS12
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	1	128D
0801	INFORMATION TECHNOLOGY SPECIALIST I, LACERA	2	123B
0469	DATA SYSTEMS COORDINATOR, LACERA	1	115L
Total Filled Positions =		5	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
Total Vacant Positions =		0	

TOTAL POSITIONS =

5

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

INFORMATION SECURITY OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$16,200	\$16,200	\$0	\$2,000	(\$14,200)	-87.7%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,500	0	0	0	0	0.0%	1,500	0.0%
PROFESSIONAL & SPEC. SRVCS.	992,000	523,000	287,226	523,000	0	0.0%	469,000	89.7%
EDUCATIONAL EXPENSES	35,000	35,000	135	10,500	(24,500)	-70.0%	0	0.0%
MISCELLANEOUS	1,500	0	0	0	0	0.0%	1,500	0.0%
TOTAL	\$1,046,200	\$574,200	\$287,361	\$535,500	(\$38,700)	-6.7%	\$472,000	82.2%

*All amounts rounded to the nearest dollar.

INFORMATION SECURITY OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$660,598	\$361,140	\$789,039	\$550,000	\$854,384
Total Agency Temp Salaries	302,000	388,228	213,000	0	0
Employee Benefits (Variable)	221,113	178,991	255,716	194,300	429,755
Employee Benefits (Other)	40,255	39,894	46,643	46,200	56,739
OPEB Contribution	26,163	27,829	35,044	35,100	42,398
Additional OPEB Contribution	0	26,163	0	0	0
Stipends	0	0	0	0	0
Overtime	0	0	0	0	0
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	0	0	0	0	0
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	16,200	85	16,200	2,000	16,200
Office Supplies & Equipment	0	0	0	0	1,500
Professional & Specialized Services	297,500	339,813	523,000	523,000	992,000
Educational Expenses	27,000	4,092	35,000	10,500	35,000
Miscellaneous	0	0	0	0	1,500
TOTAL OPERATING BUDGET	\$1,590,829	\$1,366,235	\$1,913,642	\$1,361,100	\$2,429,476

*All amounts rounded to the nearest dollar.

Internal Audit

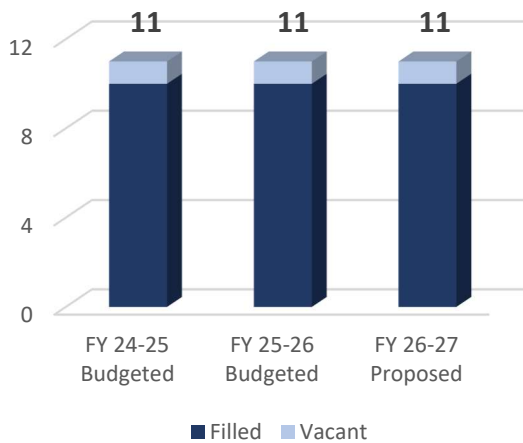
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The purpose of Internal Audit is to strengthen LACERA's ability to produce, protect, and provide the promised benefits to LACERA's members by providing the Audit, Compliance, Risk, and Ethics (ACRE) Committee and management with independent, risk-based, and objective assurance and advisory services, designed to add value and improve LACERA's operations.

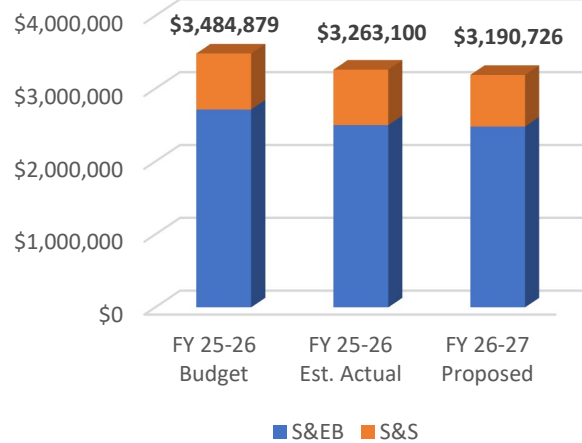
Internal Audit enhances LACERA's:

- Successful achievement of its objectives
- Governance, risk management, and control processes
- Decision-making and oversight
- Reputation and credibility with its stakeholders
- Ability to serve members

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Audits	\$650,000	\$550,000	(\$100,000)
Strategic Plan	\$0	\$50,000	\$50,000
Registration Fees	\$35,000	\$25,000	(\$10,000)

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

In April 2025, the Audit, Compliance, Risk, and Ethics (ACRE) Committee approved Internal Audit's 2025–2028 Roadmap. The goal of the Roadmap is to continue advancing Internal Audit's maturity while supporting LACERA's strategic objectives and long-term success.

1. Enhance our processes to position Internal Audit as **Trusted Advisors** who add value and influence operational improvements.
 - a. Execute a risk-based FY 2025-26 Audit Plan that aligns with LACERA's Mission and Strategic Plan.
 - Integrated Information Technology (IT) and Cybersecurity Risk Assessment – This integrated assessment provided a comprehensive view of LACERA's IT and cybersecurity posture, helped identify gaps, guided future investments, and ensured alignment with best practices and regulatory expectations.
 - Hiring of a New Financial Audit Firm and a Readiness Assessment – During the fiscal year, Internal Audit facilitated the selection and hiring of LACERA's new financial audit firm, CLA (CliftonLarsonAllen). To support a smooth transition following nine years with the previous firm, Internal Audit is facilitating a Readiness Assessment.
 - Provider Premium Calculations and Payments Audit – The purpose of the audit was to assess if retiree healthcare premium collections and payments were managed accurately, efficiently, and in compliance with both internal policies and regulatory requirements.

- Business Continuity Audit – Business continuity continues to be a high-priority focus across all industries. The objective of this audit was to assess LACERA's Business Continuity Program against best practice guidance to identify potential gaps and opportunities for enhancement.
 - Public Disclosure Forms Audit – The purpose of the audit was to evaluate the adequacy and effectiveness of controls in place to ensure that the Public Disclosure Forms (i.e., Forms 700, 801, and 806) are collected, reviewed, and reported in a timely, accurate manner and ensure they are in compliance with applicable laws and LACERA policies.
 - CEO Credit Card Audit – The audit provided an independent review of the CEO's credit card expenditures to ensure transparency, accountability, and compliance with LACERA's Corporate Card Policy.
 - Oversight of Financial Audit, Actuarial Audit, and Systems and Organization Controls 1 (SOC-1) Type II Audit – These engagements provide external assurance regarding financial reporting, funding, and IT operational risks, which are critical to LACERA's mission and operations.
- b. Enhance Internal Audit Operations through updates to our Internal Audit Operations guide, audit workflow process, and audit templates for the revised 2025 Institute of Internal Auditors' (IIA) Standards.
2. Develop **Continuous Learners** to build audit competencies and foster a culture of learning to deliver actionable insights.
- a. Continue to enhance Internal Audit's competencies and efficiencies through training and development requirements.

FY 2026-27 INTERNAL AUDIT INITIATIVES

Internal Audit will lead and execute the following initiatives to strengthen governance, enhance risk-based oversight, and support continuous organizational improvement:

1. Enhance our processes to position Internal Audit as **Trusted Advisors** who add value and influence operational improvements.
 - a. Execute a risk-based FY 2026-27 Audit Plan that aligns with LACERA's Mission and Strategic Plan.
 - b. Enhance Internal Audit's Annual Risk Assessment process.
2. Develop **Continuous Learners** to build audit competencies and foster a culture of learning to deliver actionable insights.

- a. Develop and execute a 2027 Divisional Training Plan based on an assessment of Internal Audit's competencies.
- 3. Advance LACERA's risk awareness as **Risk Consultants** who develop strategies to strengthen organizational maturity and resilience.
 - a. Provide risk management awareness to the organization.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

In addition to Internal Audit's initiatives, Internal Audit is working on LACERA's Strategic Objective 4.2, Implement a Comprehensive Enterprise Risk Management (ERM) Framework and Structure. Our goals for FY 2026-27 are to:

- a. Assess the maturity of LACERA's current risk management structure.
- b. Establish a baseline understanding of ERM with key stakeholders and determine an action plan to further maturity.
- c. Develop risk awareness educational platforms.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026, through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

There are currently eleven budgeted full-time positions in Internal Audit. No additional staff positions are requested currently.

Temporary Staffing

Internal Audit does not anticipate the need to budget for temporary staffing for FY 2026-27.

Overtime Needs

Internal Audit requests 25 hours each of overtime for the Senior Administrative Assistant and Internal Auditor positions. The overtime is necessary for the timely completion of Audit Committee meeting materials.

Interns

Internal Audit does not anticipate any use of interns in FY 2026-27.

Rehired Retirees

Internal Audit does not anticipate any use of rehired retirees in FY 2026-27.

If unanticipated vacancies occur, Internal Audit will consider this option.

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

Removal of One-Time Expenditures

Internal Audit does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Auto Mileage

We are requesting a reduction from \$2,000 to \$1,500 to better align the budget with demonstrated need.

Special Orders/Minor Equip

We are requesting a reduction from \$1,200 to \$500 to better align the budget with demonstrated need.

External Audit

We are requesting a reduction in our budget for external audit providers of \$100,000, reducing it from \$650,000 in FY 2025-26 to \$550,000 in FY 2026-27 to better align with actual expenditures in recent years. We will request a mid-year budget adjustment if we anticipate the need for additional budget in this area.

Strategic Initiative – ERM Consultant

We are requesting \$50,000 to hire a consultant to assist us in the strategic goal related to enterprise risk management (ERM).

Registration Fees

We are requesting a decrease of \$10,000 to registration fees from \$35,000 to \$25,000 to better reflect actual need.

Miscellaneous

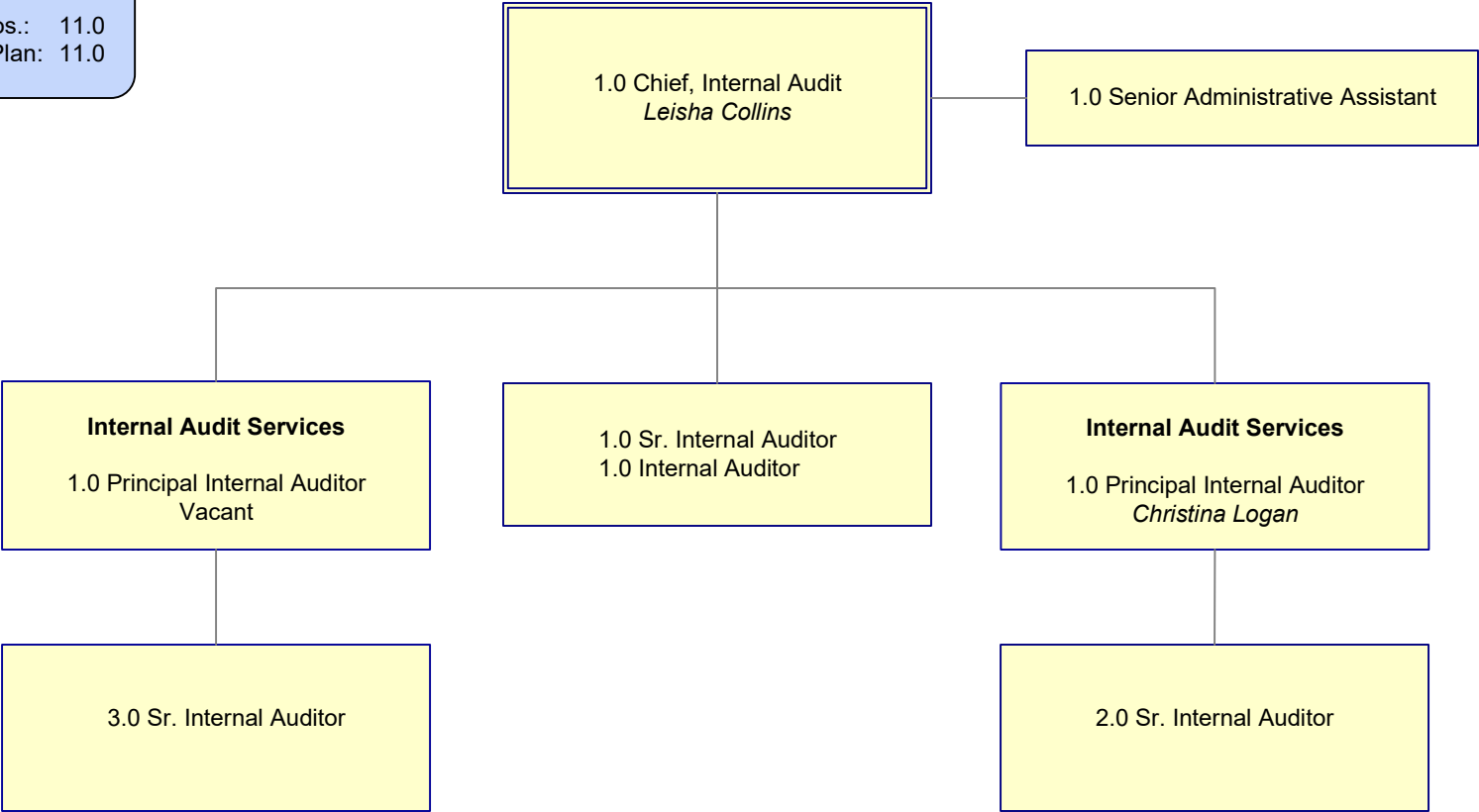
We are requesting an increase from \$500 to \$1,000 to better align with our anticipated need.

INTERNAL AUDIT

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 11.0
2025-2026 Hiring Plan: 11.0

2026-2027 Bud. Pos.: 11.0
2026-2027 Hiring Plan: 11.0

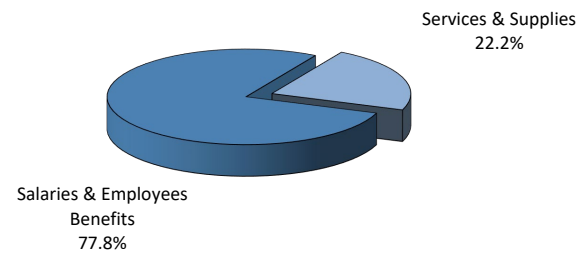


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$2,482,226	\$2,715,679	\$1,400,339	\$2,502,200	(\$213,479)	-7.9%	(\$233,453)	-8.6%
Services & Supplies	708,500	769,200	295,589	760,900	(\$8,300)	-1.1%	(60,700)	-7.9%
OPERATING BUDGET	\$3,190,726	\$3,484,879	\$1,695,928	\$3,263,100	(\$221,779)	-6.4%	(\$294,153)	-8.4%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2026-2027
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD		PROJECTION	OVER/(UNDER)			
		BUDGET	(01-31-26)		BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$1,467,346	\$1,685,619	\$851,686	\$1,495,000	(\$190,619)	-11.3%	(\$218,272)	-12.9%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	839,317	848,354	461,461	834,200	(14,154)	-1.7%	(9,036)	-1.1%
Employee Benefits (Other)	97,446	99,644	48,122	97,000	(2,644)	-2.7%	(2,198)	-2.2%
OPEB Contribution	72,817	74,863	38,282	73,000	(1,863)	-2.5%	(2,046)	-2.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,800	5,700	788	3,000	(2,700)	-47.4%	(1,900)	-33.3%
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	\$2,482,226	\$2,715,679	\$1,400,339	\$2,502,200	(\$213,479)	-7.9%	(\$233,453)	-8.6%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$2,482,226	\$2,715,679	\$1,400,339	\$2,502,200	(\$213,479)	-7.9%	(\$233,453)	-8.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

INTERNAL AUDIT

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0774	CHIEF, INTERNAL AUDIT, LACERA	1	LS12
0762	PRINCIPAL INTERNAL AUDITOR, LACERA	1	119K
0763	SENIOR INTERNAL AUDITOR, LACERA	6	113G
0764	INTERNAL AUDITOR, LACERA	1	107D
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
Total Filled Positions =		10	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0762	PRINCIPAL INTERNAL AUDITOR, LACERA	1	119K
Total Vacant Positions =		1	

TOTAL POSITIONS =

11

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCALY YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026- 2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$16,500	\$17,000	\$12,406	\$23,500	\$6,500	38.2%	(\$500)	-2.9%
OFFICE SUPPLIES & EQUIPMENT	500	1,200	125	400	(800)	-66.7%	(700)	-58.3%
PROFESSIONAL & SPEC. SRVCS.	650,000	700,000	268,084	690,000	(10,000)	-1.4%	(50,000)	-7.1%
EDUCATIONAL EXPENSES	40,500	50,500	14,974	46,500	(4,000)	-7.9%	(10,000)	-19.8%
MISCELLANEOUS	1,000	500	0	500	0	0.0%	500	100.0%
TOTAL	\$708,500	\$769,200	\$295,589	\$760,900	(\$8,300)	-1.1%	(\$60,700)	-7.9%

*All amounts rounded to the nearest dollar.

INTERNAL AUDIT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

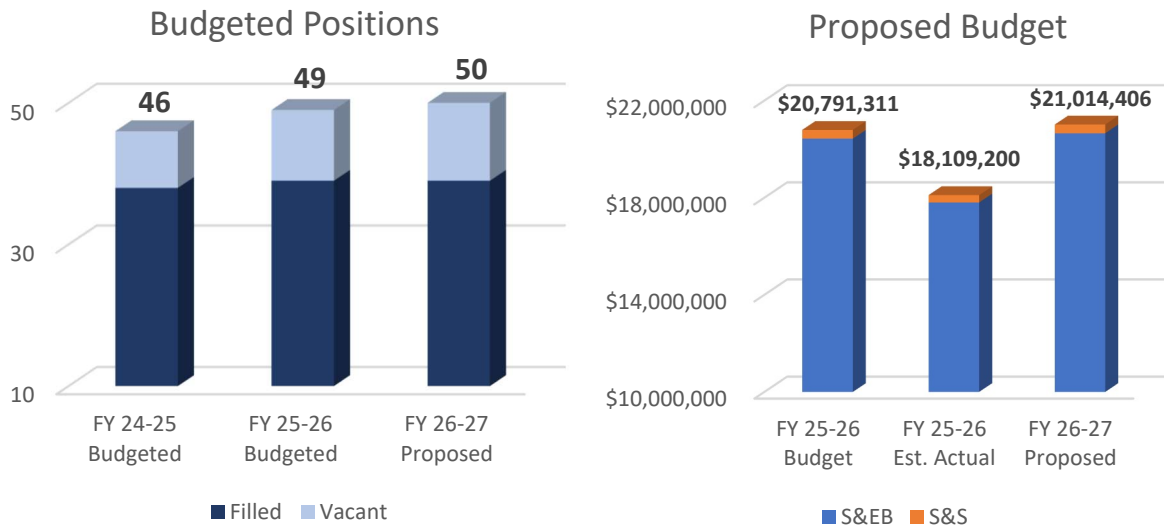
	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,557,081	\$1,353,729	\$1,685,619	\$1,495,000	\$1,467,346
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	824,465	702,802	848,354	834,200	839,317
Employee Benefits (Other)	94,884	94,033	99,644	97,000	97,446
OPEB Contribution	61,669	65,593	74,863	73,000	72,817
Additional OPEB Contribution	0	61,669	0	0	0
Stipends	0	0	0	0	0
Overtime	5,500	775	5,700	3,000	3,800
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	13,081	17,000	23,500	16,500
Office Supplies & Equipment	1,200	199	1,200	400	500
Professional & Spec. Svcs.	700,000	293,324	700,000	690,000	650,000
Educational Expenses	30,500	25,428	50,500	46,500	40,500
Miscellaneous	500	512	500	500	1,000
TOTAL OPERATING BUDGET	\$3,294,298	\$2,611,146	\$3,484,879	\$3,263,100	\$3,190,726

*All amounts rounded to the nearest dollar.

Investment Office

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Investment Office is responsible for prudently investing the trust assets to achieve the highest risk-adjusted return in accordance with the policies and decisions of the Board of Investments (BOI), hereafter referred to as the Board. This work includes developing and recommending prudent investment policies and risk management strategies to assist LACERA in achieving the return objectives established by the Board and implementing and monitoring Board-approved programs and policies, while balancing liquidity needs to ensure timely payment of promised benefits to our members.



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Add Two Finance Analyst I	\$0	\$306,422	\$306,422
Remove One Sen. Admin. Assist.	\$102,258	\$0	(\$102,258)
Remove One Prin. Invest. Officer	\$491,214	\$0	(\$491,214)
Add One Sen. Invest. Officer	\$0	\$395,408	\$395,408

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

In the 2025-26 fiscal year, the division's major accomplishments included the successful ongoing implementation of LACERA's strategic asset allocation and the advancement of the Board's strategic initiatives. This involved optimizing asset returns through structure reviews, monitoring of investments, and enhanced due diligence on new and existing mandates, including operational due diligence. The division continued to integrate Environment, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) considerations into its total portfolio approach while managing risks to achieve optimal returns. Key initiatives executed included the continuing implementation of the 2024 strategic asset allocation, enhancement of emerging manager programs, and optimization of the OPEB Master Trust. The division also focused on improving risk and performance reporting and fostering cross-asset category collaboration to strengthen investment knowledge and adapt to the macroeconomic environment. The ongoing and future focus includes reviewing and implementing the strategic asset allocation, enhancing operational capabilities, optimizing the investment model, influencing fees, and improving outcomes through ESG and DEI efforts.

As we approach FYE 2026, it's important to highlight the consistent and stable approach adopted by the Investment Office. This period is characterized by a steadfast adherence to established financial strategies and operational methodologies, ensuring the continued success and sustainability of our investment objectives. Despite the dynamic nature of financial markets, our office remains committed to maintaining this steady course, ensuring that no significant changes are anticipated in our overall fiscal management and investment strategies for the upcoming year.

During the current fiscal year, the Human Resources division, collaborating with the Investment Office and the Executive Office, continued with a comprehensive compensation study that has taken place over the last two fiscal years. This initiative was undertaken with the support of a consultant, CBIZ Talent and Compensation Solutions,

as directed by the Board. The study had two main goals and phases: to assess how the Investment staff's pay compares with similar roles in the market, which was accomplished in early 2025, and to consider creating a performance-based compensation plan specifically for LACERA, with initial discussions about this held with the Board in late 2025.

The second phase of the project continues to focus on the development of a performance-based compensation plan. This plan is intended to align with the practices of peers, considering the size, growth, and breadth of LACERA's Fund. Given the complexity and long-term nature of this task, this phase is still under development. The findings and recommendations arising from this phase will be presented to the Board at a later date for their review.

This comprehensive approach underscores our commitment to ensuring that our compensation practices are both equitable and competitive, thereby attracting and retaining top talent within the investment industry.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Through the Board of Investment's approved strategic plan, "2026 Strategic Framework and Initiatives: Towards Best-In-Class Investor," the Investment Office focuses on five key strategic initiatives to execute strategic asset allocation:

- 1) Optimize the Investment Model
- 2) Maximize Stewardship and Ownership Rights
- 3) Strengthen Influence on Fees and Cost of Capital
- 4) Promote T.I.D.E. (Towards Inclusion, Diversity, and Equity)
- 5) Enhance Operational Effectiveness

These initiatives aim to improve investment outcomes through careful asset allocation, risk mitigation, and liquidity optimization. The approach emphasizes a principle-based investment strategy, strong governance, effective operations, and the promotion of diversity, equity, and inclusion through LACERA T.I.D.E. This comprehensive strategy aims to safeguard and grow the assets of LACERA members, adapting to an evolving investment landscape by maintaining a dynamic investment program.

The Investment Office places a strong emphasis on training and employee development. This commitment is underscored by allocating an adequate budget for these initiatives. The goal is to ensure that employees have access to the necessary resources and opportunities to enhance their skills and competencies. This includes application training, industry conferences, industry designations, and executive coaching. This investment in staff development is pivotal for adapting to the evolving investment landscape and maintaining a high level of expertise within the team.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

The Investment Office plans to onboard two additional Finance Analyst I positions for the two-year rotating analyst program. Currently, the program includes two individuals, and with the planned additions, it will maintain a total of four analysts at all times. This initiative supports LACERA T.I.D.E. and the Board's 2026 Strategic Framework and Initiatives by fostering new talent and diversifying our workforce. The program is designed to attract entry-level candidates, providing them with exposure to the investment field. Integrating these analysts will nurture professional growth, introduce innovative perspectives, and enhance our strategic capabilities and long-term success.

To further strengthen our portfolio management, a Senior Investment Officer position will be added in the risk mitigation category. This role is essential for enhancing our risk oversight and developing strategies to safeguard assets, ensuring the portfolio remains resilient in evolving market conditions. The inclusion of this position aligns with our commitment to robust risk management practices and supports the achievement of our strategic objectives.

In pursuit of financial responsibility and organizational alignment, the Investment Office will remove one Senior Administrative Assistant and one Principal Investment Officer position. These changes are intended to optimize resource allocation and better match our staffing structure with the evolving needs of the portfolio. By streamlining roles, we aim to maintain operational efficiency while supporting the long-term goals of the organization.

For FY 2026-27, the Investment Office will continue to focus on filling current vacancies and refining the organizational structure to meet the objectives of the portfolio. With these staffing adjustments, including the onboarding of two Finance Analyst I positions and the addition and removal of key roles, the total number of budgeted positions will change from 49 to 50.

Temporary Staffing

The Investment Office does not anticipate any use of temporary agency staffing in FY 2026-27.

Overtime Needs

For FY 2026-27, the Investment Office has decided to retain the existing overtime budget allocation. This decision, despite the lack of necessity for overtime in the previous year, is a strategic measure to ensure preparedness for any unforeseen demands or urgent requirements that may arise. The dynamic nature of investment operations often presents unexpected scenarios requiring immediate attention. By maintaining our overtime budget, we equip ourselves with the flexibility to respond swiftly and effectively to any such exigencies, thereby safeguarding our operational efficiency and investment goals.

Interns

Funding for interns is provided in the Human Resources' budget. In alignment with the objectives of LACERA T.I.D.E., the Investment Office is committed to continuing its internship program to further our goals in diversity, equity, and inclusion, as well as recruitment. For FY 2026-27, the Investment Office will offer four internship positions. This will allow us to provide more students with valuable experience in areas such as performance attribution, market research, and investment analysis. Importantly, this year, the budgetary impact is mitigated, as two of these internships are generously sponsored by external organizations committed to diversity and inclusion, reflecting a collaborative effort towards our shared objectives.

Rehired Retirees

The Investment Office does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

The Investment Office does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

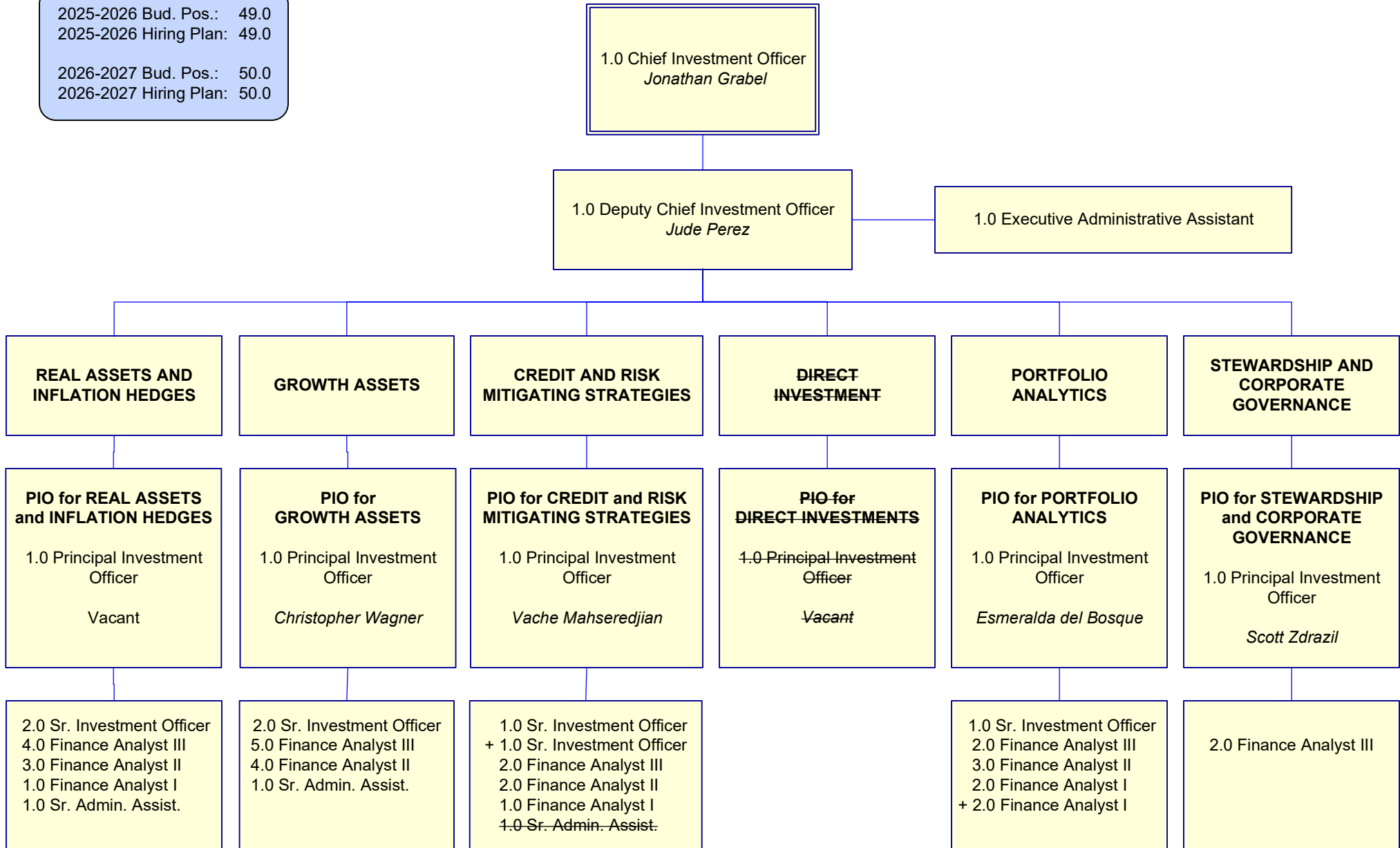
The Investment Office's Services and Supplies budget request is based on actual expenditure trends. There are no significant changes.

INVESTMENT OFFICE

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 49.0
2025-2026 Hiring Plan: 49.0

2026-2027 Bud. Pos.: 50.0
2026-2027 Hiring Plan: 50.0



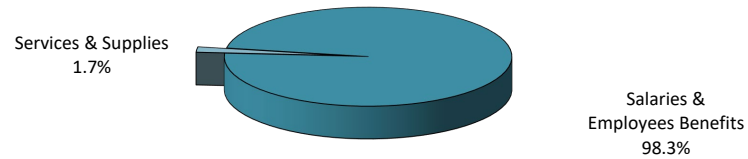
+ Added position
- Deleted position

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$20,652,906	\$20,429,811	\$8,751,679	\$17,805,100	(\$2,624,711)	-12.8%	\$223,094	1.1%
Services & Supplies	361,500	361,500	102,207	304,100	(57,400)	-15.9%	0	0.0%
OPERATING BUDGET	\$21,014,406	\$20,791,311	\$8,853,886	\$18,109,200	(\$2,682,111)	-12.9%	\$223,094	1.1%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$12,719,045	\$12,628,744	\$5,653,058	\$11,000,000	(\$1,628,744)	-12.9%	\$90,302	0.7%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	6,437,799	6,473,464	2,443,430	5,491,200	(982,264)	-15.2%	(35,665)	-0.6%
Employee Benefits (Other)	844,674	746,528	360,527	739,100	(7,428)	-1.0%	98,145	13.1%
OPEB Contribution	631,188	560,876	286,864	560,400	(476)	-0.1%	70,313	12.5%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	800	800	0	0	(800)	-100.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	5,000	5,000	0	0	(5,000)	-100.0%	0	0.0%
Transportation Allowance	14,400	14,400	7,800	14,400	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$20,652,906	\$20,429,811	\$8,751,679	\$17,805,100	(\$2,624,711)	-12.8%	\$223,094	1.1%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$20,652,906	\$20,429,811	\$8,751,679	\$17,805,100	(\$2,624,711)	-12.8%	\$223,094	1.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

INVESTMENT OFFICE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0493	CHIEF INVESTMENT OFFICER, LACERA (UC)	1	LR28
0494	DEPUTY, CHIEF INVESTMENT OFFICER, LACERA (UC)	1	LR24
0495	PRINCIPAL INVESTMENT OFFICER, LACERA	3	LR23
0496	PRINCIPAL INVESTMENT OFFICER, LACERA (UC)	1	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	6	LR20
0769	FINANCE ANALYST III, LACERA	10	LR16
0768	FINANCE ANALYST II, LACERA	11	LR12
0767	FINANCE ANALYST I, LACERA	4	110B
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	2	095C
Total Filled Positions =		39	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0495	PRINCIPAL INVESTMENT OFFICER, LACERA	1	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	1	LR20
0769	FINANCE ANALYST III, LACERA	5	LR16
0768	FINANCE ANALYST II, LACERA	1	LR12
0767	FINANCE ANALYST I, LACERA	2	110B
0442	EXECUTIVE ADMINISTRATIVE ASSISTANT, LACERA	1	106D
Total Vacant Positions =		11	
TOTAL POSITIONS =		50	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	219,000	219,000	53,708	175,000	(44,000)	-20.1%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	0	100	(3,400)	-97.1%	0	0.0%
EDUCATIONAL EXPENSES	135,000	135,000	47,009	125,000	(10,000)	-7.4%	0	0.0%
MISCELLANEOUS	4,000	4,000	1,491	4,000	0	0.0%	0	0.0%
TOTAL	\$361,500	\$361,500	\$102,207	\$304,100	(\$57,400)	-15.9%	\$0	0.0%

*All amounts rounded to the nearest dollar.

INVESTMENT OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$11,643,125	\$10,619,869	\$12,628,744	\$11,000,000	\$12,719,045
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	6,193,834	4,991,213	6,473,464	5,491,200	6,437,799
Employee Benefits (Other)	709,489	703,125	746,528	739,100	844,674
OPEB Contribution	461,125	490,397	560,876	560,400	631,188
Additional OPEB Contribution	0	461,125	0	0	0
Stipends	0	0	0	0	0
Overtime	800	31	800	0	800
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	5,000	0	5,000	0	5,000
Transportation Allowance	14,400	14,400	14,400	14,400	14,400
SERVICES & SUPPLIES					
Transportation & Travel	219,000	152,898	219,000	175,000	219,000
Office Supplies & Equipment	3,500	17	3,500	100	3,500
Educational Expenses	125,000	137,730	135,000	125,000	135,000
Miscellaneous	2,000	3,487	4,000	4,000	4,000
TOTAL OPERATING BUDGET	\$19,377,272	\$17,574,292	\$20,791,311	\$18,109,200	\$21,014,406

*All amounts rounded to the nearest dollar.

Legal Services

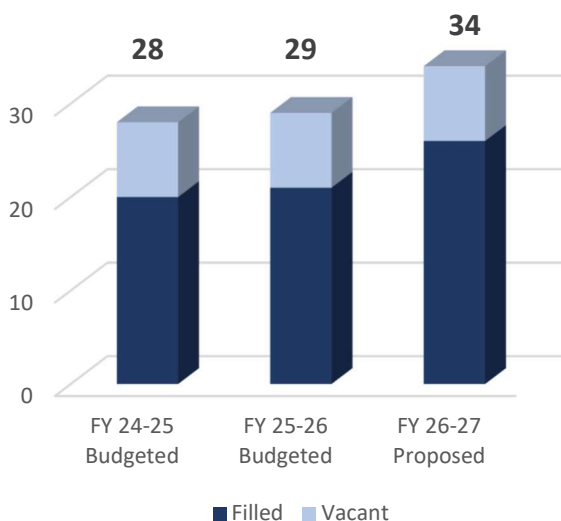
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

Legal Services provides comprehensive legal services to LACERA and its Boards and staff. These services are provided through the Chief Counsel and the following integrated practice areas: Benefits, Disability, Disability Litigation, Investments and Commercial Contracts, and Litigation and Employment, as well as organizational governance and conflicts support.

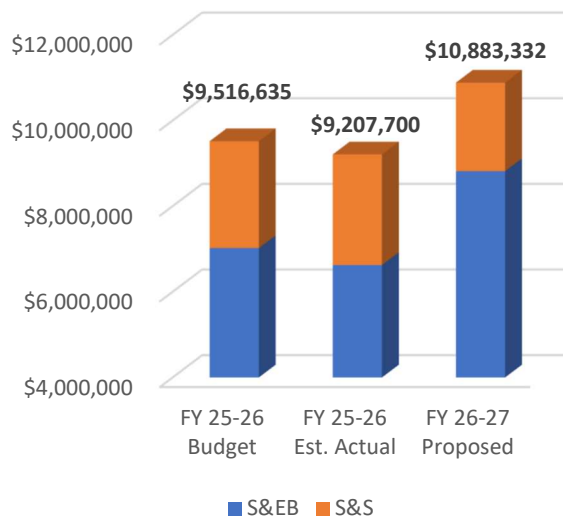
Effective FY 2026–27, the Disability Litigation Office (DLO) is no longer presented as a separate, standalone division. Its functions and staff will fully be integrated into Legal Services, while maintaining an ethical wall between DLO’s work in representing LACERA in administrative matters before the Board of Retirement and Legal Services’ other disability work in advising LACERA’s Boards.

Legal Services will also provide administrative support to the Ethics and Compliance Program that began operations in FY 2024-25, which maintains a separate divisional budget. (See Ethics and Compliance Office narrative.)

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Outside Legal Counsel	\$2,200,000	\$1,702,500	(\$497,500)
Memberships	\$20,000	\$30,000	\$10,000
Registration Fees	\$30,000	\$45,000	\$15,000
Educational Materials	\$85,000	\$125,000	\$40,000

STAFFING AND ORGANIZATIONAL ALIGNMENT

With the consolidation of Disability Litigation Office (DLO) and Legal Services, Legal Services now encompasses the former DLO staff, consisting of:

- Two (2) Senior Staff Counsel
- Three (3) Senior Legal Secretaries

Reporting alignment is updated accordingly to reflect Disability Litigation as part of the Legal Services organizational structure. Within Legal Services, safeguards have been implemented to keep an ethical separation between DLO's administrative work representing LACERA in disability and felony forfeiture appeals before the Board of Retirement and Legal Services' other disability work in representing the Boards.

The realignment of all LACERA's in-house legal work is consolidated into Legal Services. This is expected to result in greater efficiencies and cohesive management in serving LACERA's organizational legal needs.

BUDGETARY IMPACT SUMMARY

Pursuant to the County Employees Retirement Law (CERL), the Boards' administrative budget is subject to a statutory appropriation limit equal to 0.21% of the system's accrued actuarial liability under Government Code section 31580.2. Legal services provided under section 31529.1 are subject to a separate statutory cap of 0.01% of system assets in any budget year, while investment-related legal expenses under section 31607 are not subject to this limitation. Accordingly, the Legal Office budget is calculated to ensure compliance with applicable CERL limits, with administrative, non-administrative, and other exempt legal costs identified and tracked separately.

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

Legal Services plays a crucial role in supporting the administrative, pension and healthcare benefits, and investment activities of LACERA. The following outlines significant projects and initiatives that the Office has engaged in during FY 2025-26:

- The Ethics and Compliance Program is a goal in the Board of Retirement's 2023-2028 Strategic Plan, and substantial progress has been made to document and implement the Program. Legal Services prepared the Ethics and Compliance Program Charter and took the lead in obtaining approval for the Charter from the ACRE Committee and the Boards; Legal Services also assisted in the change of the Audit Committee to the Audit, Compliance, Risk, and Ethics (ACRE) Committee and prepared the portions of the new Charter for the ACRE Committee relating to ethics and compliance roles and responsibilities. Legal Services assisted in providing training to the ACRE Committee, to the staff Ethics and Compliance Committee, and to other staff members. Legal Services developed and obtained ACRE Committee and Board approval for a foundational ethics and compliance work plan and has begun implementation of that plan. Legal Services worked with Human Resources to prepare the job descriptions and salary for the Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer positions. Education and training resources on ethics and compliance were purchased and are available to staff.
- Legal Services revised the Code of Ethical Conduct and developed a training plan.
- Legal Services worked with outside counsel in supporting the *LACERA v. County* lawsuit regarding the Boards' authority to set LACERA classifications and salaries. The Court of Appeal decided in favor of LACERA. The case now is under review before the California Supreme Court.
- Legal Services represented and assisted the Investment Office in negotiating and documenting fund investments.
- Legal Services continued to support outside counsel in the *FirstEnergy* securities litigation as a lead plaintiff for the putative class of investors.
- Legal Services supported the efforts of the Executive Office and the Retiree Healthcare Division to successfully obtain action by the Board of Supervisors to increase the Lifetime Maximum Benefits cap in certain RHC Program policies from \$1.5 million to \$2.25 million and lay the foundation for the potential further increase or elimination of the cap based on experience.
- Legal Services supports LACERA's Member Operations Group, Retiree Healthcare, and other staff in providing counsel on pension benefit and retiree healthcare issues.
- Legal Services advised the Board of Retirement and staff on disability applications and provided training to the Board on disability law and process.
- Legal Services advised LACERA's Human Resources Division, Executive Office, and other staff with regard to labor and employment matters.

- Recruitments are in progress to fill a needed Staff Counsel position in the Benefits Section and a vacancy in the Commercial Contracting Section of Legal Services. The addition of these new attorneys will continue to enhance Legal Services' ability to support Board initiatives as well as the Executive Office and other LACERA divisions. Recruitment is also underway to fill an Investment Legal Analyst position needed to support the Legal Service investment contracting and other investment support services.
- Legal Services continues to support the development and implementation of a case management system (Sol) to digitize and automate the disability litigation process.
- Legal Services staff, through the DLO team and others, participated in the planning and implementation of LACERA's Inclusion, Diversity, Equity, and Accessibility (IDEA) initiative.
- Legal Services converted all open disability litigation cases into digital files in Sol. Staff can actively manage the files, which includes documenting communications, reviewing digitized records, organizing exhibits electronically, and drafting letters/pleadings with auto-population of data from the Sol database.
- Legal Services staff in the DLO team supported LACERA's strategic goal of developing an enterprise knowledge management system by providing project leadership and other support.
- Legal Services oversees LACERA's compliance with Forms 700, 801, and 806 and other Fair Political Practice Commission (FPPC) requirements, and assists in resolving conflict of interest and ethical questions.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

The following outline provides planned activities of Legal Services in support of the Board of Retirement's and the Board of Investments' Strategic Plans:

- Implement a fully formed and effective Ethics and Compliance Program. Additional foundational steps will include: recruitment of candidates to fill the Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer positions during the fiscal year; ongoing education and training to the ACRE Committee, Boards, and staff regarding ethics and compliance; ongoing risk and ethical culture assessments, analysis of the results, and implementation of action plans to address the findings; development of processes to define, support, and sustain LACERA's organizational culture; and other foundational efforts to position the Ethics and Compliance Office for success and integrate it into LACERA's business.
- Continue to pursue recognition and implementation of the Boards' independent legal authority to determine needed classifications and salaries without interference by the County of Los Angeles by supporting outside counsel in proceedings in *LACERA v. County* now before the California Supreme Court, and follow up to the Supreme Court's decision.

- Eliminate the Lifetime Maximum Benefit, or an additional increase in the benefit, for affected retired members and assistance in implementation of the solution to the issue.
- Pursue implementation of LACERA's IDEA initiative through the DLO team and other divisional staff with respect to organizational diversity, equity, inclusion, accessibility, and belonging in all aspects of LACERA's business.
- Fill the remaining Legal Services vacancies, including attorney, Legal Analyst, Senior Legal Secretary, and Legal Secretary positions, as needed.
- Support the Investment Office and the Board of Investments with respect to the negotiation and documents of investments and other investment matters.
- Advise LACERA's divisions and the Board of Retirement on pension benefit and retiree healthcare issues.
- Advise LACERA in labor and employment matters.
- Represent LACERA and advise the Board of Retirement in disability applications and training.
- Represent LACERA in disability and felony forfeiture appeals separately through the DLO team.
- Continue to work with outside counsel on the *FirstEnergy* securities class action and monitor and review other securities litigation.
- Support the Executive Office in obtaining approval for a new organizational structure for Legal Services that takes into consideration appropriate spans of control, succession planning, opportunities for staff professional growth, and appropriate classification and compensation reflecting Legal Services' unique role in supporting LACERA as an investing organization as well as a provider of pension and healthcare benefits. This will include, but may not be limited to, assessing the management reporting structure to consider a new Deputy Chief Counsel in addition to the two Principal Staff Counsel positions currently pending approval from the Board of Supervisors. Currently, the Chief Counsel provides supervision and direction to seven Senior Staff Counsel positions and directly assists in handling high-level, complex legal and governance matters. The demand for the Chief Counsel's services has increased with the growing size of the organization and the complexity of the legal landscape and legal issues facing LACERA.
- Legal Services, through the DLO team and other Legal Services staff, will continue to work with its internal business partners in the ongoing move toward a fully electronic operation to make our business operations and processes more efficient and to enhance employee productivity. We will continue to serve as active participants and subject-matter experts in the development and implementation of Sol; and engage in LACERA-wide committees for the advancement of our organization as a whole.
- Legal Services, through the DLO team, will continue to lead efforts in the strategic direction in its objective for an Enterprise Knowledge Management System.

- LACERA Services will continue to oversee FPPC compliance and respond to conflict of interest and ethical concerns.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

With the consolidation of Disability Litigation Office (DLO) and Legal Services, Legal Services now encompasses the former DLO staff, consisting of:

- Two (2) Senior Staff Counsel
- Three (3) Senior Legal Secretaries

No other permanent staffing adjustments are requested.

Temporary Staffing

Temporary legal analyst staff will be maintained to meet the office's needs until vacancies can be permanently filled.

Overtime

Overtime is needed to complete important investments as required, assist in urgent needs in other sections of Legal Services, and address needs created by the attorney and legal analyst vacancies that we hope soon will be filled. There is a \$6,000 increase in Overtime based on prior usage.

Interns

Funding for interns is provided in the Human Resources Division's budget. As requested in FY 2025-26, the Legal Services Office intends to have two law student interns in FY 2026-27. This program is important for recruiting purposes and also to introduce students to the importance of public pensions.

Rehired Retirees

Legal Services is requesting one rehired retiree's assistance in FY 2026-27 for an investment legal analyst position pending completion of the recruitment of a permanent replacement for this position and integration of the successful candidates in the pending recruitment for the position.

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

Removal of One-Time Expenditures

Legal Services does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Services and supplies are reduced overall this year against the amount for FY 2025-26, with the highlights detailed below.

Reduction in Outside Legal Counsel

With the expected conclusion of certain litigation, it is expected that Outside Legal Counsel expenses will be reduced by \$497,500.

Increase in Memberships, Registration Fees, and Educational Materials

These expenses will support professional development for the additional attorneys and other personnel.

Increase in Miscellaneous

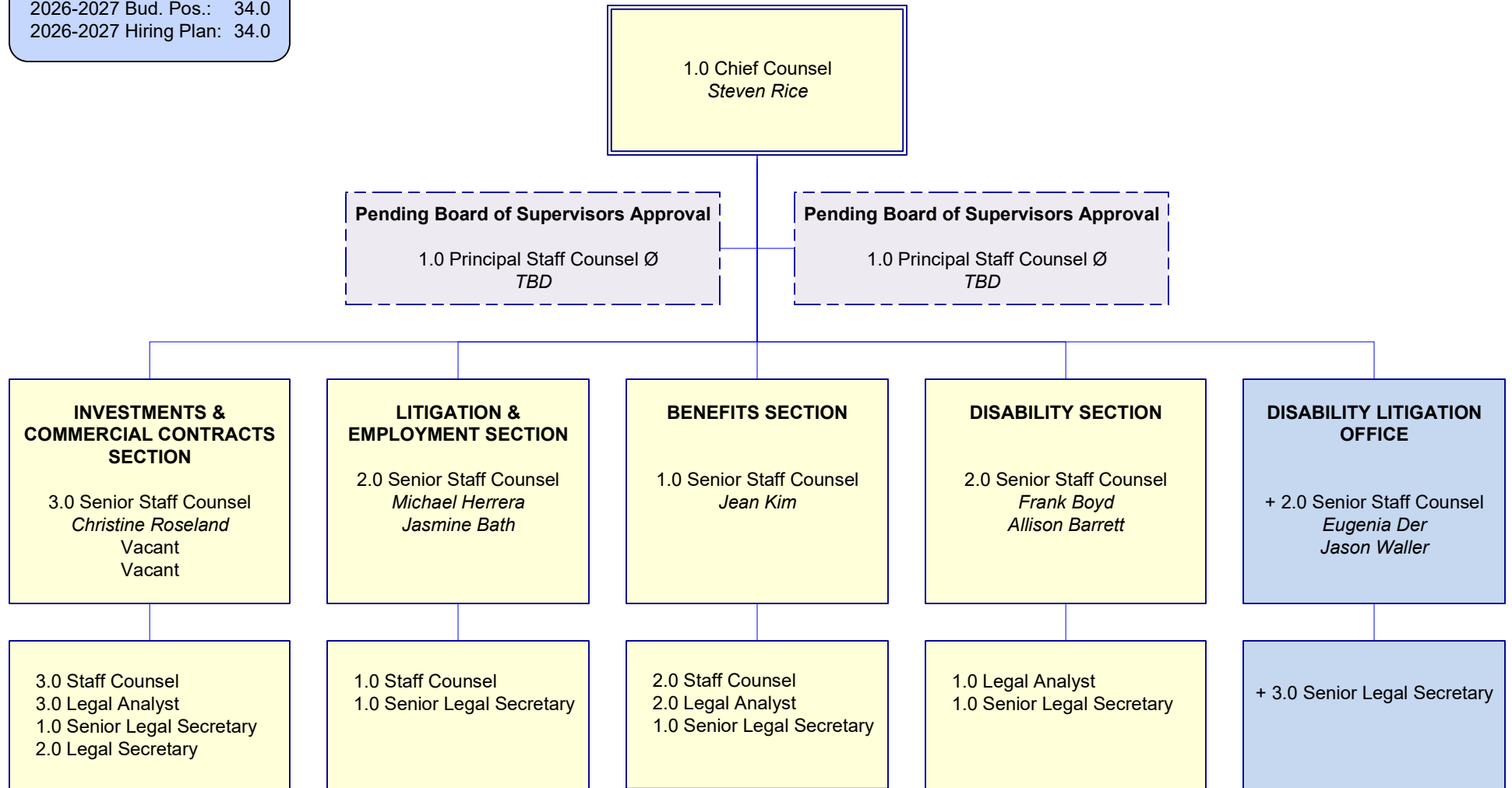
A \$1,000 increase in Miscellaneous is anticipated due to the growth of the office.

LEGAL SERVICES

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 29.0
2025-2026 Hiring Plan: 29.0

2026-2027 Bud. Pos.: 34.0
2026-2027 Hiring Plan: 34.0



*Note: Effective April 1, 2026, the Disability Litigation Office was transferred to Legal Services.

+ Added position

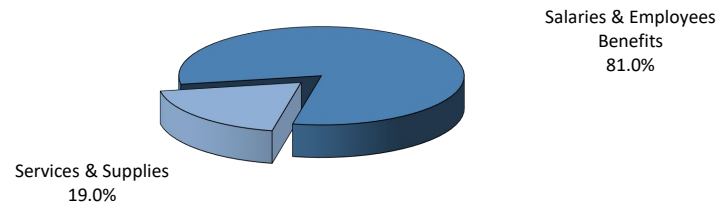
Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments & Litigation Team and 1.0 Principal Staff Counsel in Benefits & Disability Team in Legal Services)

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2026- 2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$8,817,432	\$7,019,735	\$3,435,493	\$6,625,300	(\$394,435)	-5.6%	\$1,797,697	25.6%
Services & Supplies	2,065,900	2,496,900	1,484,941	2,582,400	85,500	3.4%	(431,000)	-17.3%
OPERATING BUDGET	\$10,883,332	\$9,516,635	\$4,920,434	\$9,207,700	(\$308,935)	-3.2%	\$1,366,697	14.4%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2026- 2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$5,142,938	\$4,096,800	\$1,948,217	\$3,900,000	(196,800)	-4.8%	\$1,046,138	25.5%
Total Agency Temp Salaries	134,600	127,400	98,775	170,000	42,600	33.4%	7,200	5.7%
Employee Benefits (Variable)	2,913,636	2,347,908	1,167,729	2,112,700	(235,208)	-10.0%	565,728	24.1%
Employee Benefits (Other)	341,540	242,177	116,957	239,800	(2,377)	-1.0%	99,364	41.0%
OPEB Contribution	255,218	181,950	93,042	181,800	(150)	-0.1%	73,268	40.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	27,000	21,000	10,773	21,000	0	0.0%	6,000	28.6%
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	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	\$8,817,432	\$7,019,735	\$3,435,493	\$6,625,300	(\$394,435)	-5.6%	\$1,797,697	25.6%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$8,817,432	\$7,019,735	\$3,435,493	\$6,625,300	(\$394,435)	-5.6%	\$1,797,697	25.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

LEGAL SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9216	CHIEF COUNSEL, LACERA	1	LS19
9213	SENIOR STAFF COUNSEL, LACERA	8	LS16
9212	STAFF COUNSEL, LACERA	4	LS12
9235	LEGAL ANALYST, LACERA	5	104H
0441	SENIOR LEGAL SECRETARY, LACERA	6	103K
0440	LEGAL SECRETARY, LACERA	2	099E
Total Filled Positions =		26	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
99999A	PRINCIPAL STAFF COUNSEL	2	LS17
9213	SENIOR STAFF COUNSEL, LACERA	2	LS16
9212	STAFF COUNSEL, LACERA	2	LS12
9235	LEGAL ANALYST, LACERA	1	104H
0441	SENIOR LEGAL SECRETARY, LACERA	1	103K
Total Vacant Positions =		8	

TOTAL POSITIONS =

34

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026- 2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
AUTO EXPENSE	\$5,400	\$5,400	\$814	\$2,400	(\$3,000)	-55.6%	\$0	0.0%
TRANSPORTATION & TRAVEL	41,000	41,000	1,378	18,000	(23,000)	-56.1%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	7,500	7,500	1,639	3,000	(4,500)	-60.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	4,000	4,000	631	1,500	(2,500)	-62.5%	0	0.0%
LEGAL FEES & SERVICES	1,803,000	2,300,000	1,402,253	2,442,000	142,000	6.2%	(497,000)	-21.6%
EDUCATIONAL EXPENSES	200,000	135,000	77,939	115,000	(20,000)	-14.8%	65,000	48.1%
MISCELLANEOUS	5,000	4,000	286	500	(3,500)	-87.5%	1,000	25.0%
TOTAL	\$2,065,900	\$2,496,900	\$1,484,941	\$2,582,400	\$85,500	3.4%	(\$431,000)	-17.3%

*All amounts rounded to the nearest dollar.

LEGAL SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

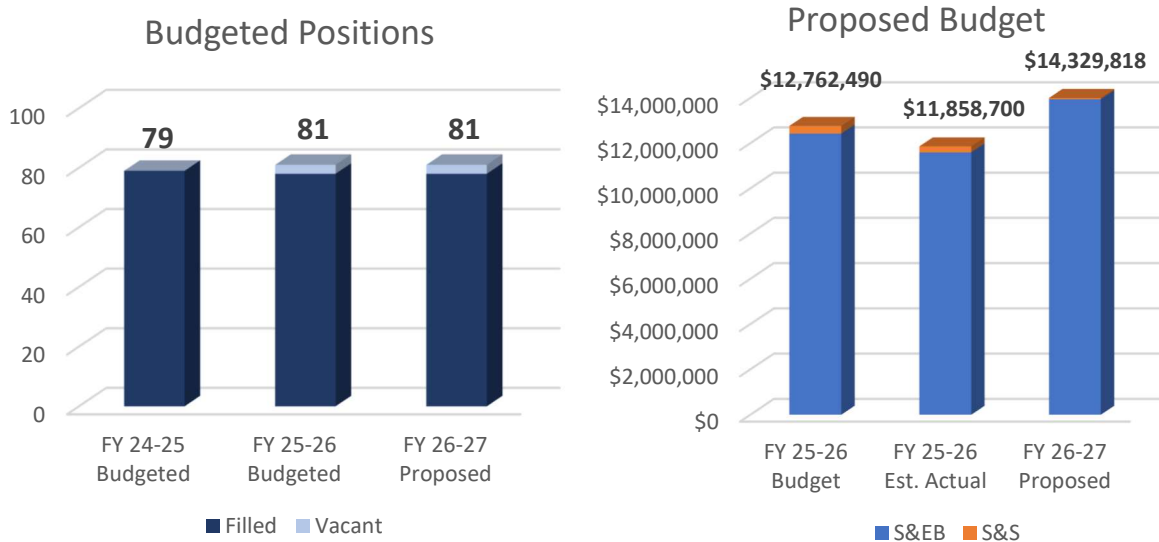
	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$4,767,153	\$4,012,384	\$4,096,800	\$3,900,000	\$5,142,938
Total Agency Temp Salaries	116,700	131,689	127,400	170,000	134,600
Employee Benefits (Variable)	2,518,096	2,111,108	2,347,908	2,112,700	2,913,636
Employee Benefits (Other)	290,496	287,888	242,177	239,800	341,540
OPEB Contribution	188,805	200,821	181,950	181,800	255,218
Additional OPEB Contribution	0	188,805	0	0	0
Stipends	0	0	0	0	0
Overtime	20,300	26,177	21,000	21,000	27,000
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	2,500	0	2,500	0	2,500
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Auto Expenses	5,400	3,681	5,400	2,400	5,400
Transportation & Travel	41,000	16,731	41,000	18,000	41,000
Office Supplies & Equipment	7,500	2,794	7,500	3,000	7,500
Professional & Specialized Services	300	25,897	4,000	1,500	4,000
Legal Fees & Services	2,290,000	2,086,480	2,300,000	2,442,000	1,803,000
Educational Expenses	135,000	128,128	135,000	115,000	200,000
Miscellaneous	4,000	382	4,000	500	5,000
TOTAL OPERATING BUDGET	\$10,387,249	\$9,222,966	\$9,516,635	\$9,207,700	\$10,883,332

*All amounts rounded to the nearest dollar.

Member Services

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

Member Services is dedicated to providing Superior Member Experiences across all channels. We provide full-service support, including assisting members with My LACERA technical issues and general account maintenance; providing in-depth retirement counseling through phone, in-person, virtual, and online channels; and assisting survivors when a member passes away. We are committed to providing superior service while also educating members so they can understand and access the benefits available to them.



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$0	\$52,300	\$52,300
Consulting and Contracting Services	\$122,000	\$203,600	\$81,600
Registration Fees	\$51,000	\$32,000	(\$19,000)
Educational Materials	\$200	\$79,600	\$79,400

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

The Member Services Division is focused on improving and streamlining service delivery for members and beneficiaries. Key initiatives include reducing call wait times, expanding virtual and in-person appointments, and increasing workshops and webinars.

In support of Strategic Planning Priority 1: Superior Member Experience, Member Services is leading this work in partnership with the Member Experience Council. Progress includes identifying distinct member journeys, completing New Hire Journey survey designs (staff, DHRMs, and members), and ongoing task and interaction mapping. The Journey process methodology is being finalized, with New Hire Journey mapping to be completed following survey analysis.

The Division continues to collaborate with Systems to develop an Employer Portal that would allow new hires to register on My LACERA upon hire. Standardized omnichannel retirement counseling, including basic Retiree Healthcare counseling, has been implemented for the Call Center, aligning with Outreach services.

Member Services and Benefits are primarily staffed by Retirement Benefit Specialists II and III. To support the Superior Member Experience and Investing in People priorities, the divisions have launched two pilot hybrid Specialist models to enhance flexibility and service delivery. One is a rotation between Outreach and Call Center RBS II staff. The other is a hybrid schedule for RBS II to work on both the Member Services Call Center and the Benefits Core unit.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

Our focus remains on delivering a strong Superior Member Experience through a responsive and efficient omnichannel service model. We continue to expand online self-service tools and communication options to improve accessibility and convenience.

Two Strategic Plan Initiatives—ensuring a consistent omnichannel experience across the member journey (1.1) and enhancing the retiree healthcare experience (1.4)—are being advanced in parallel. Member Services is collaborating with Retiree Healthcare to integrate standardized basic retiree healthcare counseling into retirement planning sessions, with clear guidelines for referrals to more in-depth support. Initiatives 1.2 (enhanced member education and LACERA Communication Plan) and 1.3 (digital strategy development) are underway, with the Member Experience Council coordinating closely with initiative leads to ensure cohesive implementation.

We engaged Gartner to support internal and external survey design, methodology, and analysis. Genesys has been selected to replace the existing Contact Center system, with the design phase nearing completion and implementation beginning mid-2026. This initiative includes continued investment expanded platform capabilities.

Member Services is also developing standardized Specialist Basic training materials covering Member Service Integration processes, with subject-matter experts collaborating to ensure a consistent, scalable curriculum. In parallel, we are updating unit-specific procedures and advancing succession planning by assessing staff skills and development goals, supporting the Investing in People strategic priority.

A Workforce Management contractor was engaged in December 2025 and is developing forecasts and analyzing historical data to improve accuracy, increase agent adherence, and recommend process improvements for implementation by FY 2026–27.

As we advance Strategic Plan priorities, our focus remains on delivering a Superior Member Experience through enhanced omnichannel service, refined member journeys and education, standardized counseling and communications, and a comprehensive digital strategy.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

Member Services is not requesting any new positions for FY 2026-27.

Temporary Staffing

Member Services is requesting \$52,300 to add temporary staffing in the event coverage is needed. This will allow the division flexibility while hiring to fill any upcoming vacancies.

Overtime Needs

Member Services is requesting the same number of hours in the overtime budget for FY 2026-27 that was requested in FY 2025-26. A minor increase is observed due to cost-of-living adjustment. Our overtime needs include:

- Cover extension shifts for calls, in-person, and virtual appointments
- Assist with Benefits projects
- Prepare for the March Rush, including offering virtual appointments on Saturdays from January through March 2027
- Assist with the Specialist basic training needs, including live monitoring

Interns

Member Services is requesting one intern position. We had a successful first intern, and we want to have the opportunity to offer the internship to another qualified candidate to assist the division with procedural needs. Member Services has multiple internal processes that are not documented. Documenting procedures is crucial for succession planning and disaster recovery efforts. The internship opportunity is beneficial for both the employer (LACERA) and the candidate, who will gain valuable insights into writing business documentation and procedures, collaboration with staff inside and outside Member Services, and guidance and support from a dedicated mentor for the duration of the internship.

Rehired Retirees

Member Services is not requesting any rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

Member Services Division is removing the funding of \$6,500 for Photocopies of Documents for FY 2026-27. This expenditure is no longer needed because it was a one-time expense for a temporary project.

Services and Supplies Adjustments

Travel

The Services and Supplies budget requests are in line with previous fiscal years and based on actual and historical expenditure trends. We will maintain our budget for travel, conferences, and training, as our goal is to continue to invest in staff development. We plan to continue attending State Association of County Retirement Systems (SACRS), California Association of Public Retirement Systems (CALAPRS), and International Customer Management Institute (ICMI) conferences, as well as International Foundation of Employee Benefit Plans (IFEBC), National Pension Education Association (NPEA), National Conference on Public Employee Retirement Systems (NCPERS), and other relevant conferences for our business needs.

Special Orders/Minor Equipment

We are requesting an increase from \$10,000 to \$12,000 due to our goal to provide more benefits tables and in-person events. We recently opened bulletins that will allow us to fill two RBS III vacancies in our Outreach Unit, which will allow us to better serve County Departments' needs in person. This budget line is to cover giveaways for members during such events.

Consulting and Contracting Services

We are requesting a continuation of contractor service to perform workforce management duties for our Call Center and other units in Member Services. The funding for this service will be \$203,600. This is an increase of \$81,600 from the prior year budget of \$122,000, which only reflected partial-year funding. This position is crucial to ensure we are monitoring and developing employees' schedules that align with predicted demand. This position will be responsible for collecting and analyzing data related to employee performance, attendance, and workload. They will create reports and provide insights to improve workforce efficiency and ensure that schedules comply with labor laws and our internal policies. The position will monitor real-time call center activity and utilize tools to optimize scheduling, forecasting, and real-time management processes.

Memberships

We are requesting a reduction of the membership budget from \$1,000 to \$500 due to minimum use of this budget item.

Registration Fees

We will be seeking conferences and training related to workforce management, customer service, and Artificial Intelligence (AI). A training curriculum is being developed with Human Resources (HR) to allow our staff to gain knowledge and improve morale. We are also looking into the current training needs of senior staff, supervisors, and managers to ensure they have attended the Los Angeles County training academy courses and are able to attend refresher courses and other relevant training.

Our budget request for registration in FY 2026-27 is being reduced from \$51,000 to \$32,000. This is based on the fact that we are leveraging an account housed in HR called MOU allocation fund, which covers most of the costs related to represented staff training. Although the funding is being reduced, the actual training for staff is not. Our goal is to give staff the opportunity to attend training and conferences for career and skills development. We are committed to investing in staff growth. The amount includes registration for multiple conferences and various trainings that we want staff to attend and plan to offer based on training needs discussed with the Employee and Organizational Development (EOD) unit.

Educational Materials

Member Service is seeking to continue services from Gartner to assist with the Strategic Planning initiative: Superior Member Experience. The cost of this service is \$79,400. The knowledge and resources they offer are of great value, from assisting us with building and understanding our members' journey mapping to creating a seamless digital member experience. This includes the enhancement of the member's healthcare experience and improving our member education program.

Miscellaneous

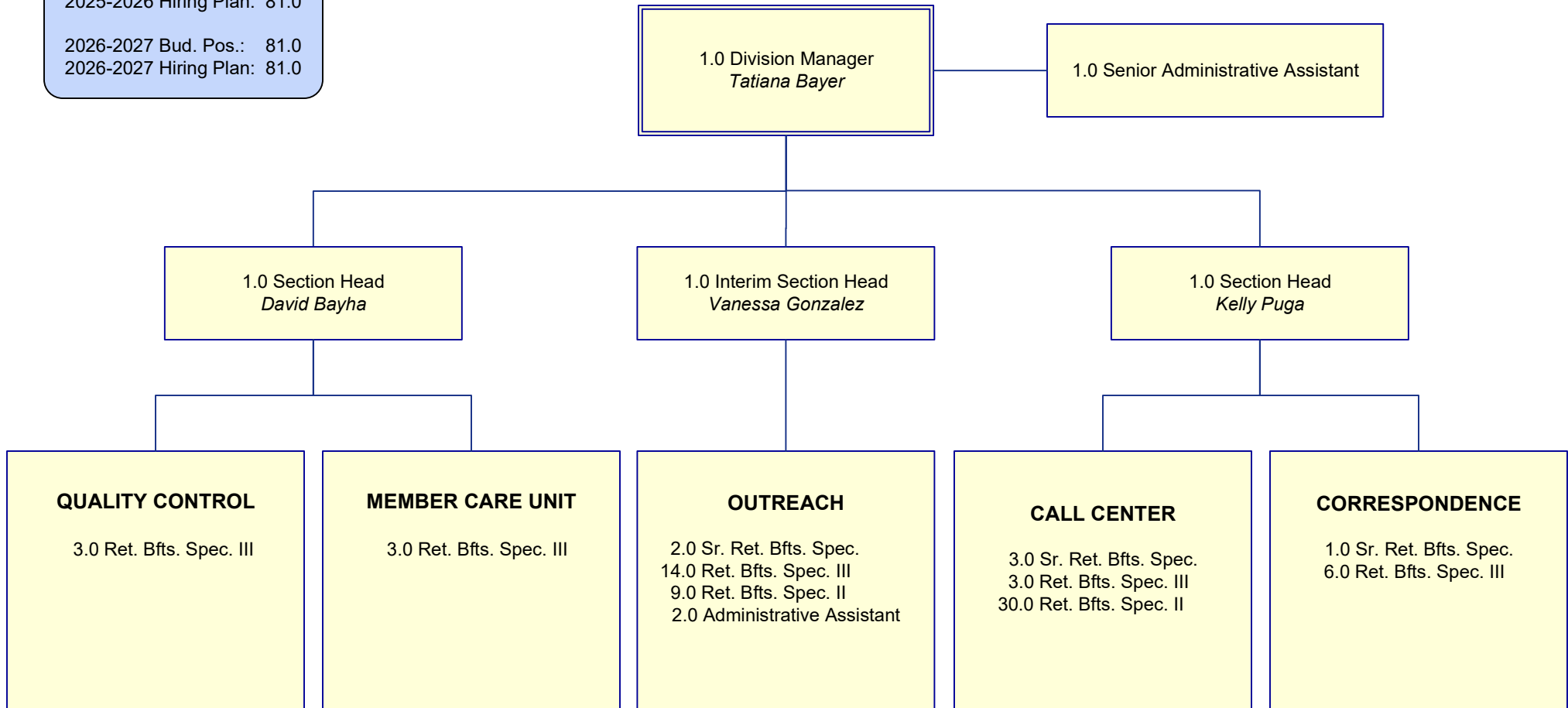
We are requesting an increase from \$1,500 to \$2,000 due to increase in total actual staffing in the Member Services Division, and in anticipation of more staff being allocated into Member Services with the new 2026-2027 Specialist Basic Training class. This budget line is used to celebrate the team's achievements during our March Madness.

MEMBER SERVICES DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 81.0
2025-2026 Hiring Plan: 81.0

2026-2027 Bud. Pos.: 81.0
2026-2027 Hiring Plan: 81.0

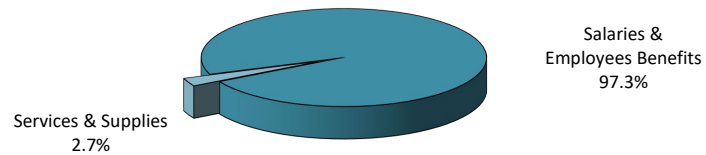


LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$13,946,118	\$12,424,890	\$6,197,866	\$11,591,200	(\$833,690)	-6.7%	\$1,521,228	12.2%
Services & Supplies	383,700	337,600	136,415	267,500	(70,100)	-20.8%	46,100	13.7%
OPERATING BUDGET	\$14,329,818	\$12,762,490	\$6,334,281	\$11,858,700	(\$903,790)	-7.1%	\$1,567,328	12.3%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2026-2027
SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$7,924,592	\$7,343,857	\$3,773,295	\$7,000,000	(\$343,857)	-4.7%	\$580,735	7.9%
Total Agency Temp Salaries	52,300	0	0	0	0	0.0%	52,300	0.0%
Employee Benefits (Variable)	4,581,209	3,869,059	1,958,349	3,496,500	(372,559)	-9.6%	712,149	18.4%
Employee Benefits (Other)	526,263	434,117	210,953	429,800	(4,317)	-1.0%	92,147	21.2%
OPEB Contribution	393,254	326,157	166,785	325,900	(257)	-0.1%	67,097	20.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	415,900	397,900	56,313	300,000	(97,900)	-24.6%	18,000	4.5%
Bilingual Bonus	15,600	16,800	7,800	12,000	(4,800)	-28.6%	(1,200)	-7.1%
Sick Leave Buyback	27,000	27,000	24,371	27,000	0	0.0%	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	\$13,946,118	\$12,424,890	\$6,197,866	\$11,591,200	(\$833,690)	-6.7%	\$1,521,228	12.2%
Salary Differential **	-	-	-	-	-		-	
TOTAL S&EB	\$13,946,118	\$12,424,890	\$6,197,866	\$11,591,200	(\$833,690)	-6.7%	\$1,521,228	12.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

MEMBER SERVICES

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0773	DIVISION MANAGER, LACERA	1	LS12
0772	SECTION HEAD, LACERA	2	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	6	106C
1311	RETIREMENT BENEFITS SPECIALIST III	27	100J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
1310	RETIREMENT BENEFITS SPECIALIST II	39	094C
0438	ADMINISTRATIVE ASSISTANT, LACERA	2	088L
Total Filled Positions =		78	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0772	SECTION HEAD, LACERA	1	LS09
1311	RETIREMENT BENEFITS SPECIALIST III	2	100J
Total Vacant Positions =		3	
TOTAL POSITIONS =		81	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$53,000	\$53,000	\$19,464	\$35,000	(\$18,000)	-34.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	12,000	10,000	7,478	10,000	0	0.0%	2,000	20.0%
PROFESSIONAL & SPECIALIZED SERVICES	203,600	219,900	105,534	201,000	(18,900)	-8.6%	(16,300)	-7.4%
EDUCATIONAL EXPENSES	112,100	52,200	3,785	20,000	(32,200)	-61.7%	59,900	114.8%
MISCELLANEOUS	3,000	2,500	154	1,500	(1,000)	-40.0%	500	20.0%
TOTAL	\$383,700	\$337,600	\$136,415	\$267,500	(\$70,100)	-20.8%	\$46,100	13.7%

*All amounts rounded to the nearest dollar.

MEMBER SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$6,674,163	\$6,671,896	\$7,343,857	\$7,000,000	\$7,924,592
Total Agency Temp Salaries	295,800	69,479	0	0	52,300
Employee Benefits (Variable)	3,994,893	3,481,584	3,869,059	3,496,500	4,581,209
Employee Benefits (Other)	406,694	409,316	434,117	429,800	526,263
OPEB Contribution	264,326	281,156	326,157	325,900	393,254
Additional OPEB Contribution	0	264,326	0	0	0
Stipends	0	0	0	0	0
Overtime	384,900	231,271	397,900	300,000	415,900
Bilingual Bonus	16,800	9,600	16,800	12,000	15,600
Sick Leave Buyback	15,000	23,948	27,000	27,000	27,000
Rideshare Allowance	10,000	0	10,000	0	10,000
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	23,300	29,075	53,000	35,000	53,000
Office Supplies & Equipment	10,000	3,182	10,000	10,000	12,000
Professional & Specialized Services	6,500	0	219,900	201,000	203,600
Educational Expenses	52,200	16,856	52,200	20,000	112,100
Miscellaneous	2,500	3,060	2,500	1,500	3,000
TOTAL OPERATING BUDGET	\$12,157,076	\$11,494,749	\$12,762,490	\$11,858,700	\$14,329,818

*All amounts rounded to the nearest dollar.

Quality Assurance & Metrics

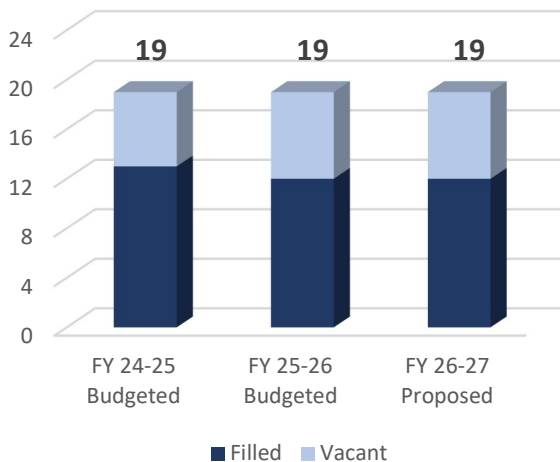
FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Quality Assurance (QA) Division performs three main functions on behalf of LACERA's Member Operations Group (MOG), which are those divisions that provide retirement benefit services to LACERA's members. QA's services consist of:

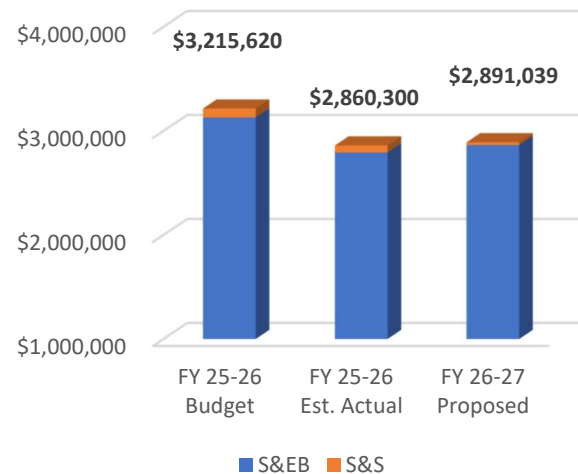
- Independent transactional audits of work processed by MOG staff for our members
- Technical benefits training for MOG staff, from new hires to veterans
- Special projects as assigned by the Executive Office and consistent with QA's independent quality assurance function

The Quality Assurance Division reports to the Assistant Executive Officer (AEO) who oversees the MOG.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Cost Effective Management (CEM)	\$59,000	\$0	(\$59,000)

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

The Quality Assurance Division worked on the following initiatives during the 2025-26 fiscal year:

- Continued efforts to redesigned the Core Benefits Training Program for new Retirement Benefits Specialists to prepare the new hires to perform both Core Benefits Division processes and Call Center processes. The new program has been renamed the Specialist Basic Training Program and will begin its third class of hybrid specialists in May 2026.
- The Quality Assurance Division continues to participate in MOG special projects, of which the following are most noteworthy from the 2025-26 fiscal year:
 - PEPRAs final average compensation (FAC) reporting
 - Temporary time reporting
 - Account Settlements Process redesign

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

QA will continue to expand its audits coverage of Member Services processes through call monitoring and member surveys. QA also hopes to expand its audit scope to include more processes, especially advanced processes normally handled by Retirement Benefits Specialist IIIs and Senior Retirement Benefits Specialists.

QA will continue to enhance the training provided to MOG staff through the greater use of advanced technology like online learning, multimedia tools, and artificial intelligence. QA hopes to expand the training content to include more processes, especially advanced processes normally handled by Retirement Benefits Specialist IIIs and Senior Retirement Benefits Specialists.

The QA Division looks forward to implementing a formal standardized training program for QA staff based on the dual pillars of:

- Benefits-specific legal and institutional knowledge
- Institute of Internal Auditors (IIA) training for audit professionals

QA will collaborate with the MOG divisions on ongoing and new special projects, such as:

- The implementation of LACERA's updated Collections Policy,
- Changes to legal interpretations and related business rules,
- The implementation of the Case Management System throughout the MOG,
- The redesign of the publication of County pay codes on LACERA's various internal and public-facing platforms, and
- Collaborative process improvement projects between LACERA and L.A. County.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

Historically, the most qualified candidates for Quality Auditor positions are highly experienced Retirement Benefits Specialists from the Benefits and Member Services divisions. To avoid exacerbating an existing staffing shortage in the Benefits and Member Services divisions, LACERA has elected to fill the three vacant Senior Quality Auditor positions and two vacant Quality Auditor II positions after sufficient numbers of vacancies in the Benefits and Member Services divisions are filled with adequately trained staff, which normally takes a year from the date of hire. Accordingly, we anticipate that the QA Division staff vacancies will not be filled before the second half of FY 2026-27, if not later. All salary and employee benefit costs, as well as services and supply costs related to these vacancies, will also be postponed until these positions are filled. If these positions are filled sooner than expected, we may request a mid-year adjustment to impacted budget items.

Temporary Staffing

The Quality Assurance Division does not intend to request agency temporary staff for FY 2026-27.

Overtime Needs

A total of \$12,900 in overtime is requested for a Staff Assistant II (100 hours) and a Senior Administrative Assistant (100 hours) to support the following:

- 1) Assist with peak season work (e.g., audits and surge in training needs)
- 2) Anticipated special projects (e.g., database cleanup, implementation of major business rules changes, etc.)

Interns

The Quality Assurance Division does not anticipate any use of interns in FY 2026-27.

Rehired Retirees

The Quality Assurance Division does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

The Quality Assurance Division does not have one-time expenditures that need to be removed in FY 2026-27.

Services and Supplies Adjustments

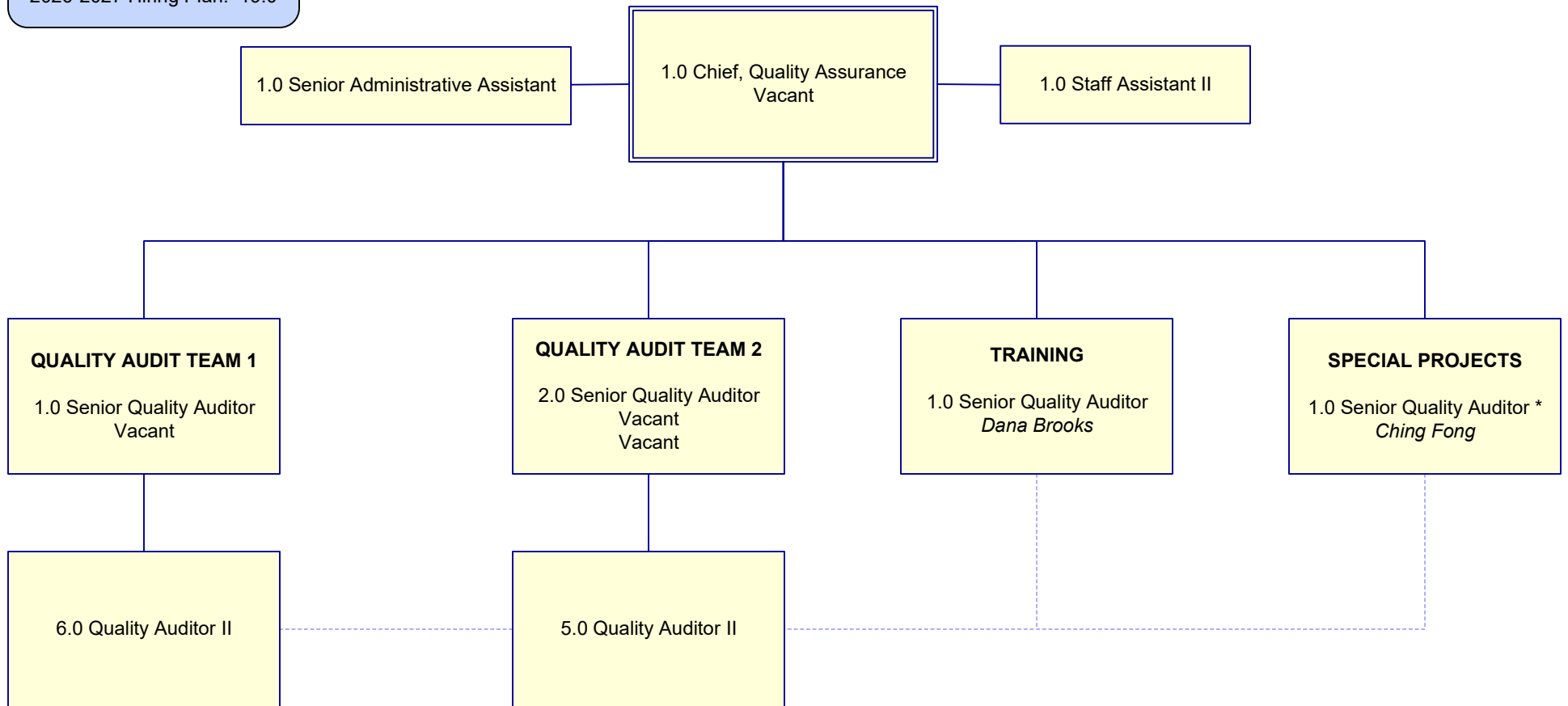
The CEM contract amounting to \$59,000 has been terminated going forward, which resulted in a \$59,000 reduction of the Services and Supplies budget. Other than that, there are no significant changes requested in the Services and Supplies budget. If vacant positions are filled sooner than anticipated, QA may request a mid-year adjustment to increase related costs, such as training, memberships, and services and supplies.

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 19.0
2025-2026 Hiring Plan: 19.0

2026-2027 Bud. Pos.: 19.0
2026-2027 Hiring Plan: 19.0



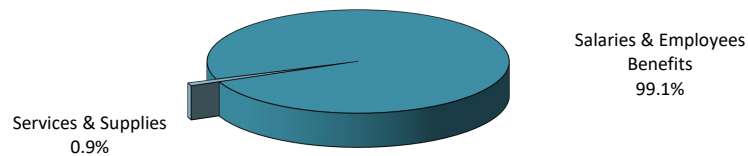
* Classification study for the position requested.

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$2,863,939	\$3,129,520	\$1,396,312	\$2,792,500	(\$337,020)	-10.8%	(\$265,582)	-8.5%
Services & Supplies	27,100	86,100	5,524	67,800	(18,300)	-21.3%	(59,000)	-68.5%
OPERATING BUDGET	\$2,891,039	\$3,215,620	\$1,401,836	\$2,860,300	(\$355,320)	-11.0%	(\$324,582)	-10.1%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2026-2027
SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$1,714,068	\$1,885,458	\$822,225	\$1,650,000	(\$235,458)	-12.5%	(\$171,390)	-9.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	934,878	1,033,366	477,333	948,200	(85,166)	-8.2%	(98,489)	-9.5%
Employee Benefits (Other)	113,832	111,457	53,827	110,400	(1,057)	-0.9%	2,375	2.1%
OPEB Contribution	85,061	83,739	42,820	83,700	(39)	0.0%	1,322	1.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	12,900	12,300	107	200	(12,100)	-98.4%	600	4.9%
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	\$2,863,939	\$3,129,520	\$1,396,312	\$2,792,500	(\$337,020)	-10.8%	(\$265,582)	-8.5%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$2,863,939	\$3,129,520	\$1,396,312	\$2,792,500	(\$337,020)	-10.8%	(\$265,582)	-8.5%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

QUALITY ASSURANCE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0798	SENIOR QUALITY AUDITOR	2	110J
0797	QUALITY AUDITOR II	8	105G
0427	STAFF ASSISTANT II	1	097B
0439	SENIOR ADMINISTRATIVE ASSISTANT	1	095C
Total Filled Positions =		12	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0780	CHIEF, QUALITY ASSURANCE	1	LS12
0798	SENIOR QUALITY AUDITOR	3	110J
0797	QUALITY AUDITOR II	3	105G
Total Vacant Positions =		7	
TOTAL POSITIONS =		19	

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)		OVER/(UNDER)	
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$9,600	\$9,600	\$321	\$2,000	(\$7,600)	-79.2%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,000	1,000	248	500	(500)	-50.0%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	0	59,000	0	59,000	0	0.0%	(59,000)	-100.0%
EDUCATIONAL EXPENSES	16,300	16,300	4,955	6,300	(10,000)	-61.3%	0	0.0%
MISCELLANEOUS	200	200	0	0	(200)	-100.0%	0	0.0%
TOTAL	\$27,100	\$86,100	\$5,524	\$67,800	(\$18,300)	-21.3%	(\$59,000)	-68.5%

*All amounts rounded to the nearest dollar.

QUALITY ASSURANCE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,965,306	\$1,663,210	\$1,885,458	\$1,650,000	\$1,714,068
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	1,056,170	935,767	1,033,366	948,200	934,878
Employee Benefits (Other)	119,760	118,686	111,457	110,400	113,832
OPEB Contribution	77,837	82,789	83,739	83,700	85,061
Additional OPEB Contribution	0	77,837	0	0	0
Stipends	0	0	0	0	0
Overtime	11,900	0	12,300	200	12,900
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	1,000	0	1,000	0	1,000
Rideshare Allowance	2,200	0	2,200	0	2,200
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	9,600	1,892	9,600	2,000	9,600
Office Supplies & Equipment	1,000	205	1,000	500	1,000
Professional & Specialized Services	59,000	0	59,000	59,000	0
Educational Expenses	16,300	3,915	16,300	6,300	16,300
Miscellaneous	200	0	200	0	200
TOTAL OPERATING BUDGET	\$3,320,272	\$2,884,301	\$3,215,620	\$2,860,300	\$2,891,039

*All amounts rounded to the nearest dollar.

Systems Division

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

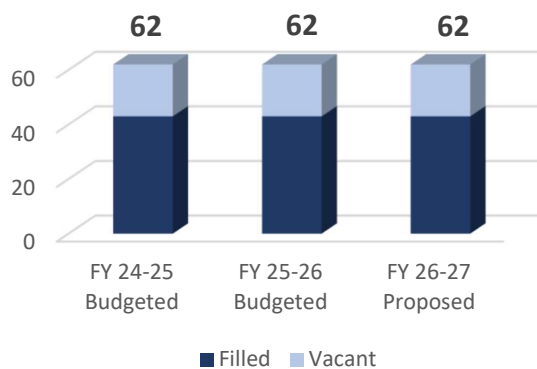
The Systems Division (Systems) is responsible for delivering and supporting all information technology services across LACERA. Our mission is to provide reliable, secure, and innovative technology solutions that enable the organization to meet its operational goals and serve its members effectively.

Systems is organized into three primary teams:

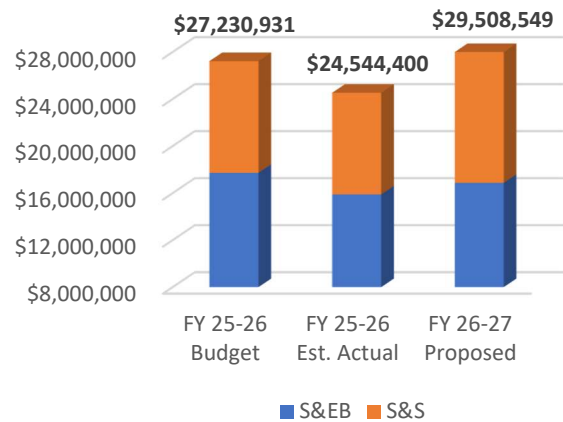
- **Business Solutions:** Designs, develops, and implements software applications that support LACERA's business processes and enhance service delivery.
- **Infrastructure:** Manages and supports the organization's technology infrastructure, including hardware, networks, telecommunications, and critical systems that ensure secure and continuous operations.
- **Project Management Office (PMO):** Partners with subject-matter experts to evaluate, plan, and implement new technologies that address emerging business needs, transitioning completed solutions to Business Solutions or Infrastructure for ongoing support.

Together, these teams ensure that LACERA has the technology capabilities necessary to operate efficiently, securely, and in alignment with its long-term strategic objectives.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	FY 2025-26	FY 2026-27	<u>Net Change</u>
	<u>Adopted Budget</u>	<u>Proposed Budget</u>	
Agency Temporary	\$3,900,000	\$3,540,000	(\$360,000)
Monthly Retiree Check Mailing	\$450,000	\$550,000	\$100,000
Strategic Planning	\$0	\$2,730,000	\$2,730,000
LAN Software & Licensing – Existing	\$1,805,000	\$2,108,000	\$303,000
Mainframe Software & Licensing – Existing	\$1,300,000	\$1,165,000	(\$135,000)
Divisional Software – New	\$320,000	\$700,000	\$380,000
Divisional Software – Existing	\$676,000	\$561,000	(\$115,000)
Enterprise Software – New	\$1,005,000	\$0	(\$1,005,000)
Enterprise Software – Existing	\$1,069,000	\$1,752,000	\$683,000
Educational Materials	\$5,000	\$121,000	\$116,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

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

Certify Expense and Travel: LACERA previously implemented Certify Automated Accounts Payable. During FY 2025-26, we completed the implementation of a related module: Certify Expense. With this new module, users can create, submit, and approve expenses easily from their phone or desktop; support direct deposit for reimbursement payments; and integrate with LACERA's general ledger system, Dynamics Great Plains.

Microsoft Fabric/Purview Proof of Concept: LACERA completed a Proof of Concept (POC) for the use of Microsoft Fabric and Microsoft Purview for Business Intelligence and Data Governance. These products will be used going forward to support LACERA's Enterprise Business Intelligence strategic initiative.

NeoGov Continued Expansion: LACERA's HR Division completed the implementation of a third NeoGov module, Learn. This module enhances our employee training and development programs by providing a comprehensive platform for managing and delivering educational content. With Learn, we can streamline the creation, distribution,

and tracking of training materials, ensuring that our staff have access to the resources they need for continuing professional growth.

LACERA Public Websites Migration to .gov Domain: In August 2025, LACERA successfully transitioned from lacera.com and mylacera.com to lacera.gov and mylacera.gov, joining the federally verified domain space reserved exclusively for government entities. The .gov domain is a nationally recognized marker of credibility, security, and public trust, reinforcing LACERA's commitment to safeguarding member information and delivering transparent, reliable online services. This migration strengthens our cybersecurity posture and enhances members' confidence when accessing LACERA's digital resources.

Secure Access Service Edge (SASE) Implementation: In July 2025, LACERA successfully migrated to a new Secure Access Service Edge (SASE) solution. The primary objective of the SASE project was to improve how LACERA manages connectivity and cybersecurity across its enterprise. The scope of work included:

- Simplifying and consolidating network and security infrastructure
- Enabling secure and seamless remote access for staff and stakeholders
- Enhancing performance for cloud-based applications
- Centralizing visibility and control across our wide area network (WAN)

The newly deployed SASE architecture now securely connects users, systems, endpoints, and remote networks to both internal and external SaaS applications and resources. Key outcomes include:

- Reduced IT footprint through infrastructure consolidation
- Improved user experience with optimized connectivity and performance
- Comprehensive security aligned with LACERA's Zero Trust framework
- Centralized management for enhanced operational efficiency and oversight

This transformation supports LACERA's long-term goals for resilience, scalability, and secure digital operations.

Public Employees' Pension Reform Act (PEPRA) Final Average Compensation (FAC) Realignment: In alignment with the Board of Retirement's January 15, 2025, directive, LACERA successfully transitioned PEPRA Final Average Compensation (FAC) calculations from actual earnings to scheduled earnings. This required a coordinated realignment of systems, processes, and member communications to ensure full compliance with the Board's policy change.

Throughout the initiative, system updates were carefully designed, tested, and validated to ensure accuracy, equity, and regulatory alignment. Cross-functional collaboration across Systems, Quality Assurance, and Benefits supported precise

calculation of retroactive adjustments, including all interest and tax components. Targeted outreach informed approximately 67,000 active members and 836 retired members of the change and its effects.

The initiative concluded in August 2025, resulting in \$862,000 in retroactive benefit adjustments. This effort reflects LACERA's commitment to executing Board policy with rigor, transparency, and fairness while maintaining high operational and analytical standards.

Workplace Safety Modernization: LACERA completed the Workplace Safety Modernization Project to deliver a fully automated, end-to-end system for managing Workplace Violence incidents. By replacing manual, paper-based steps with digital intake, triage, investigation workflows, documentation, notifications, and reporting, the system significantly reduces administrative effort and error.

The project strengthens organizational safety compliance, shortens response times, and provides a secure, centralized platform for tracking and managing sensitive incidents. These efficiencies translate directly into reduced operational overhead and improved risk management.

MSOs Migration to SharePoint: LACERA modernized the Member Services Operating Instructions (MSOs) by migrating all MSOI content into SharePoint. The migration improved document accessibility, searchability, and version control, enabling divisions to manage updates more efficiently. The transition eliminated dependency on legacy storage locations, strengthened governance through centralized oversight, and enhanced user experience with structured pages, updated glossaries, and improved navigation resources.

This migration advances LACERA's modernization goals and establishes a central resource for our future Knowledge Management Solution.

Los Angeles County Human Resource (eHR) Data Integration with Questica: The Questica data integration project established an automated and reliable data pipeline between L.A. County's eHR system, LACERA's Data Lake, and LACERA's budgeting platform (Questica). The pipeline ingests Auditor–Controller demographic data; transformed and validates eHR personnel files; and delivers clean, structured outputs directly into Questica. As a result, LACERA's Budget Team gained weekly insights into staffing changes, position management, and salary synchronization through Power Business Intelligence (BI) reporting. With the completion of this project, LACERA benefits from improved fiscal planning accuracy and a reduced need for manual reconciliation.

Los Angeles County Human Resource (eHR) Data Integration with NeoGov: The NeoGov data integration project established an automated and reliable pipeline between L.A. County's eHR system, NeoGov, and LACERA's Entra ID, delivering a unified view of personnel changes across systems. The project implemented automated data pipelines, Power Business Intelligence (BI) analytics, and proactive change alerts. It also introduced

automatic ServiceNow tickets for creating new employee identifiers in Active Directory, improving downstream HR and IT workflows. With deployment completed and operational support transitioned, LACERA now has accurate, timely insight into workforce updates, supporting better HR decision-making and data governance.

LACERA Event Response Team (LERT) Management – Workspace Integration:

LACERA completed the integration of Workspace with our Response Management capabilities by integrating Workspace letter templates and communication processes into ServiceNow Information Technology Service Management (ITSM). The project enhanced automation of incident tracking, improved authentication gateways, and created new communication templates for common scenarios. The integration strengthens LACERA's emergency and incident response readiness by creating a more consistent, automated, and traceable workflow.

ServiceNow (SNOW) Offboarding Solution: LACERA completed the automation of staff offboarding. The ServiceNow (SNOW) Offboarding Solution standardized and automated LACERA's employee offboarding process, ensuring consistent handling of account deactivation, equipment return, security requirements, and cross-department approvals. Through ServiceNow workflows, the solution reduced manual steps, improved audit readiness, and increased visibility into status tracking. Post-implementation reviews confirm streamlined coordination between HR, IT, Security, and division managers, reducing risks around access control and compliance. This project enhances organizational security and operational reliability.

Technology Debt Reduction: As LACERA continues to modernize our technology, we understand the importance of avoiding technological debt. Therefore, we are making a dedicated effort to phase out legacy systems. This year, the Systems Division has successfully retired the following applications:

- Benefit Estimate Daily Downloads
- Disability Invoices
- Disability Tracker
- SmartSheet Travel Request
- SSO Administrator
- TestTrack
- Workflow Queues
- Workflow Reports

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

The Systems Division will support LACERA's Strategic Initiatives in FY 2026-27 as outlined below:

1. Superior Member Experience

Enhance the Retiree Healthcare Experience: The Business Solutions team will support the Superior Member Experience initiative by delivering a self-service, online retiree healthcare enrollment process. This enhancement will provide members with a simple, intuitive, and efficient way to complete their enrollment independently. Features such as clear step-by-step guidance, an intuitive interface, and real-time validation will reduce errors, minimize staff intervention, and streamline a historically complex process. This investment will significantly improve the retiree healthcare experience while strengthening operational efficiency and reducing administrative workload.

Member Experience Communication Platform: The Project Management Office will continue implementation of LACERA's new Call Center solution, designed to streamline member authentication, reduce call handling time, and significantly improve the service experience for members and payees. This modernization effort will support more efficient call routing and reduce operational workload while delivering a more responsive, reliable, and user-friendly interaction whenever members contact LACERA for assistance.

Sol Case Management: The Project Management Office will advance the Sol Case Management initiative by continuing Phase 2, which delivers the Active Death, Retired Death, and Seamless Survivor Death workflows—critical processes that ensure timely, accurate benefits administration for members and beneficiaries. The team will also begin Phase 3, expanding the platform to include the Account Settlement and Retiree Healthcare Enrollment processes. These enhancements will streamline high-volume, high-risk operational activities, reduce manual workload, strengthen compliance, and improve service delivery through a unified, modern case management system.

The First Payment Case Management Process, implemented as part of Sol Phase 1 in December 2024, has delivered measurable operational, financial, and member benefits. The new process reduced retirement application processing time by 30 percent, lowering the average case effort from three hours to two hours per application. This efficiency gain translates into a 40 percent return on investment, with a projected break-even point of four years based on staff cost savings alone.

Beyond quantifiable savings, the redesigned process has driven a meaningful morale shift within the Benefits division. By simplifying workflows and clarifying accountability, staff engagement and job satisfaction have significantly improved. At the same time, members have experienced faster processing, clearer communication, and a more positive retirement application experience, resulting in higher overall member satisfaction.

Collectively, these outcomes demonstrate that the First Payment Case Management Process delivers strong financial returns while strengthening workforce morale and

enhancing service delivery to LACERA members. We anticipate similar outcomes with the Death Case Management process.

Develop a My LACERA Mobile Application: The Project Management Office and the Business Solutions team will begin the development of the My LACERA mobile application to expand member access, improve service delivery, and modernize our digital engagement capabilities. This mobile platform will provide secure, on-the-go access to essential retirement information, self-service tools, and real-time notifications—significantly reducing call center volume and operational workload. By meeting members where they are and aligning with industry standards for public pension systems, this investment strengthens LACERA's commitment to accessibility, efficiency, and long-term digital transformation.

2. Innovation through Technology

Knowledge Management: The Project Management Office will support LACERA's Knowledge Management initiative throughout FY 2026-27 to help the organization digitally capture, organize, and centralize critical business knowledge. This work will reduce institutional risk, preserve essential expertise, and ensure staff across the enterprise have consistent, reliable access to the information needed to perform their work effectively. By establishing a structured, searchable knowledge repository, LACERA will strengthen operational continuity, improve training and onboarding, and support more efficient, standardized service delivery.

Business Intelligence: The Systems Division will continue to advance LACERA's enterprise business intelligence capabilities by expanding the use of Power Business Intelligence (BI) dashboards and fully leveraging LACERA's enterprise data lake within Microsoft Fabric. With Fabric and Purview providing a unified, governed data foundation, the division will deliver interactive, real-time dashboards that give staff and leadership clearer visibility into operational performance, workload trends, and member service metrics.

These investments will improve the accuracy and timeliness of reporting, reduce manual data handling, and enable more data-driven decision-making across the organization—strengthening LACERA's ability to proactively identify opportunities, manage risk, and enhance service delivery.

3. Investing in People

Staff Training and Development: For FY 2026–27, the Systems Division will continue prioritizing the development of technical mastery, operational readiness, and professional collaboration. Staff will participate in targeted training programs to deepen their skills and ensure they are fully equipped to administer, support, and optimize LACERA's expanding portfolio of modern technologies. As new solutions are implemented across the enterprise, we will provide the specialized training required to maintain high levels of reliability, security, and service quality.

In addition to formal coursework, staff will attend conferences and in-person learning events to exchange knowledge with peers from other public pension systems and technology organizations. While virtual training remains an efficient tool, re-engagement in select in-person opportunities will ensure LACERA remains connected to industry best practices and does not advance technology in isolation. This balanced training strategy will strengthen our workforce, support long-term technology adoption, and ensure LACERA remains aligned with evolving industry standards.

4. Compliance and Enterprise Risk Management

Governance Automation: The Project Management Office will work with the Information Security Office and the Legal Services division to select and implement Governance, Risk, and Compliance (GRC) solutions.

5. Fiscal Durability

Enterprise Automation: The Systems Division will continue to support, optimize, and expand the use of Questica (budget automation), Cobblestone (enterprise contract lifecycle management), and Emburse Certify AP (automated accounts payable) to strengthen LACERA's financial and administrative operations. In parallel, the division will partner with Financial and Accounting Services Division (FASD) and Administrative Services Division to begin planning for the replacement of LACERA's legacy general ledger with a modern Enterprise Resource Planning (ERP) solution that leverages cloud technology, automation, and advanced analytics. This strategic modernization effort will enhance financial accuracy, streamline workflows, reduce manual processes, and position LACERA for long-term operational efficiency and scalability.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

The Systems Division continues 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 create the most efficient, productive, and secure enterprise.

For FY 2026-27, the Systems Division does not wish to change the number of budgeted positions; however, they would like to remove one vacant position from the budget that the leadership team does not intend to fill and replace it with one ordained position that they intend to fill (or underfill). The position that will be removed was in the Business Solutions: Applications Development team. The new position will be assigned to the Infrastructure: Infrastructure Operations group to provide permanent supervisory oversight for the team. While we initially planned to fill this role as an IT Manager I, we determined that a DS Supervisor II more appropriately aligns with the responsibilities of the position.

Vacant Positions to remove from the budget:

One Retirement Systems Specialist

Ordained Positions to add to the budget:

One Data Systems Supervisor II

Positions Requested FY 2026-27	1
Positions Removed FY 2026-27	(1)
Net Change	0

Temporary Staffing

The Systems Division uses temporary staffing for two reasons: (1) to acquire essential technical resources temporarily while waiting for competitive exams to be opened and (2) to fill a temporary gap in skillsets or augment an existing team for a limited amount of time. Most of our current temporary staff fall into the first category: they are performing work that will be performed by permanent staff members once the positions are filled. These temporary staff members have the technical skills needed to support our IT operations, and we hope they will apply for the positions when they open.

However, the Systems Division is currently fielding many requests that can only be satisfied with the second category of temporary staffing: technical resources to fill a temporary gap in skillsets or augment an existing team for a limited amount of time. The temporary staffing budget for FY 2026-27 includes two requests for temporary resources to augment our existing team for a limited amount of time: one new request and one continuation of a previously approved effort.

Business Solutions Initiatives (New Request)

The Business Solutions unit within the Systems Division is responsible for the development and ongoing management of LACERA's Pension Administration System (PAS). PAS supports member data management, compliance and reporting, workflow automation, document management, a self-service portal, and the calculation, initiation, and processing of monthly pension payments.

LACERA has recently identified and prioritized approximately 140 system enhancements aimed at significantly increasing business process automation, improving operational efficiency, and enhancing the overall member experience. These enhancements are driven by business priorities established by the Executive Office.

To meet these priorities within reasonable timeframes, the Systems Division is requesting new, temporary staffing resources to augment the existing Business Solutions team. These temporary resources will enable faster delivery of high-value enhancements without diverting staff from critical day-to-day system support.

These roles will directly support the implementation of prioritized PAS enhancements, resulting in improved service delivery, reduced manual processing, and a better experience for LACERA members. As each enhancement is implemented, ongoing support of the feature will transition to the existing Workspace team.

Temporary resources requested:

- Two Java Developers

Mainframe Migration (Continuation)

The Mainframe Migration initiative is a continuation of the temporary staffing effort approved in FY 2025–26. From 2014 to 2018, LACERA successfully migrated all real-time business functions from its legacy mainframe to Workspace, LACERA's in-house Pension Administration System. While this effort was highly successful, it did not address batch processing functions, which continue to operate on the mainframe.

This ongoing initiative focuses on migrating remaining batch processes to Workspace, fully eliminating reliance on mainframe technology. Many of the underlying business rules already exist within Workspace, positioning the organization for a more efficient and lower-risk transition.

Completing this migration will:

- Reduce operational risk associated with aging mainframe technology and a shrinking skilled workforce
- Streamline system operations
- Enable long-term cost savings and improved system maintainability

As of February 2026, utilizing temporary staffing funded in FY 2025–26, the mainframe migration team has made significant progress in establishing the foundation for modernized workloads.

The team has built the foundational technology needed to support the new system, including the core platform and data environment. They have also put in place reliable processes to move and process data efficiently, expanded the existing application framework to handle the new work, and implemented secure methods for transferring

files. Together, these steps ensure the new environment is stable, scalable, and ready to support business operations outside of the mainframe.

To manage risk and ensure high quality, the team has put in place a structured and disciplined testing approach. This includes a formal Quality Management Plan and the use of an automated testing tool to consistently validate system changes. This approach provides a standardized, repeatable, and auditable way to confirm that all migrated functions work as intended before they are put into production.

The following workloads have been successfully migrated off the mainframe to date:

- All Focus Reports, eliminating an annual licensing cost of \$135,000
- Public Safety Officer (PSO) Annual Tax Letters
- Monthly Prenote and State Street data transfers
- Plan E Long-Term Disability (LTD) posting and Sedgwick data transfers
- Replacement Benefit Program (RBP) annual maintenance

These accomplishments demonstrate measurable cost savings, reduced dependency on legacy systems, and continued progress toward a more secure, scalable, and sustainable technology platform.

Temporary staffing remains necessary to maintain a dedicated, focused migration team that can advance this work without competing with operational priorities. Once batch functions are fully migrated, ongoing support will transition to the existing Workspace team.

Temporary resources requested (continuation):

- Two Business Analysts
- Two Java Developers

Summary of Temporary Staffing

Targeted investment in temporary staffing is essential to sustain operational efficiency while advancing critical initiatives. To support ongoing temporary staffing needs and priority projects in FY 2026–27, the Systems Division requests a temporary staffing budget of **\$3,540,000**. This represents a **\$360,000 reduction** from the prior year budget of \$3,900,000. Although additional resources are being requested for Business Solution Initiatives, the overall reduction reflects the reallocation of the Enterprise Business Intelligence Initiative to Strategic Planning, where the associated temporary staffing and budget are more appropriately aligned.

Overtime Needs

We are requesting the same budget hours for overtime in FY 2026-27 that we requested in FY 2025-26. There is a minor increase due to cost-of-living adjustments. This overtime budget is primarily allocated for:

- After-hour system maintenance and upgrades
- Emergency system support
- Support for Saturday Member Services and Benefits operations
- Support for extended office hours during peak months
- Development and implementation support for Phase 2 of Sol

Interns

The Systems Division is seeking six interns: two for the Business Solutions unit, two for the Infrastructure Unit, and two for the Project Management Office. The Business Solutions interns will work on intelligence document processes and Business Intelligence (BI) initiatives. The infrastructure interns will join the engineering team to support and learn about LACERA's onsite data center. The Project Management Office interns will participate in ongoing projects as junior project managers. Our objectives for hiring interns are to provide meaningful work experience for Information Technology students, gain energetic resources with fresh perspectives for short-term projects, and identify qualified candidates for potential permanent positions within our division.

Funding for interns is provided in the Human Resources Division's Budget.

Rehired Retirees

The Systems Division is not requesting any rehired retirees for FY 2026-27.

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

Removal of One-Time Expenditures

The Systems Division has removed the following one-time expenditures totaling \$308,000 for FY 2026-27:

Project	Cost
• Transfer of Valimail to Information Security Budget	\$18,000
• Transfer of Governance, Risk, and Compliance Solution to Information Security Budget	\$70,000
• Transfer of Palo Alto Unit 42 to Information Security Budget	\$100,000
• Transfer of eDiscovery Solution to Information Security Budget	\$120,000

Services and Supplies Adjustments

Strategic Planning

Project	Total Cost	Description
Member Experience Communication Platform Enhancements	\$150,000	LACERA is modernizing our existing telecommunications infrastructure for servicing our members by implementing a world-class Member Service Contact Center that integrates with our existing Microsoft suite of products, our pension administration system, and our case management system. This funding is requested to enhance the features of the new system.
Enterprise Resource Planning Consulting Services	\$150,000	LACERA seeks to engage with a consulting firm to begin planning for the replacement of LACERA's legacy general ledger system with a modern Enterprise Resource Planning (ERP) solution that leverages cloud technology, automation, and advanced analytics. This strategic modernization effort will enhance financial accuracy, streamline workflows, reduce manual processes, and position LACERA for long-term operational efficiency and scalability.
My LACERA Mobile Application	\$500,000	LACERA seeks to begin the development of the My LACERA mobile application to expand member access, improve service delivery, and modernize our digital engagement capabilities. This mobile platform will provide secure, on-the-go access to essential retirement information, self-service tools, and real-time notifications, significantly reducing call center volume and operational workload. By meeting members where they are and aligning with industry standards for public pension systems, this investment strengthens LACERA's commitment to accessibility, efficiency, and long-term digital transformation.

Member Case Management (Phase 2 Continuation/Phase 3 Initiation)	\$500,000	Case management continues to be a top priority for LACERA in the upcoming fiscal year. LACERA completed Phase 1 of the project, which includes the Disability Retirement, Disability Appeals, and First Payment processes. The estimate in this current fiscal year is for the completion of Phase 2 and the initiation of Phase 3. Phase 2 includes all Death Processing. Phase 3 includes Collection Processing and Retiree Healthcare Enrollment. The future phases may involve an additional Request for Proposal (RFP) for professional services, or LACERA may choose to implement the additional phases using internal resources.
Knowledge Management Solution	\$590,000	To support LACERA's strategic objective of Innovation Through Technology, the organization seeks to implement an enterprise knowledge management solution that stores and organizes the knowledge and information of the organization into a single robust solution. We currently maintain this critical enterprise content in multiple formats and on disparate systems. This project will improve the efficiency of processes and operations by reducing the time and effort required to access and use relevant knowledge and information, preserve intellectual assets by capturing and storing knowledge of subject-matter experts or retirees and support learning and development of staff by providing a resource to acquire and update their knowledge and skills. The Request for Proposal (RFP) was released in FY 2025–26, and the project is now progressing through vendor selection. Implementation is scheduled to begin in FY 2026–27. This funding request covers implementation services, first-year licensing, and the continuation of a specialized taxonomy consultant to ensure successful delivery.

Business Intelligence Initiative – Temporary Contractors to Augment Internal Resources	\$840,000	LACERA seeks to continue the advancement of our enterprise business intelligence capabilities by expanding the use of Power Business Intelligence (BI) dashboards and fully leveraging LACERA's enterprise data lake within Microsoft Fabric. With Fabric and Purview providing a unified, governed data foundation, the division will deliver interactive, real-time dashboards that give staff and leadership clearer visibility into operational performance, workload trends, and member service metrics. These investments will improve the accuracy and timeliness of reporting, reduce manual data handling, and enable more data-driven decision-making across the organization—strengthening LACERA's ability to proactively identify opportunities, manage risk, and enhance service delivery.
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Enterprise Software: New

The Enterprise Software: New budget for FY 2026–27 has been reduced to zero as reflected in the Summary of Significant Changes chart at the beginning of this narrative. This change does not represent the elimination of enterprise software needs.

Instead, funding previously reflected in this category has been reallocated to Strategic Planning expense tracking to better align costs with the initiatives they support. This approach improves transparency by associating enterprise software expenditures directly with the strategic initiatives driving their use, rather than tracking them as standalone enterprise software purchases.

Reallocating these costs allows for clearer reporting, more accurate tracking of initiative-specific expenses, and improved alignment between technology investments and organizational priorities, while continuing to support enterprise software requirements as part of approved strategic initiatives.

Divisional Software: New

Project	Total Cost	Description
Project Portfolio Management System	\$80,000	The PMO seeks to implement a Portfolio Project Management (PPM) solution to help LACERA manage and prioritize multiple projects within our portfolio. A PPM solution will help define project portfolios and prioritize them based on ROI, resource availability, and strategic objectives. Once the projects are initiated, the PPM solution will enhance our ability to track costs, identify risks, manage timelines, and report on status. The same amount for this project was requested during the FY 2025-26 budget; however, this project was deferred due to resource constraints and to focus on higher priority initiatives.
Facilities Management Solution	\$100,000	LACERA seeks to implement ServiceNow's Facilities Management solution to centralize and streamline the way facility operations are managed across the organization. This platform will enable employees to submit maintenance and facilities requests through a unified portal, while providing facilities staff with the ability to track issue locations, associated assets, and work orders from intake through completion, improving response times and reducing manual processes. The solution also offers robust space-management capabilities—including occupancy metrics, floor-plan visualization, and move-management workflows—along with tools such as interactive facility maps and support for domain-separated operations, allowing LACERA to better optimize space utilization, enhance operational efficiency, and support compliance with workplace standards.
Disability Retirement Services AI Indexing Solution	\$150,000	LACERA seeks to implement an artificial intelligence use case within the Disability Application Process workflow. The proposed solution will automate the indexing of physicians' reports, eliminating the need for manual indexing.

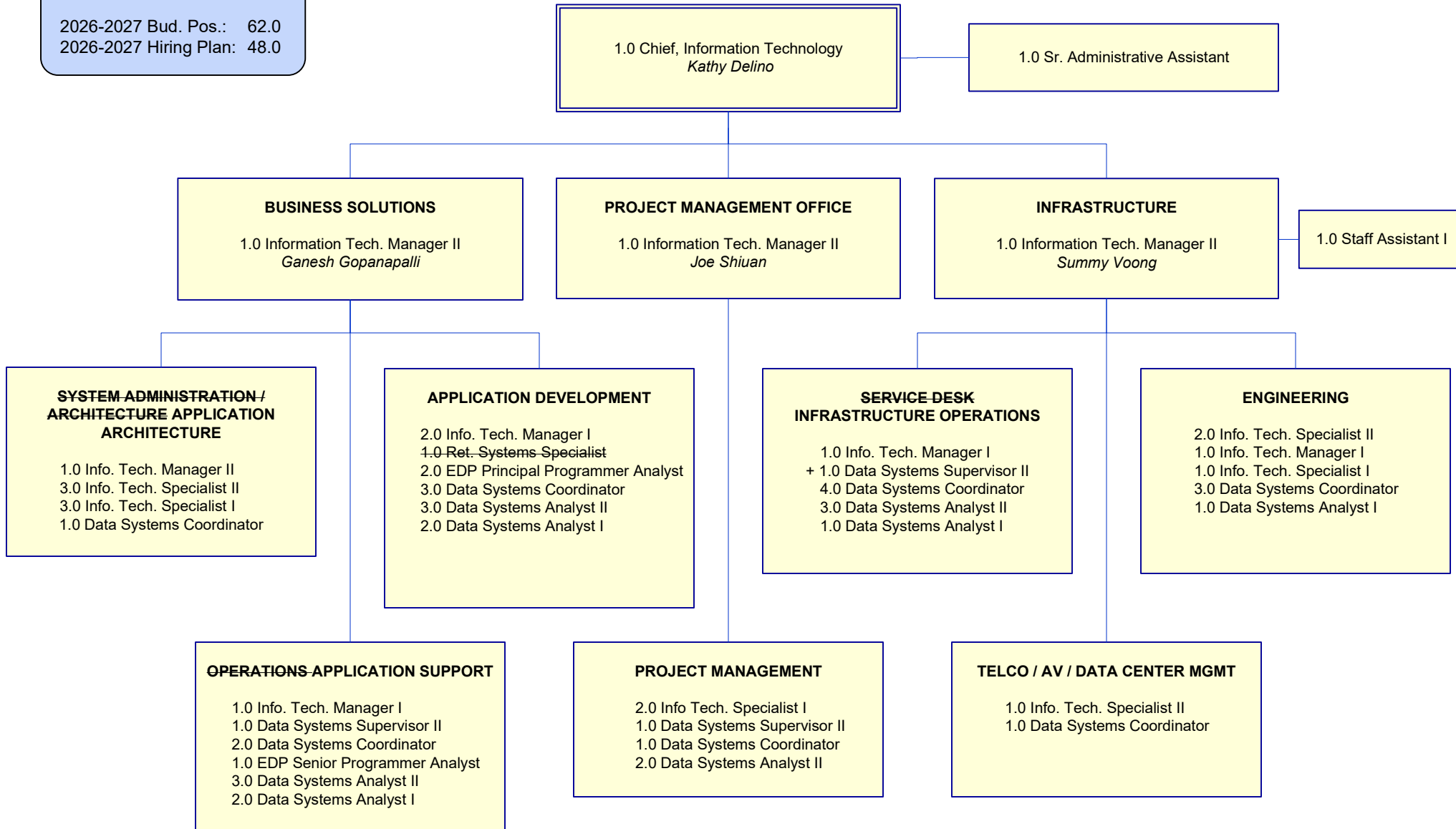
Virtual Mailroom Solution	\$150,000	LACERA seeks a virtual mailroom to ensure business continuity by providing efficient and secure management of incoming mail. The virtual mailroom would use an outsourced solution to provide uninterrupted document processing and remote accessibility. The same amount for this project was requested during the FY 2024-25 and FY 2025-26 budgets; however, this project was deferred due to resource constraints and to focus on higher priority initiatives.
Member Identity Verification Solution	\$220,000	To support LACERA's strategic objective of Superior Member Service and as part of our commitment to protecting the promised benefits, the organization seeks to improve our member identity verification processes. This project will ensure the organization can leverage identity verification and/or authentication services that adhere to the highest standards of data privacy and protection while enhancing the user experience and member satisfaction, reducing operational costs, and improving compliance and security requirements. The same amount for this project was requested during the FY 2024-25 budget; however, this project was deferred due to resource constraints and to focus on higher priority initiatives.

SYSTEMS DIVISION

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 62.0
2025-2026 Hiring Plan: 48.0

2026-2027 Bud. Pos.: 62.0
2026-2027 Hiring Plan: 48.0



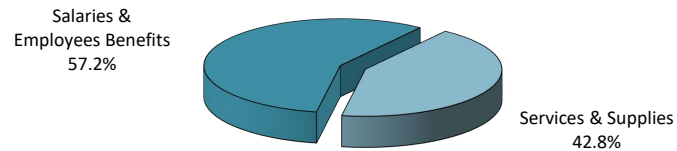
+ Added position
– Deleted position

LACERA
FISCAL YEAR 2026-2027
BUDGET SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$16,870,549	\$17,728,931	\$8,681,871	\$15,892,500	(\$1,836,431)	-10.4%	(\$858,382)	-4.8%
Services & Supplies	12,638,000	9,502,000	5,670,139	8,651,900	(850,100)	-8.9%	3,136,000	33.0%
OPERATING BUDGET	\$29,508,549	\$27,230,931	\$14,352,010	\$24,544,400	(\$2,686,531)	-9.9%	\$2,277,618	8.4%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$8,051,308	\$8,625,651	\$3,940,121	\$7,200,000	(\$1,425,651)	-16.5%	(\$574,343)	-6.7%
Total Agency Temp Salaries	3,540,000	3,900,000	2,045,789	3,900,000	0	0.0%	(360,000)	-9.2%
Employee Benefits (Variable)	4,054,111	4,030,094	2,146,765	3,719,700	(310,394)	-7.7%	24,018	0.6%
Employee Benefits (Other)	534,684	509,896	246,546	504,800	(5,096)	-1.0%	24,788	4.9%
OPEB Contribution	399,546	383,091	195,895	382,800	(291)	-0.1%	16,455	4.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	246,800	236,100	80,730	150,000	(86,100)	-36.5%	10,700	4.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	28,000	28,000	22,125	28,000	0	0.0%	0	0.0%
Rideshare Allowance	8,900	8,900	0	0	(8,900)	-100.0%	0	0.0%
Transportation Allowance	7,200	7,200	3,900	7,200	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$16,870,549	\$17,728,931	\$8,681,871	\$15,892,500	(\$1,836,431)	-10.4%	(\$858,382)	-4.8%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$16,870,549	\$17,728,931	\$8,681,871	\$15,892,500	(\$1,836,431)	-10.4%	(\$858,382)	-4.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA
FISCAL YEAR 2026-2027
BUDGETED POSITIONS

SYSTEMS DIVISION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0805	CHIEF, INFORMATION TECHNOLOGY, LACERA (UC)	1	LR14
0804	INFORMATION TECHNOLOGY MANAGER II, LACERA	4	LS12
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	6	128D
0801	INFORMATION TECHNOLOGY SPECIALIST I, LACERA	6	123B
0460	DATA SYSTEMS SUPERVISOR II, LACERA	1	121G
0469	DATA SYSTEMS COORDINATOR, LACERA	8	115L
0458	DATA SYSTEMS ANALYST II, LACERA	10	110D
0457	DATA SYSTEMS ANALYST I, LACERA	5	107H
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0426	STAFF ASSISTANT I, LACERA	1	090B

Total Filled Positions = **43**

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0803	INFORMATION TECHNOLOGY MANAGER I, LACERA	5	LS11
0460	DATA SYSTEMS SUPERVISOR II, LACERA	2	121G
0453	EDP PRINCIPAL PROGRAMMER ANALYST, LACERA	2	120K
0469	DATA SYSTEMS COORDINATOR, LACERA	7	115L
0452	EDP SENIOR PROGRAMMER ANALYST, LACERA	1	112J
0458	DATA SYSTEM ANALYST II, LACERA	1	110D
0457	DATA SYSTEMS ANALYST I, LACERA	1	107H

Total Vacant Positions = **19**

TOTAL POSITIONS = **62**

Non-Represented positions shown in black.
Represented positions shown in blue.
Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2026-2027
SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
COMMUNICATIONS	\$347,500	\$355,000	\$203,739	\$321,000	(\$34,000)	-9.6%	(\$7,500)	-2.1%
TRANSPORTATION & TRAVEL	53,000	53,000	19,602	43,000	(10,000)	-18.9%	0	0.0%
POSTAGE	550,000	450,000	253,462	450,000	0	0.0%	100,000	22.2%
OFFICE SUPPLIES & EQUIPMENT	545,000	560,000	265,367	495,000	(65,000)	-11.6%	(15,000)	-2.7%
EQUIPMENT MAINTENANCE	247,500	195,000	156,210	187,700	(7,300)	-3.7%	52,500	26.9%
EQUIPMENT RENT & LEASES	220,000	220,000	50,081	100,000	(120,000)	-54.5%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	3,882,000	1,092,000	473,491	860,000	(232,000)	-21.2%	2,790,000	255.5%
COMPUTER SERVICES & SUPPORT	6,596,000	6,425,000	4,126,948	6,051,700	(373,300)	-5.8%	171,000	2.7%
EDUCATIONAL EXPENSES	195,000	150,000	119,184	141,000	(9,000)	-6.0%	45,000	30.0%
MISCELLANEOUS	2,000	2,000	2,054	2,500	500	25.0%	0	0.0%
TOTAL	\$12,638,000	\$9,502,000	\$5,670,139	\$8,651,900	(\$850,100)	-8.9%	\$3,136,000	33.0%

*All amounts rounded to the nearest dollar.

SYSTEMS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$7,720,737	\$7,086,737	\$8,625,651	\$7,200,000	\$8,051,308
Total Agency Temp Salaries	2,140,100	2,909,452	3,900,000	3,900,000	3,540,000
Employee Benefits (Variable)	3,890,171	3,625,150	4,030,094	3,719,700	4,054,111
Employee Benefits (Other)	470,481	466,892	509,896	504,800	534,684
OPEB Contribution	305,784	325,243	383,091	382,800	399,546
Additional OPEB Contribution	0	305,784	0	0	0
Stipends	0	0	0	0	0
Overtime	229,200	137,318	236,100	150,000	246,800
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	24,658	28,000	28,000	28,000
Rideshare Allowance	8,900	0	8,900	0	8,900
Transportation Allowance	7,200	7,200	7,200	7,200	7,200
SERVICES & SUPPLIES					
Communications	390,000	266,741	355,000	321,000	347,500
Transportation & Travel	53,000	47,988	53,000	43,000	53,000
Postage	450,000	557,366	450,000	450,000	550,000
Office Supplies & Equipment	405,000	951,843	560,000	495,000	545,000
Equipment Maintenance	425,000	361,977	195,000	187,700	247,500
Equipment Rents & Leases	0	0	220,000	100,000	220,000
Professional & Specialized Services	1,075,800	1,005,319	1,092,000	860,000	3,882,000
Computer Services & Support	7,350,100	6,262,655	6,425,000	6,051,700	6,596,000
Educational Expenses	66,500	55,195	150,000	141,000	195,000
Miscellaneous	2,000	1,582	2,000	2,500	2,000
TOTAL OPERATING BUDGET	\$25,001,973	\$24,399,102	\$27,230,931	\$24,544,400	\$29,508,549

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2027

	Current Year		Prior Year
	EXPENSES AS OF 12/31/2025	PROJECTED FOR FY 2026-2027	ACTUAL FOR FY 2024-2025
Pension Trust Fund:			
Investment Management Fees			
U.S. Equity	\$ 5,152,627	\$ 10,305,255	\$ 9,798,467
Non-U.S. Equity	11,624,411	22,480,046	23,963,824
Fixed Income	4,415,460	11,362,113	11,633,892
Cash and Short-Term	193,445	386,890	353,112
Mortgage Loan Services	8,844	17,689	19,483
Private Equity	2,296,622	5,468,023	6,165,680
Real Assets	1,299,942	4,397,747	4,555,195
Real Estate	6,620,533	14,358,104	15,976,584
Hedge Funds	941,207	1,882,413	1,695,410
Commodities	20	-	612,652
Total Investment Management Fees	32,553,111	70,658,279	74,774,299
Other Investment Expenses			
Consultants			
General Investment Portfolio-Meketa Investment Group	133,859	535,436	527,639
Private Equity	447,500	895,000	824,000
Real Estate	100,925	390,184	432,975
Other Consulting Fees	540,000	1,080,000	1,204,419
	1,222,284	2,900,620	2,989,033
Custodians			
Investment Custodian and Banking Fees	1,926,399	2,805,439	2,862,415
Mortgages	1,250	5,000	5,000
	1,927,649	2,810,439	2,867,415
Performance and Other Fees	63,918,613	152,203,442	82,908,668
Investment Management Data Services	1,551,025	2,983,858	1,722,130
Investment Legal Counsel	402,060	2,386,988	1,817,645
Total Other Investment Expenses	69,021,631	163,285,346	92,304,892
Total Management Fees and Other Investment Expenses	\$ 101,574,742	\$ 233,943,625	\$ 167,079,191
Actuarial Consulting Services	138,665	442,000	344,911
Total Pension Fund Non-Administrative Expenses	\$ 101,713,406	\$ 234,385,625	\$ 167,424,101
Retiree Health Care (RHC) Program Funds:			
Fixed Income Management Fees	\$ 60,186	\$ 120,372	\$ 116,782
Short-Term Management Fees	3,229	6,457	6,647
Custodian Fees	15,000	30,000	30,000
Total RHC Program Non-Administrative Expenses	\$ 78,414	\$ 156,829	\$ 153,429
Other Post Employment Benefits (OPEB) Trust Fund:			
Enhanced Cash Management Fees	\$ 24,059	\$ 48,119	\$ 39,594
Commodities Management Fees	-	-	20,280
Global Equity Management Fees	225,066	450,131	333,685
Fixed Income Management Fees	937,171	1,874,342	1,714,475
Private Assets Management Fees	1,407,408	2,860,000	7,183,689
General Investment Portfolio Consultant	46,441	92,882	91,529
Custodian Fees	(28)	164,561	265,810
Total OPEB Trust Non-Administrative Expenses	\$ 2,640,117	\$ 5,490,035	\$ 9,649,061

2023-2028 Board of Retirement Strategic Plan Quarterly Update

**Operations Oversight Committee
April 2026**



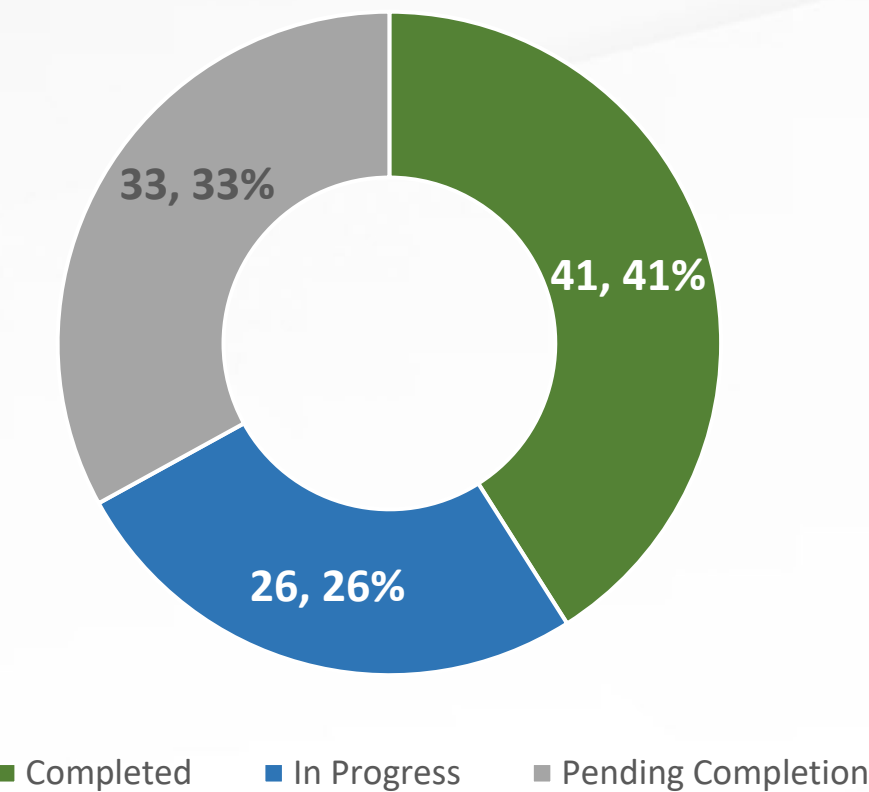
Dashboard

January – March 2026

2023-2028 Strategic Plan Progress Summary



Overall Milestone Progress



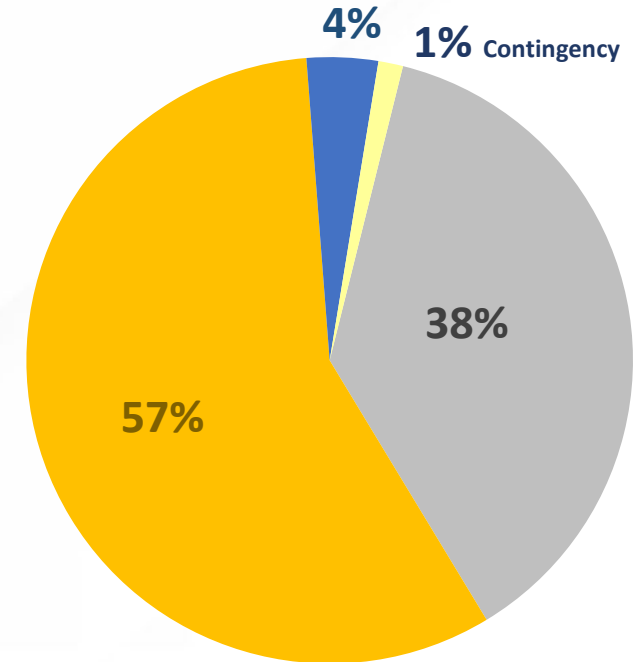
Overall Goal Completion

Goal 1 Superior Member Experience	31%
Goal 2 Innovation Through Technology	50%
Goal 3 Investing in People	31%
Goal 4 Ethics & Compliance and Enterprise Risk Management	53%
Goal 5 Fiscal Durability	50%



FY 25-26 Estimated Budget for Strategic Plan Goals

Goal 1 Superior Member Experience	\$714,000
Goal 2 Innovation Through Technology	\$1,095,000
Goal 3 Investing in People	\$0
Goal 4 Ethics & Compliance and Enterprise Risk Management	\$72,500
Goal 5 Fiscal Durability	\$0

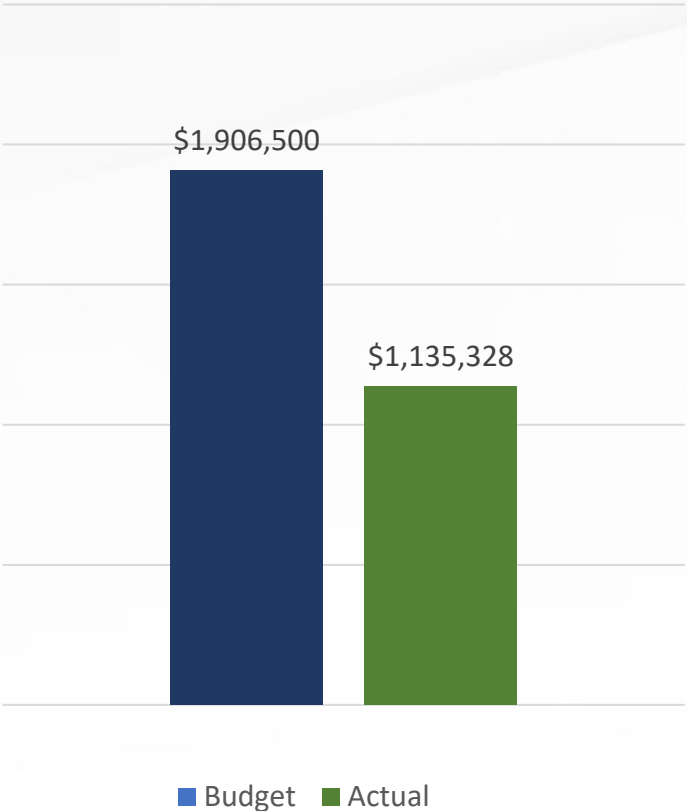


Estimated Budget Total* | \$1,906,500
(Includes Contingency Fund of \$25,000)
(Subject to Change)

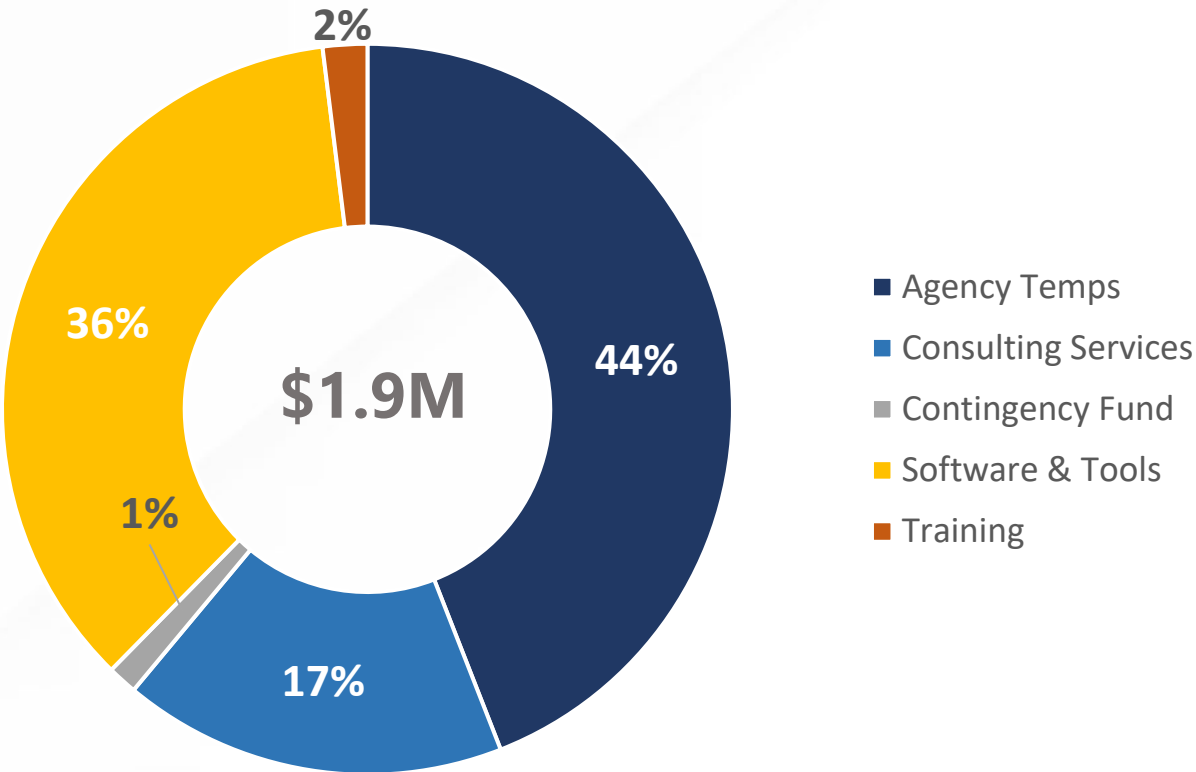
Estimated Budget & Resources



FY 25-26 Estimated Budget Summary



FY 25-26 Estimated Budget Resource Summary





January through March 2026

Goal 1 | Superior Member Experience

The Member Experience Communication Platform (Genesys) has been selected, and implementation planning is underway. The New Hire Safety Member survey has been sent to safety members to gain insight on their onboarding experience.

Goal 2 | Innovation Through Technology

Dashboards for the Business Intelligence Platform are currently being developed. Vendor demonstrations are currently underway for the Enterprise-Wide Knowledge Management Solution.

Goal 3 | Investing in People

The Inclusion, Diversity, Equity and Accessibility (IDEA) internal site has been launched. Manager and Supervisor learning and development plan have been developed to include training on supervisions, compliance, and risk mitigation.

Goal 4 | Ethics & Compliance and Enterprise Risk Management

A Request for Proposal (RFP) has been issued for a recruiting firm for the hiring of the Chief Ethics and Compliance Officer (CECO) and a projected hiring timeline has been set. An ERM working group has been established, which has begun interviewing consultants to assist with ERM Program development.

Goal 5 | Fiscal Durability

Efforts are underway to contract a Lead Analyst to assess, stabilize, enhance, integrate, and support our highly customized CobbleStone Insight environment, enabling procurement, vendor management, workflow automation, approvals, amendments, and compliance functions.



Strategic Initiative Update

Emburse | Streamlining Expense and Reimbursement Management
Goal 5, Fiscal Disability | Objective 5.1

Presented by:
Cookie Jaranilla, IT Specialist II
Ervin Wu, Accounting Officer I

Implemented Solution



- Manual preparation of payment requests and expense vouchers
- On-site check printing that delayed payments and increased operational risk
- Limited visibility into approval and payment status
- Inconsistent controls that increased compliance and audit risk

Business Problem



Emburse Professional Expense Reimbursement



Key Process Improvements



Expense Capture



- Employees submit expenses via mobile app, email, or web
- Digital receipts attached at submission
- OCR technology automatically extracts receipt data

Automated Reporting



Policy Enforcement



- Configurable rules for:
 - Spending limits
 - Required receipts
 - Vendor restrictions
- Non-compliant transactions are flagged before submission

Approval & Reimbursement



- Multi-tier approval workflows
- Real-time status visibility for employees and managers
- 96%+ conversion rate from checks to ACH
- Exported data for GL reconciliation



Francisco Jaranilla ▾
LA County Employees Retirement Asso...

 Reporting

Drafts	0
Requested	0
Approved	1
Archived	1

Drafts	0
Pending Approval	0
Pending Payment	0
Archived	3

34

[View my company's Travel and Expense policies](#)

[Read our Blog](#)

[Browse the Release Notes](#)

3

6/12/25	9189 - Travel - Mileage	\$350.00
1/14/25	9189 - Travel - Mileage	\$21.00
9/6/24	Arco	\$27.79

3 ITEMS

5



UPLOAD

MORE METHODS

Spend Request Screen



Spend Request (Itemized)

Status Completed

Current Approver Theodore Granger

Department Financial and Accounting Services

Submitter Ervin Wu

Name Edu - GFOA Annual Conference - 06/29/2025 - 07/02/2025 - Washington, DC

Description Attending GFOA to learn about current issues, challenges, and opportunities relating to government finance.

Dates 06/28/2025 - 07/02/2025

Delete Request

Spend Request History		Full Approval History
06/09/2025	Requested	Giselle Jaimes on behalf of: Ervin Wu
06/09/2025	Approved	Theodore Granger

Request Details

Status	Expense Type	Department	Category	Details	Reason	Attachment	Amount
✓	Lodging	Financial and Accounting Services	9183 - Travel - Lodging	>	>		\$1,247.62
✓	Travel	Financial and Accounting Services	9184 - Travel - Airfare	>			\$617.00
✓	Miscellaneous	Financial and Accounting Services	Meals and Incidentals Per-Diem (Spend Request)	>			\$414.00
✓	Miscellaneous	Financial and Accounting Services	9962 - REGISTRATION FEES	>			\$575.00
✓	Miscellaneous	Financial and Accounting Services	9186 - Travel - Ground Transportation	>			\$250.00

Total Applied to Emburse Card	\$0.00
Total Disapproved	\$0.00
Total Approved	\$3,103.62
Total Requested	\$3,103.62

Expense Report Screen



My Expense Report

Status

Completed

Department

Financial and Accounting Services (59302)

Summary

Ervin Wu

WUERV18272 8272 - Edu - GFOA Annual Conference - 06/29/2025 - 07/02/2025 - Washington, DC

6/28/2025 - 7/2/2025

Attending GFOA to learn about current issues, challenges, and opportunities relating to government finance.

Edu - GFOA Annual Conference - 06/29/2025 - 07/02/2025 - Washington, DC

[Print Report](#)

[Delete Report](#)

Spend Request

Approval History

[Full Approval History](#)

7/7/2025

Submitted

Ervin Wu

7/9/2025

Disapproved

Theodore Granger

7/10/2025

Resubmitted

Ervin Wu

Receipt Image

1 of 1

Expenses											
Actions	Status	Date	Category	Details	Amount	Reim.	Reim. Amt	Billable	Receipt	Reason	
		6/16/2025	9962 - REGISTRATION FEES	✓ Meets policy. Vendor: GFOA Location: Chicago, IL	575.00	No	0.00	No			
		6/28/2025	z(ACCRUAL) 9186 - Travel - Ground Transportation	✓ Meets policy. Vendor: Uber Technologies Location: San Francisco, CA	141.49	Yes	141.49	No		Fwd: Your Saturday morning trip with Uber Home to Airport	
		6/28/2025	z(ACCRUAL) 9186 - Travel - Ground Transportation	✓ Meets policy. Vendor: Uber Technologies Location: San Francisco IX, CA IX	27.91	Yes	27.91	No		Fwd: Your Saturday afternoon trip with Uber Airport to Hotel WITH Edward and Ana.	
		6/28/2025	z(ACCRUAL) 9191 - Travel - Per Diem DAILY MEALS & INCIDENTAL S	✓ Meets policy. Destination: DC - District of Columbia - Washington DC (also the cities of	69.00	Yes	69.00	No			

Linked Spend Request

Total: 9 Expenses

\$2,897.88 spent of \$3,103.62 approved

Closing Takeaways



- Modernized expenses and reimbursements with measurable efficiency gains
- Eliminated manual processes and accelerated approvals
- Improved transparency, compliance, and audit readiness
- Reduced operational risk and strengthened governance



Strategic Plan Overview

January – March 2026

GOAL 1: Superior Member Experience

Innovate and continuously improve the member experience

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey	 On Track (Execution Phase)	\$77,000	JJ Popowich, Tatiana Bayer	New hire safety member experience survey released.	New hire general member experience survey will be sent out in April.	September 2028
1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan	 On Track (Execution Phase)	\$77,000	JJ Popowich, Cynthia Martinez	Social Media Plan launched to support expanded member education and outreach.	Retirement University educational video series in pre-production, with twelve videos planned.	December 2028
1.3 Develop, implement, and deploy a digital strategy to better serve our members	 On Track (Execution Phase)	\$560,000	JJ Popowich, Cookie Jaranilla (PM), Iveta Brecko (PM)	Design and build phase of various functional modules within the Member Experience Communication Platform (Genesys) are underway.	Continued efforts to Workspace and other applications continue to be enhanced.	December 2028
1.4 Improve and enhance the retiree healthcare experience	 On Track (Execution Phase)	\$0	JJ Popowich, Tionna Fredericks	Efforts are underway to finalize the online Retiree Healthcare enrolment.	-	June 2028

Strategic Objective 1.1 | Omni-Channel Experience



Ensure an omni-channel experience at every stage of a member journey

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Implemented a standardized omnichannel retirement counseling
- Implemented Retiree Healthcare new retiree topics into the Member Services retirement counseling throughout the Call Center to offer a true omnichannel standardized counseling (in alignment with the current Outreach counseling)
- Cross trained Outreach and Call Center staff on all different channels used to provide member counseling
- New hire member surveys for general and safety initiated
- Identify points of communication in each member journey
- Develop a framework and plan for each omni-channel
- Identify and implement new omni-channel sources
- Communicate omni-channel sources and educational content

Strategic Objective 1.2 – Member Educational Content



Enhance member educational content at every stage in their journey and launch LACERA Communication Plan

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Launched Social Media Plan
- Finalize LACERA’s Communication Plan
- Complete member education needs assessment
- Launch and expand the Resource Library on LACERA.gov
- Execute targeted outreach campaigns
- Implement accessibility enhancements
- Retirement University educational video series

Strategic Objective 1.3 – Digital Strategy



Develop, implement, and deploy a digital strategy to better serve our members

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Selection of the Member Experience Communication Platform (Genesys)
- Completed first retirement payment within LACERA's Case Management System (SOL) and the workflow is being monitored
- Executive the Disability Retirement and Disability Litigation Case Management (SOL Phase I)
- Streamline foundational processes within SOL, My LACERA, and Workspace (pension administration platform)
- Launch the Member Experience Communication Platform (Genesys) designed to improve member and retiree interactions across multiple channels
- Implement and launch SOL Phase II – Active Death and Retired Death Case Management
- Integrate Empower (401/457 Defined Contribution Plan) and My LACERA portal
- Launch Employer Portal to support LA County Department of Human Resources and new hires
- Launch LACERA mobile application

Strategic Objective 1.4 – RHC Experience



Improve and enhance the retiree healthcare experience

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Survey results received from the Retiree Healthcare staff regarding member journey and process input
- Creation of a Retiree Healthcare summary chart of the non-medicare plans for members to easily reference
- Launch a member online medical and dental plan comparison for member reference
- Integrate the Social Security Administration (SSA) data exchange for member online plan comparison
- Automate Retiree Healthcare foundational processes
- Distribute a Retiree Healthcare survey to all members
- Implement a Retiree Healthcare online enrollment
- Communicate Retiree Healthcare online enrollment and training to members

Goal 2: Innovation Through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
2.1 Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform	 On Track (Execution Phase)	\$960,000	Luis Lugo, Kathy Delino, Ahmad Chishty (PM)	The Business Intelligence project team will be meeting with each division to assess reporting and dashboard requirements	MS Fabric Proof of Concept has been completed	December 2027
2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information	 On Track (Execution Phase)	\$135,000	JJ Popowich, Eugenia Der, David Choe (PM)	Vendor demonstrations for a knowledge management solution are underway.	-	December 2028

Strategic Objective 2.1 – Business Intelligence Platform

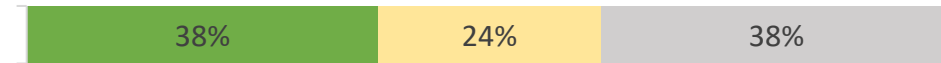


Promote an enterprise approach to information gathering, integration, analysis, and sharing that fosters decision-making through the adoption of a business intelligence platform

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Selected and implemented a business intelligence platform
- Established a centralized repository for organization-wide information for easy reference
- Establish Business Intelligence governance and role-based access
- Roll out of dashboards to each to include top metrics and visualization requirements, building interactive dashboards with drill-down capabilities, and rolling out dashboards to leadership teams

Strategic Objective 2.2 – Enterprise-Wide Knowledge Management

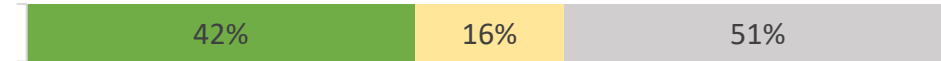


Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Taxonomy consultant selected
 - Organizational assessment and content tagging of approximately 3,500 knowledge assets from the Member Operations Group and Compass Library completed
 - First iteration of LACERA taxonomy glossary completed
 - Request for Proposal issued for a Knowledge Management Solution
-
- Selection of a Knowledge Management Solution Vendor
 - Implement and launch Knowledge Management Solution

Goal 3: Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
3.1 Develop and implement a frameworks aimed at promoting and embracing diversity, equity, and inclusion (DEI)	 On Track (Execution Phase)	\$0	Laura Guglielmo	IDEA site launched on LACERA Connect for Staff to access resources and information.	-	December 2027
3.2 Develop enterprise-wide training and development programs designed to support and encourage employee growth and development	 On Track (Execution Phase)	\$0	Laura Guglielmo, Carly Ntoya	The Executive Office approved the strategic objective milestones.	Developed and configured Manager and Supervisor Learning Plans in NeoGov Learn.	June 2028
3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning	 On Track (Execution Phase)	\$0	Laura Guglielmo, Carly Ntoya, Alonso Favela (PM)	Implemented enhancements in NeoGov to allow for improved communication about performance.	Actively working on reducing vacancy rate with a goal of 13% by FYE.	June 2028

Strategic Objective 3.1 – Diversity, Equity, Inclusion



Develop and implement a framework aimed at promoting and embracing diversity, equity, and inclusion (DEI)

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Established the Inclusion, Diversity, Equity, and Accessibility (IDEA) Council
- Communicated Statement of Commitment to LACERA team members, members via LACERA.gov and to the public via social media
- Created the IDEA platform on LACERA Connect (Intranet) for LACERA team members to go for resources and information
- Launch the IDEA platform internally providing resources and information
- Conduct a needs assessment gap analysis
- Centralize training programs and opportunities to educate LACERA team members via LEARN Management System

Strategic Objective 3.2 – Employee Training and Development



Develop enterprise-wide training and development programs designed to support and encourage employee growth and development

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

- Implement an All-Staff Development Plan focused on a standard baseline set of knowledge, skills, and abilities (KSA)
- Implement a Supervisor Learning and Development Plan aiming to equip and enhance each supervisors' skills and knowledge essential for excelling in this role
- Revise and enhance the Career Development Program (CDP)
- Implement a Manager Learning and Development Plan specifically tailored for Division Managers at LACERA aiming to enhance technical and soft skills essential for excelling in this role
- Revise the Temporary Opportunity Program (TOP) providing permanent LACERA employees with a chance to gain hands-on work experience in various parts of our organization through temporary assignments
- Revise the Leadership Development Program (LDP) to align with the Leadership Pipeline including leadership courses and invaluable experience by working as part of a team while developing and utilizing skills that are learned

Strategic Objective 3.3 – Improve & Simplify Hiring Process



Improve and simplify the hiring process, aimed at building a solid foundation for succession planning

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Developed and implemented a Hiring Manager Playbook to ensure transparency, consistency, flexibility and compliance with civil service rules and standards
- Implemented and regularly reported Key Performance Indicators (KPIs), publically and internally
- Implemented enhancements in NeoGov to allow for expanded candidate communication during the recruitment and assessment phases

- Update the Employee Handbook
- Automate reports for represented and non-represented performance evaluations
- Revise and implement a standardized new hire onboarding process
- Develop a Workforce Plan to mitigate attrition
- Pilot low-tech tracking tool for hiring process

Goal 4: Ethics & Compliance and Enterprise Risk Management

Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations	 On Track (Execution Phase)	\$72,500	Luis Lugo, Steven Rice, Allison Barrett	Ongoing development of policies, training, and governance structures to strengthen ethical standard, accountability and compliance across the organization continue to be a focus.	The Chief Ethics and Compliance Officer hiring timeline has been set.	December 2028
4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management	 On Track (Execution Phase)	\$0	Luis Lugo, Richard Bendall	Enterprise Risk Management (ERM) Group has been established.	Internal Audit and the Ethics and Compliance team are taking a collaborative approach to the development of the ERM program as part of an Aligned Assurance model, with Internal Audit acting as project manager.	December 2028

Strategic Objective 4.1 – Ethics & Compliance Plan and Program

Develop an ethics and compliance plan and program to ensure adherence to ethical standards and established processes, procedures, policies, and governing rules and regulations

Overall Status
EXECUTION PHASE 

Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Ethics and Compliance Committee Established
- Policy Management Central Library Created
- Conducted Staff Culture Survey and Focus Groups
- Substantial Progress on All Elements of Board- and ACRE-Approved Foundational Work Plan
- Six Certified Ethics and Compliance Professionals (CCEP)

Strategic Plan 4.2 – Enterprise Risk Management

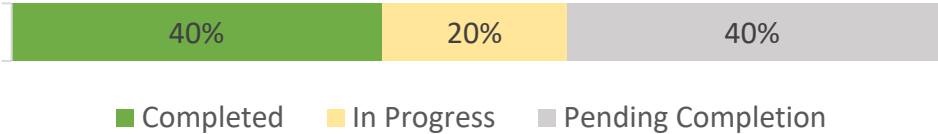


Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management

Overall Status
EXECUTION PHASE



Overall Objective Progress



Key Accomplishments

- Established an Enterprise Risk Management (ERM) Group
- Interviewed consulting firms to advise on ERM implementation

Goal 5: Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

Objective	Progress	Current FY Budget	Executive Sponsor, Lead, Project Manager	Key Update	Highlights	Expected Completion
5.1 Develop organizational tools to support enterprise-wide fiscal responsibility	● On Track (Execution Phase)	\$0	Laura Guglielmo, Ricki Contreras, Cookie Jaranilla (PM), Penelope Rodriguez (PM)	Implemented a Travel and Expense Software and training completed.	CobbleStone process review and assessment efforts underway.	June 2028
5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals	● On Track (Execution Phase)	\$0	Luis Lugo, Jon Grabel, Jude Perez	Key efforts are focused on completing the classification and analysis of the LACERA Building.	-	June 2027

Strategic Objective 5.1 – Fiscal Responsibility



Develop organizational tools to support enterprise-wide fiscal responsibility

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Implemented Accounts Payable (Certify) System
- Implemented a Budget Software (Questica) Solution
- Centralized a vendor management program
- Implemented a Travel and Expense Software (Certify/Emburse)

- Implement an Enterprise Contract Lifecycle Management (ECLM) Solution (Cobblestone)
- Provide staff with financial training
- Conduct an Enterprise Resource Planning (ERP) tool assessment

Strategic Objective 5.2 – Support the BOI’s Strategic Plan Goals



Support the LACERA Investment Office in implementing and achieving the BOI’s Strategic Plan Goals

Overall Status
EXECUTION PHASE



Overall Objective Progress



■ Completed ■ In Progress ■ Pending Completion

Key Accomplishments

- Approval of the Actuarial Funding Policy and Interest Crediting Policy for Reserves

- Approval of the OPEB Prefunding Policy
- Conduct the classification and analysis of the LACERA Building
- Implement a plan to reclassify the LACERA Building
- Select a Media and Public Relations firm
- Implement an Investment Office Incentive Plan

Thank You!



Questions

2026 Strategic Framework and Initiatives: Towards Best-In-Class Investor

Board of Investments Meeting
January 14, 2026



Recommendation

Approve the 2026 Strategic Framework and Initiatives, and

- Initiate planning for a Strategic Framework refresh
- Collaborate with Meketa to review governance practices

Overview

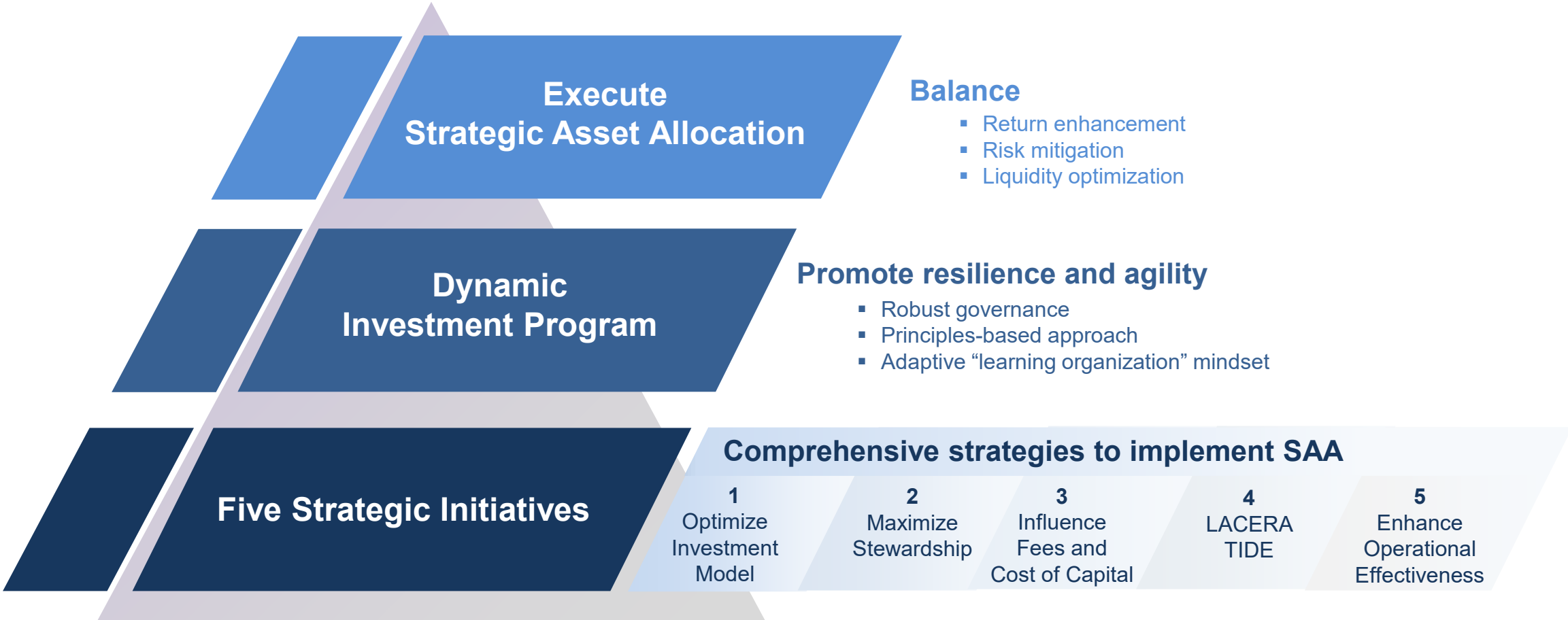
The 2026 Strategic Framework and Initiatives aim to:

1. Fulfill LACERA's mission to members by guiding implementation of the strategic asset allocation
2. Provide visibility into initiatives to facilitate oversight and governance
3. Build upon strong foundation to facilitate future success

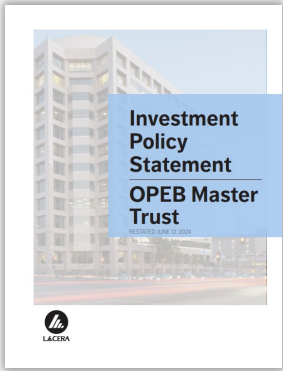
Strategic Framework: Towards Best-In-Class Investor¹



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



¹Framework initially approved by the Board of Investments in 2020; subsequently modified and reapproved in 2021 and 2024.



“In order to exercise its fiduciary duties, the Board has the responsibility to stay informed and affirmatively conduct oversight of LACERA’s investment program [for the Fund and OPEB Trust], including receiving, reviewing, and engaging on investment performance and compliance information and reports”

Policy and Strategy

- IPS - Investment Policy Statement
- SAA - Strategic Asset Allocation
- Structure reviews and investment guidelines
- Strategic Framework and Initiatives
- Actuarial study and funding policy
- Consultants, actuaries, fiduciary counsel

Oversight

- Portfolio implementation
- Performance, risk, and compliance
- Proxy voting and stewardship
- Initiative updates (e.g., LACERA TIDE)
- Portfolio information (e.g., manager scorecard, fee analysis)
- CIO performance evaluation

Periodic Updates

- CIO monthly reports
- Notification of new investments and redemptions
- RFP updates and memorandums
- Material portfolio or market events
- Educational speakers

The above lists are not exhaustive. The IPS provides a more comprehensive description of roles and responsibilities.

1. Optimize Investment Model



Objective

Utilize forward thinking, enduring investment models and structures with a focus on technology, cost effectiveness, and human capital to maximize risk-adjusted returns



Progress

- Increased portfolio intentionality through secondary purchase and sale opportunities in private equity, real assets, and real estate while securing attractive pricing
- Significant transition of real estate assets from separate accounts to commingled funds to improve risk adjusted returns, diversification, and scalability
- Improved portfolio efficiency by raising OPEB Trust commitment sizes to enhance scalability
- Expanded implementation of dedicated managed accounts to another asset category (hedge funds)
- Deepened institutional knowledge by exploring novel investment approaches, including renegotiating IPO rights, and conducting rigorous post-investment reviews to guide investment decisions



Aspirations

- Advance adoption of innovative investment models and structures to strengthen long-term portfolio resilience and risk-adjusted returns
- Optimize rebalancing strategies across portfolio to strengthen returns and strategic impact, including private markets
- Continue to assess internal and external management approaches for optimal effectiveness

2. Maximize Stewardship and Ownership Rights



Objective

Steward our investments – including legal rights associated with them – to promote and safeguard our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy



Progress

- Voted proxies at over 6,000 global shareholder meetings, applying LACERA's custom corporate governance policy
- Supported initiatives to expand ESG data for investment analysis (e.g., joining ESG Data Convergence Initiative)
- Executed corporate engagement initiatives and policy advocacy
- Published LACERA Corporate Governance and Stewardship Report



Aspirations

- Onboard new analytics tools, including increasing private markets coverage
- Support investor associations to advocate prudent market policies (e.g., Council of Institutional Investors, International Corporate Governance Network)
- Amplify our strategic communications of LACERA stewardship efforts

3. Strengthen Influence on Fees and Cost of Capital



Objective

Leverage our influence on fees and cost of capital across all investment strategies and structures in a manner that aligns interests and promotes resilient investment returns



Progress

- Achieved better economics through strategic negotiations and structures (e.g., hard hurdle fees, tailored share classes, revenue sharing, co-investments, and selective negotiation pauses)
- Optimized implementation costs through account structure enhancements (e.g., expanding managed account platforms to new asset categories and overlays to OPEB)
- Proactively improved mandate terms and alignment (e.g., restructuring based on manager performance)
- Introduced new fee metrics to evaluate efficiency of total Fund cost and expenses



Aspirations

- Establish industry leadership as “term-makers” rather than “term-takers” on fees, legal provisions, and related terms
- Foster higher alignment of interest and improved incentivization structures with business partners
- Position liquidity as a strategic asset: harvest investments to build reserves and redeploy into high-conviction opportunities
- Expand ongoing evaluation of investor profit retention and fee efficiency measurements

4. LACERA Towards Inclusion, Diversity, and Equity



Objective

Enhance outcomes by encouraging constructive, inclusive, and equitable talent management at investment partners, service providers, industry, and internally



Progress

- Focused career development with 15 internal promotions in last 5 years (4 in 2025), active intern program, and new investment fellowship program with two inaugural hires
- 100% of investment mandates assessed with continued manager responsiveness and disclosure
- Established emerging manager programs in each asset class and increased target ranges
- Appointed to advisory boards, such as Girls Who Invest, ILPA Driving Inclusion in Alternatives, and CFA Institute
- Supported expansion of due diligence templates and tools to facilitate reporting in financial services industry



Aspirations

- Support and expand constructive and inclusive practices across investment industry
- Be an employer of choice at all levels from internships through management
- Use increased data and insights to inform and influence inclusive and equitable talent management with investment partners

5. Enhance Operational Effectiveness



Objective

Improve our resource efficiency (human, technological, internal, and external) while mitigating investment and enterprise risks to strengthen future outcomes



Progress

- Facilitated knowledge sharing through Trustee education sessions and staff town halls
- Aligned resources with Board and organizational priorities
- Revamped reporting, including CIO Monthly, Quarterly Performance and Annual TIDE reports
- Promoted diverse perspectives via internal investment committee rotations
- Standardized diligence frameworks to increase comprehensiveness of investment processes
- Expanded investment sourcing channels (e.g., newopportunities@lacera.gov, investment databases)



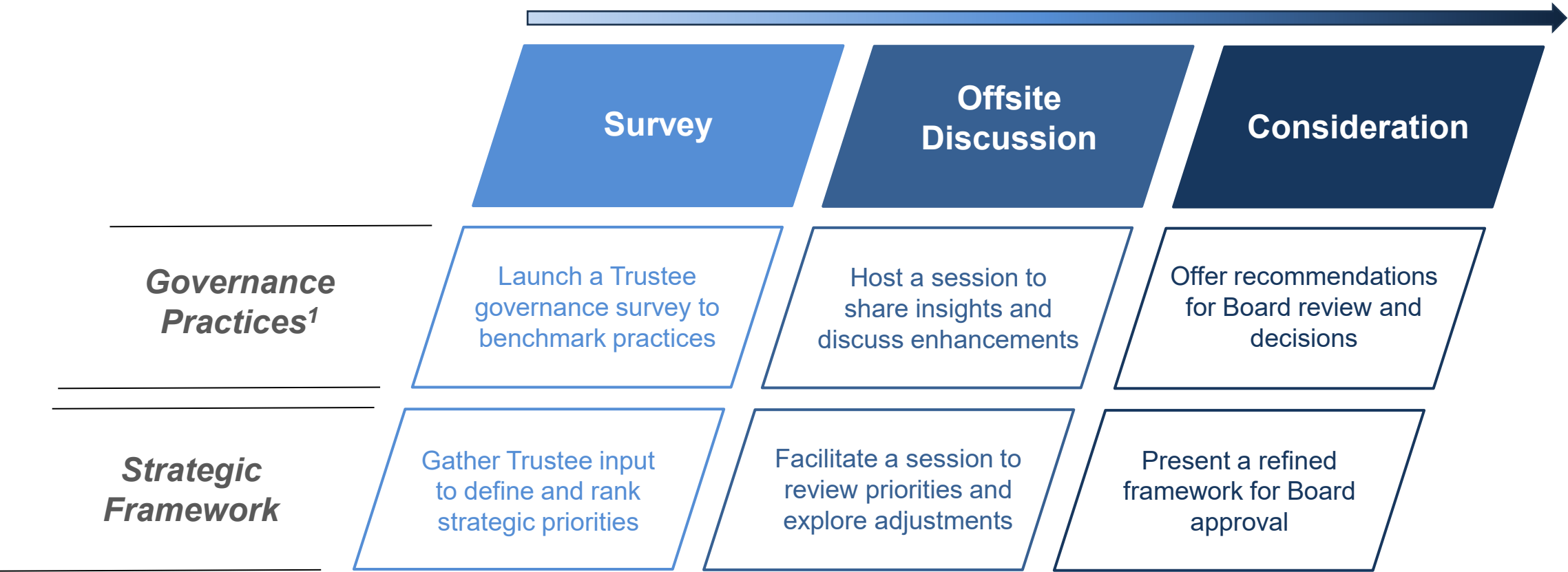
Aspirations

- Efficiently fill and onboard vacant positions
- Implement advanced technology, including artificial intelligence, to enhance total Fund management
- Identify opportunities to optimize investment onboarding process
- Advance data and analytics platforms to support portfolio oversight of performance and risk management

Next Steps



Outlined below is a proposed year-long plan to evaluate governance practices, in collaboration with Meketa, and refresh the strategic framework initiatives



¹Facilitated by Meketa.

2026 Strategic Framework and Initiatives Recommendation



Recommendation

Approve the 2026 Strategic Framework and Initiatives, and

- Initiate planning for a Strategic Framework refresh
- Collaborate with Meketa to review governance practices

Context (If Approved)

The 2026 Strategic Framework and Initiatives aim to:

1. Fulfill LACERA's mission to members by guiding implementation of the strategic asset allocation
2. Provide visibility into initiatives to facilitate oversight and governance
3. Build upon strong foundation to facilitate future success

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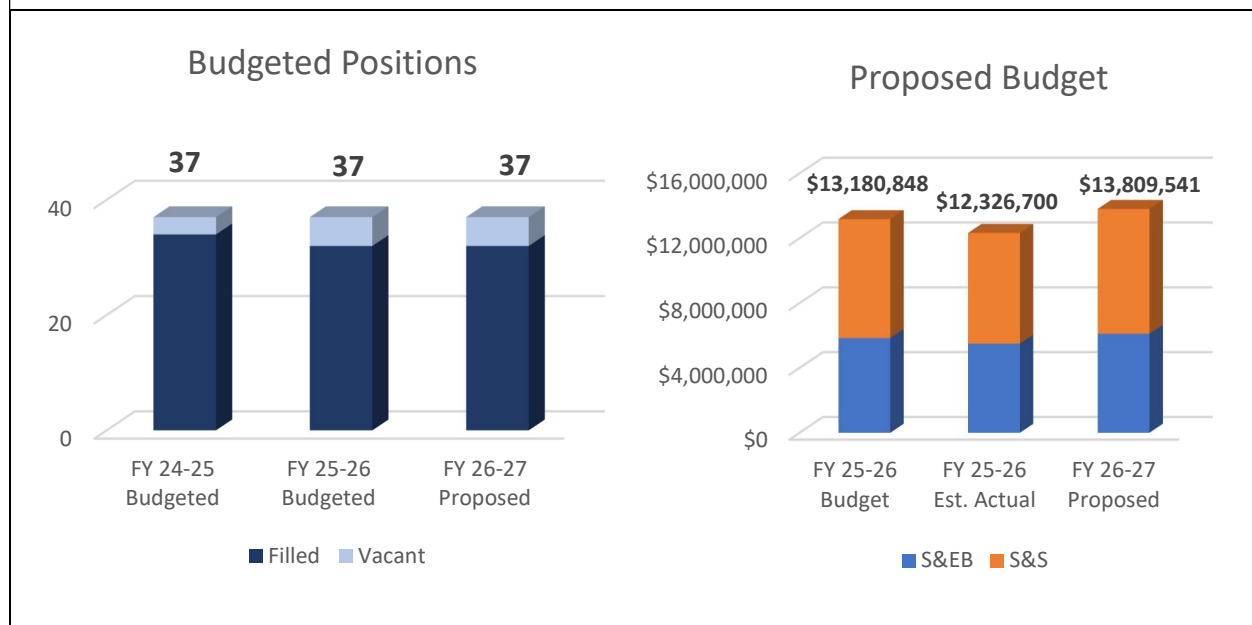
Retiree Healthcare Benefits Program

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Retiree Healthcare Benefits Program

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program for eligible LACERA retired members, survivors, and their eligible dependents. This activity includes providing a healthcare program of the highest quality at an affordable cost and educating members about their promised healthcare benefits, including how they intersect with federal and state healthcare reform programs such as the Patient Protection and Affordable Care Act (ACA), Medicare, and Social Security.



Summary of Significant Changes

<u>Description</u>	<u>FY 2025-26 Adopted Budget</u>	<u>FY 2026-27 Proposed Budget</u>	<u>Net Change</u>
Agency Temporary	\$73,300	\$229,500	\$156,200
Special Retiree Mailings	\$350,000	\$375,000	\$25,000
OPEB Valuation	\$354,000	\$623,000	\$269,000

STATUS OF FY 2025-26 PROJECTS AND INITIATIVES

- **Electronic file submission to carriers** (supports Innovation Through Technology priority): We continue to collaborate with Systems to implement a process for submitting member eligibility files electronically to our health plan carriers, beginning with the Kaiser plan. We anticipate the Kaiser plan submission to be completed by June 2027.
- **Retiree healthcare enrollment videos** (supports Superior Member Experience priority): We partnered with the Communications team to develop retiree healthcare enrollment videos, which were published on the LACERA website (lacera.gov). The project was completed by the planned completion date of June 30, 2025.

FY 2026-27 STRATEGIC GOALS AND OBJECTIVES

- **Self-service healthcare enrollment in member portal** (supports Fiscal Durability and Superior Member Experience priorities): We continue to partner with Systems on this goal. The self-service member healthcare enrollment using the member portal will help streamline and automate the enrollment process, helping decrease our workload while enhancing the member experience. This goal will be implemented in phases over the next two (2) years (2026-2027).
- **Automation of Medicare Part B Verification Review** (supports Innovation Through Technology and Superior Member Experience priorities): We continue to partner with Systems in automating and streamlining the review of incoming Part B verifications received from members by using Optical Character Recognition (OCR) and auto-updating the standard Part B amounts. This will help decrease our workload tremendously and improve the member experience. We anticipate that this project will be completed by June 2027.
- **Automation of Healthcare Enrollments Review** (supports Innovation Through Technology and Superior Member Experience priorities): We are partnering with Systems in automating and streamlining the review of incoming healthcare enrollments forms and supporting documents received from members by using OCR. This will help decrease our workload tremendously by automating the process and improve the member experience. We anticipate that this project will be completed by June 2027.
- **RHC CORE Benefits Training Enhancement** (supports the Investing in People priority): This goal is to enhance the current RHC Retirement Benefits Specialist I (RBS I)/County Temp training by including a refresher course for current staff regarding the RHC Benefits Program as well as enrollments processing to help improve their skills and knowledge. We anticipate a completion date of June 2027.

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

Non-Discretionary Salary Adjustments

The budget reflects negotiated cost-of-living adjustments (COLAs) included in the Memorandum of Understanding (MOU) covering the period of January 1, 2026 through December 31, 2028, and approved by the Board of Retirement and the Board of Investment for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases for employee benefits.

Adjustments to Permanent Staffing

We are not proposing any adjustments to our permanent staffing in FY 2026-27.

Temporary Staffing

We are requesting three (3) agency temporary staff to support the division in addressing an anticipated retirement-related vacancy, the increased workload during the March peak period, and other workload fluctuations. The agency temporary staff will also provide support by responding to general member inquiries, thereby freeing the Operations team to concentrate on enrollment form processing.

Overtime Needs

We are requesting overtime to manage the workload associated with the anticipated high volume of enrollment forms during the March Rush, the processing of Medicare Part B premium verifications, and any unanticipated special projects or special mailings. No additional overtime hours are being requested; the change reflects only cost-of-living adjustments.

Intern

We do not anticipate any use of interns in FY 2026-27.

Rehired Retirees

Retiree Healthcare does not anticipate any use of rehired retirees in FY 2026-27.

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

Removal of One-Time Expenditures

Retiree Healthcare does not have any removal of one-time expenditures for FY 2026-27.

Services and Supplies Adjustments

Special Retiree Mailings

Funding totaling \$375,000, an increase of \$25,000, is requested in our Special Retiree Mailing Account to cover potential increases in postage, printing, mailing, *Spotlight* articles, surveys, and other unanticipated member special mailings costs.

Rent

Funding totaling \$201,800, a decrease of \$22,400, is requested for rent. This minor decrease is attributed to the renewed agreement rate and not the result of any reduction in square footage.

Audits & OPEB Valuation

Audits

- Funding totaling \$123,000 for OPEB Custodial Fund, SOC, and GASB 75 fees is requested for audits. This is a reduction of \$6,200 from the prior fiscal year.

Custodial Fund

Clifton Larson Allen (CLA)	Custodial Fund Audit	\$ 23,741
Baker Tilly (fka Moss Adams)	SOC	\$ 82,900
	Total	\$106,641

GASB 45

CavMac	GASB 75	\$ 16,000
	Total	\$16,000

- CLA Custodial Fund Audit Fee of \$23,741 is being requested and budgeted to RHC.

OPEB Valuation

- FY 2026-27 anticipated costs for OPEB Program consulting are \$491,000 (excluding project 4 – SCAQMD) + \$132,000 (Plus any special projects) totaling a \$623,000 budget request. The increase is due to the Triennial Experience and Assumptions Study.

OPEB Program Consulting

FY 2026-27

Actuarial Valuation and Consulting	\$ 239,000
Triennial Experience and Assumptions Study	\$ 126,000

GASB 75 Financial Statement Disclosure Reporting for the Los Angeles County, LACERA, and Superior Court	\$	52,000
Actuarial Consulting	\$	74,000
Anticipated Special Project Budget FY 2026-27	\$	132,000*
Total \$		623,000

*Number is rounded from \$131,823.10.

Retiree Healthcare Consulting

We propose increasing Segal Consulting's annual fee from \$761,400 to \$780,000 based on the following factors:

- Segal is requesting its first annual fee increase since the period of July 1, 2020, through June 30, 2021.
- Continued vendor management and renewal support.
- Ongoing negotiations with the County and their stakeholders to eliminate the Lifetime Maximum Benefit associated with Anthem Plans I, II, and Prudent Buyer.
- Assessment and possible implementation of an alternative Medicare Part D plan arrangement.

Outside Legal Counsel Fees

Funding totaling \$7,500 is requested for outside legal counsel fees on the RHC Program. This remains the same amount as the prior fiscal year.

Outside Legal Counsel Fees	
RHC Program	\$ 7,500
Total Outside Legal Counsel Fees	\$ 7,500

FUNDING AND OPERATING EXPENSES

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

Administrative expenses are projected to be \$13.9 million for the fiscal year ending June 30, 2027, with a drawdown of \$2.3 million expected from the Administrative Fee Account. For the 2026–27 plan year, we are proposing that the administrative fee remains unchanged at \$8.00.

Please note that administrative fees are held in a separate account where they are collected and used to fund the Retiree Healthcare Division's operating expenses (i.e., the RHC budget). Over time, administrative fees collected exceeded actual administrative expenses, resulting in an accumulated surplus balance. This accumulated surplus funds shortfalls between the actual fees collected and administrative expenditures.

Please see the chart below showing RHC Administrative Fees and Administrative Revenue and Expenses for the last ten fiscal years.

**RHC ADMINISTRATIVE REVENUE AND EXPENSES
FOR THE LAST 10 FISCAL YEARS**

Fiscal Year Ending	Admin Fee	Admin Revenue	Admin Expenses	(Over)/ Under
FYE 2026	³ \$8.00	\$5,694,350	(\$5,584,049)	\$110,301
FYE 2025	\$8.00	\$11,169,735	(\$12,576,247)	(\$1,406,512) ²
FYE 2024	\$8.00	\$10,937,937	(\$11,910,426)	(\$972,489) ²
FYE 2023	\$8.00	\$10,766,371 ¹	(\$10,893,224)	(\$126,853) ²
FYE 2022	\$8.00	\$10,710,527	(\$9,236,963)	\$1,473,564
FYE 2021	\$8.00	\$10,245,895	(\$8,099,102)	\$2,146,793
FYE 2020	\$8.00	\$10,076,876	(\$6,828,067)	\$3,248,809
FYE 2019	\$8.00	\$9,823,062	(\$6,118,267)	\$3,704,794
FYE 2018	\$8.00	\$9,559,745	(\$5,681,953)	\$3,877,792
FYE 2017	\$8.00	\$9,631,327	(\$5,326,190)	\$4,305,137
FYE 2016	\$5.00	\$5,984,986	(\$5,279,617)	\$705,369

¹LACERA billed the RHC Administrative Fee of \$10 and collected \$8 from the County.

²Administrative fee account accumulated surplus was used to absorb the over expenditure.

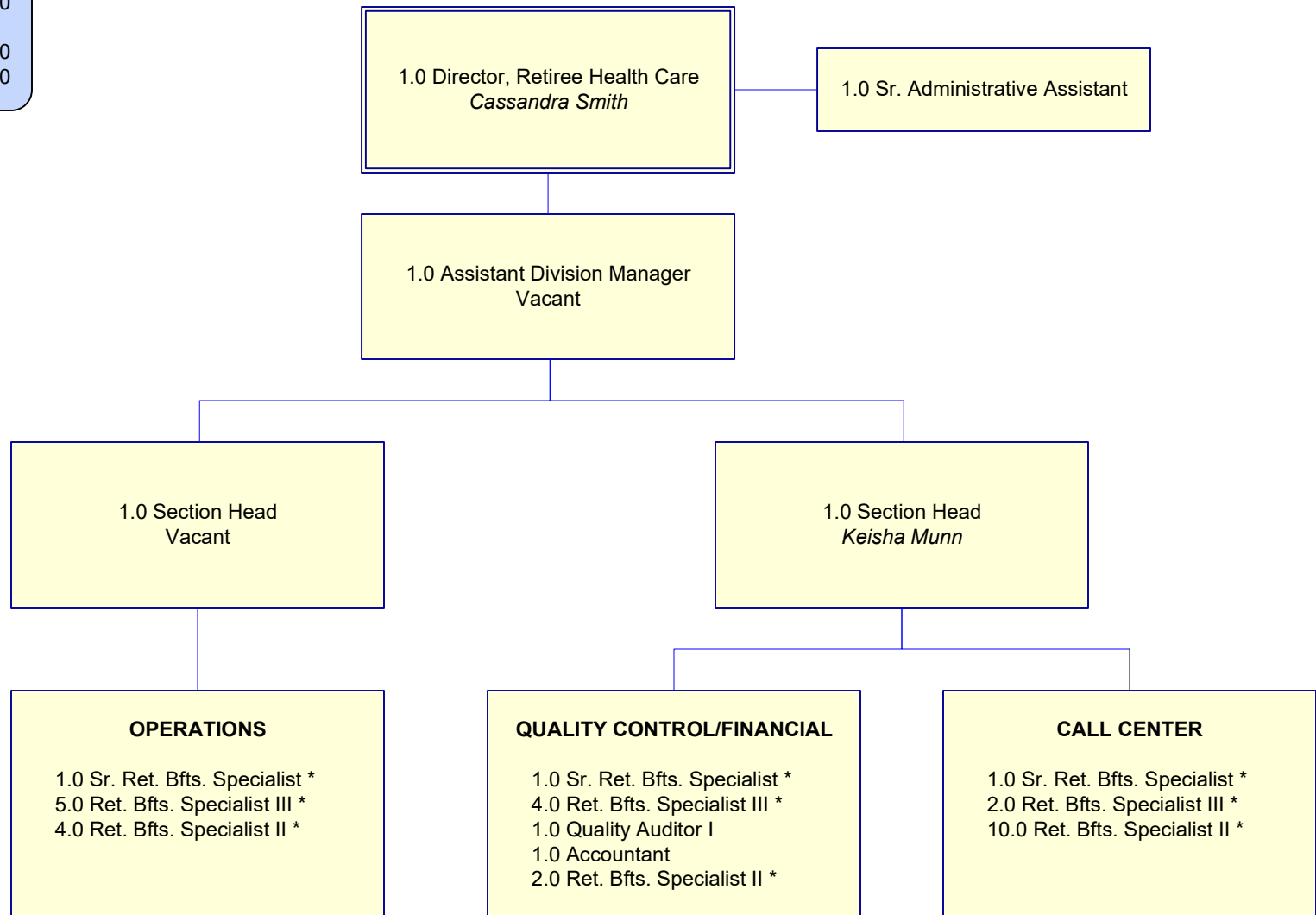
³As of December 2026.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2026-2027

2025-2026 Bud. Pos.: 37.0
2025-2026 Hiring Plan: 37.0

2026-2027 Bud. Pos.: 37.0
2026-2027 Hiring Plan: 37.0



* Classification study for the position requested.

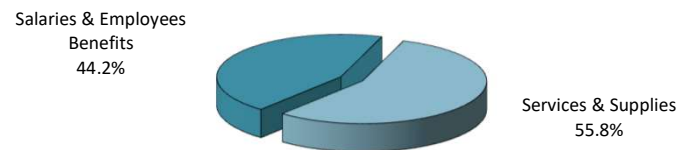
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2026-2027

BUDGET SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$6,108,345	\$5,843,495	\$2,833,230	\$5,492,900	(\$350,595)	-6.0%	\$264,850	4.5%
Services & Supplies	7,701,196	7,337,353	3,796,154	6,833,800	(503,553)	-6.9%	363,843	5.0%
OPERATING BUDGET	\$13,809,541	\$13,180,848	\$6,629,384	\$12,326,700	(\$854,148)	-6.5%	\$628,693	4.8%

2026 - 2027 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2026-2027

SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Total LACERA Salaries	\$3,528,559	\$3,554,789	\$1,753,375	\$3,400,000	(\$154,789)	-4.4%	(\$26,229)	-0.7%
Total Agency Temp Salaries	229,500	73,300	36,875	73,000	(300)	-0.4%	156,200	213.1%
Employee Benefits (Variable)	2,005,282	1,894,130	917,376	1,743,500	(150,630)	-8.0%	111,152	5.9%
OPEB Contribution	175,104	157,877	80,678	157,800	(77)	0.0%	17,227	10.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	149,700	143,200	28,556	100,000	(43,200)	-30.2%	6,500	4.5%
Bilingual Bonus	3,600	3,600	1,950	3,600	0	0.0%	0	0.0%
Sick Leave Buyback	13,000	13,000	14,419	15,000	2,000	15.4%	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	\$6,108,345	\$5,843,495	\$2,833,230	\$5,492,900	(\$350,595)	-6.0%	\$264,850	4.5%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$6,108,345	\$5,843,495	\$2,833,230	\$5,492,900	(\$350,595)	-6.0%	\$264,850	4.5%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/26, with the exception of Agency Temp Salaries, which are as of 01/31/26.

LACERA

FISCAL YEAR 2026-2027

BUDGETED POSITIONS

RETIREE HEALTHCARE BENEFITS PROGRAM

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0793	DIRECTOR, RETIREE HEALTH CARE, LACERA	1	LS14
0772	SECTION HEAD, LACERA	1	LS09
1312	SENIOR RETIREMENT BENEFITS SPECIALIST	3	106C
1311	RETIREMENT BENEFITS SPECIALIST III	10	100J
0415	ACCOUNTANT, LACERA	1	097J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
1310	RETIREMENT BENEFITS SPECIALIST II	15	094C
Total Filled Positions =		32	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0771	ASSISTANT DIVISION MANAGER, LACERA	1	LS10
0772	SECTION HEAD, LACERA	1	LS09
1311	RETIREMENT BENEFITS SPECIALIST III	1	100J
0796	QUALITY AUDITOR I, LACERA	1	100E
1310	RETIREMENT BENEFITS SPECIALIST II	1	094C
Total Vacant Positions =		5	
TOTAL POSITIONS =		37	

Non-Represented positions shown in black.

Represented positions shown in blue.

Salary schedule as of 01/01/2025.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

DIVISION	FYE 2024		FYE 2025		FYE 2026		FYE 2027
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$165,200	\$120,457	\$71,100	\$71,603	\$73,300	\$73,000	\$229,500
GRAND TOTAL	\$165,200	\$120,457	\$71,100	\$71,603	\$73,300	\$73,000	\$229,500

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2024		FYE 2025		FYE 2026		FYE 2027
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$134,900	\$64,679	\$138,900	\$75,490	\$143,200	\$100,000	\$149,700
GRAND TOTAL	\$134,900	\$64,679	\$138,900	\$75,490	\$143,200	\$100,000	\$149,700

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**VACANT POSITIONS
SUMMARY**

Division	Budgeted Positions FY 2025-2026	Vacancy (as of 03/31/26)	%	Budgeted Positions FY 2026-2027	Vacancy	%
Retiree Healthcare	37	5	14%	37	5	14%
TOTAL	37	5	14%	37	5	14%

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2026-2027

SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2025-2026			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$31,500	\$31,500	\$6,660	\$21,500	(\$10,000)	-31.7%	\$0	0.0%
POSTAGE	375,000	350,000	28,544	350,000	0	0.0%	25,000	7.1%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	727	1,500	(3,500)	-70.0%	0	0.0%
OPERATIONAL COSTS	5,625,596	5,567,553	3,227,380	5,180,000	(387,553)	-7.0%	58,043	1.0%
PROFESSIONAL AND SPECIALIZED SERVICES	1,616,000	1,335,200	514,747	1,245,200	(90,000)	-6.7%	280,800	21.0%
BANK SERVICES	21,500	21,500	10,226	21,500	0	0.0%	0	0.0%
LEGAL FEES AND SERVICES	7,500	7,500	0	0	(7,500)	-100.0%	0	0.0%
EDUCATIONAL EXPENSES	18,800	18,800	7,870	13,800	(5,000)	-26.6%	0	0.0%
MISCELLANEOUS	300	300	0	300	0	0.0%	0	0.0%
TOTAL	\$7,701,196	\$7,337,353	\$3,796,154	\$6,833,800	(\$503,553)	-6.9%	\$363,843	5.0%

*All amounts rounded to the nearest dollar.

RETIREE HEALTH CARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2025		FYE 2026		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$3,322,077	\$3,292,781	\$3,554,789	\$3,400,000	\$3,528,559
Total Agency Temp Salaries	71,100	71,603	73,300	73,000	229,500
Employee Benefits (Variable)	2,838,839	1,721,230	1,894,130	1,743,500	2,005,282
Employee Benefits (Other)	0	0	0	0	0
OPEB Contribution	131,570	140,024	157,877	157,800	175,104
Additional OPEB Contribution	0	131,570	0	0	0
Stipends	0	0	0	0	0
Overtime	138,900	75,490	143,200	100,000	149,700
Bilingual Bonus	3,600	3,600	3,600	3,600	3,600
Sick Leave Buyback	10,000	62,539	13,000	15,000	13,000
Rideshare Allowance	3,600	0	3,600	0	3,600
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	26,200	17,897	31,500	21,500	31,500
Postage	325,000	360,049	350,000	350,000	375,000
Office Supplies & Equipment	5,000	621	5,000	1,500	5,000
Operational Cost	5,243,534	5,117,762	5,567,553	5,180,000	5,625,596
Professional & Specialized Services	1,379,000	1,438,373	1,335,200	1,245,200	1,616,000
Bank Services	21,500	19,389	21,500	21,500	21,500
Legal Fees and Services	50,000	0	7,500	0	7,500
Educational Expenses	18,800	11,483	18,800	13,800	18,800
Miscellaneous	300	20	300	300	300
TOTAL OPERATING BUDGET	\$13,589,020	\$12,464,431	\$13,180,848	\$12,326,700	\$13,809,541

*All amounts rounded to the nearest dollar.

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Other Post-Employment Benefits (OPEB) Trust

FISCAL YEAR 2026-2027 BUDGET NARRATIVE

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 Benefits 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 and LACERA established a trust to begin to pre-fund 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 pre-funding initiative and established an OPEB Trust. Beginning in FY 2017-18, accounting standards required the costs of administering the program 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 retirement fund principal or operating allocation to administer the OPEB Trust. 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 included with the annual OPEB Trust budget provided to the plan sponsors and are subject to periodic review. 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 2026-2027

	PROPOSED BUDGET 2026-2027	CURRENT YEAR 2 0 2 5 - 2 0 2 6			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2025-2026 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-26)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$866,261	\$976,786	\$569,792	\$918,179	(\$58,607)	-6.0%	(\$110,525)	-11.3%
Services & Supplies	\$331,972	322,645	188,209	303,286	(19,359)	-6.0%	9,328	2.9%
OPERATING BUDGET	\$1,198,234	\$1,299,431	758,001	1,221,465	(77,966)	-6.0%	(\$101,197)	-7.8%

2026 - 2027 PROPOSED BUDGET

