

FISCAL YEAR 2025-2026



ADMINISTRATIVE,
RETIREE HEALTHCARE BENEFITS, AND
OPEB TRUST BUDGETS

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BUDGET NARRATIVE
FISCAL YEAR 2025-2026

EXECUTIVE SUMMARY

The proposed Administrative Budget for FY 2025-26 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 Strategic Priorities and Strategic Initiatives outlined in the Board of Retirement’s (BOR) adopted 2023-28 Strategic Plan and the Board of Investments’ (BOI) Strategic Plan.

BOR Strategic Priorities

- Superior Member Experience
- Innovation Through Technology
- Investing In People

- Enterprise Risk Management and Compliance

- Fiscal Durability

BOI Strategic Initiatives

- Optimize the Investment Model
- Maximize Stewardship and Ownership Rights
- Strengthen Influence on Fees and Cost of Capital
- Promote LACERA TIDE
- Enhance Operational Effectiveness

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

Superior Member Experience

LACERA remains committed to innovating and continuously improving the member experience, from the beginning of their career through the legacy they leave their survivors. We call this the “member lifecycle” and the member experience is defined by the many “member journeys” that reflect different stages of their lifecycle. Each member journey is defined by every interactive touchpoint they have with LACERA throughout that journey. We recognize that LACERA’s membership is diverse with different needs and

preferences, which often change at different stages of their lifetime. Our approach to service must be nimble enough to meet their individual needs today and into the future.

Our current focus is augmenting our highly personalized service by building an educational, digital, customized, and member-centered framework for every stage of the member journey with the long-term goal of enabling members to conveniently access our benefit and healthcare enrollment services 24/7 and confidently retire in the palm of their hand.

In FY 2024-25, LACERA's Member Experience Council has been identifying and defining the beginning of the mapping process for member journeys and documenting the retiree healthcare roadmap concurrently. Our goal is to ensure we are able to consistently track the member experience performance and continually focus on making these journeys a superior member experience.

In FY 2025-26, LACERA's Member Experience Council will expand on its foundational work and will:

- Create tools to review and track progress on objectives and initiatives
- Identify the channels of service required for each member journey they are focusing on
- Establish goals and key performance indicators (KPIs) for each member journey
- Establish goals and KPIs to measure member satisfaction with retiree healthcare
- Partner with the Social Security Administration to identify opportunities to automate data collection and exchange
- Collaborate with Union-sponsored healthcare plans
- Assess the consistency and service quality across each channel
- Identify member interaction pain points and opportunities for improvement

Innovation Through Technology

LACERA is committed to leveraging technological solutions to advance capabilities, increase productivity, and elevate our operational maturity. Information technology (IT) tools, when well designed and implemented, support the effective and efficient accomplishment of an organization's goals, objectives, and strategies. LACERA's strategic objectives ensure the organization's IT architecture and applications infrastructure continue to mature and adapt to current and evolving demands.

Our current focus centers on data and knowledge—specifically, developing an enterprise-wide approach to information gathering, integration, analysis, and sharing to foster decision-making through a business intelligence platform. Additionally, we intend to implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information.

The Systems Division plays a critical role in successfully implementing all LACERA strategic priorities and initiatives. New technology solutions to business problems are

vetted through the Information Technology Coordination Committee (ITCC). Once approved and budgeted, the Project Management Office (PMO) leads the implementation with subject-matter experts in the impacted operating divisions and then transitions the ongoing support and maintenance to either the Infrastructure Group or the Business Solutions Group. This process has been documented in a PMO Playbook, developed and implemented in FY 2024-25 to guide all stakeholders and ensure consistency across the organization.

A detailed summary of planned IT projects for FY 2025-26 can be found immediately following this summary.

Investing in People

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

In FY 2024-25, LACERA is on track to administer exams to promulgate 19 new lists, onboard 26 new permanent staff members and promote 14 staff members in 9 of 15 divisions throughout the organization. Eleven students participated in internships where they were assigned meaningful projects and paired with a mentor. New staff onboarded included two new Human Resources professionals, allowing for greater service capacity throughout the organization. Hiring is projected to be lower than in previous years because we did not begin a new Retirement Benefits Specialist I Core Training class. The next Core Training class is scheduled for the fall of 2025.

Additionally, we worked on the following major projects in FY 2024-25 supporting the Investing In People strategic priority:

- Implemented HR Liaisons to Client Divisions. Four teams of two professionals were established to directly support three to four divisions within LACERA, or approximately 120 to 130 staff. This includes job analyses, examinations, compensation analysis, background checks, bonus requests, performance evaluation reviews, grievances, investigations, and general consultation. Payroll, leave management, and employee training and development functions are supported by separate units within Human Resources.
- Implemented a new Learning Management System (NeoGov LEARN) to support, track, and guide staff development. This system will also help to ensure that staff take all required training, including training that is required to maintain individual professional certifications.
- Implemented new technology, improving and enhancing applicant communication to more efficiently and effectively target prospective applicants (NeoGov Attract).
- Revised our rater training.

- Implemented a new onboarding program, moving away from a one-day orientation to a full twelve-month onboarding experience.
- Underwent a comprehensive review and analysis of our New Employee Handbook, resulting in a complete redesign that, once finalized, will ensure better readability and compliance with all underlying policies and procedures.

In FY 2025-26, LACERA will continue focusing on reducing our vacancy rate through increased hiring, increasing staff training and development, and maturing our workplace culture. Implementing our hiring plan priorities is expected to systematically reduce the vacancy rate.

We will continue to foster inclusivity and belonging in our workforce through:

- Active leadership and support of the IDEA initiative by soliciting and obtaining employee feedback to support their sense of belonging within the organization;
- Reviewing our policies and procedures through a DEI lens to identify and attempt to remove artificial barriers;
- Increasing and expanding staff training and development opportunities;
- Beginning the implementation of the Leadership Pipeline to support transparent succession planning;
- Assessing career ladders to identify and remove barriers and open new pathways for career advancement where possible; and
- Reimagining LACERA's 20-year-old employee mentorship program to ensure it has measurable goals and expected outcomes, and that it reflects both best practices and our organization's specific needs.

Enterprise Risk Management and Compliance

LACERA will enhance and elevate our risk governance structure through the establishment of formal compliance and enterprise risk management (ERM) programs that will facilitate management's efforts regarding compliance and risk management. These efforts are continuous because risks constantly change.

In FY 2024-25, LACERA focused on foundational actions towards implementing a centralized Ethics and Compliance Program (ECP). The purpose of the ECP is to promote a strong and engaged culture of ethical conduct and compliance with laws, regulations, policies, and procedures in order to meet our fiduciary duty to LACERA members, reduce risk, and improve business operations.

The FY 2025-26 workplan includes:

- Ongoing communication to socialize the goals and objectives of the ECP
- Continuing to identify the critical risk areas and the program oversight structure required
- Identifying and obtaining approval for key staff and beginning recruitment
- Developing an Ethics and Compliance Training Program Plan

- Identifying how the program will assess and measure success by evaluating the current baseline and key performance indicators

Fiscal Durability

LACERA has two equally critical responsibilities when it comes to managing resources and fund assets. We must:

- Ensure prudent and durable fiscal management of LACERA's budget and resources expended to administer the benefits; and
- Ensure the Board of Investments' strategic initiatives to manage LACERA's investment portfolio are implemented and supported to maximize the performance of our funds.

These responsibilities are necessary to ensure the long-term viability of the fund and intergenerational equity for future members, balanced with keeping employer and member contribution rates low, and the services provided to our members high.

In FY 2024-25, LACERA completed the following projects that support this Strategic Initiative:

- Updated our Procurement policy and procedures
- Designed and implemented a centralized Vendor Management Program within Administrative Services
- Implemented an enterprise contract lifecycle management system (Cobblestone)
- Updated our Staff Travel policy and procedures
- Implemented a new Travel Expense module within our Accounts Payable system
- Developed and implemented budget system training and step-by-step user guides for managers
- Created a non-administrative budget within our Questica Budget system

In FY 2025-26, LACERA will continue developing and promoting organizational tools and a mindset to support enterprise-wide fiscal responsibility. Specific projects include:

- Beginning the process of identifying future needs for an Enterprise Resource Planning tool to replace our aging financial system and implementation requirements
- Continuing to identify and deliver basic financial training for all staff
- Designing and implementing a comprehensive financial training plan for managers and supervisors
- Implementing an automated travel booking module that complements the travel expense module to better support trustee and staff travel needs

LACERA will also continue to support the BOI's strategic initiatives discussed below.

Board of Investments' Strategic Initiatives

Implementation of the Board of Investments' Strategic Initiatives is key to ensuring the plan's long-term fiscal durability and moving toward our vision to be a best-in-class investor. While the Investment Office has primary responsibility for these initiatives, they are supported by the Executive Office, Legal Services Office and the Business Services Group (Human Resources, Financial and Accounting Services, Systems, and Administrative Services).

Optimize the Investment Model

Our objective is to leverage our competitive advantages through deliberate investment models and structures that harness technology, cost effectiveness, and human capital to maximize risk-adjusted returns. In FY 2025-26, the Investment Office will continue to seek better compensation for risks across the portfolio; promote and enhance a dynamic investment program; fine tune rebalancing practices; and organize and deliver effective educational sessions and orientations.

Maximize Stewardship & Ownership Rights

Our objective is to steward our investments, including the legal rights associated with them, in a manner that safeguards our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy. The Investment Office plans to execute strategic initiatives with credible outcomes; amplify progress and leadership in governance and Environmental, Social, and Governance (ESG) initiatives; continue to expand proxy voting authority; increase ESG and climate data coverage in private data classes; and elevate the annual stewardship report.

Strengthen Influence on Fees and Cost of Capital

Our objective is to strengthen our influence on fees and cost of capital with the goal of maximizing returns by minimizing cost across all investment strategies and structures in a manner that promotes durable investment returns. We plan to work toward this by continuing to be "term-makers" as opposed to "term-takers" on fees, legal, and other terms; fostering higher alignment of interests with business partners; incorporating intentionality when designing terms and account structures to both limit risks and enhance expected return outcomes; and delivering on optimization of implementation costs through improved expense and fee analytics and reporting.

Although under the County Employees Retirement Law of 1937 (CERL), investment fees are not included in the administrative budget, the expenditures are noted in the Non-Administrative Expense section of the FY 2025-26 Proposed Budget documents.

Promote LACERA T.I.D.E. (Towards Inclusion, Diversity, and Equity)

Our objective is to improve outcomes through comprehensive, total Fund efforts that encourage constructive, inclusive, and equitable talent management at investment partners, industry and internally. We plan to work towards becoming an employer of choice at all levels, from internships to management; inspire external asset managers to adopt DEI practices to increase risk-adjusted returns; utilize wider sets of data to inform and influence effective industry-wide practices; and refine the annual T.I.D.E Report. While complementary, LACERA T.I.D.E. is distinct from the Board of Retirement's Inclusion, Diversity, Equity, and Accessibility (IDEA) Initiative in that it focuses on Investment staff and partnerships.

Enhance Operational Effectiveness

Our objectives are to maximize the efficiency of our resources (internal, external, human, and technological) and to mitigate varied investment and enterprise risks to improve future outcomes. The Investment Office plans to optimize presentation and quality of information available to the Board of Investments; align resources with Board and organizational priorities; maximize value from the adoption of technological innovation and opportunities; improve internal investment committees and due diligence practices; and launch a development program for early-career investment analysts.

Conclusion

The FY 2025-26 Proposed Budget outlines the essential resources required to efficiently manage the retirement programs, ensuring that LACERA's mission is fulfilled. After the Trustees review and deem the fiscal plan prudent, we expect them to approve and adopt the FY 2025-26 Budget.

Summary of Technology Modernization Projects for FY 2025-26

Project Title	Description	Goal and Benefit	FY 2025-26 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 the ability to visualize dependencies between project resources, maximizing efficiency and avoiding hidden bottlenecks.	\$50,000	Phase 1 of 1	12/30/25
Member Case Management System - Continuation of Phase 2	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. Phase 2 includes the death benefit claim and seamless survivor processes. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources.	The goal is to track and manage the death benefit claim process and the seamless survivor process. The benefits will be more efficient processing, greater automation, and improved member satisfaction.	\$500,000	Phase 2 of 5	06/30/26
Member Experience Communication Platform (MECP)	LACERA seeks to modernize our existing telecommunications infrastructure for servicing our members. This funding is requested to continue to support LACERA's telecommunications strategy to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and pension administration system. Initial funding for this project was requested during the FY 2024-25 budget. However, due to delays, the project was not initiated until towards the end of FY 2024-25. Portions of the initial budget proposal are being carried forward to FY 25-26.	The goal is to establish a modern member contact center that provides efficient customer service, omnichannel support, and an enhanced customer experience. The benefits will be enhanced service quality, reduced costs, and improved member satisfaction.	\$300,000	Phase 1 of 2	06/30/26
Digital 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 an outsourced solution to provide uninterrupted document processing and remote accessibility. 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.	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	06/30/26

Summary of Technology Modernization Projects for FY 2025-26

Project Title	Description	Goal and Benefit	FY 2025-26 Budget	Phase	Estimated Completion Date
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. Initial funding for this project was requested during the FY 2024-25 budget. However, due to delays, the project was not initiated until towards the end of FY 2024-25. Portions of the initial budget proposal are being carried forward to FY 2025-26. Preliminary work in Phase 1 has been completed, and the goal is to finish Phase 1 in the upcoming fiscal year.	The goal of the Phase 1 is to develop a comprehensive taxonomy for the Knowledge Management Solution, ensuring that LACERA's organizational knowledge is systematically categorized and easily accessible.	\$135,000	Phase 1 of 2	06/30/26
Microsoft Fabric Implementation	To support LACERA’s strategic objective of Innovation through Technology, the Systems Division seeks to implement Microsoft Fabric, a comprehensive, cloud-based data analytics platform designed to unify data, Artificial Intelligence (AI), and analytics tools for various workloads and industries. Fabric will provide a unified data platform, real-time data processing, and seamless integration with other Microsoft 365 apps while adhering to LACERA’s security and governance requirements.	The goal of implementing Microsoft Fabric is to unify and streamline data management and analytics. Microsoft Fabric is an artificial intelligence (AI) powered data platform that will integrate administrative and operational data into a single, cohesive experience. It will support LACERA's strategic initiative of enterprise business intelligence by supporting the entire data lifecycle from data ingestion to data analysis to data visualization.	\$120,000	Phase 1 of 1	06/30/26
Governance, Risk, and Compliance (GRC) Solution	LACERA seeks to implement a comprehensive IT Governance, Risk, and Compliance Solution. 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. During FY 2024-25, the organization also internally developed a separate Policy Management solution so that module is no longer needed.	The goals of the project include the ability to identify and assess risks, predict and prevent losses, compliance with industry standards, and transparent information sharing. The benefits include greater efficiency, increased transparency, and overall organizational accountability.	\$70,000	Phase 1 of 1	06/30/26

Mission

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

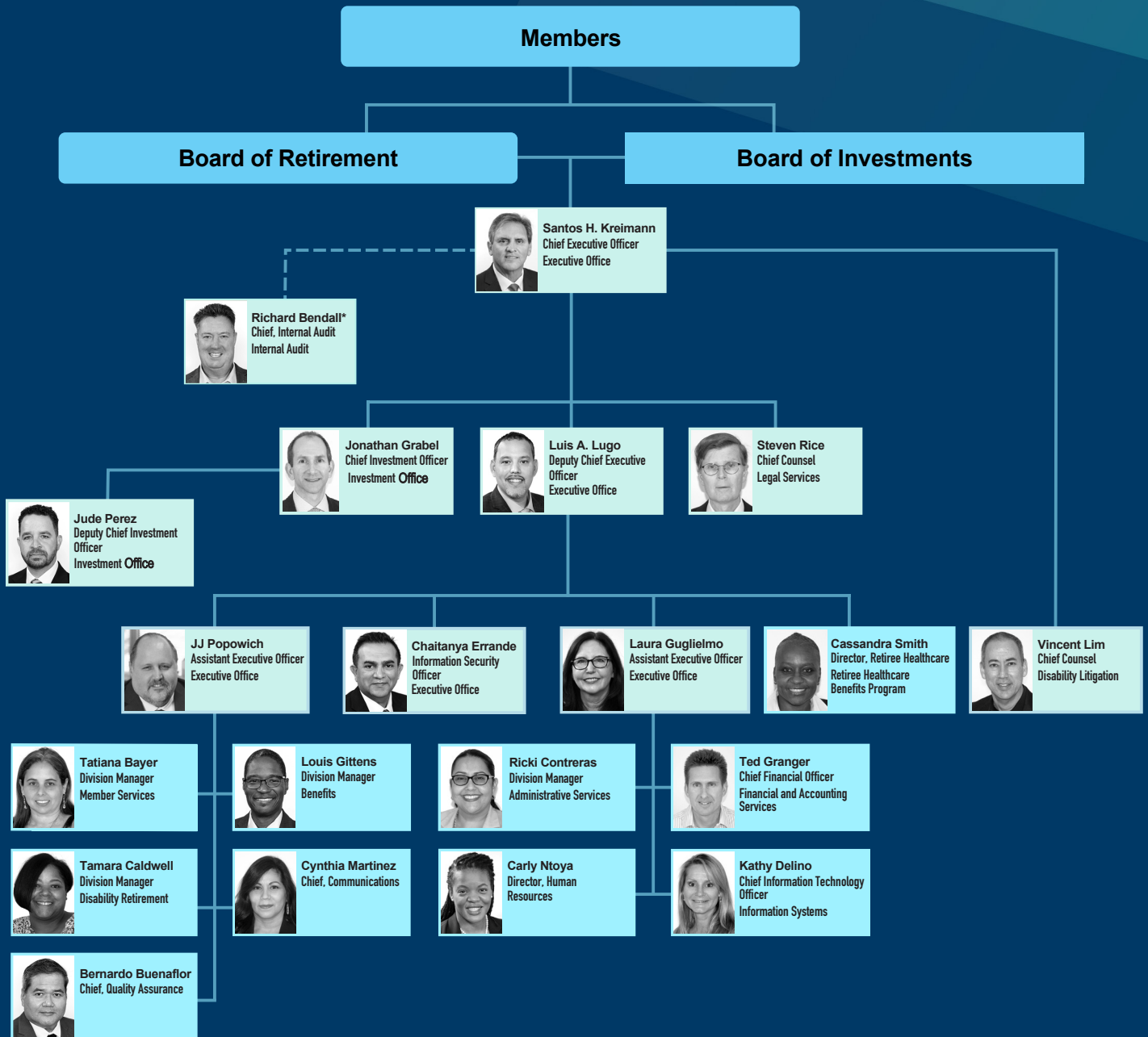
Vision

Empowering our members to enjoy a healthy and secure retirement

Values

Accountability Collaboration
Inclusivity Innovation
Integrity Transparency

FISCAL YEAR 2025-2026 Organizational Chart



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

Board of Retirement

Mission Statement

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

▶ The Board

Composed of nine trustees and two alternates:

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

▶ Responsibilities

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



Les Robbins
Chair
Elected by Retired Members



Ronald Okum
Vice Chair
Appointed by Board of Supervisors



Shawn R. Kehoe
Secretary
Elected by Safety 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



James P. Harris
Elected by Retired Members



Aleen Langton
Elected by General Members



Wayne Moore
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 nine trustees:

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

▶ Responsibilities

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



Jason E. Green
Chair
Elected by Safety Members



Patrick L. Jones
Vice Chair
Appointed by Board of Supervisors



David E. Ryu
Secretary
Appointed by Board of Supervisors



Mike Gatto
Appointed by Board of Supervisors



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



Aleen Langton
Elected by General Members



Debbie Martin
Elected by Retired Members



Alma K. Martinez
Appointed by Board of Supervisors



Nicole Mi
Elected by General Members



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.

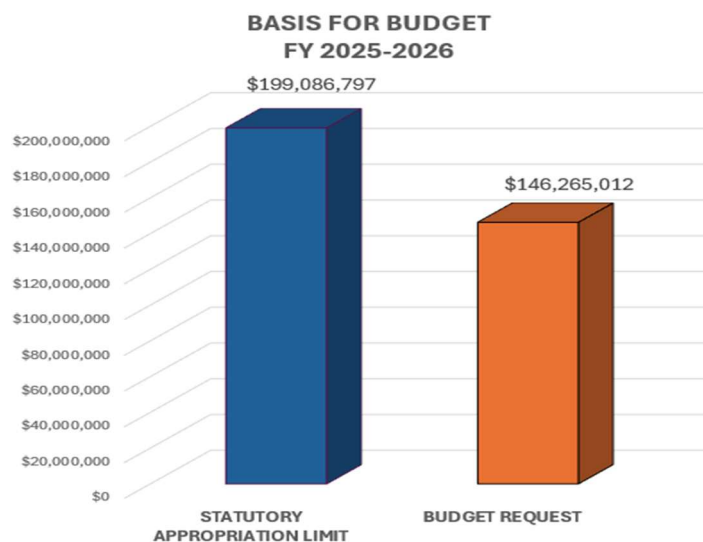
The budget is made up of three operating funds: the Administrative Fund, the Retiree Healthcare Benefits Program Fund, and the Other Post-Employment Benefits (OPEB) Trust Fund.

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 2025-26 is \$199,086,797. The proposed budget for FY 2025-26 totals \$146,265,012, \$52,821,785 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

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

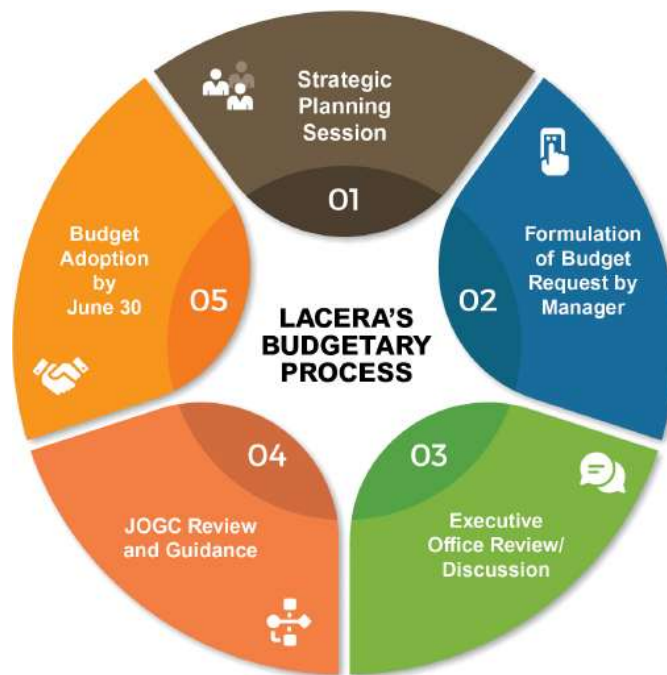
Retiree Healthcare Benefits Program

LACERA's Retiree Healthcare Benefits Program provides healthcare benefits to our membership on behalf the plan 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.

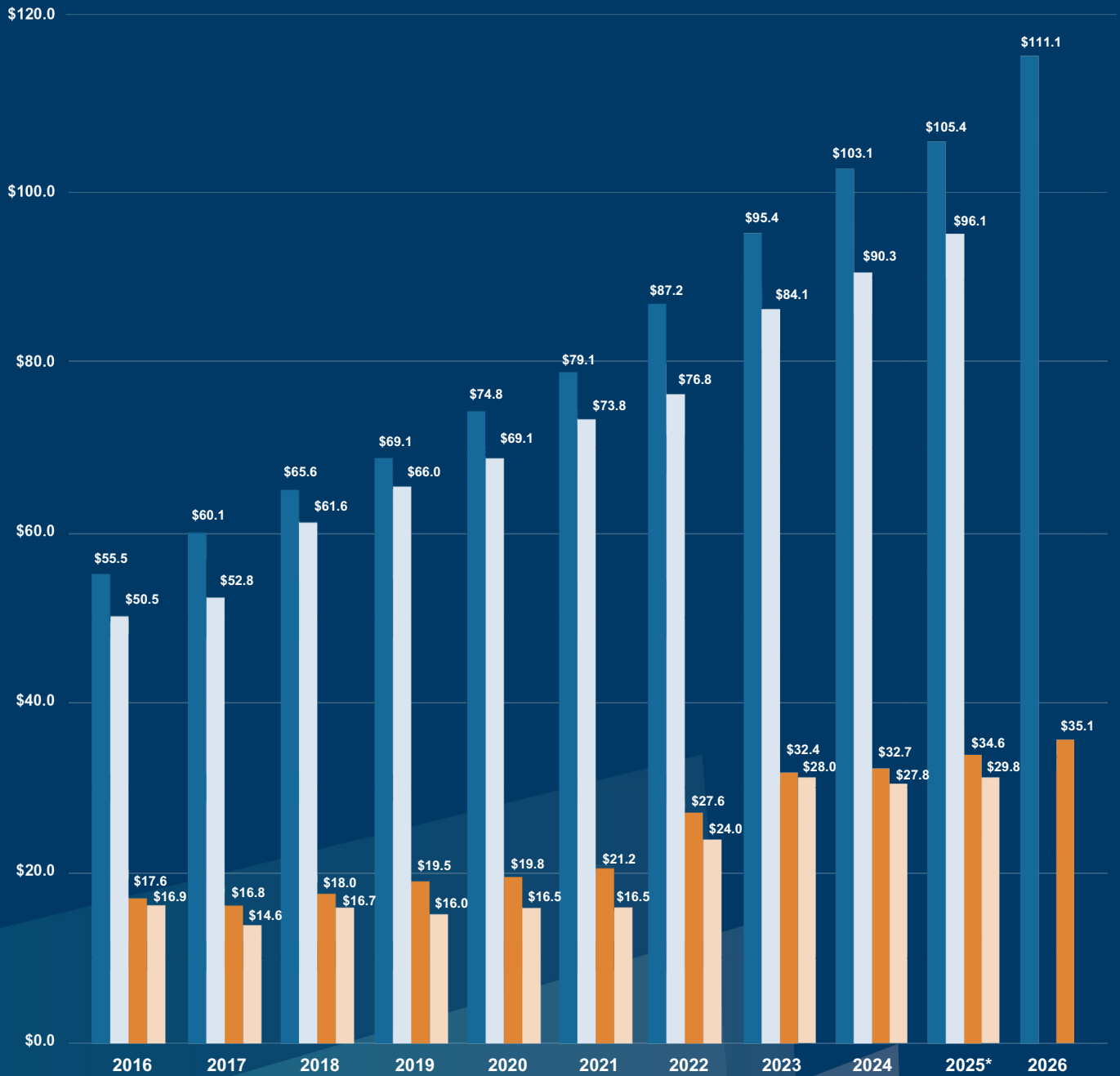
Lastly, the JOGC's proposed budget is submitted for approval at the meetings of each Board in June. Each year the budget must be adopted by June 30th to take effect on July 1st.

HISTORY: BUDGET EXPENDITURES

Salaries & Employee Benefits and Services & Supplies

2016-2026

(\$ in Millions)



*The Actual Expenditures for the budget year ending 2025 are projected based on YTD figures through 01/31/2025.

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

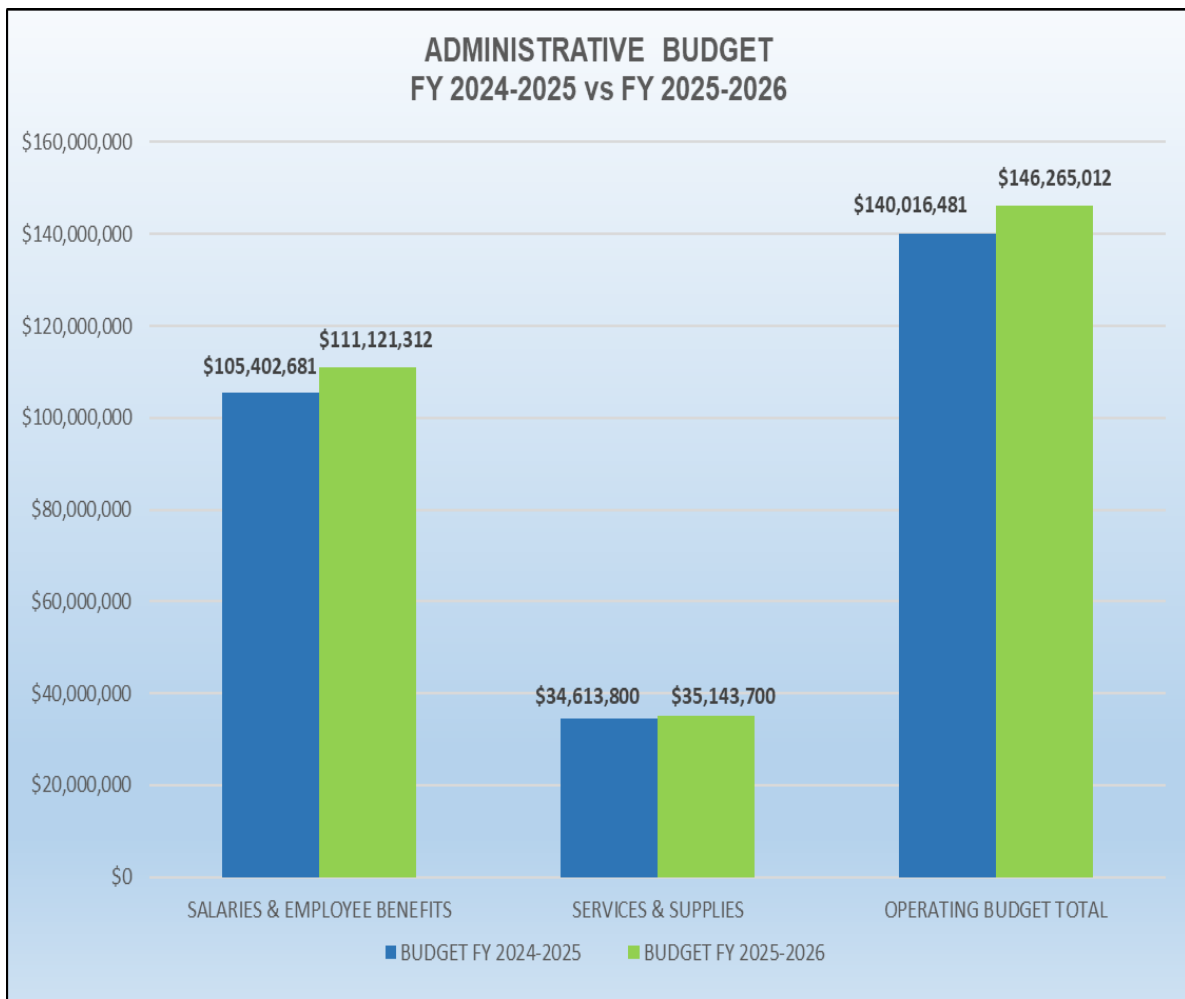


BUDGET REQUEST SUMMARY

Overview

The Administrative Budget consists of two components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S). The proposed Administrative Budget request for FY 2025-26 is \$146,265,012. This represents a 4.5 percent increase from the prior year budget.

ADMINISTRATIVE BUDGET	BUDGET FY 2024-25	BUDGET FY 2025-26	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$105,402,681	\$111,121,312	\$5,718,631	5.4%
SERVICES & SUPPLIES	\$34,613,800	\$35,143,700	\$529,900	1.5%
TOTAL	\$140,016,481	\$146,265,012	\$6,248,531	4.5%



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 2024-2025	BUDGET REQUEST FY 2025-2026	VARIANCE	% CHANGE
Administrative Services	\$16,809,779	\$17,043,924	\$234,145	1.4%
Benefits	12,915,341	13,374,834	459,493	3.6%
Board of Retirement	341,500	361,500	20,000	5.9%
Board of Investments	556,000	579,000	23,000	4.1%
Communications	3,752,475	4,312,331	559,856	14.9%
Disability Litigation	2,504,711	2,516,477	11,765	0.5%
Disability Retirement	11,620,273	11,316,482	(303,791)	-2.6%
Ethics & Compliance Office	219,400	356,341	136,941	62.4%
Executive Office	4,039,504	4,837,217	797,712	19.7%
Financial & Accounting Services	5,658,426	5,981,192	322,766	5.7%
Human Resources	6,470,103	6,670,206	200,103	3.1%
Information Security Office	1,590,829	1,913,642	322,813	20.3%
Internal Audit	3,294,298	3,484,879	190,581	5.8%
Investment Office	19,377,272	20,791,311	1,414,040	7.3%
Legal Services	10,387,249	9,516,635	(870,614)	-8.4%
Member Services	12,157,076	12,762,490	605,414	5.0%
Quality Assurance	3,320,272	3,215,620	(104,652)	-3.2%
Systems	25,001,973	27,230,931	2,228,958	8.9%
TOTAL	\$140,016,481	\$146,265,012	\$6,248,531	4.5%

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 2024-2025	BUDGET REQUEST FY 2025-2026	VARIANCE	% CHANGE
<u>SALARIES & OTHER PAYS</u>				
Permanent / County Temporary	\$59,549,043	\$62,845,154	\$3,296,110	5.5%
Agency Temporary	4,702,600	6,213,100	1,510,500	32.1%
LACERA Intern Program	336,000	360,000	24,000	7.1%
Stipends	65,000	65,000	0	0.0%
Overtime	1,508,700	1,472,400	(36,300)	-2.4%
Bilingual Bonus	20,400	20,400	0	0.0%
Transportation Allowance	36,000	36,000	0	0.0%
Rideshare Allowance	70,300	70,300	0	0.0%
Sickleave Buyback	68,800	119,800	51,000	74.1%
TOTAL SALARIES & OTHER PAYS	\$66,356,843	\$71,202,154	\$4,845,310	7.3%
<u>VARIABLE BENEFITS</u>				
Retirement	11,694,440	11,896,604	202,164	1.7%
FICA Contribution	867,404	904,370	36,966	4.3%
County Subsidy - Insurance	3,651,760	3,651,760	0	0.0%
Options Plan	5,821,379	5,876,077	54,698	0.9%
Life Insurance	26,217	26,173	(44)	-0.2%
Health Insurance Temps	375,682	22,541	(353,141)	-94.0%
Flexible Benefit Plan	18,805	18,805	0	0.0%
Thrift Plan / Horizons	2,392,838	2,494,813	101,975	4.3%
Savings Plan	1,546,989	1,606,228	59,240	3.8%
Pension Savings Plan	59,193	59,193	0	0.0%
MegaFlex	6,553,702	6,826,471	272,769	4.2%
TOTAL VARIABLE BENEFITS	\$33,008,408	\$33,383,035	\$374,627	1.1%
OPEB CONTRIBUTION	\$2,366,430	\$2,791,123	\$424,694	17.9%
OTHER BENEFITS	\$3,671,000	\$3,745,000	\$74,000	2.0%
TOTAL EMPLOYEE BENEFITS	\$39,045,838	\$39,919,158	\$873,321	2.2%
TOTAL SALARIES & EMPLOYEE BENEFITS	\$105,402,681	\$111,121,312	\$5,718,631	5.4%

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 28, 2025, and is clearly identified in each division’s tab. Vacant positions as of January 2025 that are expected to be filled by June 30, 2025 are budgeted for the full year.
- The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.
- Variable benefits costs are adjusted consistently with Los Angeles County negotiated fringe benefit rates.

Explanation of S&EB Costs

The proposed budget for S&EB totals \$111,121,312, an increase of approximately \$5.7 million or 5.4 percent. A breakdown of the significant changes impacting S&EB costs are detailed below.

Staffing Changes

A net increase of five permanent positions is requested for FY 2025-26, bringing LACERA’s budgeted authority (excluding the Retiree Healthcare Program) from 503 to 508, as outlined below.

Summary of Position Changes

DIVISION	#	POSTION TITLE	FULL YEAR SALARY	FULL YEAR EMPLOYEE BENEFITS	FULL YEAR BUDGET IMPACT
Administrative Services	1.0	Administrative Services Analyst II	\$72,388	\$38,366	\$110,754
	(1.0)	Procurement Assistant II	(\$62,128)	(\$32,928)	(\$95,056)
Benefits Division	(1.0)	Administrative Assistant	(\$52,792)	(\$27,980)	(\$80,772)
Disability Litigation	(1.0)	Senior Staff Counsel	(\$192,261)	(\$101,898)	(\$294,159)
Ethics & Compliance Office	1.0	Deputy Chief, Ethics & Compliance Officer	\$125,758	\$66,652	\$192,409
	1.0	Senior Administrative Assistant	\$66,401	\$35,193	\$101,594
Financial & Accounting Services	1.0	Accountant II	\$74,197	\$39,324	\$113,522
	(1.0)	Accountant I	(\$71,152)	(\$37,711)	(\$108,863)
Investment Office	2.0	Finance Analyst I	\$198,971	\$105,455	\$304,426
Legal Services	1.0	Senior Staff Counsel	\$192,261	\$101,898	\$294,159
Member Services	1.0	Retirement Benefits Specialist III	\$77,182	\$40,906	\$118,088
	1.0	Administrative Assistant	\$52,792	\$27,980	\$80,772
Systems Division	2.0	Info. Tech. Manager I	\$267,841	\$141,956	\$409,797
	(2.0)	Data Systems Supervisor II	(\$271,486)	(\$143,888)	(\$415,374)
	(2.0)	Retirement Systems Specialists	(\$267,486)	(\$141,768)	(\$409,254)
	1.0	EDP Prin. Programmer Analyst	\$133,091	\$70,538	\$203,630
	1.0	EDP Senior Programmer Analyst	\$106,863	\$56,638	\$163,501
Total	5.0		\$450,441	\$238,734	\$689,175

Permanent/County Temporary Salaries

Funding for Permanent/County Temporary Salaries is increasing by approximately \$3.3 million or 5.5 percent. The five new positions account for a portion of this increase, but other factors include full-year funding for previously unfunded or partially funded vacant positions, salary-step and merit increases, and the last six months of negotiated cost-of-living adjustment (COLA) increase through December 31, 2025. No future COLAs beyond that date were included in the proposed budget.

Agency Temporary Salaries

Funding for Agency Temporary Salaries is increased by approximately \$1.5 million, or 32.1 percent, from FY 2024-25. LACERA uses Agency Temporary staff for two primary purposes: 1) To meet critical operational needs while we work toward permanently filling vacant positions; and 2) temporarily address gaps in skillsets or augment existing teams

to complete short-term projects where permanent additional staff are not required. The increase in FY 2024-25 is due to two significant short-term projects in the Systems Division, the Enterprise Business Intelligence project and the final phase of the Mainframe Migration Project.

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 2025-26, LACERA hopes to welcome 17 Interns to work on special projects across the organization as outlined below:

Division	No.	Project Description
Administrative Services	1	Records management
Human Resources	1	Employee and organizational development
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
Quality Assurance	1	Data consolidation/CEM benchmarking report
Systems	5	Workflow automation, onsite data center, and data lake
Retiree Healthcare	1	Automation of quality metrics
Total	17	

** 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 2025-26 Administrative Budget includes \$360,000 to fund 15 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 are projected to total \$39,919,158, an increase of \$873,321 or 2.2 percent. Total variable benefits increased by \$374,627 or 1.1 percent. Within variable benefits, adjustments were made to reflect anticipated benefits changes associated with staff promotions. As a result, some categories received increases such as MegaFlex and other categories such as Health Insurance Temporary benefits decreased for an overall net increase of 1.1 percent. Other Post-Employment Benefits (OPEB) Contributions and Other Benefits increased by approximately \$498,700. This represents the employer portion of pension benefits that LACERA pays for its own employees, and the reduction is tied to the higher percentage of employees who are in the PEPR plan (Plan G).

Total Budgeted Positions

Based on the proposal of a net increase of five permanent positions, LACERA's total budgeted positions count will be 508.

DIVISION	BUDGETED POSITIONS FY 2024-2025	CHANGE	BUDGETED POSITIONS FY 2025-2026
ADMINISTRATIVE SERVICES	44	0	44
BENEFITS DIVISION	79	(1)	78
COMMUNICATIONS	14	0	14
DISABILITY LITIGATION	7	(1)	6
DISABILITY RETIREMENT	44	0	44
ETHICS & COMPLIANCE OFFICE	1	2	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	46	2	48
LEGAL SERVICES	28	1	29
MEMBER SERVICES	79	2	81
QUALITY ASSURANCE	19	0	19
SYSTEMS	62	0	62
TOTAL	503	5	508

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. All positions proposed to be funded in the FY 2025-26 Budget are included in the existing Ordinance with the exception of the Chief and Deputy Chief Ethics and Compliance Officer, which are currently pending.

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 95 vacant positions as of March 31, 2025. However, LACERA anticipates hiring or promoting staff in the fourth quarter of FY 2024-25, for a total of 60 hiring actions for the full year.

Vacant Positions Summary

DIVISION	BUDGETED POSITIONS FY 2024-25	VACANCY (AS OF 03/31/25)	%	BUDGETED POSITIONS FY 2025-26*
Administrative Services	44	13	30%	44
Benefits	79	6	8%	78
Communications	14	5	36%	14
Disability Litigation	7	1	14%	6
Disability Retirement Services	44	10	23%	44
Ethics & Compliance Office Ø	1	1	100%	3
Executive	10	1	10%	10
Financial Accounting Services	33	6	18%	33
Human Resources	21	3	14%	21
Information Security Office	5	0	0%	5
Internal Audit	11	1	9%	11
Investment Office	46	8	17%	48
Legal Services Ø	28	8	29%	29
Member Services	79	10	13%	81
Quality Assurance	19	6	32%	19
Systems	62	16	26%	62
LACERA Total	503	95	19%	508

*Includes new requested positions

Ø Includes three (3) 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 2024-25, we are on track to promulgate 30 hiring lists by the end of the fiscal year, approximately 50% more lists than created in FY 2023-24. Once lists are created, hiring managers interview and select candidates to fill specific vacancies. Candidates then must undergo an extensive background process. We expect to see a significant increase in the number of new staff hired and internal promotions, with 60 actions anticipated by the end of FY 2024-2025.

Services and Supplies (S&S)

The FY 2025-26 Services and Supplies (S&S) budget is \$35,143,700, an increase of \$529,900, or 1.5 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 \$916,900, or 20.8 percent primarily due to consulting services for Human Resources recruitment support, Administrative Services records management consultant, the Bi-Annual Economic Impact Report in Executive Office, a Strategic Planning consultant and a consultant for a workforce planning manager in Member Services, and finally the new SASE project funded in Information Security Office.
- Disability Fees & Services are expected to increase by \$375,000 or 12.1 percent due to an anticipated increase in production due to hiring new team members.
- Educational Expenses are expected to increase by \$158,600 or 8.8 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.
- Computer Services & Support expenses are expected to decrease by \$925,100 or 12.3 percent and Equipment Maintenance costs are expected to decrease by \$231,300, or 54.0 percent. The decreases were attributed to the completion of the FY 2024-25 System Projects and a calculated restructuring of funding towards new initiatives and objectives for the upcoming fiscal year.

Services & Supplies Summary

S&S CATEGORY	BUDGET REQUEST FY 2024-2025	BUDGET REQUEST FY 2025-2026	VARIANCE	% CHANGE
Auto Expenses	\$51,300	\$52,300	\$1,000	1.9%
Communications	390,000	355,000	(35,000)	-9.0%
Transportation & Travel	922,300	970,100	47,800	5.2%
Postage	1,239,000	1,269,000	30,000	2.4%
Stationery & Forms	1,022,500	948,000	(74,500)	-7.3%
Office Supplies & Equipment	740,600	855,500	114,900	15.5%
Insurance	1,440,200	1,381,900	(58,300)	-4.0%
Equipment Maintenance	428,300	197,000	(231,300)	-54.0%
Equipment Rents & Leases	260,000	260,000	0	0.0%
Building Costs	7,663,500	7,775,000	111,500	1.5%
Parking Fees	517,000	561,000	44,000	8.5%
Professional & Specialized Services	4,409,600	5,326,500	916,900	20.8%
Bank Services	200,000	200,000	0	0.0%
Legal Fees & Services	2,333,000	2,360,000	27,000	1.2%
Disability Fees & Services	3,090,300	3,465,200	374,900	12.1%
Computer Services & Support	7,500,100	6,575,000	(925,100)	-12.3%
Educational Expenses	1,807,400	1,966,000	158,600	8.8%
Miscellaneous	598,700	626,200	27,500	4.6%
TOTAL	\$34,613,800	\$35,143,700	\$529,900	1.5%

LACERA

FISCAL YEAR 2025-2026

SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024 - 2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Gross Salaries	\$62,845,154	\$59,549,043	\$28,348,591	\$54,227,600	(\$5,321,443)	-8.9%	\$3,296,110	5.5%
Salary Differential	-	-	-	-	-	-	-	-
Permanent Salaries	\$62,845,154	\$59,549,043	\$28,348,591	\$54,227,600	(\$5,321,443)	-8.9%	\$3,296,110	5.5%
Outside Agency Temporary Staffing	6,213,100	4,702,600	2,940,238	5,229,800	527,200	11.2%	1,510,500	32.1%
LACERA Intern Program	360,000	336,000	175,388	312,000	(24,000)	-7.1%	24,000	7.1%
Variable Benefits								
Retirement	11,896,604	11,694,440	6,179,024	11,754,800	60,360	0.5%	202,164	1.7%
FICA Contribution	904,370	867,404	469,009	890,600	23,196	2.7%	36,966	4.3%
County Subsidy - Insurance	3,651,760	3,651,760	1,262,177	2,410,100	(1,241,660)	-34.0%	0	0.0%
Options Plan	5,876,077	5,821,379	2,323,647	4,409,400	(1,411,979)	-24.3%	54,698	0.9%
Life Insurance	26,173	26,217	11,792	22,500	(3,717)	-14.2%	(44)	-0.2%
Health Insurance Temps	22,541	375,682	133,097	252,600	(123,082)	-32.8%	(353,141)	-94.0%
Flexible Benefit Plan	18,805	18,805	0	0	(18,805)	-100.0%	0	0.0%
Thrift Plan/Horizons	2,494,813	2,392,838	857,551	1,635,100	(757,738)	-31.7%	101,975	4.3%
Savings Plan	1,606,228	1,546,989	583,654	1,114,200	(432,789)	-28.0%	59,240	3.8%
Pension Savings Plan	59,193	59,193	6,101	11,600	(47,593)	-80.4%	0	0.0%
Megaflex	6,826,471	6,553,702	3,126,871	5,961,900	(591,802)	-9.0%	272,769	4.2%
Total	33,383,035	33,008,408	14,952,922	28,462,800	(4,545,608)	-13.8%	374,627	1.1%
Other Benefits	3,745,000	3,671,000	1,703,719	3,597,900	(73,100)	-2.0%	74,000	2.0%
OPEB Contribution	2,791,123	2,366,430	1,247,594	2,496,000	129,570	5.5%	424,694	17.9%
Stipends	65,000	65,000	19,440	45,000	(20,000)	-30.8%	0	0.0%
Overtime	1,472,400	1,508,700	762,016	1,596,100	87,400	5.8%	(36,300)	-2.4%
Bilingual Bonus	20,400	20,400	7,150	20,400	0	0.0%	0	0.0%
Sickleave Buyback	119,800	68,800	97,657	97,900	29,100	42.3%	51,000	74.1%
Rideshare Allowance	70,300	70,300	2,085	4,000	(66,300)	-94.3%	0	0.0%
Transportation Allowance	36,000	36,000	19,500	36,000	0	0.0%	0	0.0%
S&EB TOTAL	\$111,121,312	\$105,402,681	\$50,276,301	\$96,125,500	(\$9,277,181)	-8.8%	\$5,718,631	5.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS
DIVISION SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024 - 2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$6,402,524	\$6,040,479	\$2,557,496	\$4,962,600	(\$1,077,879)	-17.8%	\$362,045	6.0%
Benefits	13,237,934	12,778,841	6,917,606	13,090,400	311,559	2.4%	459,093	3.6%
Communications	2,713,931	2,118,875	983,903	1,889,700	(229,175)	-10.8%	595,056	28.1%
Disability Litigation	2,481,377	2,451,211	1,160,645	2,215,700	(235,511)	-9.61%	30,165	1.2%
Disability Retirement	7,533,582	8,241,073	3,583,459	6,864,100	(1,376,973)	-16.7%	(707,491)	-8.6%
Ethics and Compliance Office	\$236,141	127,400	4,567	9,400	(118,000)	-92.6%	108,741	85.4%
Executive Office	3,939,117	3,224,904	1,796,820	3,553,200	328,296	10.2%	714,212	22.1%
Financial & Accounting Services	5,724,192	5,405,426	2,595,006	4,934,900	(470,526)	-8.7%	318,766	5.9%
Human Resources	4,064,506	4,206,103	1,768,603	3,563,400	(642,703)	-15.3%	(141,597)	-3.4%
Information Security Office	1,339,442	1,250,129	678,252	1,227,700	(22,429)	-1.8%	89,313	7.1%
Internal Audit	2,715,679	2,545,098	1,069,036	2,191,000	(354,098)	-13.9%	170,581	6.7%
Investment Office	20,429,811	19,027,772	8,708,490	16,626,500	(2,401,272)	-12.6%	1,402,040	7.4%
Legal Services	7,019,735	7,904,049	3,502,418	6,665,100	(1,238,949)	-15.7%	(884,314)	-11.2%
Member Services	12,424,890	12,062,576	5,823,391	11,189,500	(873,076)	-7.2%	362,314	3.0%
Quality Assurance	3,129,520	3,234,172	1,532,122	2,926,500	(307,672)	-9.5%	(104,652)	-3.2%
Systems Division	17,728,931	14,784,573	7,594,487	14,215,800	(568,773)	-3.8%	2,944,358	19.9%
S&EB TOTAL	\$111,121,312	\$105,402,681	\$50,276,301	\$96,125,500	(\$9,277,181)	-8.8%	\$5,718,631	5.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
AGENCY TEMPORARY STAFFING
DIVISION SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2 0 2 4 - 2 0 2 5			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$350,900	\$412,400	\$196,017	\$412,400	\$0	0.0%	(\$61,500)	-14.9%
Benefits	0	57,900	9,122	30,000	(27,900)	-48.2%	(57,900)	-100.0%
Communications	400,100	276,400	112,082	192,200	(84,200)	-30.5%	123,700	44.8%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	420,000	407,300	206,652	400,000	(7,300)	-1.8%	12,700	3.1%
Ethics & Compliance Office	0	0	0	0	0	0.0%	0	0.0%
Executive Office	247,200	161,000	7,788	161,000	0	0.0%	86,200	53.5%
Financial & Accounting Services	526,500	482,500	307,977	482,500	0	0.0%	44,000	9.1%
Human Resources	28,000	50,500	5,241	5,300	(45,200)	-89.5%	(22,500)	-44.6%
Information Security Office	213,000	302,000	355,348	609,200	307,200	101.7%	(89,000)	-29.5%
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	127,400	116,700	63,335	108,600	(8,100)	-6.9%	10,700	9.2%
Member Services	0	295,800	63,990	64,000	(231,800)	-78.4%	(295,800)	-100.0%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	3,900,000	2,140,100	1,612,686	2,764,600	624,500	29.2%	1,759,900	82.2%
TOTAL	\$6,213,100	\$4,702,600	\$2,940,238	\$5,229,800	\$527,200	11.2%	\$1,510,500	32.1%

*All amounts rounded to the nearest dollar.

LACERA
BUDGET REQUEST INFORMATION
AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2023		FYE 2024		FYE 2025		FYE 2025
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$473,400	\$282,409	\$457,800	\$297,609	\$412,400	\$412,400	\$350,900
Benefits	154,900	92,043	62,200	45,355	57,900	30,000	0
Communications	56,200	41,983	331,000	85,859	276,400	192,200	400,100
Disability Litigation	9,800	0	0	0	0	0	0
Disability Retirement	129,000	52,858	138,100	191,004	407,300	400,000	420,000
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	1,129,700	1,077,533	645,200	1,011,813	161,000	161,000	247,200
Financial & Accounting Services	778,100	485,257	776,700	544,167	482,500	482,500	526,500
Human Resources	144,300	137,617	139,000	156,870	50,500	5,300	28,000
Information Security Office	0	0	0	0	302,000	609,200	213,000
Internal Audit	0	0	0	0	0	0	0
Investment Office	0	0	0	0	0	0	0
Legal Services	196,600	132,911	179,400	180,763	116,700	108,600	127,400
Member Services	37,000	0	72,600	57,563	295,800	64,000	0
Quality Assurance	0	0	0	0	0	0	0
Systems	4,576,300	2,941,429	2,881,700	3,285,956	2,140,100	2,764,600	3,900,000
GRAND TOTAL	\$7,685,300	\$5,244,040	\$5,683,700	\$5,856,959	\$4,702,600	\$5,229,800	\$6,213,100

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
OVERTIME REQUEST
DIVISION SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024 - 2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2023-2024 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$54,500	\$47,300	\$12,282	\$40,000	(\$7,300)	-15.4%	\$7,200	15.2%
Benefits	579,700	562,900	441,963	757,700	194,800	34.6%	16,800	3.0%
Communications	4,600	4,500	375	1,500	(3,000)	-66.7%	100	2.2%
Disability Litigation	3,000	2,900	81	400	(2,500)	-86.2%	100	3.4%
Disability Retirement	59,400	140,800	42,394	100,000	(40,800)	-29.0%	(81,400)	-57.8%
Ethics & Compliance Office	0	0	0	0	0	0.0%	0	0.0%
Executive Office	28,400	28,400	15,731	27,000	(1,400)	-4.9%	0	0.0%
Financial & Accounting Services	62,300	62,800	34,748	60,000	(2,800)	-4.5%	(500)	-0.8%
Human Resources	6,700	6,500	2,052	5,000	(1,500)	-23.1%	200	3.1%
Information Security Office	0	0	0	0	0	0.0%	0	0.0%
Internal Audit	5,700	5,500	194	2,000	(3,500)	-63.6%	200	3.6%
Investment Office	800	800	30	200	(600)	-75.0%	0	0.0%
Legal Services	21,000	20,300	16,575	20,300	0	0.0%	700	3.4%
Member Services	397,900	384,900	119,116	380,000	(4,900)	-1.3%	13,000	3.4%
Quality Assurance	12,300	11,900	0	2,000	(9,900)	-83.2%	400	3.4%
Systems Division	236,100	229,200	76,476	200,000	(29,200)	-12.7%	6,900	3.0%
TOTAL	\$1,472,400	\$1,508,700	\$762,016	\$1,596,100	\$87,400	5.8%	(\$36,300)	-2.4%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2023		FYE 2024		FYE 2025		FYE 2026
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$49,400	\$9,935	\$35,700	\$14,068	\$47,300	\$40,000	\$54,500
Benefits	398,100	580,501	426,400	818,091	562,900	757,700	579,700
Communications	4,800	2,721	4,500	1,821	4,500	1,500	4,600
Disability Litigation	6,600	1,058	2,800	572	2,900	400	3,000
Disability Retirement	165,300	120,189	103,600	192,653	140,800	100,000	59,400
Ethics & Compliance Office	0	0	0	0	0	0	0
Executive Office	25,600	17,850	27,600	32,129	28,400	27,000	28,400
Financial & Accounting Services	65,300	45,783	64,700	52,129	62,800	60,000	62,300
Human Resources	3,800	18,840	4,700	13,998	6,500	5,000	6,700
Information Security Office	0	0	0	0	0	0	0
Internal Audit	5,000	928	5,300	258	5,500	2,000	5,700
Investment Office	1,000	0	800	24	800	200	800
Legal Services	18,400	20,668	19,900	27,524	20,300	20,300	21,000
Member Services	174,000	268,449	214,200	381,613	384,900	380,000	397,900
Quality Assurance	21,500	803	11,500	2,031	11,900	2,000	12,300
Systems	150,000	215,349	229,200	226,414	229,200	200,000	236,100
GRAND TOTAL	\$1,088,800	\$1,303,073	\$1,150,900	\$1,763,326	\$1,508,700	\$1,596,100	\$1,472,400

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

DIVISION	PROPOSED BUDGETED POSITIONS FY 2024-2025	VACANCY (AS OF 03/31/25)	%	PROPOSED BUDGETED POSITIONS FY 2025-2026 *	VACANCY	%
Administrative Services	44	13	30%	44	13	30%
Benefits	79	6	8%	78	6	8%
Communications	14	5	36%	14	5	36%
Disability Litigation	7	1	14%	6	0	0%
Disability Retirement Services	44	10	23%	44	10	23%
Ethics & Compliance Office Ø	1	1	100%	3	3	100%
Executive	10	1	10%	10	1	10%
Financial Accounting Services	33	6	18%	33	6	18%
Human Resources	21	3	14%	21	3	14%
Information Security Office	5	0	0%	5	0	0%
Internal Audit	11	1	9%	11	1	9%
Investment Office	46	8	17%	48	10	21%
Legal Services Ø	28	8	29%	29	9	31%
Member Services	79	10	13%	81	11	14%
Quality Assurance	19	6	32%	19	6	32%
Systems	62	16	26%	62	16	26%
LACERA Total	503	95	19%	508	100	20%

* Includes new requested positions.

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

LACERA
FISCAL YEAR 2025-2026
SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024 - 2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Auto Expense	\$52,300	\$51,300	\$7,342	\$16,000	(\$35,300)	-68.8%	\$1,000	1.9%
Communications	355,000	390,000	139,093	349,000	(41,000)	-10.5%	(35,000)	-9.0%
Transportation and Travel	970,100	922,300	282,641	700,800	(221,500)	-24.0%	47,800	5.2%
Postage	1,269,000	1,239,000	782,487	1,239,000	0	0.0%	30,000	2.4%
Stationery and Forms	948,000	1,022,500	347,574	703,600	(318,900)	-31.2%	(74,500)	-7.3%
Office Supplies and Equipment	855,500	740,600	356,250	616,800	(123,800)	-16.7%	114,900	15.5%
Insurance	1,381,900	1,440,200	1,232,368	1,232,700	(207,500)	-14.4%	(58,300)	-4.0%
Equipment Maintenance	197,000	428,300	251,165	419,400	(8,900)	-2.1%	(231,300)	-54.0%
Equipment Rents and Leases	260,000	260,000	98,116	220,000	(40,000)	-15.4%	0	0.0%
Building Costs	7,775,000	7,663,500	3,488,052	6,438,200	(1,225,300)	-16.0%	111,500	1.5%
Parking Fees	561,000	517,000	318,470	522,000	5,000	1.0%	44,000	8.5%
Professional and Spec. Svcs.	5,326,500	4,409,600	1,532,880	3,316,700	(1,092,900)	-24.8%	916,900	20.8%
Bank Services	200,000	200,000	109,450	200,000	0	0.0%	0	0.0%
Legal Fees and Services	2,360,000	2,333,000	888,176	2,097,300	(235,700)	-10.1%	27,000	1.2%
Disability Fees and Services	3,465,200	3,090,300	1,263,928	2,993,200	(97,100)	-3.1%	374,900	12.1%
Computer Services and Support	6,575,000	7,500,100	3,833,806	7,001,800	(498,300)	-6.6%	(925,100)	-12.3%
Educational Expense	1,966,000	1,807,400	528,957	1,326,400	(481,000)	-26.6%	158,600	8.8%
Miscellaneous	626,200	598,700	357,482	434,800	(163,900)	-27.4%	27,500	4.6%
S&S TOTAL	\$35,143,700	\$34,613,800	\$15,818,235	\$29,827,700	(\$4,786,100)	-13.8%	\$529,900	1.5%

*All amounts rounded to the nearest dollar.

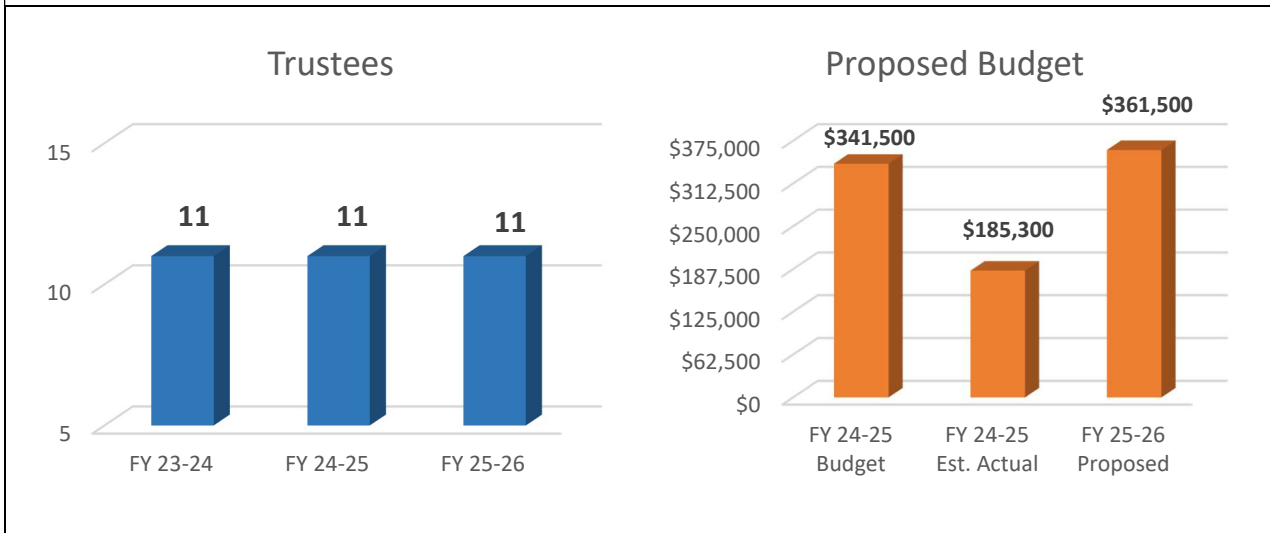
LACERA
FISCAL YEAR 2025-2026
SERVICES AND SUPPLIES
DIVISION SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2 0 2 4 - 2 0 2 5			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$10,641,400	\$10,769,300	\$5,527,067	\$8,969,000	(\$1,800,300)	-16.7%	(\$127,900)	-1.2%
Benefits	136,900	136,500	25,117	59,300	(77,200)	-56.6%	400	0.3%
Board of Retirement	361,500	341,500	97,281	185,300	(156,200)	-45.7%	20,000	5.9%
Board of Investments	579,000	556,000	264,695	479,800	(76,200)	-13.7%	23,000	4.1%
Communications	1,598,400	1,633,600	606,590	1,266,300	(367,300)	-22.5%	(35,200)	-2.2%
Disability Litigation	35,100	53,500	6,986	29,100	(24,400)	-45.6%	(18,400)	-34.4%
Disability Retirement	3,782,900	3,379,200	1,355,176	3,176,200	(203,000)	-6.0%	403,700	11.9%
Ethics & Compliance Office	120,200	92,000	59,291	77,800	(14,200)	-15.4%	28,200	30.7%
Executive Office	898,100	814,600	178,392	391,900	(422,700)	-51.9%	83,500	10.3%
Financial & Accounting Services	257,000	253,000	125,798	242,600	(10,400)	-4.1%	4,000	1.6%
Human Resources	2,605,700	2,264,000	971,323	1,942,000	(322,000)	-14.2%	341,700	15.1%
Information Security Office	574,200	340,700	125,738	269,000	(71,700)	-21.0%	233,500	68.5%
Internal Audit	769,200	749,200	203,626	527,500	(221,700)	-29.6%	20,000	2.7%
Investment Office	361,500	349,500	148,217	289,900	(59,600)	-17.1%	12,000	3.4%
Legal Services	2,496,900	2,483,200	927,454	2,182,900	(300,300)	-12.1%	13,700	0.6%
Member Services	337,600	94,500	30,857	60,900	(33,600)	-35.6%	243,100	257.2%
Quality Assurance	86,100	86,100	2,603	75,400	(10,700)	-12.4%	0	0.0%
Systems	9,502,000	10,217,400	5,162,026	9,602,800	(614,600)	-6.0%	(715,400)	-7.0%
S&S TOTAL	\$35,143,700	\$34,613,800	\$15,818,235	\$29,827,700	(\$4,786,100)	-13.8%	\$529,900	1.5%

*All amounts rounded to the nearest dollar.

BOARD OF RETIREMENT

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>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> Registration Fees 		\$20,000

FY 2025-26 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

Board of Retirement does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

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

Registration Fees

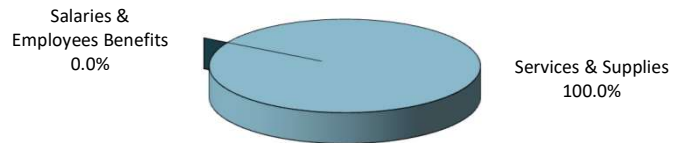
The Registration Fees budget request increased from \$30,000 to \$50,000, an increase of \$20,000.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

BOARD OF RETIREMENT

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	361,500	341,500	97,281	185,300	(156,200)	-45.7%	20,000	5.9%
OPERATING BUDGET	\$361,500	\$341,500	\$97,281	\$185,300	(\$156,200)	-45.7%	\$20,000	5.9%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$93,500	\$93,500	\$39,856	\$80,000	(\$13,500)	-14.4%	\$0	0.0%
EDUCATIONAL EXPENSES	106,000	86,000	50,457	92,000	6,000	7.0%	20,000	23.3%
MISCELLANEOUS	162,000	162,000	6,967	13,300	(148,700)	-91.8%	0	0.0%
TOTAL	\$361,500	\$341,500	\$97,281	\$185,300	(\$156,200)	-45.7%	\$20,000	5.9%

*All amounts rounded to the nearest dollar.

BOARD OF RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SERVICES & SUPPLIES					
Transportation & Travel	\$93,500	\$64,778	\$93,500	\$80,000	\$93,500
Educational Expenses	86,000	26,283	86,000	92,000	106,000
Miscellaneous	124,000	110,318	162,000	13,300	162,000
TOTAL OPERATING BUDGET	\$303,500	\$201,378	\$341,500	\$185,300	\$361,500

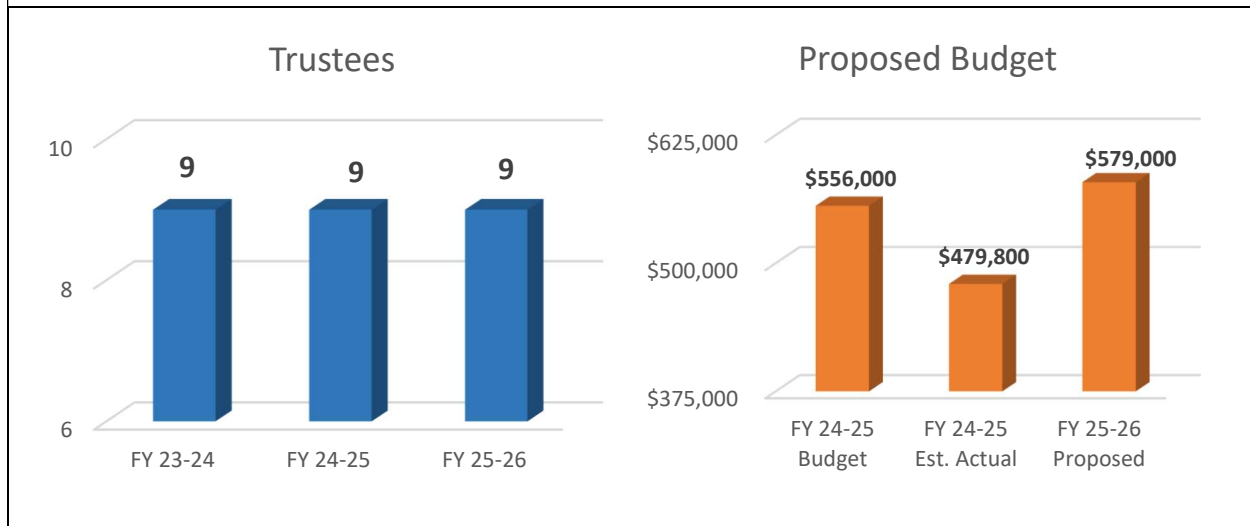
*All amounts rounded to the nearest dollar.



BUDGET NARRATIVE
FISCAL YEAR 2025-2026

BOARD OF INVESTMENTS

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>Position Changes</u>	<u>Amount</u>
• Registration Fees		\$11,000
• Educational Materials		\$5,000

FY 2025-26 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 2025-26.

Services and Supplies Adjustments

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

Registration Fees

The Registration Fees budget increased from \$114,000 to \$125,000.

Educational Materials

The Educational Materials budget increased from \$5,000 to \$10,000.

Offsite Board Meeting

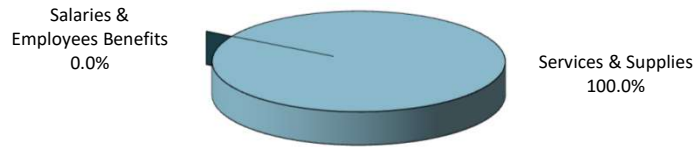
The Offsite Board Meeting budget increased from \$93,000 to \$100,000.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

BOARD OF INVESTMENTS

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Services & Supplies	579,000	556,000	264,695	479,800	(76,200)	-13.7%	23,000	4.1%
OPERATING BUDGET	\$579,000	\$556,000	\$264,695	\$479,800	(\$76,200)	-13.7%	\$23,000	4.1%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$246,000	\$246,000	\$67,554	\$195,000	(\$51,000)	-20.7%	\$0	0.0%
EDUCATIONAL EXPENSES	216,000	200,000	98,521	179,000	(21,000)	-10.5%	16,000	8.0%
MISCELLANEOUS	117,000	110,000	98,620	105,800	(4,200)	-3.8%	7,000	6.4%
TOTAL	\$579,000	\$556,000	\$264,695	\$479,800	(\$76,200)	-13.7%	\$23,000	4.1%

*All amounts rounded to the nearest dollar.

BOARD OF INVESTMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

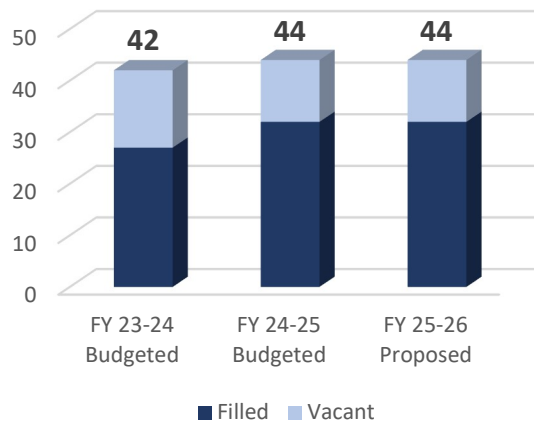
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SERVICES & SUPPLIES					
Transportation & Travel	\$246,000	\$141,865	\$246,000	\$195,000	\$246,000
Educational Expenses	200,000	184,502	200,000	179,000	216,000
Miscellaneous	105,000	80,653	110,000	105,800	117,000
TOTAL OPERATING BUDGET	\$551,000	\$407,019	\$556,000	\$479,800	\$579,000

*All amounts rounded to the nearest dollar.

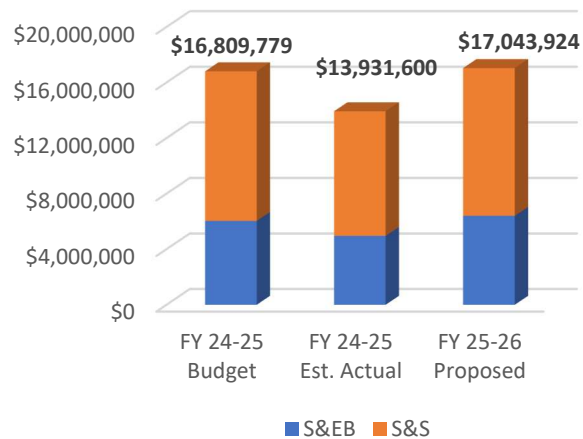
ADMINISTRATIVE SERVICES

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>Position Changes</u>	<u>Amount</u>
• Add one Administrative Services Analyst II	1	\$110,754
• Delete one Procurement Assistant II	(1)	(\$95,056)
• Reduction in Agency Temp.		(\$61,500)
• Increase in Overtime		\$7,200

<ul style="list-style-type: none"> • Travel • Safety and Health Supplies • Computer Supplies (Transferred to Systems) • Fiduciary Insurance • Earthquake/Flood Insurance • Business Package Insurance • Empl. Prac. Liability Insurance • Cyber Liability Insurance • Production Copiers - Leases (Transferred to Systems) • HVAC/Lighting • Security Services • Consulting and Contracting Services • Shredding Services • Courier Service • Furniture Off-Site Storage 		\$16,400 \$24,400 (\$60,000) \$22,100 (\$7,100) (\$24,700) \$35,900 (\$84,700) (\$220,000) (\$35,000) (\$14,000) \$40,000 \$40,000 (\$15,000) \$9,000
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STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

Promoting Fiscal Responsibility Objective 5.1

In FY 2024-25, Division Managers have been utilizing the Questica Budget Software to effectively manage their division's needs and strategic priorities. This transition to a centralized budget system has replaced the previous practices, which were inefficient and took valuable time.

The Budget Unit played a crucial role in facilitating this process by empowering managers with autonomy and providing insights on historical trends and cash flow data, enabling informed decision-making.

This strategic adjustment has allowed managers to be more intentional in their budget allocations, furthering the promotion of fiscal durability. The implementation of Questica Budget Software has not only streamlined the budgeting process but also improved the financial management within the organization.

The increased participation of Division Managers in the budget process, facilitated by the automatic delivery of Budget to Actual reports twice a month, has further enhanced transparency. Managers can access all their expenditures in real time from their desktops, making budgeting accessible for everyone, regardless of their financial expertise. This real-time tracking allows Division Managers to keep an up-to-date view of their financial health, generate detailed visualizations, and gain insights into their spending habits, ultimately enabling them to make informed financial decisions.

Additionally, we are in the process of implementing a non-administrative budget in Questica. This initiative not only fosters transparency but also strengthens confidence in our financial statements and planning.

Moreover, an automated travel module is in progress to better support the travel needs of our trustees and staff. This initiative is well underway and promises to streamline travel arrangements.

LACERA's centralized vendor management program is part of a broader initiative to enhance operational efficiency and ensure responsible financial management. This program is supported by an Enterprise Contract Lifecycle Management (ECLM) solution from Cobblestone, which automates the development, approval, and management of contracts and RFPs at LACERA.

This solution replaces a legacy system and supports the centralization of vendor management. Additionally, the program is part of LACERA's strategic priority to exercise care and prudence in managing resources and fund assets, ensuring fiscal responsibility with member-entrusted funds.

ASD joined OMNIA Partners, a strategic partnership that grants LACERA access to 1,176 contract solutions from various government organizations for services and supplies. This partnership's \$30 billion joint purchasing power ensures cost savings on products and services, as well as reduced contract processing times. This collaboration is a significant step forward in optimizing our procurement processes and achieving greater efficiency.

These initiatives are aimed at fostering a culture of fiscal responsibility and supporting the long-term viability of the fund.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

The ASD's goals and objectives are to provide the operational infrastructure that supports the divisions in administering LACERA's programs and services. ASD plays a leading role in LACERA's Fiscal Durability Strategic Priority, ensuring that resources are utilized appropriately and judiciously. Some of these fiscal elements involve improvements in:

- Financial and budgeting systems that support LACERA's ability to make, monitor, and ensure prudent and strategic expenditure decisions;
- Systems, technologies and processes that can simplify and improve staff efficiency and effectiveness.
- Developing and reinforcing a fiscal prudent mindset
- Ensuring LACERA's staff and management responsible for financial operations have appropriate training and qualifications.

Specific functions include:

- Budget Development and Monitoring
- Business Continuity Management
- Business Insurance Management
- Document Processing/Mailroom Services
- Facilities Management/Renovations
- Health and Safety Services
- Records and Information Management
- Rideshare Administration (Transition to HR, effective FY 2025-26)
- Risk Management
- Vendor Management (Procurement & Contract Compliance)

1. Enhance Financial Management and Reporting

Implement Advanced Budgeting Tools: Continue leveraging Questica Budget Software to enhance real-time reporting and transparency. Introduce additional modules for more detailed financial analysis and forecasting.

Centralized Vendor Management: Fully implement the centralized Vendor Management Program to streamline procurement processes, reduce costs, mitigate risk, and ensure compliance.

Records and Information Management (RIM) Retention Schedule Consulting Services: Contract a consultant for LACERA's records retention schedule to ensure legal and regulatory compliance.

2. Foster a Culture of Fiscal Responsibility

Financial Training: Promote financial training for all managers to ensure a thorough understanding of budgeting principles and fiscal responsibility.

Automated Processes: Continue automating processes such as budget book publishing and travel module to reduce manual errors, improve efficiency, and free up valuable time.

3. Drive Innovation through Technology

Copilot/Digital Tools: Leverage Copilot AI to create innovative tools that centralize departmental needs, reporting, and tracking. The tools created from ASD would improve interdivisional communication and efficiency.

DPC Digital Mailroom: Advanced digital mailroom solutions will enhance our document processing efficiency and accuracy, ensuring that all incoming documents are swiftly and accurately digitized, indexed, and routed to the appropriate departments. This initiative will not only streamline our operations but also reduce the risk of errors and improve overall service delivery. By integrating new technology into our document management processes, we are committed to driving innovation and achieving operational excellence, ultimately supporting our goal of providing superior service to our members.

4. Support Employee Development

Investing in People: ASD is an avid advocate for empowering and supporting staff growth. We recognize that staff is the power and drive behind dynamic operations and the future of LACERA. In FY 2024-25, the division participated in a Cliftons Strengths Finder Assessment. Team dynamics have been identified, and we are now working toward optimizing synergy via mindful emotional intelligence.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

Following the reorganization of the Administrative Services Division this fiscal year and the implementation of a centralized vendor management program, it has become clear that a generalist position is needed to assist with vendor management, budget, records management, and facilities.

To undergird operational efficiency and support accurate, responsible, and sound financial management, we propose adding an Administrative Services Analyst (ASA) II position. This will be a position-neutral request as we are deleting the Procurement Assistant II position. The ASA II will immediately support financial reporting and budget preparation as well as assist with contract renewals and vendor payments. This additional role will also help streamline and centralize the records management function and improve overall efficiency. This role will provide essential support across multiple functional areas, contributing to the overall success and effectiveness of Administrative Services.

Temporary Staffing

ASD's proposed budget for agency temporary staff is \$350,900 for FY 2025-26. This amount represents a reduction in funds allocated for temporary staff, stemming from the filling of permanent positions which reduces the need for temporary agency staff.

Currently, ASD has 44 budgeted positions, with a 27 percent vacancy rate. The HR hiring plan for FY 2025-26 includes:

- Hiring four Document Processing Specialists (Projected Quarter 1 and Quarter 2)
- Hiring one Document Processing Supervisor (Projected Quarter 1 and Quarter 2)
- Potentially hiring one Administrative Services Officer and one Supervising Administrative Assistant II in the latter half of the fiscal year (Projected Quarter 3 and Quarter 4)

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.

Overtime Needs

We expect overtime to be necessary for FY 2025-26 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.

We are requesting an increase of \$7,200 to the overtime budget. Due to a restructuring of the division, there is necessary work to be done before reaching optimal efficiency.

Interns

In response to our organization's growing need for efficient records management, the Records and Information Management Unit seeks a highly motivated, detail-oriented, meticulous intern to spearhead a comprehensive records management project. This role will involve conducting a thorough organization-wide inventory of business records and utilizing advanced data analysis techniques to extract valuable insights. The intern will play a pivotal role in assessing the current state of our records and formulate recommendations for updating the Records Retention Schedule and ensuring compliance

with industry regulations. This hands-on experience will give the intern valuable records management skills and significantly enhance our overall organizational efficiency and information governance. The funding for Interns is budgeted in Human Resources and is not reflected in the Administrative Services Budget.

Rehired Retirees

Administrative Services does not anticipate any use of retired rehires in FY 2025-26.

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 2025-26.

Services and Supplies Adjustments

Travel

The Administrative Services Division (ASD) is expecting an increase in travel costs due to the addition of new staff. An addition of \$16,400 is being requested, an increase from \$28,700 to \$45,100. The travel opportunities will allow supervisors to enhance their knowledge and skills through various trainings and conferences. With the ongoing innovation and restructuring of administrative operations, the leadership is being equipped to find dynamic ways forward.

Safety and Health Supplies

To replenish essential health and safety supplies in conjunction with the initiative to secure the building with bulletproof glass, an addition of \$24,400 is being requested, an increase from \$42,000 to \$66,400.

Computer Supplies

ASD is transferring this account to the Systems Division.

Insurance

Various insurance cost variance derives from percentage projections (5-20 percent) forecasted by our insurance brokers and current market conditions. Overall, insurance costs are decreasing by \$58,300 from \$1,440,200 to \$1,381,900. Individual business lines are changing as follows:

- Fiduciary Insurance: Increase of \$22,100, which is a 15 percent increase from the prior year's budget.
- Earthquake/Flood Insurance: Decrease of \$7,100 from the prior year's budget.

- Business Package Insurance: Decrease of \$24,700, which is a 20 percent decrease from the actual expenditure amount.
- Employment Practice Liability Insurance: Increase of \$35,900, which is a 15 percent increase from the prior year's budget.
- Cyber Liability Insurance: Decrease of \$84,700 from the prior year's budget.

Production Copiers: Leases

ASD is transferring this account to the Systems Division.

HVAC/Lighting

Low historical actuals have informed ASD to lower the budgeted amount. ASD is not anticipating for costs to exceed \$100,000. A reduction of \$35,000 will apply, which is a decrease from \$135,000 to \$100,000.

Security Services

The allocated funds for this line item are decreasing. The budgeted amount was based off actual monthly expenditure. A reduction of \$14,000 will apply, which is a decrease from \$32,000 to \$18,000.

Consulting and Contracting Services

ASD requests \$190,000 for consulting services for two projects. This year, ASD will embark on a strategic facility planning process to align our short- and long-term facility plans with our anticipated future needs. This planning process is essential as we envision LACERA's future state as a \$100 billion fund. We are requesting \$150,000 for this service and the development of a 5- to 10-year facilities master plan. An additional amount of \$40,000 is being requested for a consultant for LACERA's records retention schedule to ensure legal and regulatory compliance.

Shredding Services

Our shredding services vendor cost has increased due to higher usage. We propose a \$40,000 budget increase, raising the total from \$50,000 to \$90,000.

Courier Services

Digital resource transition has contributed to reduced spending for courier services. For the prior year, \$25,000 was budgeted. We look to reduce this line item by \$15,000 for a budget request of \$10,000.

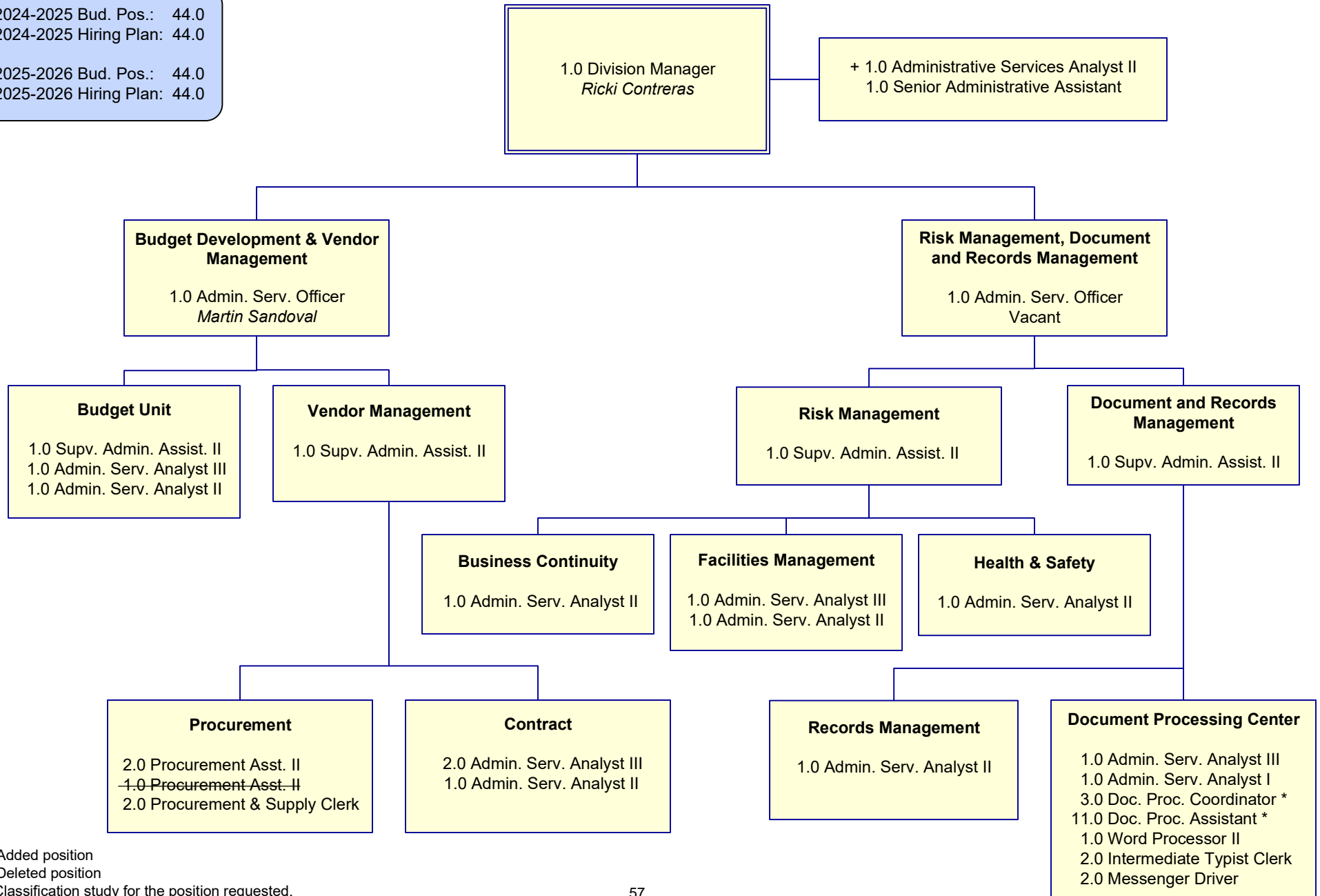
Furniture Off-Site Storage

Storage services are required during anticipated renovations, which is indicative of increased cost for this budget line. An addition of \$9,000 is being requested, an increase from \$21,000 to \$30,000.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 44.0
 2024-2025 Hiring Plan: 44.0
 2025-2026 Bud. Pos.: 44.0
 2025-2026 Hiring Plan: 44.0



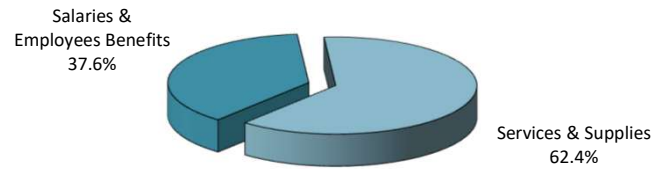
+ Added position
 - Deleted position
 * Classification study for the position requested.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$6,402,524	\$6,040,479	\$2,557,496	\$4,962,600	(\$1,077,879)	-17.8%	\$362,045	6.0%
Services & Supplies	10,641,400	10,769,300	5,527,067	8,969,000	(1,800,300)	-16.7%	(127,900)	-1.2%
OPERATING BUDGET	\$17,043,924	\$16,809,779	\$8,084,564	\$13,931,600	(\$2,878,179)	-17.1%	\$234,145	1.4%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$3,586,967	\$3,293,363	\$1,389,842	\$2,665,000	(\$628,363)	-19.1%	\$293,604	8.9%
Total Agency Temp Salaries	350,900	412,400	196,017	412,400	0	0.0%	(61,500)	-14.9%
Employee Benefits (Variable)	2,024,610	1,928,832	783,949	1,487,700	(441,132)	-22.9%	95,778	5.0%
Employee Benefits (Other)	212,039	208,726	96,006	204,600	(4,126)	-2.0%	3,313	1.6%
OPEB Contribution	159,308	135,659	71,522	143,100	7,441	5.5%	23,649	17.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	54,500	47,300	12,282	40,000	(7,300)	-15.4%	7,200	15.2%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	5,792	5,800	(1,500)	-20.5%	0	0.0%
Rideshare Allowance	6,900	6,900	2,085	4,000	(2,900)	-42.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$6,402,524	\$6,040,479	\$2,557,496	\$4,962,600	(\$1,077,879)	-17.8%	\$362,045	6.0%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$6,402,524	\$6,040,479	\$2,557,496	\$4,962,600	(\$1,077,879)	-17.8%	\$362,045	6.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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	6	098E
0419	ADMINISTRATIVE SERVICES ANALYST I	1	089A
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0472	DOCUMENT PROCESSING COORDINATOR	1	088D
0471	DOCUMENT PROCESSING ASSISTANT, LACERA	6	085D
0464	PROCUREMENT ASSISTANT II, LACERA	2	092J
0467	PROCUREMENT & SUPPLY CLERK, LACERA	2	086B
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
0420	ADMINISTRATIVE SERVICES ANALYST II	1	098E
0472	DOCUMENT PROCESSING COORDINATOR	2	088D
0448	WORD PROCESSOR II, LACERA	1	087C
0471	DOCUMENT PROCESSING ASSISTANT, 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 2025-2026

SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$34,000	\$33,000	\$301	\$1,500	(\$31,500)	-95.5%	\$1,000	3.0%
TRANSPORTATION & TRAVEL	47,400	31,600	6,071	16,000	(15,600)	-49.4%	15,800	50.0%
POSTAGE	410,000	410,000	350,000	410,000	0	0.0%	0	0.0%
STATIONERY & FORMS	1,000	1,000	3,771	4,000	3,000	300.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	242,900	280,500	59,454	188,000	(92,500)	-33.0%	(37,600)	-13.4%
INSURANCE	1,381,900	1,440,200	1,232,368	1,232,700	(207,500)	-14.4%	(58,300)	-4.0%
EQUIPMENT MAINTENANCE	2,000	3,300	675	1,400	(1,900)	-57.6%	(1,300)	-39.4%
EQUIPMENT RENTS & LEASES	40,000	260,000	98,116	220,000	(40,000)	-15.4%	(220,000)	-84.6%
BUILDING COSTS	7,775,000	7,663,500	3,488,052	6,438,200	(1,225,300)	-16.0%	111,500	1.5%
PROFESSIONAL & SPEC. SRVCS.	646,000	583,000	274,838	427,900	(155,100)	-26.6%	63,000	10.8%
EDUCATIONAL EXPENSES	49,200	49,200	7,183	17,300	(31,900)	-64.8%	0	0.0%
MISCELLANEOUS	12,000	14,000	6,239	12,000	(2,000)	-14.3%	(2,000)	-14.3%
TOTAL	\$10,641,400	\$10,769,300	\$5,527,067	\$8,969,000	(\$1,800,300)	-16.7%	(\$127,900)	-1.2%

*All amounts rounded to the nearest dollar.

ADMINISTRATIVE SERVICES

BUDGET REQUEST INFORMATION

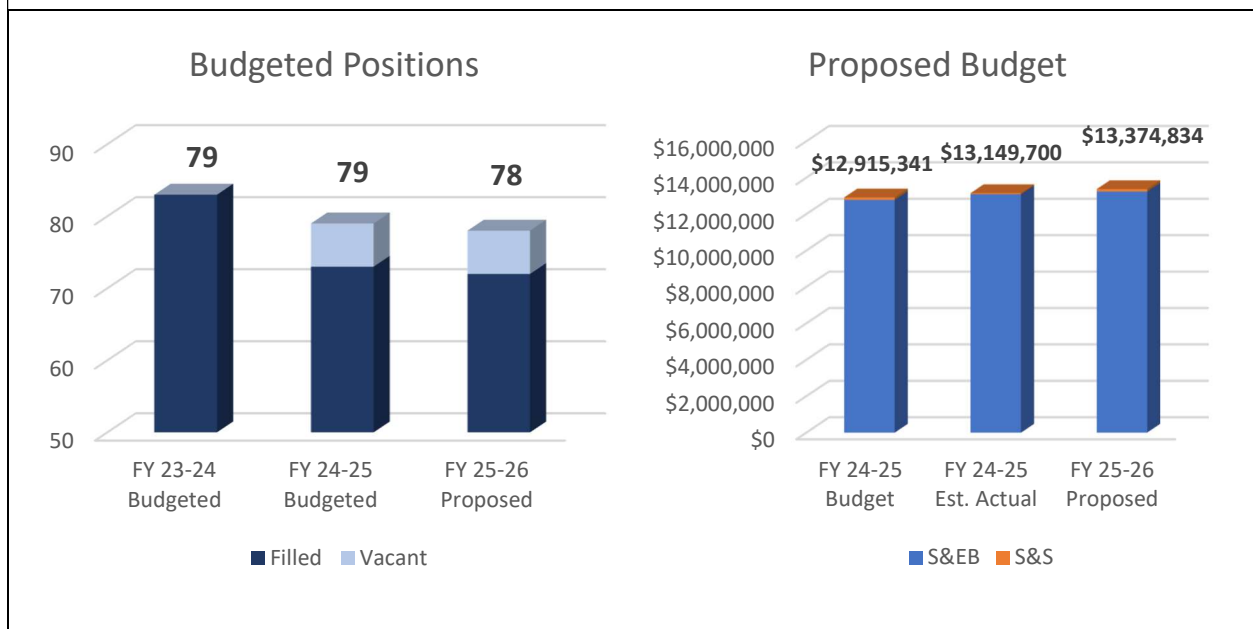
HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$2,813,145	\$2,106,003	\$3,293,363	\$2,665,000	\$3,586,967
Total Agency Temp Salaries	457,800	297,609	412,400	412,400	350,900
Employee Benefits (Variable)	1,911,226	1,212,387	1,928,832	1,487,700	2,024,610
Employee Benefits (Other)	180,309	158,021	208,726	204,600	212,039
OPEB Contribution	99,927	104,240	135,659	143,100	159,308
OPEB Contribution (Budget Surplus)	0	99,927	0	0	0
Stipends	0	0	0	0	0
Overtime	35,700	14,068	47,300	40,000	54,500
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	7,300	8,774	7,300	5,800	7,300
Rideshare Allowance	6,900	2,981	6,900	4,000	6,900
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Auto Expenses	33,500	21,448	33,000	1,500	34,000
Transportation & Travel	17,600	3,099	31,600	16,000	47,400
Postage	351,500	365,000	410,000	410,000	410,000
Stationery & Forms	1,000	0	1,000	4,000	1,000
Office Supplies & Equipment	298,000	194,218	280,500	188,000	242,900
Insurance	1,374,700	1,217,452	1,440,200	1,232,700	1,381,900
Equipment Maintenance	3,300	3,990	3,300	1,400	2,000
Equipment Rents & Leases	250,000	208,204	260,000	220,000	40,000
Building Costs	7,800,000	6,754,174	7,663,500	6,438,200	7,775,000
Professional & Specialized Services	429,000	392,940	583,000	427,900	646,000
Educational Expenses	25,500	22,578	49,200	17,300	49,200
Miscellaneous	12,000	11,138	14,000	12,000	12,000
TOTAL OPERATING BUDGET	\$16,108,407	\$13,198,252	\$16,809,779	\$13,931,600	\$17,043,924

*All amounts rounded to the nearest dollar.

BENEFITS DIVISION

The Benefits Division is responsible for accurately and consistently calculating the member’s promised pension benefit, collecting the required contributions to fund those benefits, and safeguarding, or 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.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> Remove 1 Administrative Assistant in Core Benefits Section 	(1)	(\$80,772)
<ul style="list-style-type: none"> Removal of Agency Temp. 		(\$57,900)

STATUS OF FY 2024-25 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 PEPRA members (In progress)
- Design and implement the process to reduce LACERA's risk regarding retirees who work part time up to 960 hours (Complete)
- Redesign LACERA's Recovery of Underpaid Contributions and Overpaid Benefits to conform with industry best practices and improve the member experience (In progress)
- Clarify the Supplemental Disability process to address situations where members are not assigned an alternate position prior to the granting of the disability (In progress)
- Work with Systems to create a process where staff can generate Previous Service contracts through Workspace without the use of the Excel templates (Complete)
- Implement automation to improve the efficiency of the Benefits payroll process. While we are still in progress, we have experienced a significant reduction in turnaround time, from an average of 83 minutes to 26 minutes for routine work.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

The following objectives support the Strategic Plan priorities of the Superior Member Experience and Investing in People. These goals will help improve the member experience by increasing our flexibility to respond to changes, while developing future leaders as they learn how to build better trust and accountability, develop cohesive teams, and collaborate on behalf of our members:

- Increase opportunities for staff to network and gain industry knowledge by attending outside training and conferences
- Work with 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
- Enhance the quality of our training program by incorporating Retirement Benefits Specialist IIIs from both Member Services and Benefits into the training to serve as leads focused on mentoring and adding real-life context to the training process and to provide focused individual support as needed. In FY 2024-25, we increased the number of industry-related conferences and trainings as well as the number of staff who attend them. This year, we will continue to invite staff and supervisors to attend trainings and represent LACERA at industry events. In addition to SACRS and CALAPRS Benefits Roundtables, leaders within the division will attend Cost Effective Measurement (CEM) and the National Conference on Public Employee

Retirement Systems (NCPERS). (NCPERS offers a variety of conferences. Benefits will attend the one titled Annual Conference and Exhibitions [ACE]).

In FY 2024-25, we intended to transform the culture of the Benefits Division by working with an outside consultant. This would empower the leadership team (supervisors and above) to further develop their skills and abilities to become better leaders. We will also focus on the whole division, so the entire team grows together, allowing the leadership team to immediately apply what they learn and receive feedback as part of the training process. We plan to move forward with this once our leadership team is complete. Currently, we have two Supervisor positions and one Section Head position vacant.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

As a result of changes in automation and the development of document templates, Benefits no longer requires the services of an Administrative Assistant to support the Core Section. However, we have found that Member Services would benefit from having an Administrative Assistant greet members at the Member Service Center. Additionally, this individual would handle member delivery of completed documents and scheduling appointments. They would also assist with non-technical questions. Benefits Division will be transferring their Administrative Assistant to the Member Services Division permanently.

Temporary Staffing

LACERA plans to offer a Core Benefits Training class beginning in late FY 2025-26 to ensure a steady inflow of new, fully trained Retirement Benefits Specialist to support the Benefits and Member Services Division. These trainees are County Temporary until they successfully complete the training program.

The Benefits Division does not anticipate any use of agency temporary staffing in FY 2025-26.

Overtime Needs

The Benefits Division anticipates the need for approximately 8,600 hours of overtime at an approximate cost of \$579,700 (includes 3 percent COLA) in FY 2025-26. While we anticipate filling two Retirement Benefits Specialist II positions upon completion of the current training class, we also anticipate the promotion of up to six staff members. As a result, we would like to maintain the budgeted overtime amount to ensure we provide a Superior Member Experience through the delivery of timely and accurate responses to member requests.

Interns

The Benefits Division does not anticipate any use of interns in FY 2025-26.

Rehired Retirees

The Benefits Division does not anticipate any use of rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

The Benefits Division does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

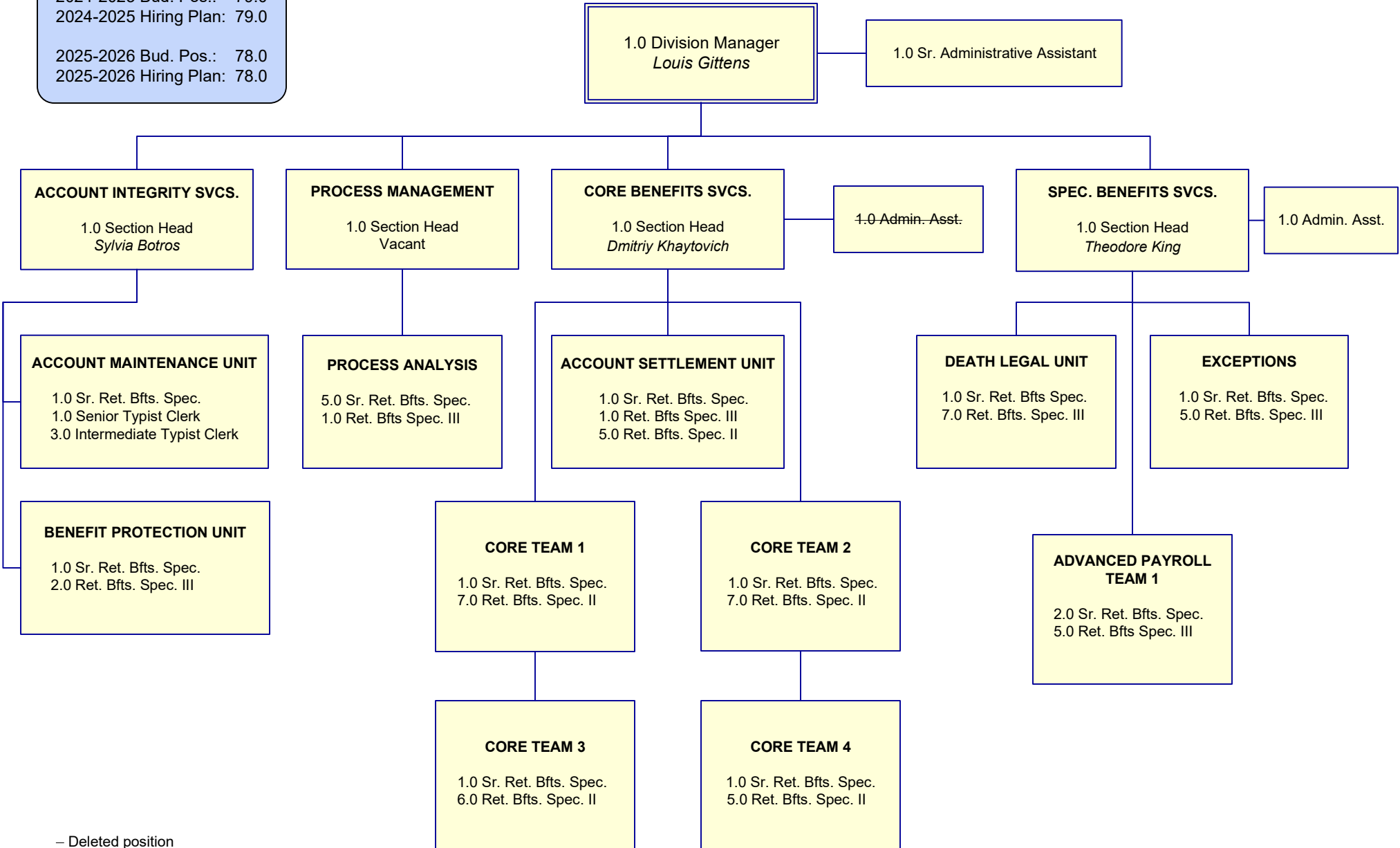
Miscellaneous

Historically, the Benefits Division celebrates staff's accomplishments at the end of the year with a division-wide lunch. It is a time for the entire division to come together and for the organization to show its appreciation to staff for their dedication and service. This year, we would like to reward individual staff and supervisors with plaques that they can display in their work area. We also anticipate an increase in food costs. As a result, we would like to increase the miscellaneous budget from \$1,600 to \$2,000.

BENEFITS DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 79.0
 2024-2025 Hiring Plan: 79.0
 2025-2026 Bud. Pos.: 78.0
 2025-2026 Hiring Plan: 78.0



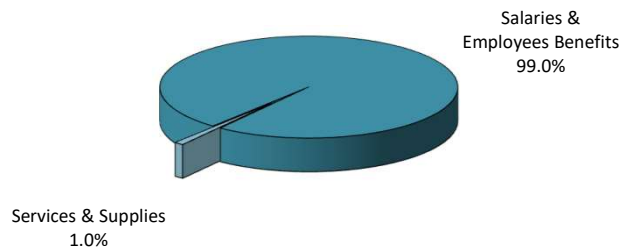
- Deleted position

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

BENEFITS DIVISION

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$13,237,934	\$12,778,841	\$6,917,606	\$13,090,400	\$311,559	2.4%	\$459,093	3.6%
Services & Supplies	136,900	136,500	25,117	59,300	(77,200)	-56.6%	400	0.3%
OPERATING BUDGET	\$13,374,834	\$12,915,341	\$6,942,723	\$13,149,700	\$234,359	1.8%	\$459,493	3.6%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$7,565,746	\$7,118,357	\$3,987,185	\$7,566,000	\$447,643	6.3%	\$447,389	6.3%
Total Agency Temp Salaries	0	57,900	9,122	30,000	(27,900)	-48.2%	(57,900)	-100.0%
Employee Benefits (Variable)	4,254,339	4,292,096	2,097,012	3,979,400	(312,696)	-7.3%	(37,757)	-0.9%
Employee Benefits (Other)	447,236	433,766	200,513	425,100	(8,666)	-2.0%	13,470	3.1%
OPEB Contribution	336,014	281,922	148,637	297,300	15,378	5.5%	54,092	19.2%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	579,700	562,900	441,963	757,700	194,800	34.6%	16,800	3.0%
Bilingual Bonus	3,600	3,600	1,950	3,600	0	0.0%	0	0.0%
Sick Leave Buyback	35,000	12,000	31,225	31,300	19,300	160.8%	23,000	191.7%
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	\$13,237,934	\$12,778,841	\$6,917,606	\$13,090,400	\$311,559	2.4%	\$459,093	3.6%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$13,237,934	\$12,778,841	\$6,917,606	\$13,090,400	\$311,559	2.4%	\$459,093	3.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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	12	106C
1311	RETIREMENT BENEFITS SPECIALIST III	20	100J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
1310	RETIREMENT BENEFITS SPECIALIST II	30	094C
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	088L
0446	SENIOR TYPIST-CLERK, LACERA	1	083K
0445	INTERMEDIATE TYPIST-CLERK, LACERA	3	079L

Total Filled Positions = 72

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	3	106C
1311	RETIREMENT BENEFITS SPECIALIST III	2	100J

Total Vacant Positions = 6

TOTAL POSITIONS = 78

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$14,700	\$14,700	\$9,223	\$14,700	\$0	0.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,400	3,400	125	1,000	(2,400)	-70.6%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	65,200	65,200	13,419	36,000	(29,200)	-44.8%	0	0.0%
EDUCATIONAL EXPENSES	51,600	51,600	2,160	6,600	(45,000)	-87.2%	0	0.0%
MISCELLANEOUS	2,000	1,600	189	1,000	(600)	-37.5%	400	25.0%
TOTAL	\$136,900	\$136,500	\$25,117	\$59,300	(\$77,200)	-56.6%	\$400	0.3%

*All amounts rounded to the nearest dollar.

BENEFITS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

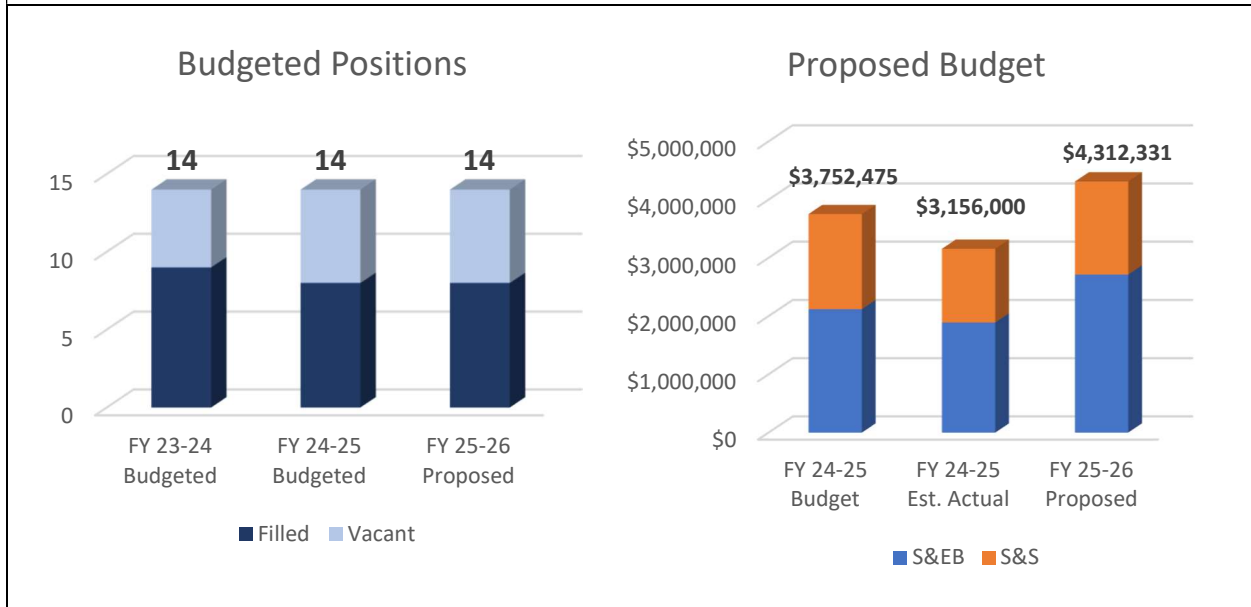
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$6,799,486	\$6,934,062	\$7,118,357	\$7,566,000	\$7,565,746
Total Agency Temp Salaries	62,200	45,355	57,900	30,000	0
Employee Benefits (Variable)	4,365,974	3,724,784	4,292,096	3,979,400	4,254,339
Employee Benefits (Other)	435,814	389,517	433,766	425,100	447,236
OPEB Contribution	241,527	251,953	281,922	297,300	336,014
OPEB Contribution (Budget Surplus)	0	241,526	0	0	0
Stipends	0	0	0	0	0
Overtime	426,400	818,091	562,900	757,700	579,700
Bilingual Bonus	3,600	3,600	3,600	3,600	3,600
Sick Leave Buyback	12,000	22,879	12,000	31,300	35,000
Rideshare Allowance	16,300	0	16,300	0	16,300
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	7,300	13,454	14,700	14,700	14,700
Office Supplies & Equipment	3,400	593	3,400	1,000	3,400
Professional & Spec. Svcs.	41,000	33,410	65,200	36,000	65,200
Educational Expenses	33,600	4,080	51,600	6,600	51,600
Miscellaneous	800	760	1,600	1,000	2,000
TOTAL OPERATING BUDGET	\$12,449,401	\$12,484,065	\$12,915,341	\$13,149,700	\$13,374,834

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

COMMUNICATIONS

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



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> 9004, Agency Temporary 		\$123,700

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• 9210, Miscellaneous Mailings		\$30,000
• 9233, Dis. Policy & Hearing Brochure		(\$7,500)
• 9256, PostScript/Pathways Printing		(\$40,000)
• 9261, Spotlight Printing		(\$20,000)
• 9262, Survey		\$9,500
• 9265, Digitized/Personalized Mailings		(\$60,000)
• 9269, Disability Packets		\$15,000
• 9274, Stationery		\$30,000
• 9286, Community Property Guide		\$7,000
• 9287, Case Management		(\$25,000)
• 9673, New account: Photocopies of Documents		\$25,000
• 9724, Strategic Planning		(\$10,000)

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

Communications Division maintained its regular schedule of requisite annual projects and continued to move prioritized projects forward that were identified prior to the approved LACERA 2023-2028 Strategic Plan. Communications Division worked closely with leadership to identify opportunities for linking new strategic goals and priorities to existing and developing projects. Below are the projects and initiatives that were completed in FY 2024-25:

- Enhancements to lacera.com (1.1)
- New Hire Journey Map and packet update (1.1)
- RHC Medicare 101 video (1.4)
- Extensive communication to members regarding WEP/GPO, COLA, and the State of Emergency regarding the Fire Disaster using various touchpoints (1.1)
- Assisted Internal Audit with Speak Up campaign (4.1)
- Launched social media presence on LinkedIn and Facebook (1.1) (3.3)
- Assisted in reviewing workspace and portal case display content for Sol and Disability Retirement (4.1)

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

In FY 2025-26, Communications Division aims to continue its commitment to enhancing member engagement, improving communication channels, and supporting strategic goals. Below is an outline of the goals and initiatives currently in production for FY 2025-26:

- **Objective 1.1, Superior Member Experience: Omnichannel**
 - Retirement Guide redesign
 - Steps to Prepare campaign
 - Retirement University videos and campaign
 - My LACERA video updates (including Online Disability and Online Retirement)
 - My LACERA campaign: Sign-up to My LACERA to secure member email addresses
 - Expand LACERA's social media presence

- **Objective 1.4, RHC Superior Member Experience: RHC**
 - RHC medical/dental forms walkthrough videos
 - Development of Plan Summary charts
 - RHC newsletter

- **Other priority goals (Investing in People, 3.3; Compliance and Enterprise Risk Management, 4.1; and Fiscal Durability, 5.1):**
 - Assist in creating LACERA Connect webpage, specific to Benefits and EOD
 - Assist in developing NeoGov Attract (Home, Careers, and Benefits)
 - Assist divisions and strategic initiative teams with various media requests

- **Additional major projects managed or supported:**
 - Annual Retirement Benefits Statement (ABS) redesign (1.1)
 - Public domain migration, from lacera.com to lacera.gov (4.1)
 - PEPRA FAC update (1.1)
 - Update LACERA plan books (1.1)

- **Complete Retirement University video series (12 videos) and begin production on revised My LACERA and Board Elections videos; increase overall video production (1.1, 1.4):** Communications Division continues to increase video production due to growing demand for this format for internal and member-facing communications; our understanding of our member's need for various modes of learning materials/media; and as a part of the omnichannel experience. By producing more videos, we aim to improve the way we communicate and engage with our members, ensuring they have access to clear and informative content.

- **Update plan books/brochures (1.1):** The member plan books should serve as the definitive source for all plan information. Since they are a supportive component for the Superior Member Experience priority, we want to redesign and update the plan books as one of the central media components of the omnichannel experience and enhanced educational content. This effort aligns with our strategic goal of improving member services by providing superior member services, ensuring they have accurate, comprehensive, and easily accessible plan information. This allocation has

been reflected on Communications budget for the past couple of years, with the lack of resources as the primary reason this allocation continues to carry over. With the hiring of additional writers, we hope to move this forward.

- **Support LACERA's social media goals and strategy (1.1, 1.4):** Utilizing social media to communicate with our members will round out the omnichannel experience and provide opportunities for digital engagement and promotion of LACERA's online resources. This initiative aligns with our strategic goal of expanding digital outreach, thereby enhancing our ability to reach a broader audience and engage with members through diverse digital channels.
- **Training and development goals (3.2):** Educational enrichment is instrumental for staff members to improve and modernize their skillsets as well as maintain enthusiasm for their craft. For FY 2025-26, 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 (Nielsen Norman Group).

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

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, one Senior Writer, two Senior Media Artists, and two Writer IIs.

Temporary Staffing

We are requesting two agency temporary staff members: one Senior Media Artist for one year and one Writer II for one year. These temporary positions are needed to backfill vacant positions to assist with work overflow.

We are also requesting one Social Media Specialist temporary staff member to underfill the PIO position. Communications is pending the hiring of additional budgeted writers. These resources are needed to fully develop a comprehensive and consistent social media campaign along with internal management resources to immediately assist with the development of this campaign. We are proposing the hiring of a Social Media Specialist.

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 the normal hours to complete a task. Overtime may also be needed throughout the year when multiple major and unanticipated projects have the same deadline and the staff member needs the additional hours to complete the project(s).

Interns

Communications is not requesting interns in FY 2025-26.

Rehired Retirees

Communications is not requesting rehired retirees in FY 2025-26.

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 2025-26.

Services and Supplies Adjustments

A few of our immediate goals, objectives, and/or one-time projects for FY 2025-26 are listed below, outlining specific **summary of significant changes** and the justifications for budget allocations in detail.

- **Increased miscellaneous mailings (1.1):** As Communications moves forward in supporting the Strategic Member Experience initiatives, we are developing multiple campaigns to reach and inform our members using various touchpoints. Our primary communication channels include lacera.com, newsletters (Pathways and Spotlight), and mass email distributions. We also use direct mail distribution for those members without an email address. While we continue to promote the My LACERA campaign to secure email addresses, we need to ensure that members

without email access receive printed communications. With the increased campaigns, including the My LACERA (sign-up) campaign, additional funding is requested to support this initiative. This will help to decrease print communications and move members to digital/electronic correspondence, ensuring all members receive communication from LACERA.

To support this initiative, we propose a budget request of \$60,000 for FY 2025-26, which is an increase of \$30,000 from the \$30,000 prior year budget amount. This effort aligns with our strategic goal of enhancing member engagement and improving the efficiency of our communication channels.

- **Increased stationery production (4.1):** Communication supports the organization in various ways, including other initiatives outside of the Strategic Initiatives such as the Public Domain Migration from lacera.com to lacera.gov. Our current domain, lacera.com, does not clearly indicate that we are a government entity. By transitioning to a different domain, users of our website and recipients of our emails will be able to instantly recognize them as official and trustworthy. This change can bolster the system's credibility and ensure that users and other agencies feel secure and confident in the legitimacy of their interactions with LACERA. With the domain migration, stationery like letterhead, envelopes, and business cards need updating to reflect lacera.gov.

To support this initiative, we propose a budget allocation increase of \$30,000, from \$50,000 in the prior year for a total allocated amount of \$80,000 for this fiscal year.

- **Photocopies of documents (2.1 or 2.2):** Communications has produced numerous printed collateral pieces for member communication regarding retirement benefit information, which have been retained for historical purposes and reference. Most of these documents are not available electronically, and keeping them organized and accessible to staff has become a challenge. Digitizing and organizing these documents would significantly enhance our reference support capabilities.

To support this initiative and align with our strategic objective of improving internal efficiencies and member communication, we propose a new budget allocation of \$25,000 for the 2025-26 fiscal year. This funding will enable us to implement a robust document digitization and management system.

Services and Supplies Adjustments, not outlined above:

Disability Policy & Hearing Brochures

Account will be deleted and merged into Disability Packets.

PostScript/Pathways Printing

Reduced budget amount by \$40,000 based on actual expenditure, which decreased the budget from \$140,000 to \$100,000.

Spotlight Printing

Reduced budget amount by \$20,000 based on actual expenditure, which decreased the budget from \$120,000 to \$100,000.

Survey

Increased budget by \$9,500 for proposed communication-specific survey to members. This increased the budget from \$2,500 to \$12,000.

Digitized/Personalized Mailings

Increased budget by \$60,000.

Disability Packets

Increased budget amount by \$15,000 due to merging of account. This increased the budget from \$5,000 to \$20,000.

Community Property Guide

Increased budget by \$7,000 in anticipation of redesign, update, and reprint. Budget increased from \$3,000 to \$10,000.

Case Management

Deleted due to no activity.

Strategic Planning

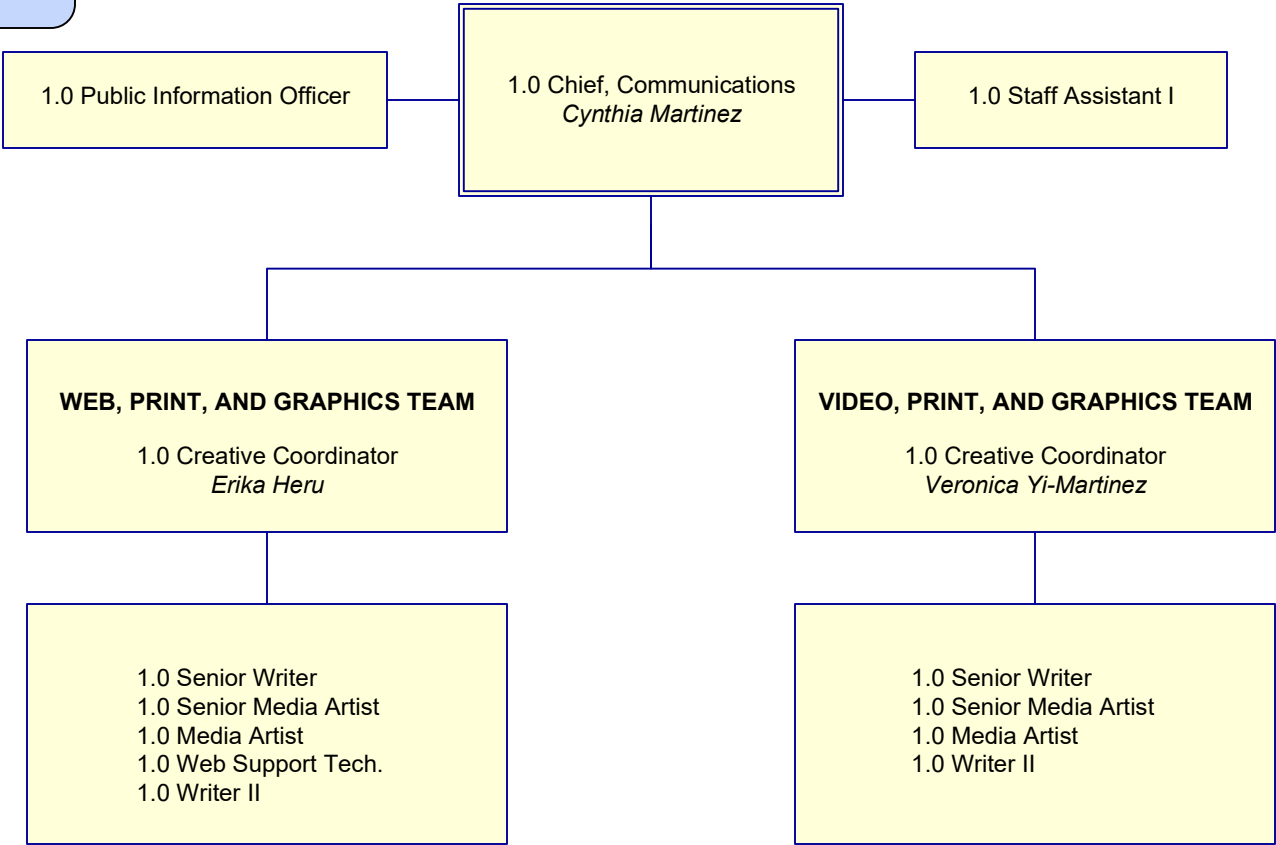
Deleted. Initiative costs to be covered under specific accounts.

COMMUNICATIONS

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 14.0
2024-2025 Hiring Plan: 14.0

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

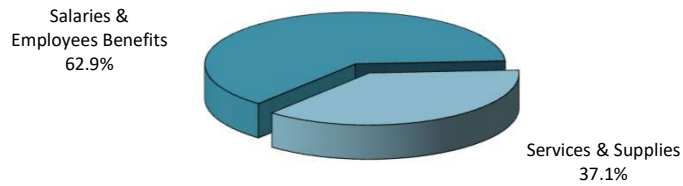


LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

COMMUNICATIONS

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$2,713,931	\$2,118,875	\$983,903	\$1,889,700	(\$229,175)	-10.8%	\$595,056	28.1%
Services & Supplies	1,598,400	1,633,600	606,590	1,266,300	(367,300)	-22.5%	(35,200)	-2.2%
OPERATING BUDGET	\$4,312,331	\$3,752,475	\$1,590,493	\$3,156,000	(\$596,475)	-15.9%	\$559,856	14.9%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2025-2026

SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,402,621	\$1,078,612	\$529,222	\$1,039,200	(\$39,412)	-3.7%	\$324,009	30.0%
Total Agency Temp Salaries	400,100	276,400	112,082	192,200	(84,200)	-30.5%	123,700	44.8%
LACERA Intern Program	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	756,903	646,418	286,939	544,600	(101,818)	-15.8%	110,484	17.1%
Employee Benefits (Other)	82,914	65,726	30,201	64,500	(1,226)	-1.9%	17,188	26.2%
OPEB Contribution	62,294	42,718	22,522	45,100	2,382	5.6%	19,576	45.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	4,600	4,500	375	1,500	(3,000)	-66.7%	100	2.2%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	2,562	2,600	(900)	-25.7%	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	\$2,713,931	\$2,118,875	\$983,903	\$1,889,700	(\$229,175)	-10.8%	\$595,056	28.1%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$2,713,931	\$2,118,875	\$983,903	\$1,889,700	(\$229,175)	-10.8%	\$595,056	28.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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	1	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 =		9	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0784	SENIOR WRITER, LACERA	1	110A
0465	PUBLIC INFORMATION OFFICER, LACERA	1	108L
0807	SENIOR MEDIA ARTIST, LACERA	1	107K
0786	WRITER II, LACERA	2	100G
Total Vacant Positions =		5	
TOTAL POSITIONS =		14	

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

LACERA
FISCAL YEAR 2025-2026
SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$17,600	\$17,600	\$2,055	\$10,700	(\$6,900)	-39.2%	\$0	0.0%
POSTAGE	409,000	379,000	191,853	379,000	0	0.0%	30,000	7.9%
STATIONERY & FORMS	947,000	1,021,500	343,803	699,600	(321,900)	-31.5%	(74,500)	-7.3%
OFFICE SUPPLIES & EQUIPMENT	10,000	10,000	3,053	8,000	(2,000)	-20.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	185,000	175,000	58,622	150,500	(24,500)	-14.0%	10,000	5.7%
EDUCATIONAL EXPENSES	29,000	29,900	6,789	17,900	(12,000)	-40.1%	(900)	-3.0%
MISCELLANEOUS	800	600	415	600	0	0.0%	200	33.3%
TOTAL	\$1,598,400	\$1,633,600	\$606,590	\$1,266,300	(\$367,300)	-22.5%	(\$35,200)	-2.2%

*All amounts rounded to the nearest dollar.

COMMUNICATIONS

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,263,940	\$1,014,104	\$1,078,612	\$1,039,200	\$1,402,621
Total Agency Temp Salaries	331,000	85,859	276,400	192,200	400,100
Employee Benefits (Variable)	870,339	545,689	646,418	544,600	756,903
Employee Benefits (Other)	81,012	70,999	65,726	64,500	82,914
OPEB Contribution	44,897	46,835	42,718	45,100	62,294
OPEB Contribution (Budget Surplus)	0	44,897	0	0	0
Stipends	0	0	0	0	0
Overtime	4,500	1,821	4,500	1,500	4,600
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	3,500	0	3,500	2,600	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	3,196	17,600	10,700	17,600
Postage	342,200	379,386	379,000	379,000	409,000
Stationery & Forms	981,700	667,141	1,021,500	699,600	947,000
Office Supplies & Equipment	6,000	19,588	10,000	8,000	10,000
Professional & Specialized Services	140,000	70,493	175,000	150,500	185,000
Computer Services & Support	0	0	0	0	0
Educational Expenses	29,400	8,158	29,900	17,900	29,000
Miscellaneous	600	510	600	600	800
TOTAL OPERATING BUDGET	\$4,117,688	\$2,958,678	\$3,752,475	\$3,156,000	\$4,312,331

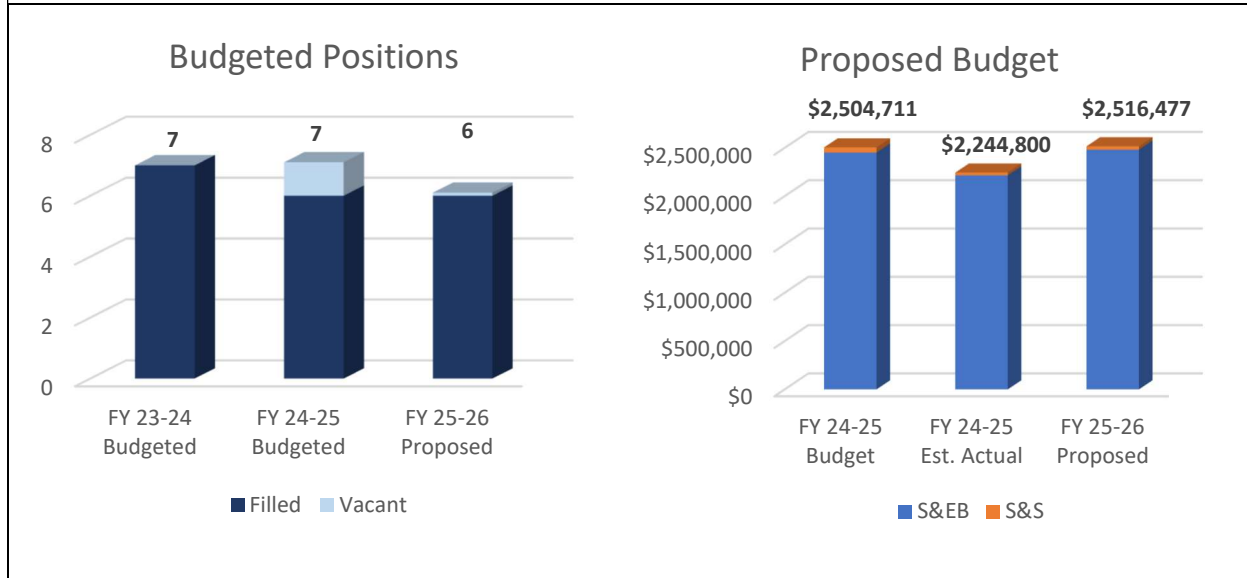
*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

DISABILITY LITIGATION

The Disability Litigation Office is a distinct legal division, separate and independent from the Legal Office, 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 six staff: one Chief Counsel, two Senior Staff Counsels, and three Senior Legal Secretaries. The Chief Counsel reports to the Chief Executive Officer.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Senior Staff Counsel	(1)	(\$294,159)
• Educational Materials		(\$16,000)

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

The Disability Litigation Office (DLO) has been working to develop and implement a case management system (Sol) to digitize and automate the disability litigation process. During the 2025-26 fiscal year, the Sol project will near completion as it is out of testing and in the continuous improvement phase. Sol is currently being utilized for live cases and appeals by both Disability Retirement Services and the Disability Litigation Office.

With Sol, the DLO has been able to convert all open cases into digital files. Staff can actively manage the files through Sol, which includes documenting communications, reviewing digitized records, organizing exhibits electronically, and drafting letters/pleadings with auto-population of data from the Sol database.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

The DLO looks forward to working with its internal business partners in the ongoing move toward a fully electronic operation to make our business operations and processes more efficient and to enhance employee productivity. We will continue to serve as active participants and subject-matter experts in the development and implementation of Sol; and to wholeheartedly engage in LACERA-wide committees for the advancement of our organization as a whole.

The DLO team is actively involved in the implementation of LACERA's strategic plan. Four DLO members are currently team members on two different strategic objectives:

- Strategic Objective 2.2, Enterprise Knowledge Management System: one Senior Staff Counsel as Project Lead, one Senior Staff Counsel as team member, and one Senior Legal Secretary as scribe
- Strategic Objective 3.1, IDEA Initiative: one Chief Counsel as team member

The DLO is also fully committed to developing our staff with ongoing training in support of their long-term career goals. It is anticipated that two Senior Staff Counsels will be attending the State Association of County Retirement Systems (SACRS) Fall Conference in 2025 and the National Association of Public Pension Attorneys (NAPPA) Legal Conference in the spring of 2026. The Senior Legal Secretaries have received hands-on training to learn the budget process, and they have been actively involved in the project management process of the Sol case management system.

The DLO is working to incorporate Microsoft Copilot into its workflow. Staff has taken Copilot training courses through UDEMY. Additionally, one Chief Counsel and two Senior Legal Secretaries are members of the Copilot Champions Committee.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

For FY 2024-25, there were seven budgeted full-time positions in the DLO, with one Senior Staff Counsel position unfilled.

For FY 2025-26, DLO staff was reduced from seven staff to six, with one Senior Staff Counsel position transferred to Legal Services.

Temporary Staffing

The DLO does not anticipate any use of temporary staffing in FY 2025-26.

Overtime Needs

For FY 2025-26, the DLO has budgeted 40 hours of overtime for Senior Legal Secretaries, as there is additional work necessary to finalize the Sol case management system. Although the Sol project is close to completion, as it becomes more operational, additional meetings and testing may be needed to fix bugs and edit functionality. Overtime is also used if additional work is needed on Strategic Objective 2.2 project.

Interns

The DLO anticipates sharing legal interns with Legal Services in the same manner as FY 2024-25.

Rehired Retirees

The DLO does not anticipate any use of rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

DLO does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

For FY 2025-26, there was a significant change to Educational Materials, which was reduced by \$16,000 (from \$31,000 to \$15,000), as DLO no longer utilizes Westlaw services. The remaining budget maintains status quo with only slight adjustments to existing accounts as detailed below:

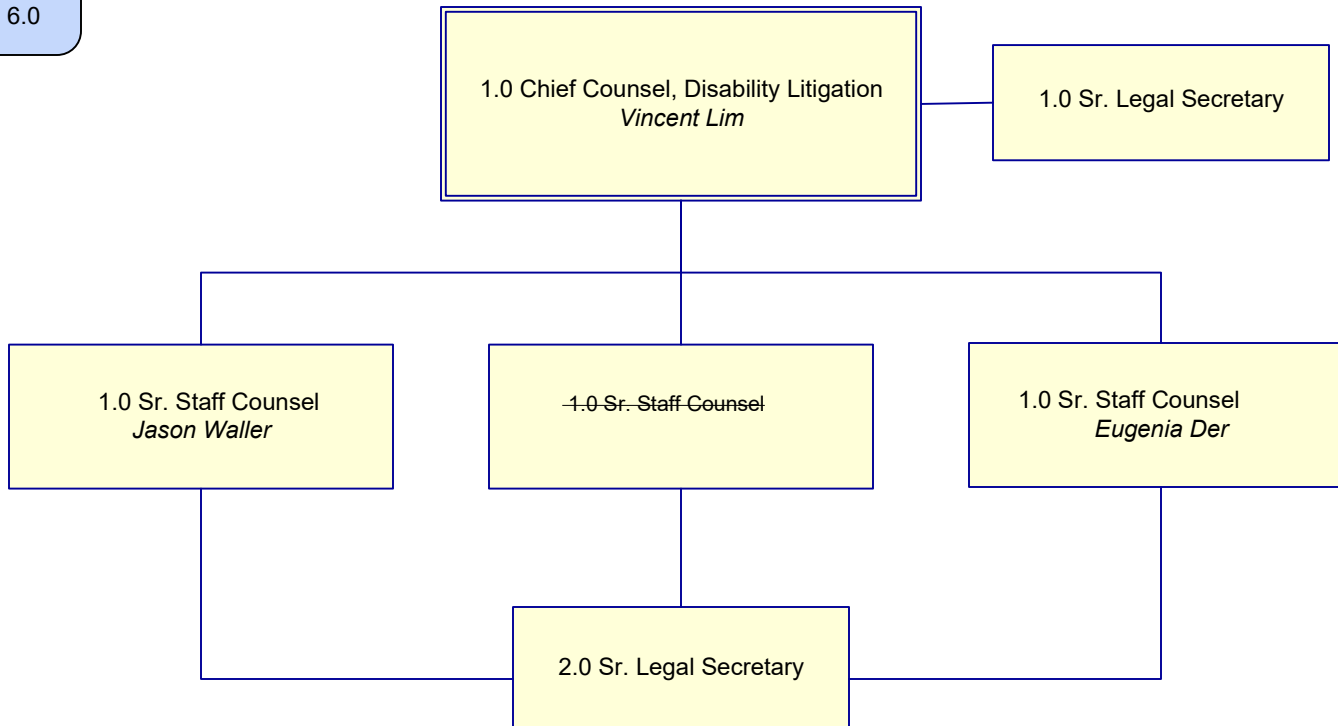
- Special Orders/Minor Equipment: Decreases \$200 from \$1,500 to \$1,300
- Photocopies of Documents: Increases from \$0 to \$300
- Memberships: Decreases \$500 from \$3,000 to \$2,500
- Registration Fees: Decreases \$2,000 from \$5,000 to \$3,000

DISABILITY LITIGATION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 7.0
2024-2025 Hiring Plan: 7.0

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



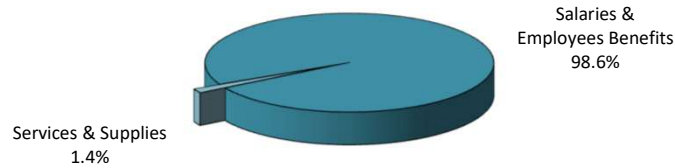
- Deleted position

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

DISABILITY LITIGATION

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$2,481,377	\$2,451,211	\$1,160,645	\$2,215,700	(\$235,511)	-9.61%	\$30,165	1.2%
Services & Supplies	35,100	53,500	6,986	29,100	(24,400)	-45.6%	(18,400)	-34.4%
OPERATING BUDGET	\$2,516,477	\$2,504,711	\$1,167,631	\$2,244,800	(\$259,911)	-10.4%	\$11,765	0.5%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,485,700	\$1,467,993	\$704,353	\$1,336,600	(\$131,393)	-9.0%	\$17,707	1.2%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	837,967	831,822	384,454	729,600	(102,222)	-12.3%	6,145	0.7%
Employee Benefits (Other)	87,825	89,455	41,104	87,700	(1,755)	-2.0%	(1,630)	-1.8%
OPEB Contribution	65,984	58,141	30,653	61,400	3,259	5.6%	7,843	13.5%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,000	2,900	81	400	(2,500)	-86.2%	100	3.4%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Rideshare Allowance	900	900	0	0	(900)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,481,377	\$2,451,211	\$1,160,645	\$2,215,700	(\$235,511)	-9.61%	\$30,165	1.2%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$2,481,377	\$2,451,211	\$1,160,645	\$2,215,700	(\$235,511)	-9.61%	\$30,165	1.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA

FISCAL YEAR 2025-2026

BUDGETED POSITIONS

DISABILITY LITIGATION

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
9215	CHIEF COUNSEL, DISABILITY LITIGATION, LACERA	1	LS18
9213	SENIOR STAFF COUNSEL, LACERA	2	LS16
0441	SENIOR LEGAL SECRETARY, LACERA	3	103K
Total Filled Positions =		6	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
Total Vacant Positions =		0	
TOTAL POSITIONS =		6	

Non-Represented positions shown in black.

Represented positions shown in blue.

Salary schedule as of 01/01/2025.

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$2,400	\$2,400	\$1,013	\$2,200	(\$200)	-8.3%	\$0	0.0%
TRANSPORTATION & TRAVEL	7,300	7,300	0	5,500	(1,800)	-24.7%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,300	1,500	76	800	(700)	-46.7%	(200)	-13.3%
PROFESSIONAL AND SPECIALIZED SERVICES	300	0	0	0	0	0.0%	300	0.0%
LEGAL FEES & SERVICES	3,000	3,000	0	2,300	(700)	-23.3%	0	0.0%
EDUCATIONAL EXPENSES	20,500	39,000	5,897	18,000	(21,000)	-53.8%	(18,500)	-47.4%
MISCELLANEOUS	300	300	0	300	0	0.0%	0	0.0%
TOTAL	\$35,100	\$53,500	\$6,986	\$29,100	(\$24,400)	-45.6%	(\$18,400)	-34.4%

*All amounts rounded to the nearest dollar.

DISABILITY LITIGATION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

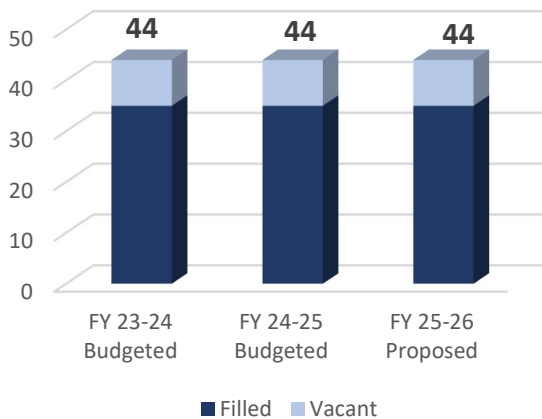
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,461,729	\$1,450,581	\$1,467,993	\$1,336,600	\$1,485,700
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	898,999	762,246	831,822	729,600	837,967
Employee Benefits (Other)	93,690	82,109	89,455	87,700	87,825
OPEB Contribution	51,923	54,164	58,141	61,400	65,984
OPEB Contribution (Budget Surplus)	0	51,922	0	0	0
Stipends	0	0	0	0	0
Overtime	2,800	572	2,900	400	3,000
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	900	0	900	0	900
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Auto Expenses	2,400	1,943	2,400	2,200	2,400
Transportation & Travel	7,100	0	7,300	5,500	7,300
Office Supplies & Equipment	1,800	57	1,500	800	1,300
Professional and Specialized Services	0	0	0	0	300
Legal Fees & Services	3,000	0	3,000	2,300	3,000
Educational Expenses	36,500	27,764	39,000	18,000	20,500
Miscellaneous	300	0	300	300	300
TOTAL OPERATING BUDGET	\$2,561,141	\$2,431,358	\$2,504,711	\$2,244,800	\$2,516,477

*All amounts rounded to the nearest dollar.

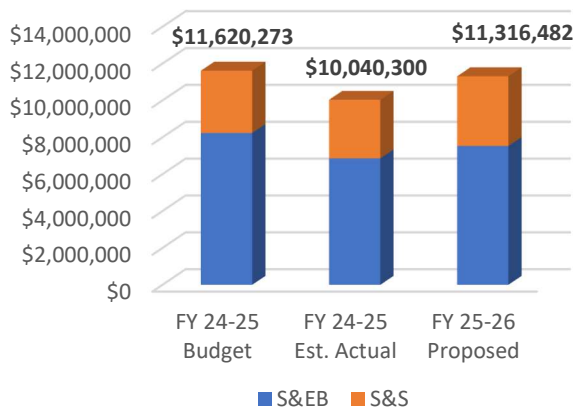
DISABILITY RETIREMENT SERVICES

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>Position Changes</u>	<u>Amount</u>
• Increase in Agency Temp Staffing		\$12,700
• Reduction in Overtime		(\$81,400)
• Job Analyst		\$10,000
• Outside Legal Counsel		\$10,000
• Hearing Officers		(\$20,000)
• Medical Fees		\$400,000

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

Sol Case Management System

Since the introduction of the Sol case management system over a year ago, the implementation has yielded significant and favorable outcomes. Sol has markedly enhanced data accuracy and the consolidation of information, thereby improving supervisory oversight. This has resulted in a notable increase in the efficiency and effectiveness of several aspects of our operations. Moreover, continuous efforts are being made to further streamline workflows, enhance access to data, augment automation, and refine supervisory oversight. These ongoing improvements ensure that Sol remains a robust and adaptable tool, continuously enhancing our capability to manage disability retirement cases with exceptional precision and efficiency.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

As we advance our Strategic Plan priorities, we will focus on improving the member experience; developing and enhancing the omnichannel member experience, journeys, and educational content; standardizing counseling, procedures, and communications; and working on the development, implementation, and deployment of a digital strategy to better serve our members. Additionally, we will prioritize developing staff through internal and external training opportunities to ensure they have the skills and knowledge necessary to excel in their roles.

Reimagining the Disability Retirement Process

For FY 2025-26, the strategic goals and objectives are to reimagine the Disability Retirement Process for improved efficiency, compliance, case management, and member engagement. To manage the increasing number of applications, we are focusing on recruiting and redistributing existing staff, optimizing processes through workflow streamlining and task automation, and re-evaluating our existing goals with enhanced performance measurements. This re-evaluation process brings several benefits:

- Enables us to identify any gaps or inefficiencies in our current process, providing a clearer understanding of areas requiring improvement. By setting realistic and

achievable targets, we can ensure that our resources are utilized effectively, thereby minimizing the likelihood of backlogs and delays.

- Regular monitoring and goal adjustment foster a culture of continuous improvement. This approach encourages staff to remain agile and responsive to evolving demands, ensuring that our processes stay relevant and effective over time.
- Increased engagement between supervisors and staff through regular feedback helps maintain high levels of motivation and accountability. This collaborative approach promotes a shared commitment to achieving our objectives, leading to overall enhanced performance.

Ultimately, re-evaluating our goals supports a more transparent and goal-oriented environment, enhancing our capacity to serve our members efficiently and effectively. Other key initiatives include updates to the disability retirement application, both paper and online versions, revision to the current case processing model, and the creation of educational materials and videos to assist members throughout the disability retirement process. We will also be adjusting production goals from a minimum of 32 cases to the Board of Retirement to 36 cases per specialist. We will also explore adjusting service levels for each case milestone. In conclusion, by focusing on these goals and initiatives, we aim to significantly improve the efficiency and effectiveness of the Disability Retirement Process and overall member experience.

Artificial Intelligence Solution for Disability Record Processing

DRS is exploring and incorporating technology solutions that can reduce unnecessary or repetitive work efforts. DRS has transitioned from a paper-based application processing workflow to a digital workflow where most documents are received electronically. This shift has streamlined many aspects of our business processes; however, some tasks continue to be performed manually by staff. DRS aims to streamline these manual processes using artificial intelligence (AI). The goal is to use AI tools to automate at least the indexing and medical listing creation processes. The strategic objective is to enhance operational efficiency and reduce costs through advanced technology solutions, thereby aligning with our strategic objectives related to Innovation Through Technology and Fiscal Durability. The aim is to identify AI tools that can decrease manual labor and improve accuracy in the indexing and medical listing creation processes, thereby achieving cost savings and improved overall productivity. Furthermore, leveraging technology to automate parts of the process can save time and reduce errors.

Training and Development

This upcoming year, we will continue to develop a training curriculum tailored to our team's diverse needs and provide ongoing training and development opportunities to enhance their skills and efficiency. Succession planning involves reviewing staff skills and goals to invest in their development, aligning with our Strategic Plan's priority of investing in people.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

Centralizing Administrative Support Staff

DRS plans to move administrative support staff under one supervisor, which is crucial for enhancing oversight and performance management. Support staff responsible for providing support to the investigation units will be moved under the supervision of the Intake/Records Management & Member Care Unit, whose primary responsibilities include file indexing, medical appointment scheduling and follow-up, and report cropping/proofing. By consolidating these staff members under a single supervisor, we can ensure more consistent and effective supervision, resulting in better coordination and communication within the team. This move allows the supervisor to have a clearer understanding of each staff member's responsibilities and performance, facilitating the identification of areas for improvement and the provision of targeted support and training. For instance, having one supervisor can streamline the process of setting and monitoring performance goals, ensuring that all staff members are aligned with the division's objectives. Additionally, it can enhance accountability, as the supervisor can more effectively track progress and address any issues promptly. This consolidation also fosters a more cohesive team environment, where staff members can collaborate more efficiently and share best practices, ultimately leading to improved overall performance and productivity.

Temporary Staffing

The Disability Retirement Services Division requests to maintain current temporary staffing level of four Staff Assistant II positions for a period of 12 months each to provide administrative support at a total estimated cost of \$420,000, a minor increase due to cost-of-living adjustment rates effective January 1, 2025.

Overtime Needs

A total of \$59,400 is being requested to support overtime for ongoing Sol case management system updates, enhancements, and testing. Overtime is necessary to

ensure continuity of work and achieve the division's goals until new hires from the disability retirement specialist recruitment are trained and operational. The amount of overtime has been reduced with the expectation of having a fully trained new staff capable of processing cases by the second quarter of the fiscal year.

Interns

The Disability Retirement Services Division does not anticipate onboarding interns during FY 2025-26. **Rehired Retirees**

The Disability Retirement Services Division does not anticipate employing any rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

The Disability Retirement Services Division does not have any removal of one-time expenditures for FY 2025-26.

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 \$5,000 to \$1,500.

Photocopies of Documents

Given the increase of annual case production goals from 32 cases to the Board to 36 per specialist and filling seven disability retirement specialist vacancies, we anticipate an increase in records orders. Therefore, we propose an increase from \$215,000 to \$225,000.

Job Analyst

Given the increase of annual case production goals from 32 cases to the Board to 36 per specialist, filling seven disability retirement specialist vacancies, and being slightly over budget for the past two fiscal years, we propose an increase from \$20,000 to \$30,000.

Outside Legal Counsel

Based on the recommendation of Legal Counsel, who oversees and outsources cases to external counsel handling confidential disability retirement applications, we propose increasing the budget allocation for this item from \$20,000 to \$30,000.

Hearing Officers

After reviewing the expenditures of previous years and analyzing the number of appeals filed and processed annually, we propose a reduction from \$120,000 to \$100,000.

Medical Fees

Given the increase of annual case production goals from 32 cases to the Board to 36 per specialist and filling seven disability retirement specialist vacancies, we anticipate an increase in medical evaluations. Therefore, we propose an increase from \$2,800,000 to \$3,200,000.

Investigative Services

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

Database Searches

After reviewing the expenditures of previous years and analyzing historical spending patterns, we propose a reduction from \$300 to \$200.

Registration Fees

We propose to maintain the current budget allocation of \$20,000 for attending conferences such as SACRS, CALAPRS, and the National Premier Workers' Compensation Conference. In addition, we are exploring further opportunities for workforce development and management training. A comprehensive training curriculum is being developed in collaboration with HR to enhance staff knowledge and professional growth. Furthermore, supervisor and management training needs are being addressed, ensuring all relevant personnel attend the Los Angeles County training academy courses, along with appropriate refresher courses and other pertinent training programs. These investments are essential for maintaining our division's high standards of service and ensuring that our team remains at the forefront of industry best practices.

Miscellaneous

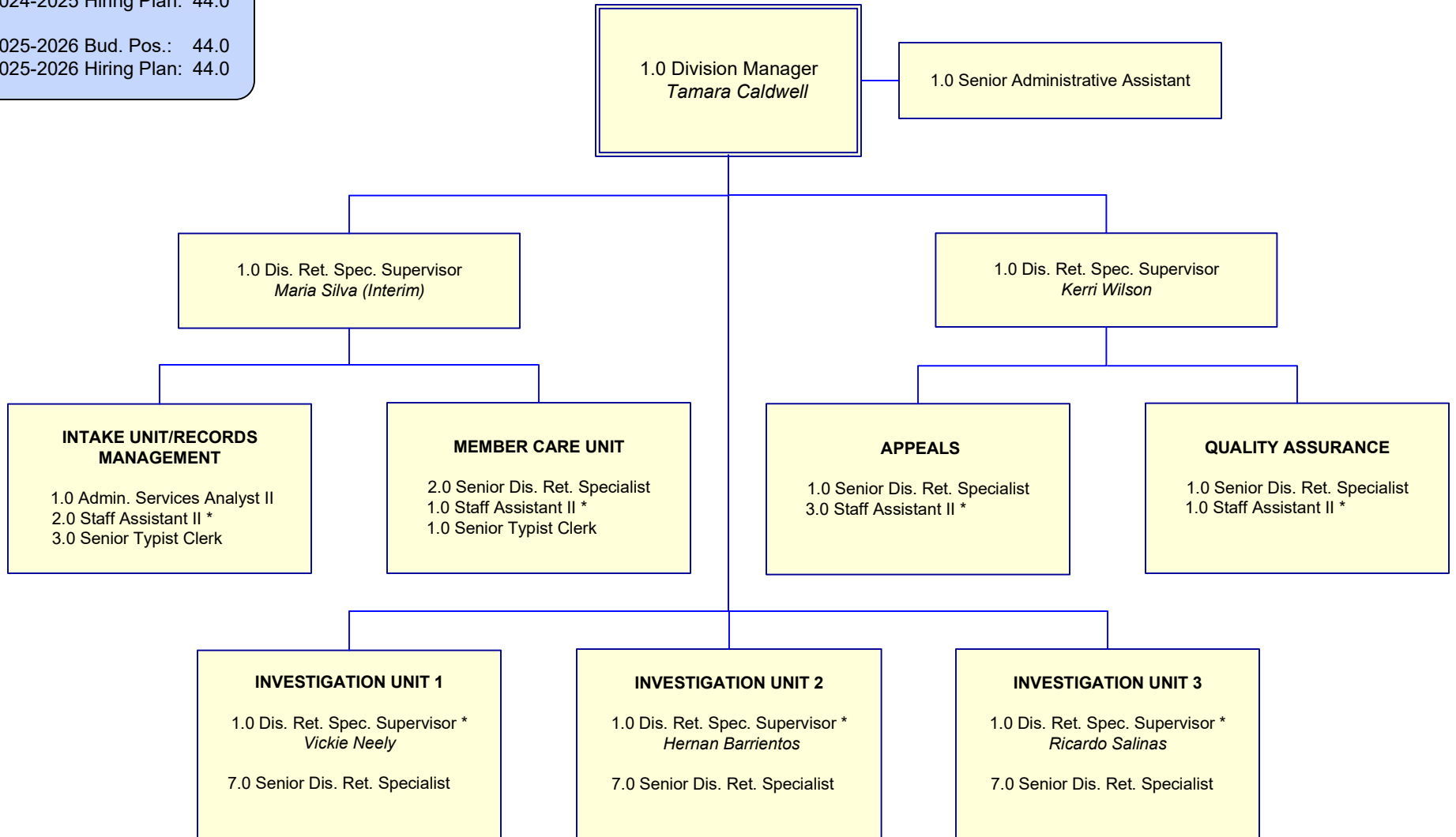
At the end of each year, we host a special division lunch to celebrate our team's achievements. Additionally, we hold bi-monthly team-building activities and internal staff training sessions aimed at fostering a positive work environment, boosting team cohesion, and enhancing overall productivity and employee expertise. Currently, our budget does not cover the necessary expenses to continue these valuable events. Therefore, we propose an increase from \$500 to \$2,500. These funds are crucial for supporting staff education, team-building, and appreciation activities, which are essential for maintaining a positive work atmosphere, improving team collaboration, and driving overall productivity.

DISABILITY RETIREMENT

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 44.0
 2024-2025 Hiring Plan: 44.0

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



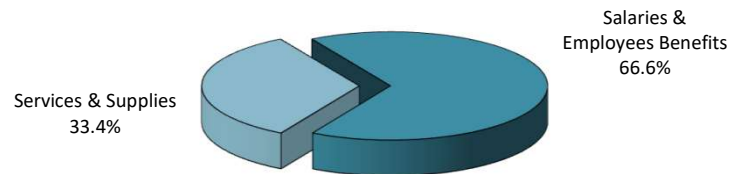
* Classification and/or compensation study requested.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

DISABILITY RETIREMENT

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$7,533,582	\$8,241,073	\$3,583,459	\$6,864,100	(\$1,376,973)	-16.71%	(\$707,491)	-8.6%
Services & Supplies	3,782,900	3,379,200	1,355,176	3,176,200	(203,000)	-6.0%	403,700	11.9%
OPERATING BUDGET	\$11,316,482	\$11,620,273	\$4,938,635	\$10,040,300	(\$1,579,973)	-13.6%	(\$303,791)	-2.6%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$4,110,752	\$4,545,563	\$1,926,450	\$3,655,600	(\$889,963)	-19.6%	(\$434,811)	-9.6%
Total Agency Temp Salaries	420,000	407,300	206,652	400,000	(7,300)	-1.8%	12,700	3.1%
Employee Benefits (Variable)	2,507,357	2,679,885	1,182,682	2,244,300	(435,585)	-16.3%	(172,528)	-6.4%
Employee Benefits (Other)	243,003	276,995	127,575	271,500	(5,495)	-2.0%	(33,992)	-12.3%
OPEB Contribution	182,571	180,030	94,915	189,900	9,870	5.5%	2,541	1.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	59,400	140,800	42,394	100,000	(40,800)	-29.0%	(81,400)	-57.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	6,000	6,000	2,791	2,800	(3,200)	-53.3%	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	\$7,533,582	\$8,241,073	\$3,583,459	\$6,864,100	(\$1,376,973)	-16.7%	(\$707,491)	-8.6%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$7,533,582	\$8,241,073	\$3,583,459	\$6,864,100	(\$1,376,973)	-16.7%	(\$707,491)	-8.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25 with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA

FISCAL YEAR 2025-2026

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
0427	STAFF ASSISTANT II, LACERA	7	097B
0446	SENIOR TYPIST-CLERK, LACERA	3	083K
Total Filled Positions =		34	

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
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0446	SENIOR TYPIST-CLERK, LACERA	1	083K
Total Vacant Positions =		10	
TOTAL POSITIONS =		44	

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$8,000	\$7,700	\$3,246	\$7,000	(\$700)	-9.1%	\$300	3.9%
OFFICE SUPPLIES & EQUIPMENT	1,500	5,000	732	3,000	(2,000)	-40.0%	(3,500)	-70.0%
PROFESSIONAL & SPEC. SRVCS.	255,000	235,000	59,902	125,000	(110,000)	-46.8%	20,000	8.5%
LEGAL FEES & SERVICES	30,000	20,000	25,912	35,000	15,000	75.0%	10,000	50.0%
DISABILITY FEES & SERVICES	3,465,200	3,090,300	1,263,928	2,993,200	(97,100)	-3.1%	374,900	12.1%
EDUCATIONAL EXPENSES	20,700	20,700	1,097	12,500	(8,200)	-39.6%	0	0.0%
MISCELLANEOUS	2,500	500	360	500	0	0.0%	2,000	400.0%
TOTAL	\$3,782,900	\$3,379,200	\$1,355,176	\$3,176,200	(\$203,000)	-6.0%	\$403,700	11.9%

*All amounts rounded to the nearest dollar.

DISABILITY RETIREMENT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

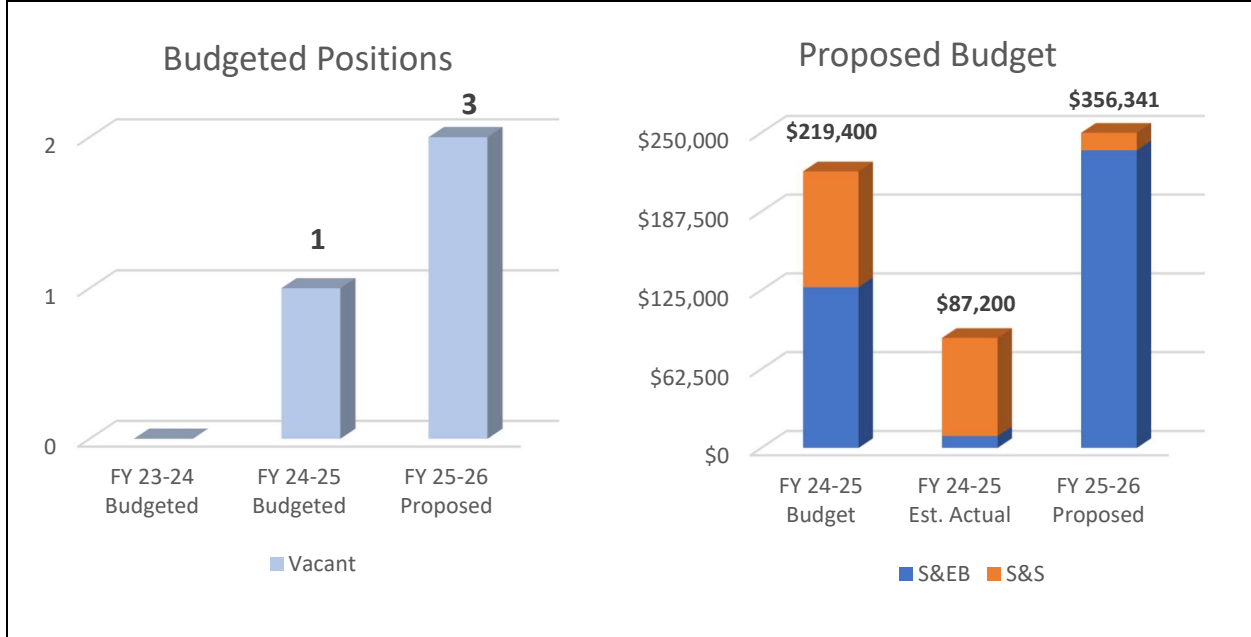
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$4,579,337	\$4,019,431	\$4,545,563	\$3,655,600	\$4,110,752
Total Agency Temp Salaries	138,100	191,004	407,300	400,000	420,000
Employee Benefits (Variable)	3,140,376	2,340,122	2,679,885	2,244,300	2,507,357
Employee Benefits (Other)	293,514	259,489	276,995	271,500	243,003
OPEB Contribution	162,664	169,686	180,030	189,900	182,571
OPEB Contribution (Budget Surplus)	0	162,664	0	0	0
Stipends	0	0	0	0	0
Overtime	103,600	192,653	140,800	100,000	59,400
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	6,000	3,762	6,000	2,800	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	5,315	7,700	7,000	8,000
Office Supplies & Equipment	5,000	421	5,000	3,000	1,500
Professional & Specialized Services	235,000	245,917	235,000	125,000	255,000
Legal Fees & Services	20,000	12,511	20,000	35,000	30,000
Disability Fees & Services	3,090,300	2,801,795	3,090,300	2,993,200	3,465,200
Educational Expenses	10,700	11,038	20,700	12,500	20,700
Miscellaneous	300	1,085	500	500	2,500
TOTAL OPERATING BUDGET	\$11,797,091	\$10,416,892	\$11,620,273	\$10,040,300	\$11,316,482

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

ETHICS AND COMPLIANCE OFFICE

The Ethics and Compliance Office enhances LACERA’s ethical culture and provides dedicated resources to foster compliance with laws, regulations, policies, and procedures, and provides assessment, monitoring, investigation, training, and other services to mitigate ethics and compliance risks throughout the organization. The Office will move from foundational planning to program implementation in FY 2025-26.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Deputy Chief Ethics and Compliance Officer (DCECO) (3 months)	1	\$48,102
• Senior Administrative Assistant (6 months)	1	\$50,797
• Consulting		\$35,000
• Outside Legal Counsel		\$7,000
• Educational Materials		(\$15,000)

REPORTING STRUCTURE

Under the Board-approved Ethics and Compliance Program Charter, the Chief Ethics and Compliance Officer (CECO) will oversee the Ethics and Compliance Program and report functionally to the Audit, Compliance, Risk, and Ethics (ACRE) Committee and the CEO. The CECO will also provide reporting to the Board of Retirement and Board of Investments. 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 CECO class description and salary, which is subject to review by the Joint Organizational Governance Committee (JOGC) and approval by the Boards, followed by the Board of Supervisors' addition of the positions to the County's Salary Ordinance. A Deputy Chief Ethics and Compliance Officer (DCECO) will also be presented to the ACRE Committee, JOGC, and Boards to assist the CECO by providing subject-matter expertise in particular areas of LACERA's operations.

The proposed Ethics and Compliance Office initially will be administratively housed within the Legal Services Office. However, all staffing and expenses are being tracked and reported separately to ensure that the Ethics and Compliance Program is adequately resourced and is independent, consistent with best practices.

STATUS OF FY 2024-25 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. The Audit Committee was renamed the ACRE Committee, and a new Committee Charter was approved to reflect its increased scope of risk oversight responsibilities.

Pursuant to the new program and ACRE Committee Charters, a foundational work plan was approved and is underway, consisting of activities to enhance LACERA's readiness to implement the program upon arrival of the CECO. Based on the foundational work plan, staff is developing specific strategies to enhance LACERA's organizational culture based on LACERA's Values and thereby promote ethical and compliant behaviors throughout LACERA. The program is using the Values as a structure for revising and reorganizing LACERA's Code of Ethical Conduct based on open discussions with the ACRE Committee, the Boards, and staff. The program is collaborating with Internal Audit on ethics and compliance risk assessment, values, and behavior-based cultural measurement, training, and other related activities. Staff implemented a new, internally developed policy management tool, Compass, which will serve as a policy repository and will also provide other policy management resources to assist with new policy creation, acknowledgment and training on new policies, and monitoring of scheduled review

periods for existing policies. Education and training resources on ethics and compliance have been purchased and are already available to staff, including the Society of Corporate Compliance and Ethics and the Practising Law Institute. In addition, ethical culture was featured at the November 2024 Management Offsite, and additional efforts are in the planning stages to enhance organizational culture.

The staff Ethics and Compliance Committee (ECC) has been provided with training and continues to function as a broad-based staff resource to support the program, particularly with regard to policy review, and to serve as ambassadors for the program in their individual divisions throughout LACERA.

An ethics and compliance counsel and additional consulting services from Gartner were engaged to provide professional expertise and have assisted throughout the year in finalizing the Program Charter and implementation of the program.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

The first priority for the new fiscal year will be to hire the CECO, and then a DCECO and a Senior Administrative Assistant, to provide dedicated program leadership and support staff. In the interim, foundational steps will continue, including: baseline ethics and compliance risk assessment; baseline ethical culture assessment 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 and organizational culture; training on ethics, compliance, and culture and revised LACERA Code of Ethical Conduct; and integration of the CECO, DCECO, and Senior Administrative Assistant.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

The Chief Ethics and Compliance Officer classification description and salary that were approved by the ACRE Committee in December 2024 will be submitted to the Joint Organizational Governance Committee (JOGC) and the Boards for review and approval, and then to the Board of Supervisors. The Deputy Chief Ethics and Compliance Officer (DCECO) and Senior Administrative Assistant classifications and salary were approved by the ACRE Committee in February 2025 and will thereafter be submitted to the JOGC and Boards. These steps are expected to be completed in FY 2024-25, which will enable recruitments to be conducted in FY 2025-26.

Funding totaling approximately \$220,000 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 first 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 2025-26.

Overtime Needs

Overtime is not anticipated for this program in FY 2025-26

Interns

No interns are requested for this program in FY 2025-26.

Rehired Retirees

The Ethics and Compliance Office is not requesting any rehired retiree assistance in FY 2025-26.

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

Removal of One-Time Expenditures

The Ethics and Compliance Office does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

The following services and supplies are proposed in support of this program in FY 2025-26:

Auto Mileage/Transportation

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

Travel

Funding totaling \$8,000 is requested to ensure the Chief Ethics and Compliance Officer can participate in training and development opportunities.

Special Orders/Minor Equip

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

Ethics and Compliance Consulting

Funding totaling \$35,000 is requested for additional consulting services previously allocated to Educational Materials to obtain input on best practices in Ethics and Compliance Program design and implementation.

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 \$7,500 is requested to ensure the Chief Ethics and Compliance Officer can participate in training and development opportunities.

Educational Materials

Funding totaling \$30,000 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

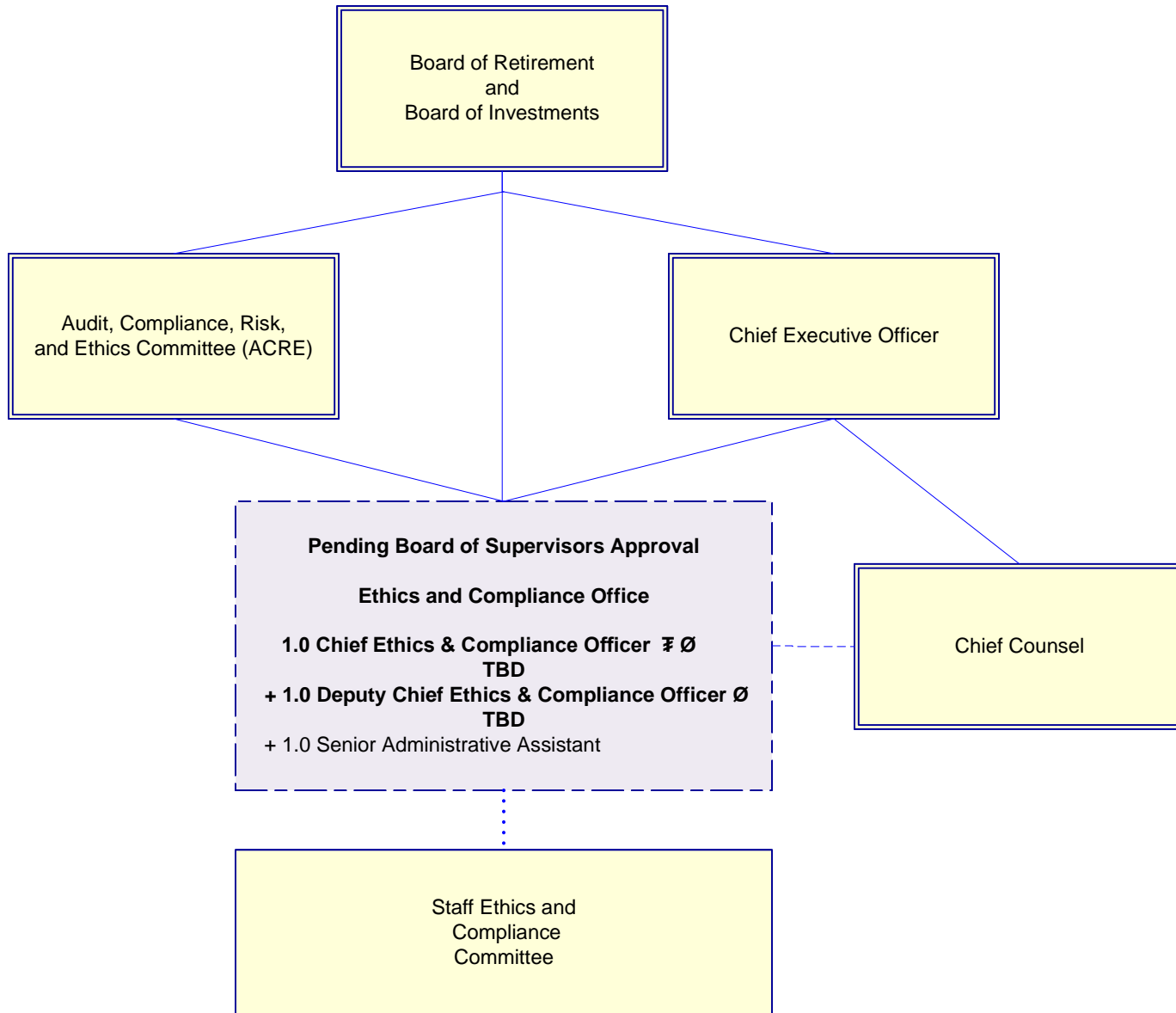
FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 1.0

2024-2025 Hiring Plan: 1.0

2025-2026 Bud. Pos.: 3.0

2025-2026 Hiring Plan: 3.0



--- Administrative

— Functional

..... Advisory

+ Added position

ƒ Title changed from Ethics & Compliance Officer to Chief Ethics & Compliance Officer

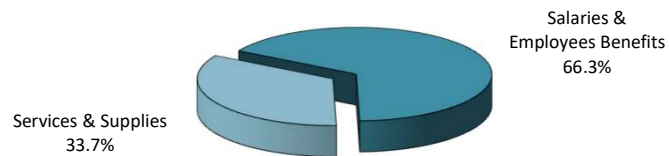
Ø Chief Ethics & Compliance Officer pending Board of Supervisors approval. Deputy Chief Ethics & Compliance Officer pending LACERA Boards and Board of Supervisors approval.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

ETHICS AND COMPLIANCE OFFICE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)			
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
Salaries & Employees Benefits	\$236,141	\$127,400	\$4,567	\$9,400	(\$118,000)	-92.6%	\$108,741	85.4%
Services & Supplies	120,200	92,000	59,291	77,800	(14,200)	-15.4%	28,200	30.7%
OPERATING BUDGET	\$356,341	\$219,400	\$63,857	\$87,200	(\$132,200)	-60.3%	\$136,941	62.4%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

ETHICS AND COMPLIANCE OFFICE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$172,614	\$93,330	\$0	\$0	(\$93,330)	-100.0%	\$79,284	85.0%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	45,656	24,686	4	100	(24,586)	-99.6%	20,970	84.9%
Employee Benefits (Other)	10,204	5,687	2,613	5,300	(387)	-6.8%	4,517	79.4%
OPEB Contribution	7,666	3,696	1,949	4,000	304	8.2%	3,970	107.4%
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	\$236,141	\$127,400	\$4,567	\$9,400	(\$118,000)	-92.6%	\$108,741	85.4%
Salary Differential	0	0	-	-	-	-	-	-
TOTAL S&EB	\$236,141	\$127,400	\$4,567	\$9,400	(\$118,000)	-92.6%	\$108,741	85.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

ETHICS AND COMPLIANCE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$11,500	\$11,500	\$1,239	\$1,300	(\$10,200)	-88.7%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,200	0	0	0	0	0.0%	1,200	0.0%
PROFESSIONAL AND SPECIALIZED SERVICES	35,000	0	0	0	0	0.0%	35,000	0.0%
LEGAL FEES & SERVICES	27,000	20,000	44,650	55,000	35,000	175.0%	7,000	35.0%
EDUCATIONAL EXPENSES	45,500	60,500	13,402	21,500	(39,000)	-64.5%	(15,000)	-24.8%
MISCELLANEOUS	0	0	0	0	0	0.0%	0	0.0%
TOTAL	\$120,200	\$92,000	\$59,291	\$77,800	(\$14,200)	-15.4%	\$28,200	30.7%

*All amounts rounded to the nearest dollar.

ETHICS AND COMPLIANCE OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$90,700	\$0	\$93,330	\$0	\$172,614
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	0	0	24,686	100	45,656
Employee Benefits (Other)	0	0	5,687	5,300	10,204
OPEB Contribution	0	0	3,696	4,000	7,666
OPEB Contribution (Budget Surplus)	0	0	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		0			
Auto Expenses	0	0	0	0	0
Transportation & Travel	11,500	0	11,500	1,300	11,500
Office Supplies & Equipment	0	0	0	0	1,200
Professional and Specialized Services				0	35,000
Legal Fees & Services	20,000	60,105	20,000	55,000	27,000
Educational Expenses	60,500	5,339	60,500	21,500	45,500
Miscellaneous	0	0	0	0	0
TOTAL OPERATING BUDGET	\$182,700	\$65,444	\$219,400	\$87,200	\$356,341

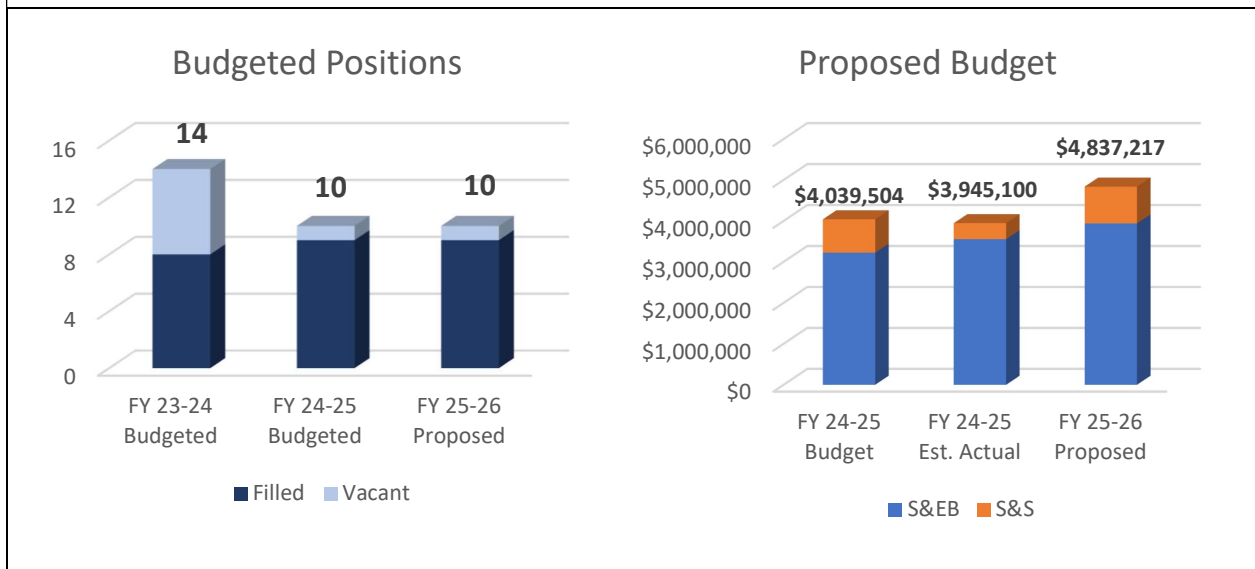
*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

EXECUTIVE OFFICE

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.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Agency Temporary Salaries		\$86,200
• Bi-Annual Economic Impact Report		\$70,000

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

Throughout FY 2024-25, 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. We onboarded a temporary staff member with extensive communications experience to help us develop and implement our communications plan and strategy and we anticipate filling the Special Assistant position in early 2025, which will help keep us focused and organized as we manage both the enterprise-wide and division specific projects and initiatives.

FY 2025-26 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; our vision of empowering our members to enjoy a healthy and secure retirement, and modeling our values of accountability, collaboration, inclusivity, innovation, integrity, and transparency.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

No changes to permanent staffing are requested for the Executive Office.

Temporary Staffing

Funds are provided for one temporary staff person at the level of Special Assistant/Public Information Officer to collaborate with LACERA's Chief of Communications on the LACERA Communication plan, including the Social Media plan, based on best practices within the industry and LACERA's strategic plan objective for the Superior Member

Experience, as well as assist the Member Experience Council to create a sustainable framework for designing, conducting, and analyzing member surveys. assist with the development LACERA's communications plan and implementation strategy. This work began in FY 2024-25 and is anticipated to continue through 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 2025-26.

Rehired Retirees

The Executive Office does not anticipate any use of rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

The Executive Office does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

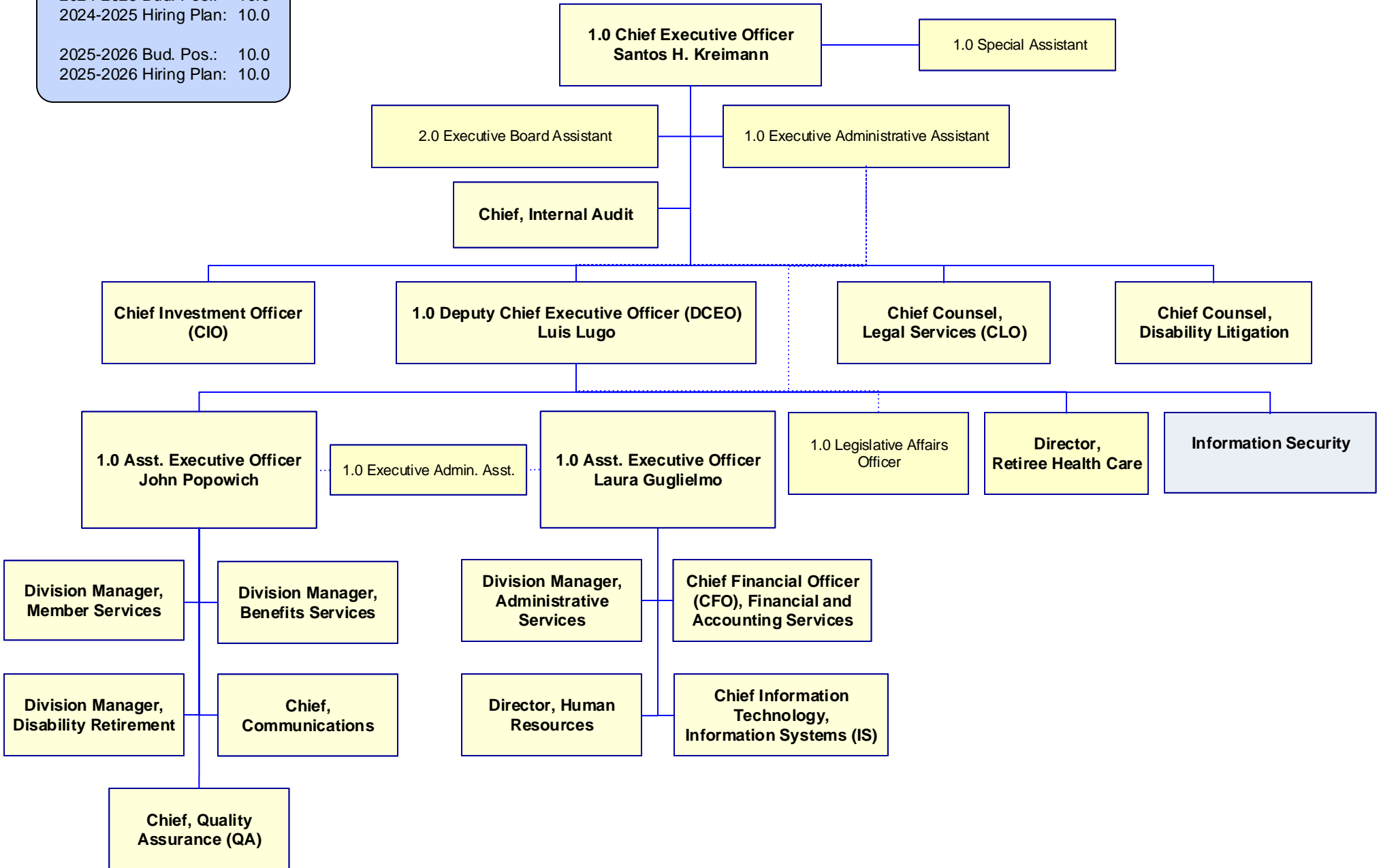
Professional Services

A one-time increase of \$70,000 is included for the bi-annual Economic Impact Report that helps to communicate and promote the value that LACERA's pension payments have on our local economy

EXECUTIVE OFFICE

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 10.0
 2024-2025 Hiring Plan: 10.0
 2025-2026 Bud. Pos.: 10.0
 2025-2026 Hiring Plan: 10.0

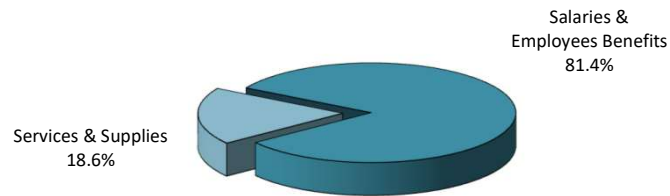


LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

EXECUTIVE OFFICE

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$3,939,117	\$3,224,904	\$1,796,820	\$3,553,200	\$328,296	10.2%	\$714,212	22.1%
Services & Supplies	898,100	814,600	178,392	391,900	(422,700)	-51.9%	83,500	10.3%
OPERATING BUDGET	\$4,837,217	\$4,039,504	\$1,975,213	\$3,945,100	(\$94,404)	-2.3%	\$797,712	19.7%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$2,108,598	\$1,678,887	\$1,043,009	\$1,979,200	\$300,313	17.9%	\$429,711	25.6%
Total Agency Temp Salaries	247,200	161,000	7,788	161,000	0	0.0%	86,200	53.5%
Employee Benefits (Variable)	1,225,822	1,062,942	586,327	1,112,500	49,558	4.7%	162,880	15.3%
Employee Benefits (Other)	154,647	140,837	78,746	138,100	(2,737)	-1.9%	13,810	9.8%
OPEB Contribution	93,649	72,038	37,980	76,000	3,962	5.5%	21,611	30.0%
Stipends	65,000	65,000	19,440	45,000	(20,000)	-30.8%	0	0.0%
Overtime	28,400	28,400	15,731	27,000	(1,400)	-4.9%	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	1,400	1,400	0	0	(1,400)	-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	\$3,939,117	\$3,224,904	\$1,796,820	\$3,553,200	\$328,296	10.2%	\$714,212	22.1%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$3,939,117	\$3,224,904	\$1,796,820	\$3,553,200	\$328,296	10.2%	\$714,212	22.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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
0770	DEPUTY CHIEF EXECUTIVE OFFICER, LACERA	1	LR18
0792	ASSISTANT EXECUTIVE OFFICER, LACERA (UC)	2	LS16
0795	LEGISLATIVE AFFAIRS OFFICER, LACERA	1	117K
0475	EXECUTIVE BOARD ASSISTANT, LACERA	2	109G
0442	EXECUTIVE ADMINISTRATIVE ASSISTANT, LACERA	2	106D
Total Filled Positions =		9	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0775	SPECIAL ASSISTANT, LACERA	1	LS12
Total Vacant Positions =		1	
TOTAL POSITIONS =		10	

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

LACERA

FISCAL YEAR 2025-2026

SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$10,500	\$10,500	\$5,182	\$9,900	(\$600)	-5.7%	\$0	0.0%
TRANSPORTATION & TRAVEL	68,100	68,100	3,817	38,000	(30,100)	-44.2%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,000	1,814	3,000	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	705,000	635,000	149,739	290,000	(345,000)	-54.3%	70,000	11.0%
EDUCATIONAL EXPENSES	83,000	83,000	13,233	37,000	(46,000)	-55.4%	0	0.0%
MISCELLANEOUS	28,500	15,000	4,608	14,000	(1,000)	-6.7%	13,500	90.0%
TOTAL	\$898,100	\$814,600	\$178,392	\$391,900	(\$422,700)	-51.9%	\$83,500	10.3%

*All amounts rounded to the nearest dollar.

EXECUTIVE OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

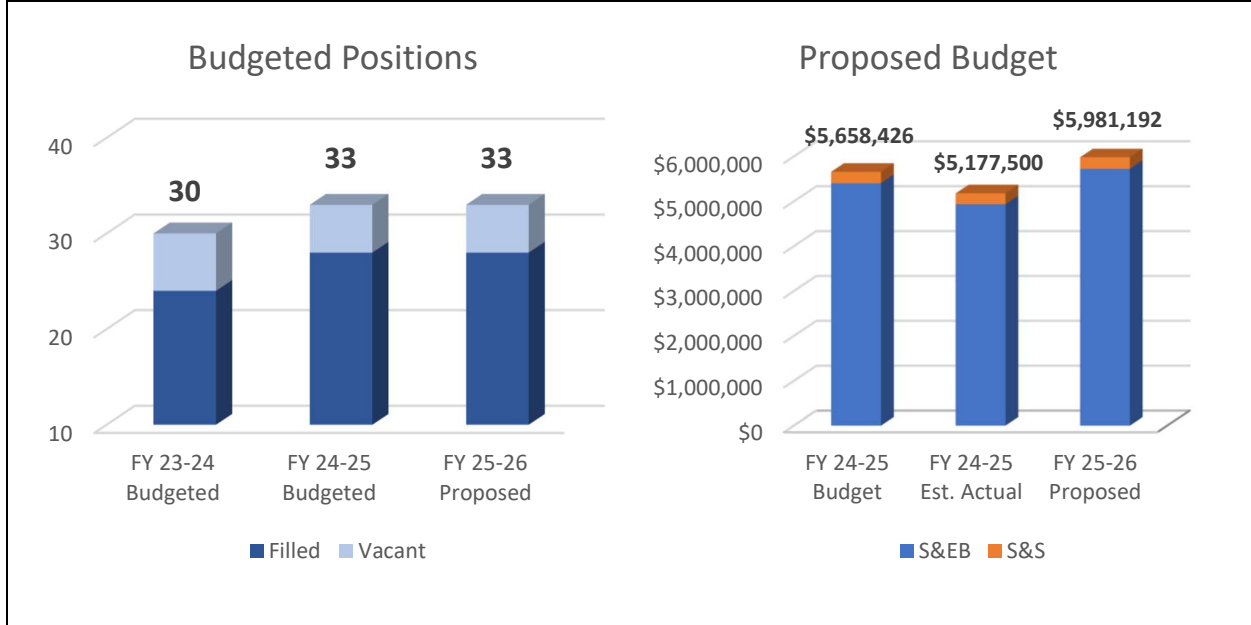
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$2,211,154	\$1,966,913	\$1,678,887	\$1,979,200	\$2,108,598
Total Agency Temp Salaries	645,200	1,011,813	161,000	161,000	247,200
Employee Benefits (Variable)	1,418,875	1,100,174	1,062,942	1,112,500	1,225,822
Employee Benefits (Other)	142,186	152,428	140,837	138,100	154,647
OPEB Contribution	78,799	82,200	72,038	76,000	93,649
OPEB Contribution (Budget Surplus)	0	78,799	0	0	0
Stipends	65,000	40,852	65,000	45,000	65,000
Overtime	27,600	32,129	28,400	27,000	28,400
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	14,400	14,400
SERVICES & SUPPLIES					
Auto Expenses	13,000	5,645	10,500	9,900	10,500
Transportation & Travel	49,800	15,811	68,100	38,000	68,100
Office Supplies & Equipment	3,000	5,873	3,000	3,000	3,000
Professional & Specialized Services	517,000	198,777	635,000	290,000	705,000
Educational Expenses	78,500	50,184	83,000	37,000	83,000
Miscellaneous	10,500	11,410	15,000	14,000	28,500
TOTAL OPERATING BUDGET	\$5,276,414	\$4,767,410	\$4,039,504	\$3,945,100	\$4,837,217

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

FINANCIAL & ACCOUNTING SERVICES (FASD)

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 supports LACERA's mission, vision, and values.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> Upgrade one Accountant I position to Accountant II 		\$4,695
<ul style="list-style-type: none"> Agency Temp 		\$44,000
<ul style="list-style-type: none"> Educational Materials 		\$4,000

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

FASD provides accounting and financial services to LACERA through our General (“organizational”) Accounting and Investment Accounting sections. Our significant objectives are to complete financial transactions, prepare annual financial statements, and deliver financial and actuarial reports in accordance with statutory deadlines. We also conduct and participate with other divisions in completing strategic initiatives and special projects. The following is a status of non-routine projects that have been completed or are in-progress and expected to be completed during FY 2024-25:

- **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 will issue the request and conduct a proposal review and selection process, which is scheduled to be completed by end of the fiscal year.
- **Financial Statement Audit Readiness Assessment:** In conjunction with renewing our existing relationship or obtaining a new external financial statement auditor, LACERA will undergo a “pre-audit” assessment in the months prior to the fiscal year-end financial audit. This review ensures that LACERA’s internal controls for financial reporting are current and documented, and that the evaluation supplements the traditional financial statement audit process.
- **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.
- **Staff Travel Policy:** Based on an audit recommendation issued by an external consultant, FASD updated the Staff Travel Policy and obtained approval from LACERA’s internal policy committee. In addition, FASD updated Policy-related travel authorization forms, procedures, and provided training to internal staff.
- **Automated Travel and Expense Software Implementation:** FASD partnered with the Systems division to implement the Certify Travel and Expense automated software tool to request travel approvals and submit reimbursement claims online. FASD updated processes to provide a paperless workflow, electronic approvals, and direct deposit payments for staff and trustee expenses.
- **Actuarial Funding Policy and Interest Crediting Policy:** Based on Strategic Plan Objective 5.2, which states that LACERA will implement and support the Investments Office in achieving the BOI’s Strategic Plan goals, 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 will implement the Interest Crediting Policy for the December 2024 and June 2025 interest crediting cycles.

- **State Street Bank Cash Manager to eCash Flow Module Migration:** State Street Bank, FASD, and the Investment Office have made significant progress on converting all approval matrices and wire transfer templates to a new State Street online platform. This project is expected to be completed during the second half of 2025.

The following is a status of routine annual projects that have been completed or are in-progress and anticipated to be completed during FY 2024-25:

Routine Annual Projects (required by law or accounting standards)	Completed/ Anticipated
2024 Annual Audit and Financial Statements	October 2024
2024 Financial Reports Annual Comprehensive Financial Report (ACFR) Popular Annual Financial Report (PAFR)	December 2024
2024 Pension Valuation Report	February 2025
2024 GASB 68 Pension, Employer Financial Statement Reporting	March 2025
2024 OPEB Trust, Employer Statement of Fiduciary Net Position	March 2025
2024 GASB 75 OPEB, Employer Financial Statement Reporting	March 2025
2024 OPEB Valuation Report	April 2025
2025 Employer and Employee Contribution Rate Implementation	May 2025
2025 Pension Risk Assessment Report	June 2025
2024 Regulatory Reports, federal and state	Quarterly and Calendar Year-End

FY 2025-26 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: 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 staff, supervisors and managers.

A summary of non-routine projects is outlined below:

Non-Routine Projects	Anticipated
Member Prepaid Debit Card Program	Fall 2025
Enterprise Resource Planning (ERP) Tool, Preliminary Assessment	TBD

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, 27 percent of FASD staff members hold a Certified Public Accountant (CPA) license. CPAs must attend qualifying training courses to meet the California State Board of Accountancy continuing professional education (CPE) reporting requirements of 20 to 40 hours every year.

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, or ethics and fraud topics. In addition, FASD 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.

FASD leverages training and registration funding provided for represented staff via the negotiated Memorandum of Understanding (MOU). We are maintaining a budget of \$7,000 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.

In addition, FASD is requesting \$29,000 for travel-related expenses (airfare, hotel, per diem, and ground transportation) so staff can attend offsite conferences and networking events throughout the country, the same amount as FY 2024-25.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Position Adjustment

We are requesting to upgrade one existing position from Accountant I to Accountant II within our Disbursements Unit.

The FASD classification study created an intermediary “Lead” Accountant II position, which is an intermediary position between the Accountant I (staff level) and Senior Accountant (supervisory) positions. This upgraded position will allow FASD to reorganize the Disbursements Unit and establish a new structure with two Lead Accountants assisting the Senior Accountant in reviewing and managing the workflow currently submitted by five Accountant I staff members. The Lead Accountants will be charged with owning business processes to help reduce the workload volume and risk of errors and will allow for higher quality supervision and workflow guidance. An additional Accountant II position also provides another step in a career path for staff.

Expertise

Traditionally, the Disbursements Unit has experienced a high workload volume, wide scope of work, and routinely conducts processes that are legally required and significant to the organization (e.g., payroll tax withholding submissions, quarterly and annual tax return filings, contribution collection and recording, member payroll monitoring, and organizational payment processing). The Disbursements Unit is responsible for managing thirteen unique work processes, leveraging multiple information technology systems to complete its work, twelve of which require subject-matter expertise. In some instances, cross-training within the Unit needs to be enhanced for back-up purposes and to reduce the risk of relying on individual specialists.

Volume and Scope

For a monthly sample of non-member payments, the Disbursements Unit’s six staff and one supervisor processed 481 payables, which is 79 percent of the organization’s total volume and approximately 5,700 transactions for the year. The Senior Accountant spends approximately 51 hours per month or 30 percent of their time on accounts payable-related transactions, including vendor setup, automated clearing house (ACH) account creation, payment batch releases, and reviewing/posting staff and trustee reimbursement transactions. This workload represented an increase from the prior incumbent performing

similar functions when it represented about 24 hours per month or 12.5 percent of their time.

The Disbursements Unit plays a large part in journalizing entries and reconciling general ledger (GL) accounts during each month-end close, accounting for approximately 1,300 (67 percent) of non-accounts-payable line items per month. Other GL functions include recognizing accrued expenses during the fiscal year-end close, journalizing and reconciling LACERA's five Trust Funds held at the County, accounting for LACERA's employee payroll expenses, and performing cash projections.

The Disbursements Unit's responsibilities include billing, collecting, and journalizing accounts receivable-related transactions for payments made by members, Los Angeles County, Superior Court, and four outside districts. Several key policies the Disbursements Unit is responsible for include Accounts Payable, Corporate Credit Card, and Staff Travel, including drafting and updating policy language, creating forms and procedures, training, and conducting policy compliance efforts. The Disbursements Unit also prepares several quarterly reports for other divisions' use and detailed monthly and quarterly travel reports for the Boards' agendas.

Looking Ahead

Two Lead Accountants within the Disbursements Unit will create a split structure that allows for future expansion to accommodate additional staffing, provides better workflow distribution and supervision of the team, and helps FASD serve our membership and internal divisions.

Temporary Staffing

FASD currently has six vacant staff positions including five Accountants and one Senior Administrative Assistant. We rely on temporary staffing to complete our objectives. For FY 2025-26, five temporary positions are included, which represents a reduction of one position from the prior year. Even though the number of positions budgeted is less than the prior year, the amount increased by \$44,000 due to increases in temporary salary costs. Below is a list of temporary positions requested:

- Two at the Accountant I level in the General Accounting Section
- Two at the Accountant I level in the Investment Accounting Section
- One Senior Administrative Assistant

Human Resources is in the process of implementing civil service exams for the Investment Accounting and Administrative positions. Timeframes may be extended due to unforeseen circumstances. Once positions are permanently filled, we expect to reduce the use of temporary staff further, while maintaining some flexibility to account for unanticipated staff attrition.

Overtime Needs

Budgeted overtime hours were reduced by 13 percent compared to the prior year due to improved staffing levels and operational efficiencies. The overtime budget request for this year of \$62,300 reflects a decrease of only \$500 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. The overtime budget also allows for additional workload due to unforeseen special projects.

Interns

FASD does not anticipate any use of interns in FY 2025-26.

Rehired Retirees

FASD does not anticipate any use of rehired retirees in FY 2025-26.

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 2025-26.

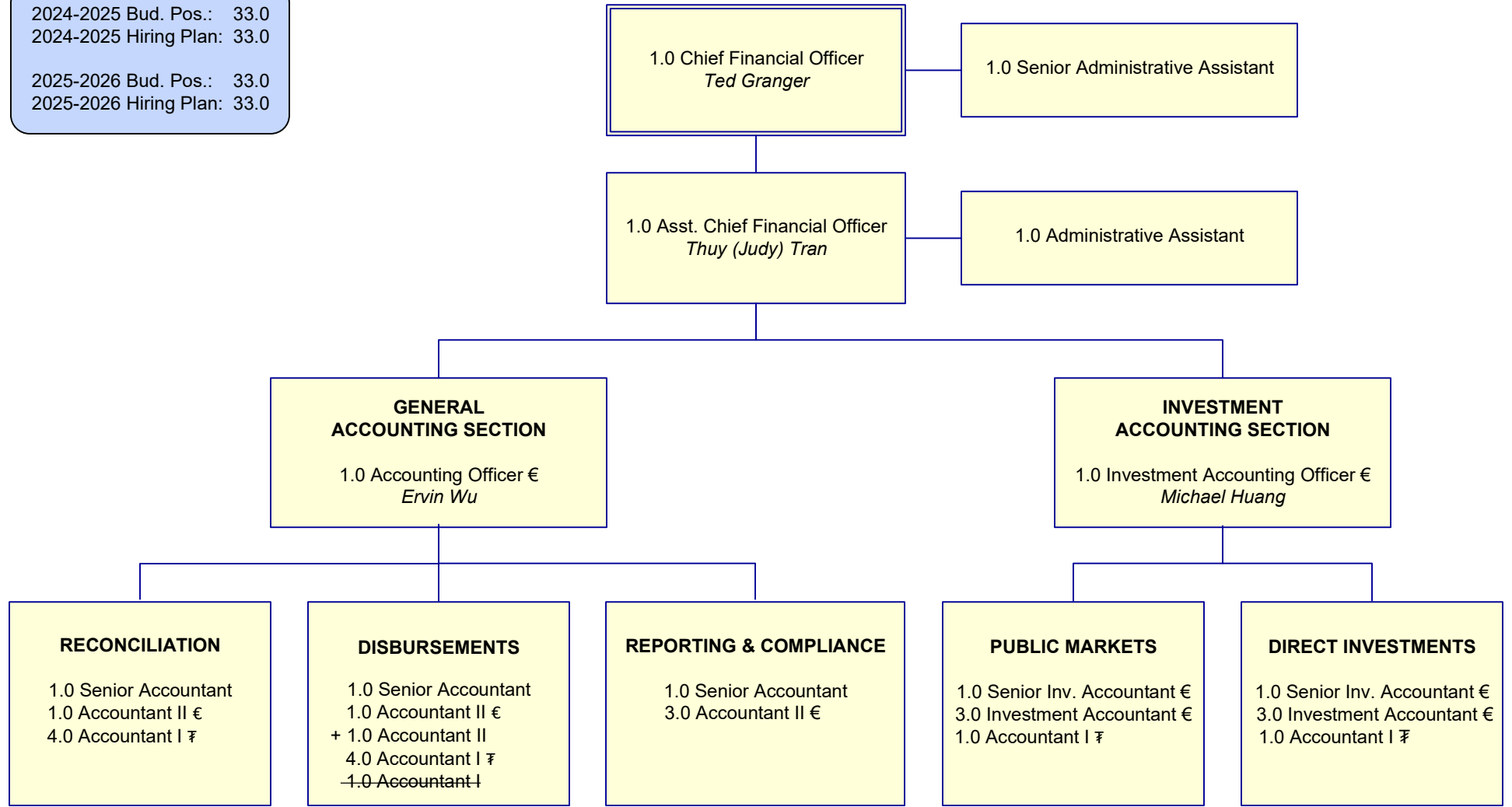
Services and Supplies Adjustments

For FY 2025-26, we increased expenditures for Educational Materials. Annual continuing professional education subscriptions are purchased for staff to attend unlimited training events during the year. In prior years, we charged these expenses to Registration Fees and now are including them in Educational Materials.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 33.0
 2024-2025 Hiring Plan: 33.0
 2025-2026 Bud. Pos.: 33.0
 2025-2026 Hiring Plan: 33.0



+ Added position

- Deleted position

* Classification study for all Accounting positions finalized and approved by LACERA Board of Retirement on December 7, 2022, Board of Investments on December 14, 2022, and Board of Supervisors' on April 9, 2024.

€ Position reclassified per result of classification study

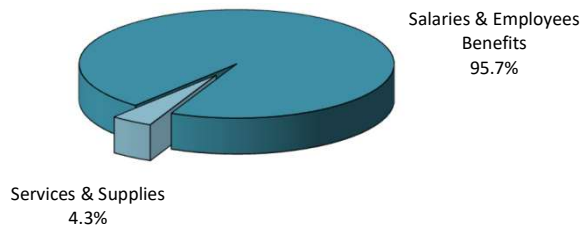
₣ Title changed

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$5,724,192	\$5,405,426	\$2,595,006	\$4,934,900	(\$470,526)	-8.7%	\$318,766	5.9%
Services & Supplies	257,000	253,000	125,798	242,600	(10,400)	-4.1%	4,000	1.6%
OPERATING BUDGET	\$5,981,192	\$5,658,426	\$2,720,804	\$5,177,500	(\$480,926)	-8.5%	\$322,766	5.7%

2025 -2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$3,166,408	\$3,017,068	\$1,364,960	\$2,690,100	(\$326,968)	-10.8%	\$149,340	4.9%
Total Agency Temp Salaries	526,500	482,500	307,977	482,500	0	0.0%	44,000	9.1%
Employee Benefits (Variable)	1,621,678	1,527,291	735,537	1,395,700	(131,591)	-8.6%	94,387	6.2%
Employee Benefits (Other)	187,177	179,562	82,807	176,000	(3,562)	-2.0%	7,615	4.2%
OPEB Contribution	140,628	116,704	61,529	123,100	6,396	5.5%	23,924	20.5%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	62,300	62,800	34,748	60,000	(2,800)	-4.5%	(500)	-0.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	7,447	7,500	(4,500)	-37.5%	0	0.0%
Rideshare Allowance	7,500	7,500	0	0	(7,500)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,724,192	\$5,405,426	\$2,595,006	\$4,934,900	(\$470,526)	-8.7%	\$318,766	5.9%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$5,724,192	\$5,405,426	\$2,595,006	\$4,934,900	(\$470,526)	-8.7%	\$318,766	5.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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
0415	ACCOUNTANT I, LACERA	11	097J
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	088L
Total Filled Positions =		27	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
0473	ACCOUNTANT II, LACERA	1	099D
0415	ACCOUNTANT I, LACERA	4	097J
Total Vacant Positions =		6	
TOTAL POSITIONS =		33	

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

LACERA

FISCAL YEAR 2025-2026

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$29,000	\$29,000	\$5,879	\$23,000	(\$6,000)	-20.7%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	418	2,000	(4,000)	-66.7%	0	0.0%
BANK SERVICES	200,000	200,000	109,450	200,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	20,000	16,000	9,424	15,800	(200)	-1.3%	4,000	25.0%
MISCELLANEOUS	2,000	2,000	626	1,800	(200)	-10.0%	0	0.0%
TOTAL	\$257,000	\$253,000	\$125,798	\$242,600	(\$10,400)	-4.1%	\$4,000	1.6%

*All amounts rounded to the nearest dollar.

FINANCIAL AND ACCOUNTING SERVICES

BUDGET REQUEST INFORMATION

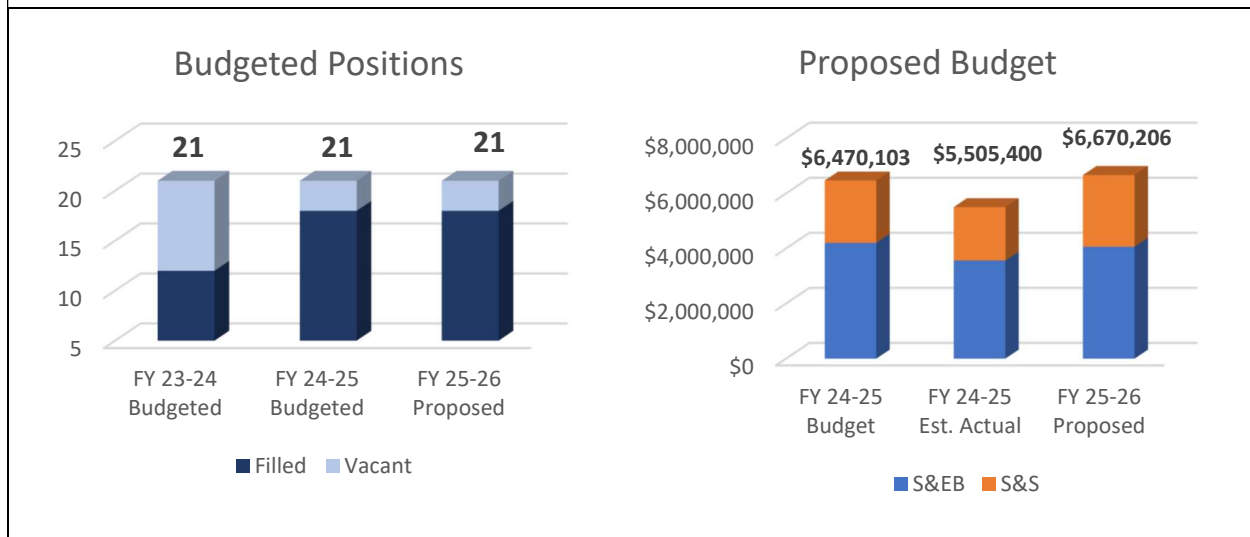
HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$2,752,536	\$2,464,762	\$3,017,068	\$2,690,100	\$3,166,408
Total Agency Temp Salaries	776,700	544,167	482,500	482,500	526,500
Employee Benefits (Variable)	1,547,804	1,289,612	1,527,291	1,395,700	1,621,678
Employee Benefits (Other)	176,424	156,873	179,562	176,000	187,177
OPEB Contribution	97,774	101,994	116,704	123,100	140,628
OPEB Contribution (Budget Surplus)	0	97,774	0	0	0
Stipends	0	0	0	0	0
Overtime	64,700	52,129	62,800	60,000	62,300
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	7,455	12,000	7,500	12,000
Rideshare Allowance	7,500	0	7,500	0	7,500
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	29,300	12,877	29,000	23,000	29,000
Office Supplies & Equipment	6,000	598	6,000	2,000	6,000
Bank Services	200,000	194,435	200,000	200,000	200,000
Educational Expenses	16,000	15,259	16,000	15,800	20,000
Miscellaneous	2,000	1,676	2,000	1,800	2,000
TOTAL OPERATING BUDGET	\$5,688,738	\$4,939,611	\$5,658,426	\$5,177,500	\$5,981,192

*All amounts rounded to the nearest dollar.

HUMAN RESOURCES

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

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Agency Temporary		(\$22,500)
• LACERA Intern Program		\$24,000
• Gateway Plaza (Parking)		\$45,000
• Human Resources Consulting		\$250,000
• Registration Fees		\$13,000
• LACERA Summit/Forum		\$16,500
• Miscellaneous		\$2,400

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

Since January 2024, seven (7) new HR staff members have joined LACERA on the Impact Team, the Employee and Organizational Development team, and the Talent Acquisition and Management team. These hires support HR's work to attract, motivate, hire, and retain a highly engaged and skilled workforce. The new HR staff members have already contributed to completing various policies, administering training, implementing technology, and executing LACERA's hiring plan.

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 15 percent and, by executing the strategic plan, achieve a vacancy rate of 5 to 8 percent. The current vacancy rate is 19 percent, and attrition rate has remained relatively stable at 3 percent per year. In support of this strategic goal from July 1, 2024, to February 28, 2025, HR promulgated 19 eligible lists/registers and processed 36 hiring actions—14 promotions and 22 new hires. It is anticipated that HR will process approximately 60 hiring actions this 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 furthered the use of NeoGov by expanding the performance evaluation module, implementing a new module for recruiting, and implementing a training module. These modules impact the recruiting and hiring processes by providing an improved applicant experience, serving as an organization-wide learning management system, and expanding the digitization and automation of performance evaluations for represented staff members. The expanded use of NeoGov supports various objective milestones in the Strategic Objective 3.3 workplan.

This year, 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 fifteen classifications.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

There will continue to be a sustained effort to decrease the organization's vacancy rate. HR work that started in FYE 2025 and will continue through FY 2025-26 includes the completion and implementation of the Investments and Retiree Healthcare job classification studies. Organizational and classification studies for the Systems Division and Quality Assurance Division are planned in FYE 2026. HR will seek a consultant to revise the Retirement Benefits Specialist I examination to hire the 2026 Core Benefits Training Class.

In addition to continued work related to Objective 3.3, during FY 2025-26, HR will begin to execute the workplan associated with Objective 3.2, related to training and development programs. Work has begun on new programs and initiatives to encourage

employee growth and development. As LACERA grows into a \$100 billion fund, staff members must also grow. Employee growth is supported by mentoring; the Leadership Pipeline; Inclusion, Diversity, Equity, and Accessibility (IDEA); management coaching; supervisory and management educational tracks; and an improved performance evaluation mechanism. To measure and monitor engagement, HR plans to research and prepare to launch a full employee engagement survey and smaller engagement touchpoints throughout the year.

HR led the negotiation of a one-year contract with Service Employees International Union (SEIU) in 2024. From July through December 2025, LACERA will be engaged in the collective bargaining process with SEIU to negotiate successor agreements for bargaining units 850 and 851. This is a major undertaking that directly impacts approximately half of LACERA's staff members. As always, the goal is to agree on a clear and fair contract.

Administrative Services Division will transition the Rideshare program to HR in July 2025. The Rideshare program provides transportation benefits to staff members and reports on commuting patterns. In September 2025, LACERA will host its Employee Summit (formerly Forum), an all-staff event, for the first time in five years. The planning began in January and the committee is excited to engage with staff members.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

There is no adjustment to permanent staffing.

Temporary Staffing

Human Resources typically maintains an emergency staffing fund for one Sr. HR Assistant for six months. Given the increased staffing, HR is in a better position to cover staff work in case of an emergency. Therefore, HR is reducing funding for temporary staff for one Sr. HR Assistant to three months. The cost of temporary funding will decrease from \$50,500 to \$28,000.

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.

Interns

Human Resources Division is requesting one Intern to work in the Employee and Organizational Development Unit. The Intern will work on completing remaining work on organization-wide career paths and support Objective 3.2 programs.

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 15 Interns for use throughout the organization to work in Administrative Services, Human Resources, Information Security Office, Investment Office, Legal Services, Member Services, Quality Assurance, Systems Division, and Retiree Healthcare.

Rehired Retirees

HR does not anticipate any use of retired rehires in FY 2025-26.

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 2025-26.

Services and Supplies Adjustments

Gateway Plaza Parking

The monthly cost of parking has increased to approximately \$46,500 per month. Therefore, the budget is anticipated to increase from \$515,000 to \$560,000 per year, which is a \$45,000 increase.

Human Resources Consulting

During FY 2026, LACERA will conduct an organizational study for Quality Assurance and for Systems. Additionally, HR will contract with a consultant to create a new RBS I exam. The budget retains the costs for negotiations included in the prior year's budget for the upcoming fiscal year's budget. In total, the Human Resources Consulting budget is anticipated to increase from \$250,000 to \$500,000. This is a \$250,000 increase.

Registration Fees

The budget reflects a proposed increase for HR staff members to attend professional development. New staff members will continue to attend public-sector focused training, and existing staff members will focus on skill expansion. The proposed increase is anticipated as training and conference prices rise. The budget is anticipated to increase from \$37,000 to \$50,000 during this transition period. This is a \$13,000 increase.

Rideshare

Administrative Services Division will transfer the Rideshare Program to Human Resources in July 2025. The \$2,000 program cost will be added to the HR budget.

Employee Summit (Forum)

Planning has begun to resume the annual Employee Summit. In addition to the budgeted costs for the event speaker, budgeted funds are required to secure a venue and associated costs. This is a \$16,500 increase.

Miscellaneous

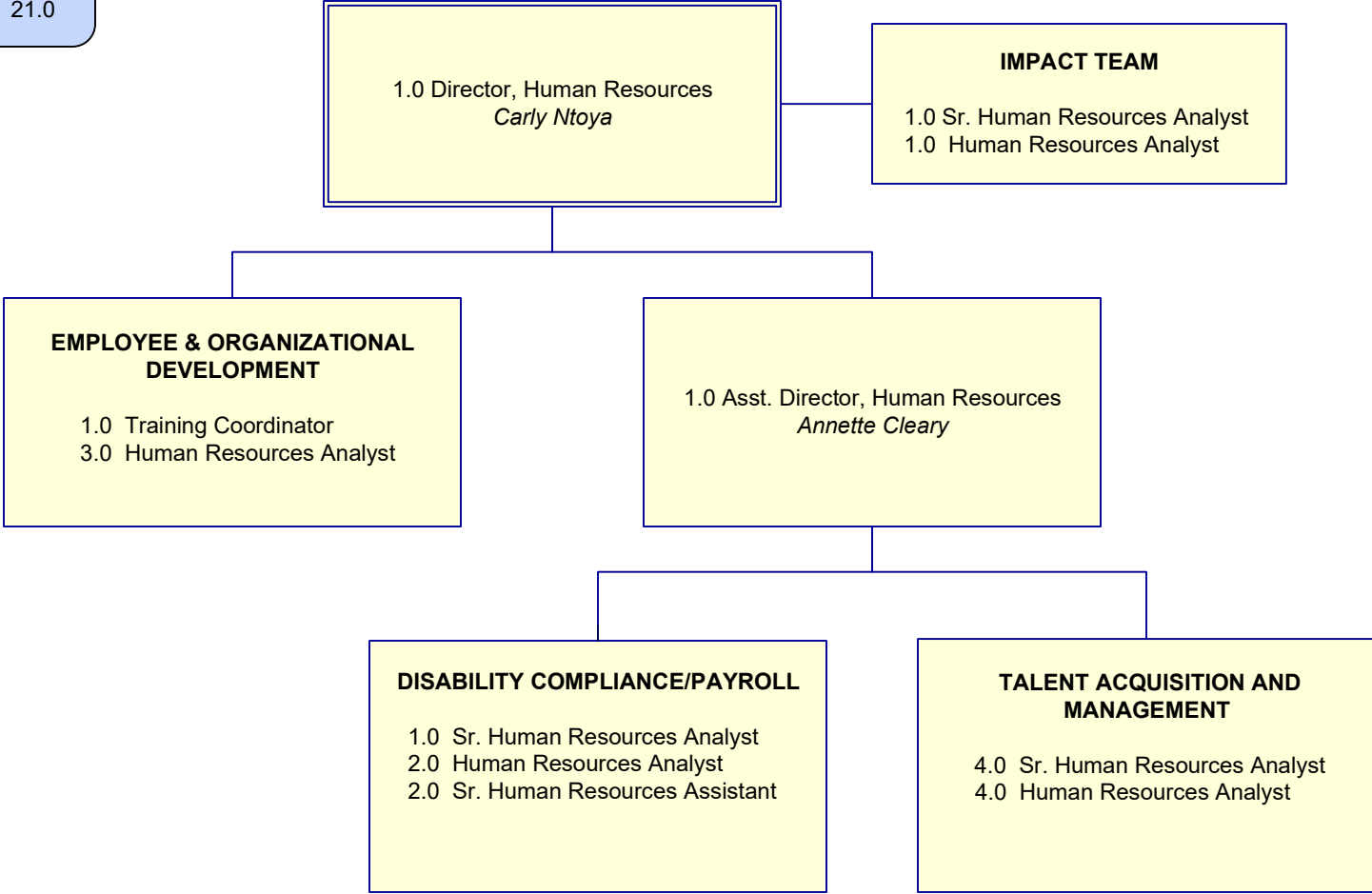
As LACERA transitions from a one-day orientation to a 12-month onboarding program, \$2,400 has been added to the budget to provide food and beverages for new hires on their first day. This changes the Miscellaneous budget request from \$1,500 to \$3,900.

HUMAN RESOURCES

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 21.0
2024-2025 Hiring Plan: 21.0

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

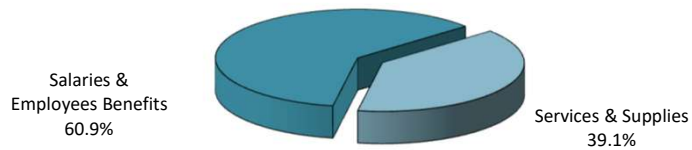


LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

HUMAN RESOURCES

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$4,064,506	\$4,206,103	\$1,768,603	\$3,563,400	(\$642,703)	-15.3%	(\$141,597)	-3.4%
Services & Supplies	2,605,700	2,264,000	971,323	1,942,000	(322,000)	-14.2%	341,700	15.1%
OPERATING BUDGET	\$6,670,206	\$6,470,103	\$2,739,926	\$5,505,400	(\$964,703)	-14.9%	\$200,103	3.1%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$2,190,582	\$2,267,708	\$902,909	\$1,841,600	(\$426,108)	-18.8%	(\$77,126)	-3.4%
Total Agency Temp Salaries	28,000	50,500	5,241	5,300	(45,200)	-89.5%	(22,500)	-44.6%
LACERA Intern Program	360,000	336,000	175,388	312,000	(24,000)	-7.1%	24,000	7.1%
Employee Benefits (Variable)	1,250,742	1,315,694	572,166	1,169,200	(146,494)	-11.1%	(64,952)	-4.9%
Employee Benefits (Other)	129,493	138,187	63,495	135,500	(2,687)	-1.9%	(8,694)	-6.3%
OPEB Contribution	97,290	89,813	47,351	94,800	4,987	5.6%	7,477	8.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	6,700	6,500	2,052	5,000	(1,500)	-23.1%	200	3.1%
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	1,700	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	\$4,064,506	\$4,206,103	\$1,768,603	\$3,563,400	(\$642,703)	-15.3%	(\$141,597)	-3.4%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$4,064,506	\$4,206,103	\$1,768,603	\$3,563,400	(\$642,703)	-15.3%	(\$141,597)	-3.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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	5	107G
1886	TRAINING COORDINATOR, LACERA	1	107F
0434	HUMAN RESOURCES ANALYST, LACERA	8	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	1	107G
0434	HUMAN RESOURCES ANALYST, LACERA	2	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 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$18,200	\$16,200	\$12,899	\$16,200	\$0	0.0%	\$2,000	12.3%
OFFICE SUPPLIES & EQUIPMENT	3,000	3,000	1,707	3,000	0	0.0%	0	0.0%
PARKING FEES	561,000	517,000	318,470	522,000	5,000	1.0%	44,000	8.5%
PROFESSIONAL & SPEC. SRVCS.	837,100	577,300	267,501	452,800	(124,500)	-21.6%	259,800	45.0%
COMPUTER SERVICES & SUPPORT	150,000	150,000	30,209	150,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	750,500	719,000	105,912	523,500	(195,500)	-27.2%	31,500	4.4%
MISCELLANEOUS	285,900	281,500	234,626	274,500	(7,000)	-2.5%	4,400	1.6%
TOTAL	\$2,605,700	\$2,264,000	\$971,323	\$1,942,000	(\$322,000)	-14.2%	\$341,700	15.1%

*All amounts rounded to the nearest dollar.

HUMAN RESOURCES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

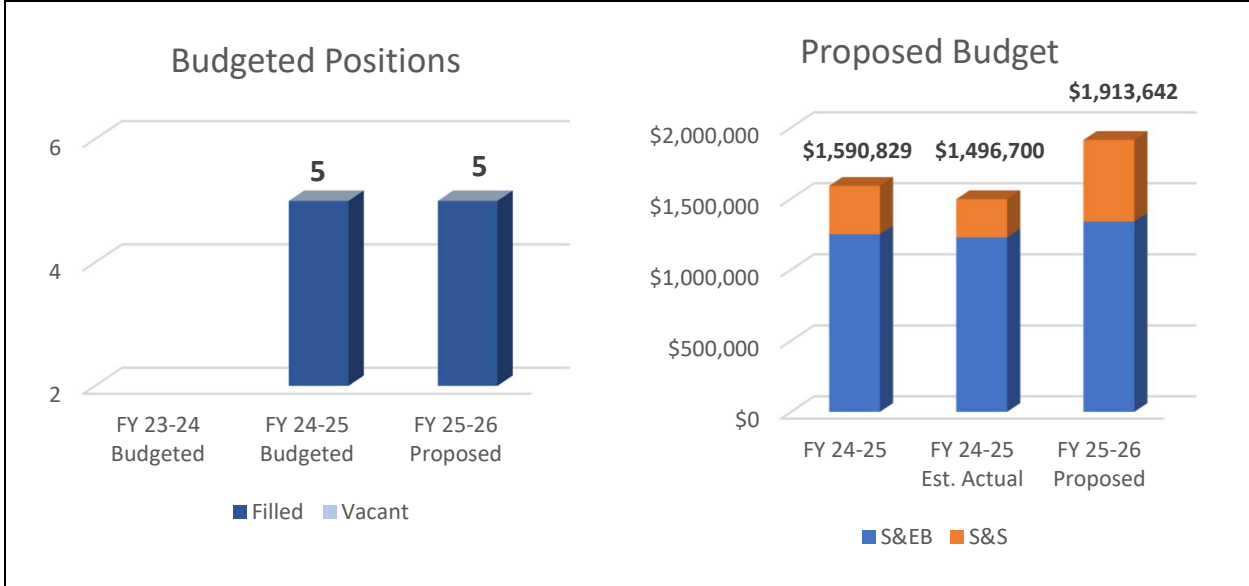
	FYE 2024		FYE 2025		Proposed Budget
	Budget	Actual	Budget	Projection	
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$2,200,574	\$1,503,581	\$2,267,708	\$1,841,600	\$2,190,582
Total Agency Temp Salaries	139,000	156,870	50,500	5,300	28,000
LACERA Intern Program	288,000	6,016	336,000	312,000	360,000
Employee Benefits (Variable)	1,550,802	914,450	1,315,694	1,169,200	1,250,742
Employee Benefits (Other)	141,046	124,040	138,187	135,500	129,493
OPEB Contribution	78,167	81,542	89,813	94,800	97,290
OPEB Contribution (Budget Surplus)	0	78,167	0	0	0
Stipends	0	0	0	0	0
Overtime	4,700	13,998	6,500	5,000	6,700
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	0	0	0	0	0
Rideshare Allowance	1,700	0	1,700	0	1,700
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	10,800	2,894	16,200	16,200	18,200
Office Supplies & Equipment	3,000	4,356	3,000	3,000	3,000
Parking Fees	482,000	534,307	517,000	522,000	561,000
Professional & Specialized Services	788,300	433,007	577,300	452,800	837,100
Computer Services & Support	50,000	106,644	150,000	150,000	150,000
Educational Expenses	509,000	237,225	719,000	523,500	750,500
Miscellaneous	496,500	761,346	281,500	274,500	285,900
TOTAL OPERATING BUDGET	\$6,743,589	\$4,958,443	\$6,470,103	\$5,505,400	\$6,670,206

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

INFORMATION SECURITY OFFICE

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.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> Agency Temp Software Subscriptions (e.g., penetration testing, internet monitoring services, email filtering services, SASE, and IT GRC) 		<p>(\$89,000)</p> <p>\$225,500</p>

The budgeted resources for the ISO were embedded in the Executive Office in FY 2023-24. As part of our commitment to transparency, and to highlight the critical importance of LACERA's cybersecurity program, resources dedicated to the ISO are now independently identified since FY 2024-25.

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

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

- Establishing the framework of the Information Security Governance Program, with focus on the Written Information Security Program (WISP), formation of the Information Security Committee (ISC), and the Governance, Risk, and Compliance (GRC) solution to support the program. This has been completed.
- Evaluating existing technologies to cover the following:
 - Need for various technologies that were not fully implemented. We have completed our evaluation and are working to full implementation.
 - Elimination of technologies that are deemed not current and redundant. We have completed elimination of all redundant products.
 - Recommendations for replacement technologies. We have completed this process and are working towards replacements.
- Recommending and implementing an E-Discovery Solution to facilitate an easier discovery process that is reliable and provides users access to their archive email. A vendor was chosen, and a board presentation was given. We are in the process of implementation and a presentation to the Board on some initial cost over runs.
- Implementing an identity monitoring system. IT and departmental assessments are being planned.
- Upgrading our Security Operations Center (SOC) to ensure actions are taken to protect LACERA and our members. Information Technology Coordinating Council (ITCC) approved this project, the product was selected, and a board presentation was given. The chosen vendor product has been fully implemented.
- Hiring permanent staff to replace the temporary staff in ISO. This is an ongoing effort. All recommendations for permanent hiring have been made, and we are now waiting for the HR process to be completed.

FY 2025-26 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

- Implement elements defined in the WISP
- Implement the replacement of current remote-access and monitoring technology to a modern Zero Trust framework
- Conduct a SOC 2 review and identify and remediate any deficiencies
- Implement a more robust supply-chain security mechanism to minimize impacts arising from emerging threats

Superior Member Experience

Objective 1.4: Enhance the Retiree Healthcare Experience. 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 be investigating replacements of any deprecated technologies.

Investing in People

Objective 3.3: Improve and Simplify Hiring (Fill Vacancies). We will be working on hiring permanent employees and providing everyone on the team with the appropriate training and 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 IT GRC solution as part of the GRC program.

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 the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

Full-year funding is provided for four positions within the Information Security Office that were partially funded in FY 2024-25, with a corresponding reduction in Agency Temporary salaries. This trend will continue into FY 2025-26.

Temporary Staffing

Full-year Agency Temporary funding is provided for one Information Technology Specialist I position within the Information Security Office.

Overtime Needs

The Information Security Office does not anticipate any overtime for FY 2025-26.

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 2025-26.

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 2025-26.

Services and Supplies Adjustments

Security Assessment

Funding totaling \$240,000 was provided for the Information Security Office to ensure LACERA's cybersecurity for FY 2024-25; however, because we eliminated redundant technologies in the FY 2024-25 Mid-Year requests, we reduced this amount to \$108,000. We will be maintaining the same amount of \$108,000 for FY 2025-26.

Software Subscriptions

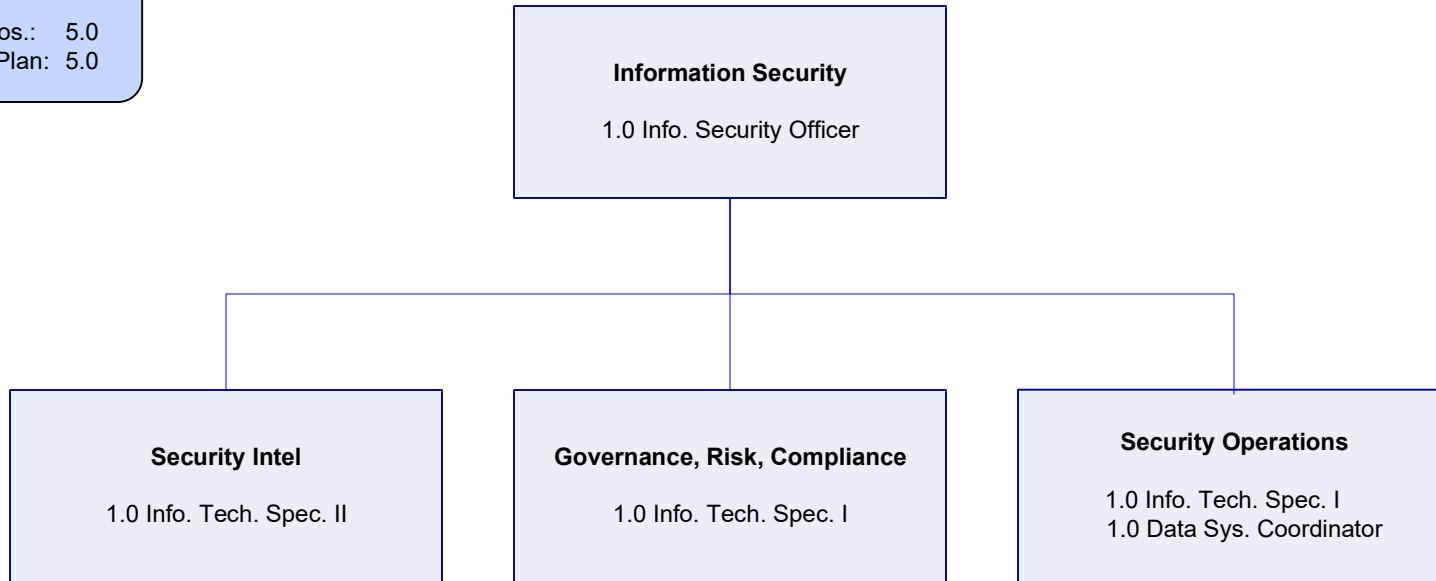
Funding totaling \$415,000 is provided for the Information Security Office to better protect LACERA. This amount includes an increase of \$225,500 for penetration testing, internet monitoring services for the trustees, an email filtering solution to better protect our email communications from bad actors, SASE, and IT GRC platform to get us ready for SOC 2. 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 2025-2026

2024-2025 Bud. Pos.: 5.0
2024-2025 Hiring Plan: 5.0

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

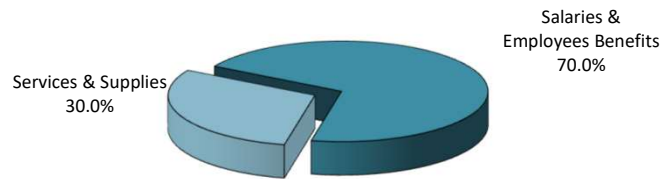


LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

INFORMATION SECURITY OFFICE

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		(01-31-25)	PROJECTION	BUDGET	% CHANGE			
Salaries & Employees Benefits	\$1,339,442	\$1,250,129	\$678,252	\$1,227,700	(\$22,429)	-1.8%	\$89,313	7.1%
Services & Supplies	574,200	340,700	125,738	269,000	(71,700)	-21.0%	233,500	68.5%
OPERATING BUDGET	\$1,913,642	\$1,590,829	\$803,991	\$1,496,700	(\$94,129)	-5.9%	\$322,813	20.3%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2025-2026

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INFORMATION SECURITY OFFICE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$789,039	\$660,598	\$186,243	\$353,400	(\$307,198)	-46.5%	\$128,441	19.4%
Total Agency Temp Salaries	213,000	302,000	355,348	609,200	307,200	101.7%	(89,000)	-29.5%
Employee Benefits (Variable)	255,716	221,113	104,370	198,000	(23,113)	-10.5%	34,604	15.6%
Employee Benefits (Other)	46,643	40,255	18,497	39,500	(755)	-1.9%	6,388	15.9%
OPEB Contribution	35,044	26,163	13,794	27,600	1,437	5.5%	8,881	33.9%
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	\$1,339,442	\$1,250,129	\$678,252	\$1,227,700	(\$22,429)	-1.8%	\$89,313	7.1%
Less Salary Savings & Differential	0	0	-	-	-	-	-	-
TOTAL S&EB	\$1,339,442	\$1,250,129	\$678,252	\$1,227,700	(\$22,429)	-1.8%	\$89,313	7.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

INFORMATION SECURITY OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$16,200	\$16,200	\$0	\$6,000	(\$10,200)	-63.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	0	0	0	0	0	0.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	523,000	297,500	122,109	250,000	(47,500)	-16.0%	225,500	75.8%
EDUCATIONAL EXPENSES	35,000	27,000	3,629	13,000	(14,000)	-51.9%	8,000	29.6%
MISCELLANEOUS	0	0	0	0	0	0.0%	0	0.0%
TOTAL	\$574,200	\$340,700	\$125,738	\$269,000	(\$71,700)	-21.0%	\$233,500	68.5%

*All amounts rounded to the nearest dollar.

INFORMATION SECURITY OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$0	\$0	\$660,598	\$353,400	\$789,039
Total Agency Temp Salaries	0	0	302,000	609,200	213,000
Employee Benefits (Variable)	0	0	221,113	198,000	255,716
Employee Benefits (Other)	0	0	40,255	39,500	46,643
OPEB Contribution	0	0	26,163	27,600	35,044
OPEB Contribution (Budget Surplus)	0	0	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	0	0	16,200	6,000	16,200
Office Supplies & Equipment	0	0	0	0	0
Professional & Specialized Services	0	0	297,500	250,000	523,000
Educational Expenses	0	0	27,000	13,000	35,000
Miscellaneous	0	0	0	0	0
TOTAL OPERATING BUDGET	\$0	\$0	\$1,590,829	\$1,496,700	\$1,913,642

*All amounts rounded to the nearest dollar.

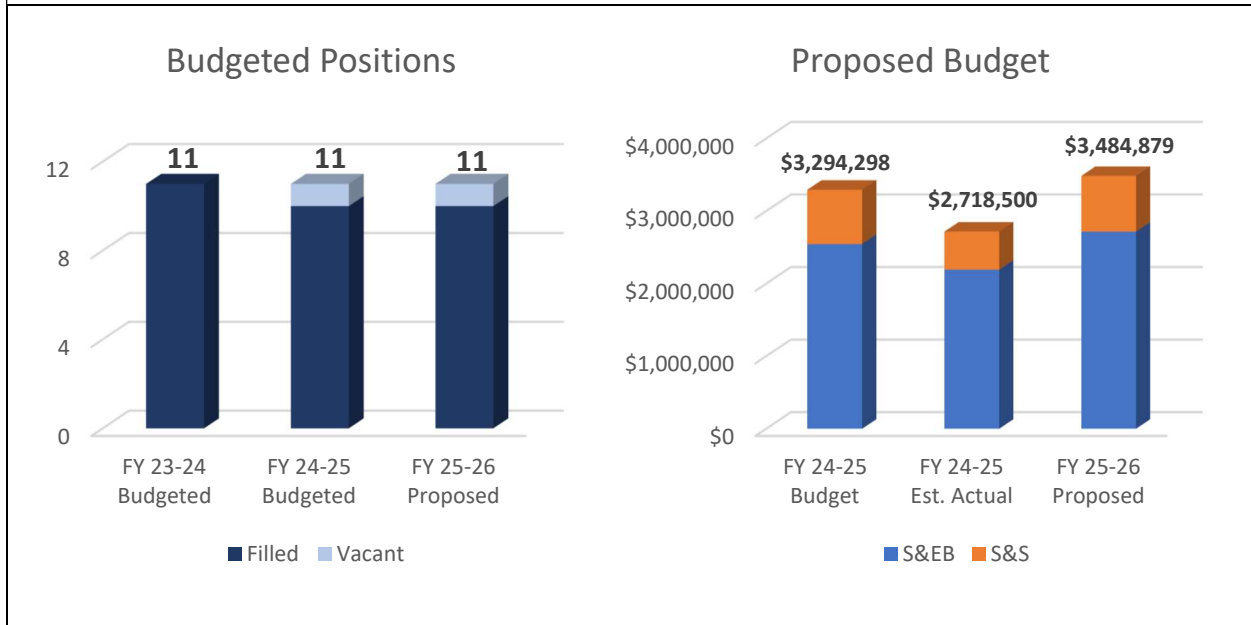
BUDGET NARRATIVE
FISCAL YEAR 2025-2026

INTERNAL AUDIT

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



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
<ul style="list-style-type: none"> • Registration Fees 		\$15,000

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

The FY 2024-25 Audit Plan is in progress and covers risk areas across the organization, including the following significant engagements:

- Technical Audit of Granicus/One Meeting Application
- LA County Payroll – LACERA Controls
- Recruitment and Hiring Process Advisory Review
- Vendor Security Assessment
- IT Risk Assessment
- Investment Strategic Asset Allocation Audit
- Retiree Healthcare Provider Payment Calculation Audit
- Moss Adams SOC 1 Type II of OPEB Program
- Investment Accounting Middle/Back – Office Audit

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

- 1. Follow Internal Audit's Road Map to:**
 - a. Further align and enhance audit activities and processes with the Strategic Plan.**
 - b. Further develop Enterprise Risk Management (ERM) framework and practices.**
- 2. Complete the FY 2025-26 Audit Plan**, which will align with LACERA's overall strategic plan.
- 3. Complete Training and Development requirements**, aligned with the Investing in People strategic priority, which is budgeted against our Educational Expenses. Internal Audit requires each staff member to obtain 40 continuing education hours per fiscal year. Internal Audit will use the Institute of Internal Auditor's (IIA's) Competency Framework to assess each staff member's competencies and divisional competencies, which will determine specific training during the year.
- 4. Complete Internal Assessment**, which will align Internal Audit operations with new IIA standards and best practices.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases

to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

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 plans to fill all open budget positions prior to the end of FY 2024-25, so we do not anticipate the need to budget for temporary staffing for FY 2025-26.

Overtime Needs

Internal Audit requests 40 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 2025-26, as we will be focused on onboarding new staff.

Rehired Retirees

Internal Audit does not anticipate any use of rehired retirees in FY 2025-26.

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 2025-26.

Services and Supplies Adjustments

Registration Fees

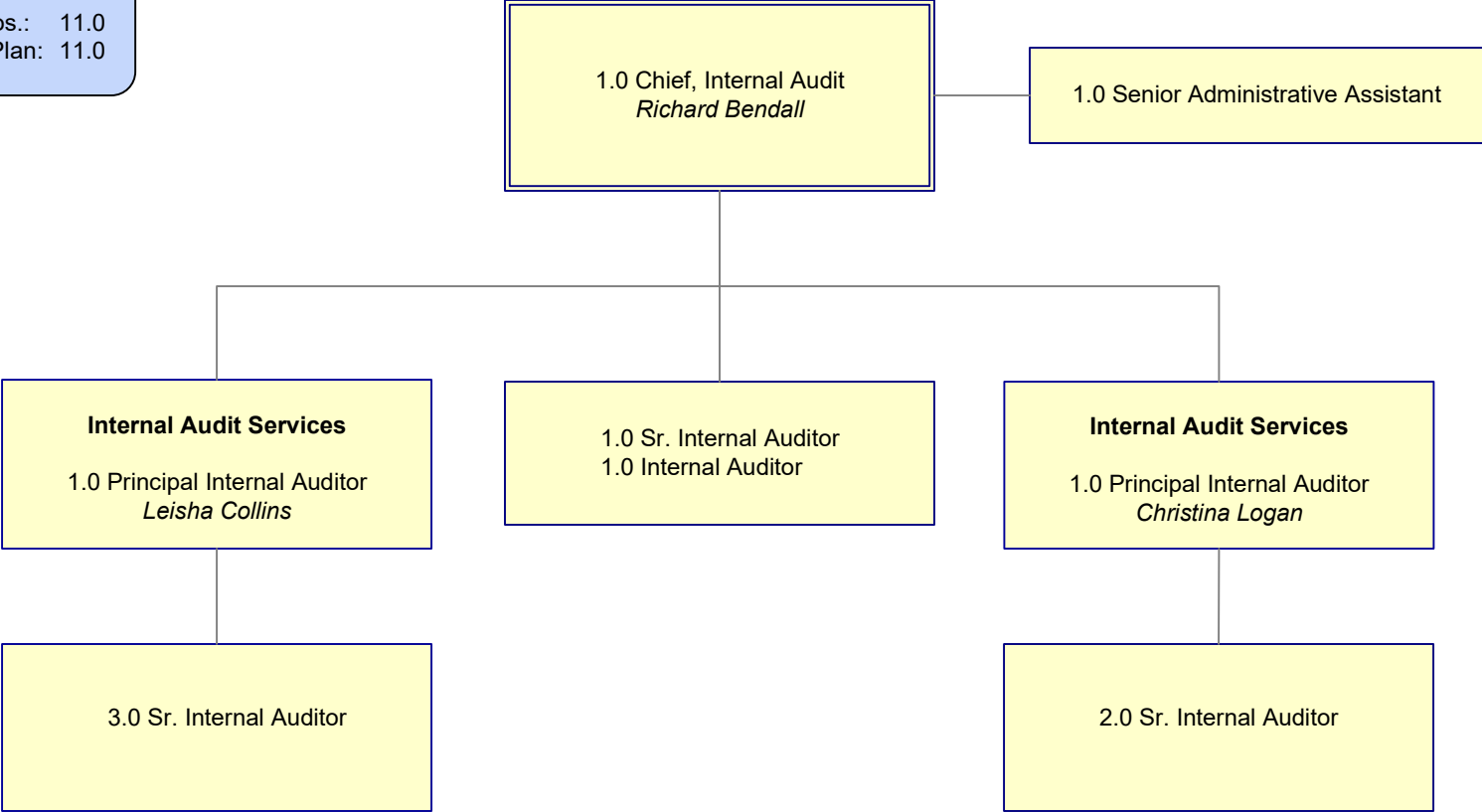
We are requesting an increase of \$15,000 to Registration Fees from \$20,000 to \$35,000 due to the anticipated hiring of three new staff members in FY 2024-25 and current expenditure trends.

INTERNAL AUDIT

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 11.0
2024-2025 Hiring Plan: 11.0

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

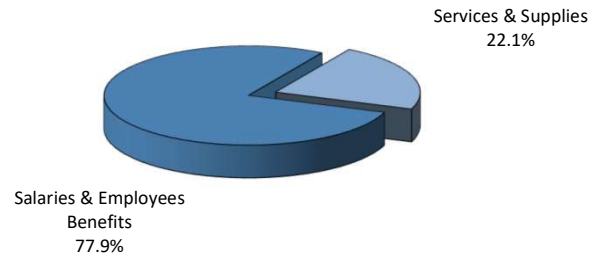


LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

INTERNAL AUDIT

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025- 2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$2,715,679	\$2,545,098	\$1,069,036	\$2,191,000	(\$354,098)	-13.9%	\$170,581	6.7%
Services & Supplies	769,200	749,200	203,626	527,500	(\$221,700)	-29.6%	20,000	2.7%
OPERATING BUDGET	\$3,484,879	\$3,294,298	\$1,272,662	\$2,718,500	(\$575,798)	-17.5%	\$190,581	5.8%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2025-2026

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2025- 2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,685,619	\$1,557,081	\$635,407	\$1,348,600	(\$208,481)	-13.4%	\$128,538	8.3%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	848,354	824,465	357,324	682,400	(142,065)	-17.2%	23,889	2.9%
Employee Benefits (Other)	99,644	94,884	43,598	93,000	(1,884)	-2.0%	4,760	5.0%
OPEB Contribution	74,863	61,669	32,513	65,000	3,331	5.4%	13,194	21.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	5,700	5,500	194	2,000	(3,500)	-63.6%	200	3.6%
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	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	\$2,715,679	\$2,545,098	\$1,069,036	\$2,191,000	(\$354,098)	-13.9%	\$170,581	6.7%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$2,715,679	\$2,545,098	\$1,069,036	\$2,191,000	(\$354,098)	-13.9%	\$170,581	6.7%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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	2	119K
0763	SENIOR INTERNAL AUDITOR, LACERA	6	113G
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
0764	INTERNAL AUDITOR, LACERA	1	107D
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

FISCAL YEAR 2024-2025

SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2024- 2025	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$17,000	\$17,000	\$7,962	\$17,000	\$0	0.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,200	1,200	82	500	(700)	-58.3%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	700,000	700,000	177,611	478,000	(222,000)	-31.7%	0	0.0%
EDUCATIONAL EXPENSES	50,500	30,500	17,725	31,500	1,000	3.3%	20,000	65.6%
MISCELLANEOUS	500	500	246	500	0	0.0%	0	0.0%
TOTAL	\$769,200	\$749,200	\$203,626	\$527,500	(\$221,700)	-29.6%	\$20,000	2.7%

*All amounts rounded to the nearest dollar.

INTERNAL AUDIT

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

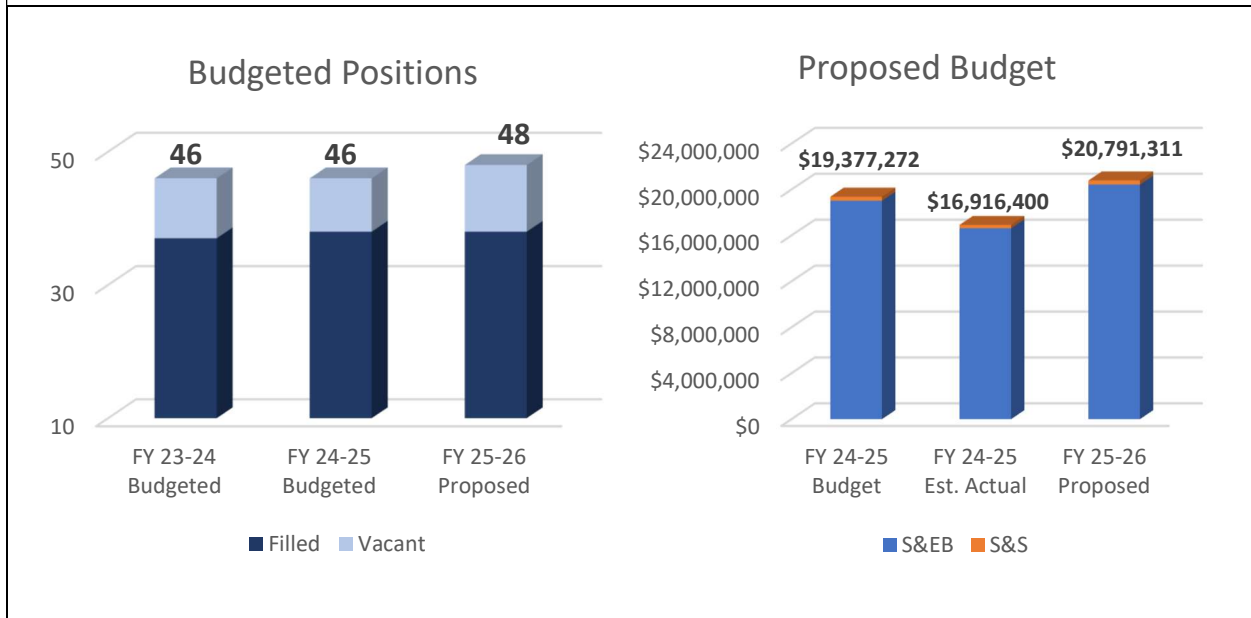
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,652,147	\$1,356,731	\$1,557,081	\$1,348,600	\$1,685,619
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	1,065,420	727,363	824,465	682,400	848,354
Employee Benefits (Other)	105,895	92,805	94,884	93,000	99,644
OPEB Contribution	58,686	61,220	61,669	65,000	74,863
OPEB Contribution (Budget Surplus)	0	58,686	0	0	0
Stipends	0	0	0	0	0
Overtime	5,300	258	5,500	2,000	5,700
Bilingual Bonus	0	0	0	0	0
Pay in Lieu of Salary Reduction	0	20	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	11,343	17,000	17,000	17,000
Office Supplies & Equipment	1,200	216	1,200	500	1,200
Professional & Spec. Svcs.	675,000	249,753	700,000	478,000	700,000
Educational Expenses	30,500	23,019	30,500	31,500	50,500
Miscellaneous	500	0	500	500	500
TOTAL OPERATING BUDGET	\$3,613,148	\$2,581,414	\$3,294,298	\$2,718,500	\$3,484,879

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

INVESTMENT OFFICE

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. 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 of Investments 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

Description	Position Changes	Amount
• Two Finance Analyst I Positions	2	\$304,426
• Educational Materials		\$10,000
• Miscellaneous		\$2,000

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

In the 2023-24 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; deepening the LACERA Towards Inclusion, Diversity, and Equity (T.I.D.E.) initiative; and fostering cross-asset category collaboration to strengthen investment knowledge and adapt to the macroeconomic environment. The ongoing and future focus includes 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 the FYE 2025, 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, embarked on a comprehensive compensation study. This initiative was undertaken with the support of a consultant, CBIZ Talent and Compensation Solutions, as directed by the Board of Investments. The primary objectives of the study were twofold: firstly, to benchmark the compensation of the Investment Staff against that of comparable peers to evaluate market alignment, and secondly, to explore the development of a performance-based compensation plan tailored to LACERA's needs.

The project was divided into two distinct phases. The first phase, now successfully completed, involved an in-depth comparison of the Investment Staff's compensation against that of peers in similar organizations. This phase's outcome will inform the forthcoming salary adjustments, ensuring that they align with the competitive standards identified through the compensation study. This adjustment aims to establish a compensation plan that remains competitive within the industry.

The second phase of the project is focused 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 of Investments 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 2025-26 STRATEGIC GOALS AND OBJECTIVES

Through the Board of Investment's approved strategic plan, "2025 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 training on applications, attendance at 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 the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of

Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

The Investment Office plans to onboard two Finance Analyst I positions for a new, two-year rotating analyst program. This initiative supports LACERA T.I.D.E. and the BOI's 2025 Strategic Framework and Initiatives by fostering new talent and diversifying our workforce. The program aims to attract entry-level individuals, offering exposure to the investment field. Integrating these analysts into our team will nurture their professional growth, introduce innovative perspectives, and enhance our strategic capabilities and long-term success.

For FY 2025-26, the Investment Office will continue to focus on filling current vacancies. After the vacancy rate is reduced, an effort will be made to align the organizational structure to better meet the objectives of the portfolio.

With the onboarding of two Finance Analyst I positions, the total number of budgeted positions will change from 46 to 48.

Temporary Staffing

Investment Office does not anticipate any use of agency temporary staffing in FY 2025-26.

Overtime Needs

For FY 2025-26, 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 2025-26, 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 2025-26.

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 2025-26.

Services and Supplies Adjustments

Educational Materials

For FY 2025-26, we propose an increase of \$10,000 in the budget for educational materials. In order to enhance the professional development and educational advancement of our team, it is essential to allocate this additional funding to the Investment Office's budget for educational materials. This increase will support the procurement of advanced training programs, comprehensive research materials, and diverse educational resources. By investing in these areas, we aim to equip our employees with the necessary knowledge and skills to excel in their roles, stay abreast of industry developments, and contribute more effectively to our organizational goals. This commitment to continuous learning and development will not only foster a culture of excellence within our office but also ensure that we remain competitive and innovative in the ever-evolving investment landscape. Furthermore, this aligns with our strategic goal of creating a highly skilled workforce that can drive our investment strategies and sustain long-term growth.

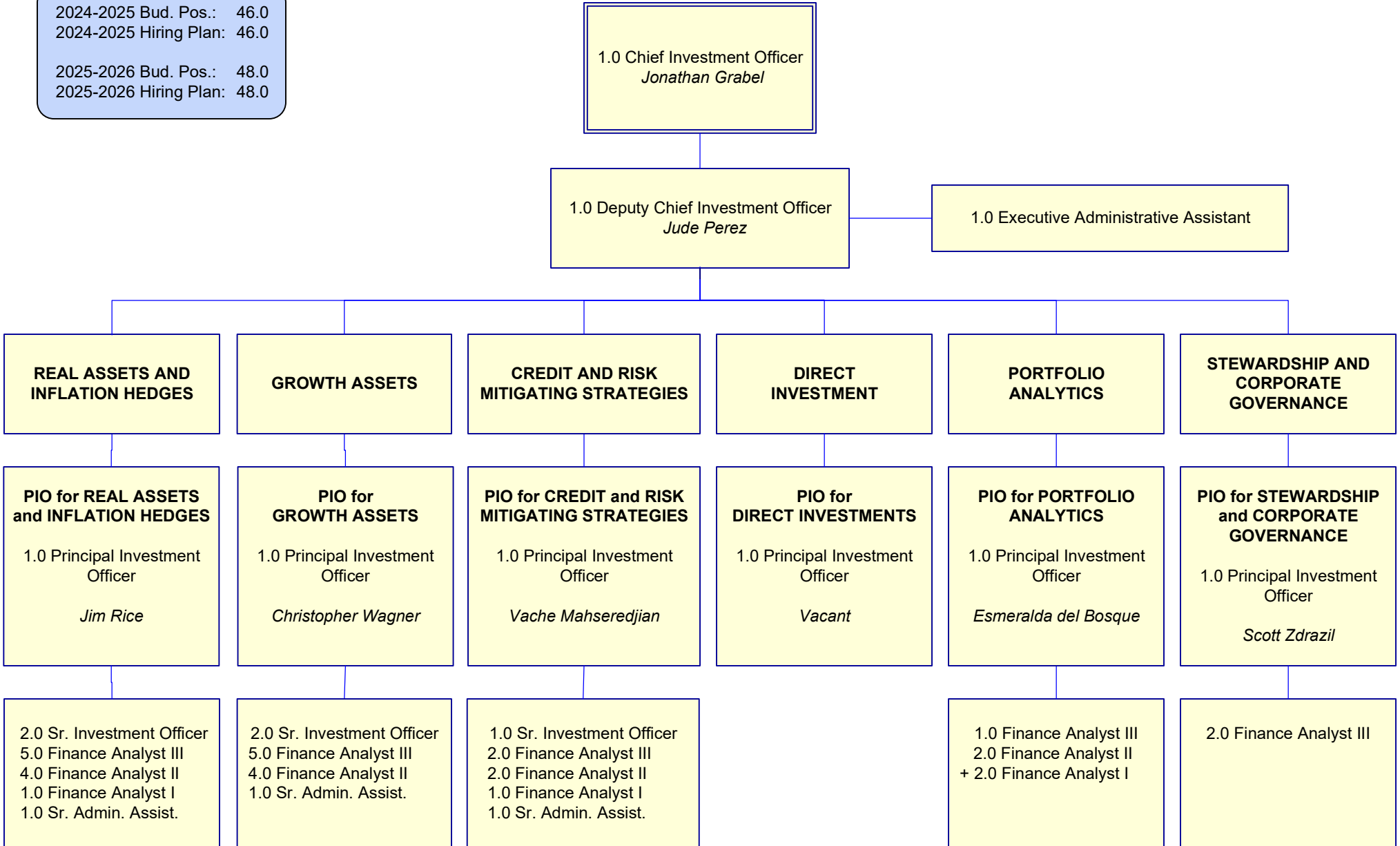
Miscellaneous

For FY 2025-26, we propose an increase of \$2,000 in the budget for miscellaneous supplies in the Investment Office. This adjustment is primarily due to the transition back to regular office operations. During the remote working period, expenditure on miscellaneous supplies was significantly reduced. However, with the return to in-office work, there is a renewed need for these supplies, aligning more closely with pre-pandemic levels.

INVESTMENT OFFICE

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 46.0
 2024-2025 Hiring Plan: 46.0
 2025-2026 Bud. Pos.: 48.0
 2025-2026 Hiring Plan: 48.0



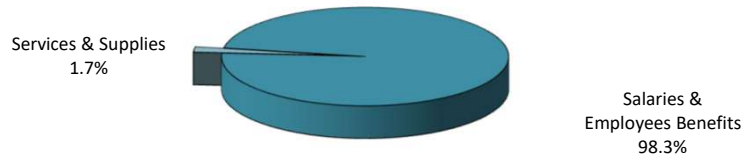
+ Added position

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

INVESTMENT OFFICE

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$20,429,811	\$19,027,772	\$8,708,490	\$16,626,500	(\$2,401,272)	-12.6%	\$1,402,040	7.4%
Services & Supplies	361,500	349,500	148,217	289,900	(59,600)	-17.1%	12,000	3.4%
OPERATING BUDGET	\$20,791,311	\$19,377,272	\$8,856,706	\$16,916,400	(\$2,460,872)	-12.7%	\$1,414,040	7.3%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$12,628,744	\$11,643,125	\$5,600,275	\$10,627,000	(\$1,016,125)	-8.7%	\$985,619	8.5%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	6,473,464	6,193,834	2,531,306	4,803,400	(1,390,434)	-22.4%	279,630	4.5%
Employee Benefits (Other)	746,528	709,489	326,003	695,300	(14,189)	-2.0%	37,039	5.2%
OPEB Contribution	560,876	461,125	243,076	486,200	25,075	5.4%	99,751	21.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	800	800	30	200	(600)	-75.0%	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	\$20,429,811	\$19,027,772	\$8,708,490	\$16,626,500	(\$2,401,272)	-12.6%	\$1,402,040	7.4%
Salary Differential	-	-	-	-	-	-	-	-
TOTAL S&EB	\$20,429,811	\$19,027,772	\$8,708,490	\$16,626,500	(\$2,401,272)	-12.6%	\$1,402,040	7.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
FISCAL YEAR 2025-2026
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	2	LR23
0496	PRINCIPAL INVESTMENT OFFICER, LACERA (UC)	3	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	4	LR20
0769	FINANCE ANALYST III, LACERA	11	LR16
0768	FINANCE ANALYST II, LACERA	11	LR12
0767	FINANCE ANALYST I, LACERA	2	110B
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	3	095C
Total Filled Positions =		38	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0496	PRINCIPAL INVESTMENT OFFICER, LACERA (UC)	1	LR23
0492	SENIOR INVESTMENT OFFICER, LACERA	1	LR20
0769	FINANCE ANALYST III, LACERA	4	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 =		10	
TOTAL POSITIONS =		48	

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	219,000	219,000	73,152	165,000	(54,000)	-24.7%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	17	1,000	(2,500)	-71.4%	0	0.0%
EDUCATIONAL EXPENSES	135,000	125,000	73,330	122,000	(3,000)	-2.4%	10,000	8.0%
MISCELLANEOUS	4,000	2,000	1,717	1,900	(100)	-5.0%	2,000	100.0%
TOTAL	\$361,500	\$349,500	\$148,217	\$289,900	(\$59,600)	-17.1%	\$12,000	3.4%

*All amounts rounded to the nearest dollar.

INVESTMENT OFFICE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$10,865,804	\$10,090,167	\$11,643,125	\$10,627,000	\$12,628,744
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	5,907,050	4,693,683	6,193,834	4,803,400	6,473,464
Employee Benefits (Other)	696,446	610,359	709,489	695,300	746,528
OPEB Contribution	385,968	402,733	461,125	486,200	560,876
OPEB Contribution (Budget Surplus)	0	385,967	0	0	0
Stipends	0	0	0	0	0
Overtime	800	24	800	200	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					
Auto Expense	0	0	0	0	0
Transportation & Travel	219,000	117,918	219,000	165,000	219,000
Office Supplies & Equipment	3,500	433	3,500	1,000	3,500
Educational Expenses	125,000	67,438	125,000	122,000	135,000
Miscellaneous	1,000	2,954	2,000	1,900	4,000
TOTAL OPERATING BUDGET	\$18,223,968	\$16,386,074	\$19,377,272	\$16,916,400	\$20,791,311

*All amounts rounded to the nearest dollar.

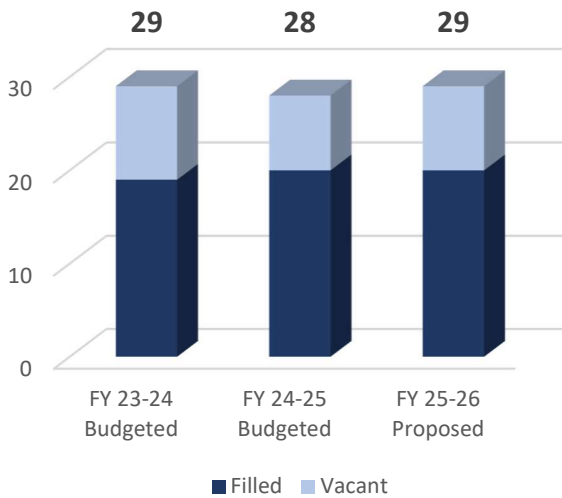
BUDGET NARRATIVE
FISCAL YEAR 2025-2026

LEGAL SERVICES

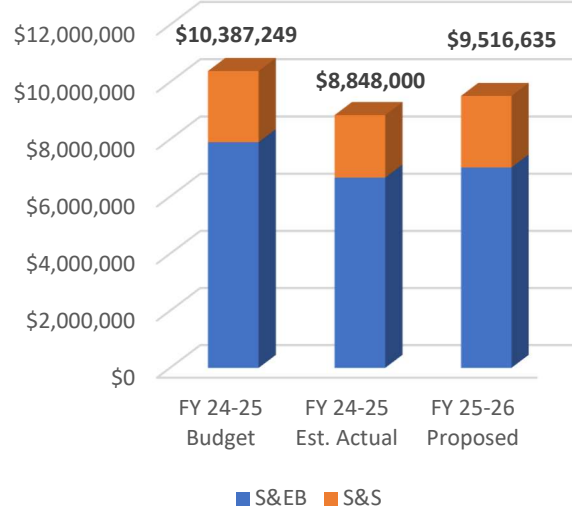
Legal Services provides comprehensive legal services to LACERA and its Boards and staff. These services are provided through the Chief Counsel and four sections within the office: Benefits, Disability, Investments and Commercial Contracts, and Litigation and Employment. The office also provides legal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

Legal Services will also provide administrative support to the new Ethics and Compliance Program that began operations in FY 2024-25 and is housed in the Legal Services Division. (See Ethics and Compliance Office narrative.)

Budgeted Positions



Proposed Budget



Summary of Significant Changes:

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• One Senior Staff Counsel	1	\$294,159
• Two Agency Temporary Staff: One Legal Analyst and One Senior Legal Secretary		\$10,700
• Photocopies of Documents		\$3,700
• Attorney Fees Awards		\$10,000

STATUS OF FY 2024-25 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 2024-25:

- The Ethics and Compliance Program is a goal in the Board of Retirement's 2023-28 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 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 researched the law relating to the calculation of Final Average Compensation for PEPRA members and prepared analysis that led the Board of Retirement to approve a change to a better interpretation of the law.
- Legal Services represented and assisted the Investment Office in negotiating and documenting fund investments.
- Legal Services assisted Administrative Services and the internal owners of commercial contracts throughout LACERA in legal aspects of the procurement

process and in reviewing, negotiating, and providing legal approval of final agreements.

- Legal Services continued to support outside counsel in the *FirstEnergy* securities litigation as a lead plaintiff for the putative class of investors. Legal Services assisted in other securities and antitrust class actions to which LACERA may be party and oversaw LACERA's outside claim filing vendor for those class actions in which LACERA is not party but is eligible to file a claim to participate in settlement recoveries.
- Legal Services supported the efforts of the Executive Officer 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 \$1.0 million to \$1.5 million and lay the foundation for the potential further increase or elimination of the cap based on experience.
- 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.
- Attorney vacancies were reduced in both the Benefits and Investment Sections of Legal Services with the hiring of Senior Staff Counsels and Staff Counsel in both areas. The addition of the new attorneys has and will continue to enhance Legal Services' ability to support Board initiatives as well as the Executive Office and other LACERA divisions. There remain important Legal Analyst, Senior Legal Secretary, and Legal Secretary vacancies which are the subject of ongoing focus.

FY 2025-26 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:

- Successful implementation of a fully formed and effective Ethics and Compliance Program. Additional foundational steps will include: final approval of the Chief Ethics and Compliance Officer and Deputy Chief Ethics and Compliance Officer job descriptions and salaries; recruitment of candidates to fill both positions during the fiscal year; ongoing education and training to the ACRE Committee, Boards, and staff regarding ethics and compliance; baseline risk and ethical culture assessments; 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.
- Continued effort in pursuing 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.

- Elimination of the Lifetime Maximum Benefit for affected retired members and assistance in implementation of the solution to the issue.
- Pursue implementation of LACERA's initiative with respect to organizational diversity, equity, inclusion, accessibility, and belonging in all aspects of LACERA's business.
- Fill the remaining Legal Services vacancies, including the Legal Analyst, Senior Legal Secretary, and Legal Secretary positions.
- Support the Investment Office and the Board of Investments with respect to the negotiation and documents of investments and other investment matters.
- Work with Administrative Services and internal contract owners in improving the commercial contract process, updating checklists to support the negotiation and drafting process, and revising LACERA's template agreements.
- Advise LACERA's divisions and the Board of Retirement on benefit issues.
- Advise LACERA in labor and employment matters.
- Represent LACERA and advise the Board of Retirement in disability applications and training.
- 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.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay

increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

One Senior Staff Counsel in the Disability Section of Legal Services has been transferred from the Disability Litigation Division to assist the one existing Senior Staff Counsel. The transfer assists in managing staff levels in the Disability Litigation Division, which no longer requires this position to support its workload. The transfer also assists with the large volume of disability legal work that is currently being performed by the one current attorney and with succession planning in the Disability Section of Legal Services.

Temporary Staffing

Temporary staffing is needed in FY 2025-26 to provide ongoing resources to account for vacancies in permanent legal analyst and secretarial staff positions and to address pressing deadlines for investment transactions, member services, and other important needs of the organization. The amount requested will increase by \$10,700 due to new cost-of-living adjustments effective January 1, 2025.

Overtime Needs

Overtime is needed to complete important investments as required, to assist in urgent needs in other sections of Legal Services, and to address needs created by the legal analyst and secretarial vacancies. There is a slight increase in the overtime requested due to new cost-of-living adjustments effective January 1, 2025.

Interns

Funding for interns is provided in the Human Resources Division's budget. As requested in FY 2024-25, the Legal Services Office intends to have two law student interns in FY 2025-26. This program is important for recruiting purposes and also to introduce students to the importance of public pensions.

Rehired Retirees

The Legal Services Office is requesting one rehired retiree assistance in FY 2025-26 for an investment legal analyst position pending completion of the recruitment of a permanent replacement for this position.

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

Removal of One-Time Expenditures

The Legal Services Office does not have any removal of one-time expenditures for FY 2025-26.

Services and Supplies Adjustments

Services and supplies are the same as in FY 2024-25, with the exceptions detailed below.

Photocopies of Documents

An increase from \$300 to \$4,000 is requested due to anticipated increase in photocopies of documents.

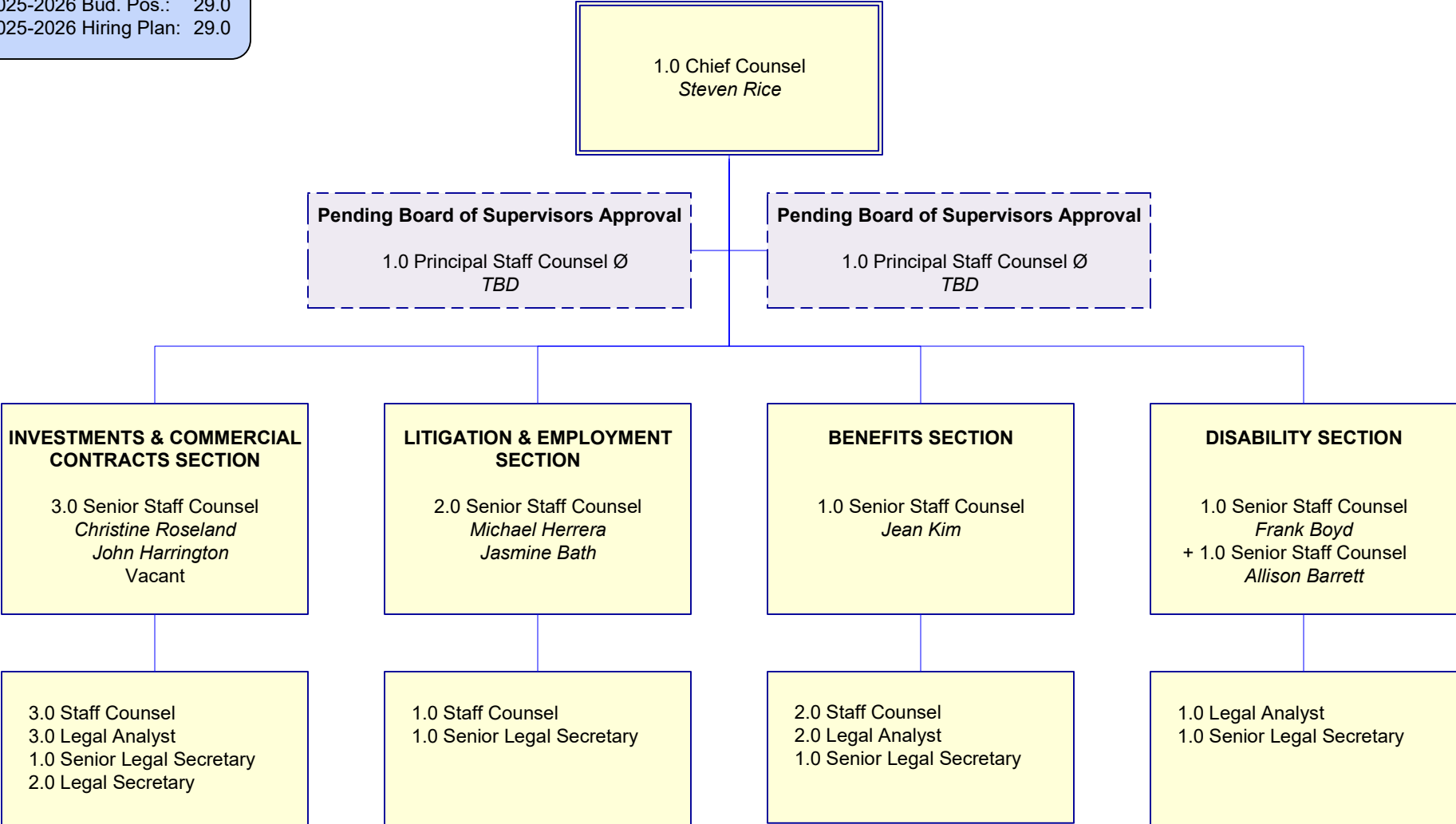
Attorney Fees Awards

An increase from \$40,000 to \$50,000 is requested to address contingencies that may arise from current litigation.

LEGAL SERVICES

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 28.0
 2024-2025 Hiring Plan: 28.0
 2025-2026 Bud. Pos.: 29.0
 2025-2026 Hiring Plan: 29.0



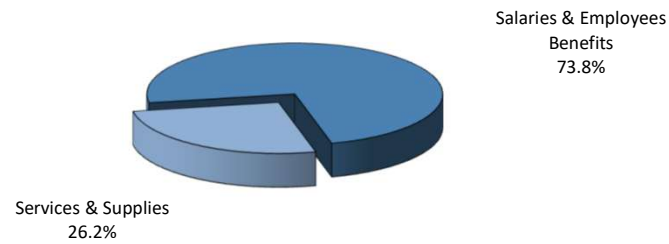
+ Added position
 Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments & Litigation Team and 1.0 Principal Staff Counsel in Benefits & Disability Team in Legal Services)

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

LEGAL SERVICES

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025- 2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$7,019,735	\$7,904,049	\$3,502,418	\$6,665,100	(\$1,238,949)	-15.7%	(\$884,314)	-11.2%
Services & Supplies	2,496,900	2,483,200	927,454	2,182,900	(300,300)	-12.1%	13,700	0.6%
OPERATING BUDGET	\$9,516,635	\$10,387,249	\$4,429,872	\$8,848,000	(\$1,539,249)	-14.8%	(\$870,614)	-8.4%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2025-2026

SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2025- 2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$4,096,800	\$4,767,153	\$2,074,974	\$3,937,400	(829,753)	-17.4%	(\$670,353)	-14.1%
Total Agency Temp Salaries	127,400	116,700	63,335	108,600	(8,100)	-6.9%	10,700	9.2%
Employee Benefits (Variable)	2,347,908	2,518,096	1,114,513	2,115,000	(403,096)	-16.0%	(170,188)	-6.8%
Employee Benefits (Other)	242,177	290,496	133,479	284,700	(5,796)	-2.0%	(48,319)	-16.6%
OPEB Contribution	181,950	188,805	99,541	199,100	10,295	5.5%	(6,855)	-3.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	21,000	20,300	16,575	20,300	0	0.0%	700	3.4%
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	\$7,019,735	\$7,904,049	\$3,502,418	\$6,665,100	(\$1,238,949)	-15.7%	(\$884,314)	-11.2%
Salary Differential	-	-	-	-			-	
TOTAL S&EB	\$7,019,735	\$7,904,049	\$3,502,418	\$6,665,100	(\$1,238,949)	-15.7%	(\$884,314)	-11.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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	7	LS16
9212	STAFF COUNSEL, LACERA	5	LS12
9235	LEGAL ANALYST, LACERA	5	104H
0441	SENIOR LEGAL SECRETARY, LACERA	2	103K
0440	LEGAL SECRETARY, LACERA	1	099E
Total Filled Positions =		21	

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	1	LS16
9212	STAFF COUNSEL, LACERA	1	LS12
9235	LEGAL ANALYST, LACERA	1	104H
0441	SENIOR LEGAL SECRETARY, LACERA	2	103K
0440	LEGAL SECRETARY, LACERA	1	099E
Total Vacant Positions =		8	

TOTAL POSITIONS = **29**

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025- 2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$5,400	\$5,400	\$846	\$2,400	(\$3,000)	-55.6%	\$0	0.0%
TRANSPORTATION & TRAVEL	41,000	41,000	7,203	24,500	(16,500)	-40.2%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	7,500	7,500	1,161	3,000	(4,500)	-60.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	4,000	300	25,791	26,000	25,700	8566.7%	3,700	1233.3%
LEGAL FEES & SERVICES	2,300,000	2,290,000	817,613	2,005,000	(285,000)	-12.4%	10,000	0.4%
EDUCATIONAL EXPENSES	135,000	135,000	74,838	120,000	(15,000)	-11.1%	0	0.0%
MISCELLANEOUS	4,000	4,000	0	2,000	(2,000)	-50.0%	0	0.0%
TOTAL	\$2,496,900	\$2,483,200	\$927,454	\$2,182,900	(\$300,300)	-12.1%	\$13,700	0.6%

*All amounts rounded to the nearest dollar.

LEGAL SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

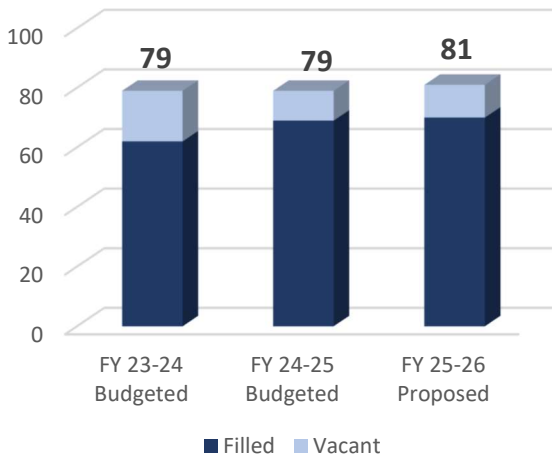
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$4,138,231	\$3,168,027	\$4,767,153	\$3,937,400	\$4,096,800
Total Agency Temp Salaries	179,400	180,763	116,700	108,600	127,400
Employee Benefits (Variable)	2,568,864	1,702,997	2,518,096	2,115,000	2,347,908
Employee Benefits (Other)	276,951	242,717	290,496	284,700	242,177
OPEB Contribution	153,485	160,111	188,805	199,100	181,950
OPEB Contribution (Budget Surplus)	0	153,485	0	0	0
Stipends	0	0	0	0	0
Overtime	19,900	27,524	20,300	20,300	21,000
Bilingual Bonus	2,400	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	3,900	2,458	5,400	2,400	5,400
Transportation & Travel	21,800	23,686	41,000	24,500	41,000
Office Supplies & Equipment	5,000	1,219	7,500	3,000	7,500
Professional & Specialized Services	280,300	325,170	300	26,000	4,000
Legal Fees & Services	2,050,000	2,068,710	2,290,000	2,005,000	2,300,000
Educational Expenses	110,000	106,008	135,000	120,000	135,000
Miscellaneous	2,300	1,280	4,000	2,000	4,000
TOTAL OPERATING BUDGET	\$9,815,031	\$8,164,155	\$10,387,249	\$8,848,000	\$9,516,635

*All amounts rounded to the nearest dollar.

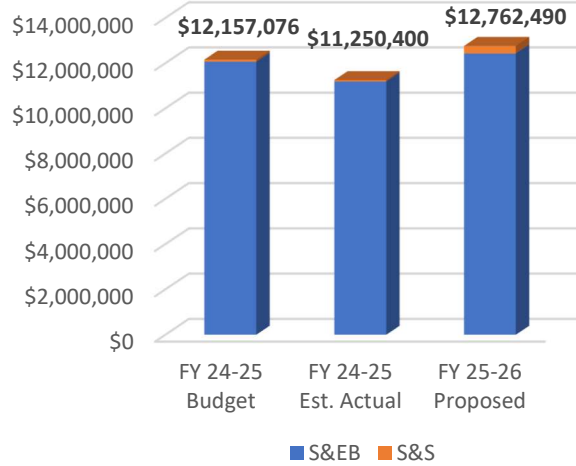
MEMBER SERVICES

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.

Budgeted Positions



Proposed Budget



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• One New Position (RBS III)	1	\$118,088
• One Administrative Assistant (Transferred from Benefits)	1	\$80,772
• Agency Temp		(\$295,800)
• Overtime		\$13,000
• Transportation and Travel		\$29,700
• Consulting and Contracting Services (New Account)		\$122,000
• Strategic Planning Consultant (New Account)		\$91,400

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

The Member Services Division focuses on improving and streamlining our capabilities for delivering high-quality service to members and beneficiaries, reducing call wait times, and expanding virtual and in-person appointments as well as various workshops and webinars. As part of our engagement with Strategic Planning Priority 1: Superior Member Experience, Member Services is leading the initiative with the Member Experience Council. We identified unique member journeys and continue to map the tasks and interactions needed to accomplish our goals in alignment with the Strategic Plan.

We began developing standardized omnichannel retirement counseling, which includes basic retiree healthcare information. The team has worked on a multi-part training for all Member Services staff. We are currently developing a script for staff to follow when conducting counseling to ensure consistency and accuracy.

Member Services and the Benefits Divisions are staffed primarily with Retirement Benefit Specialists at the II and III level. These Specialists are assigned to a broad range of tasks and duties that are consistent with the class specifications. In accordance with both the Superior Member Experience and Investing in Our People Strategic Priorities we have developed a hybrid Specialist model that we have been piloting.

The program creates schedules where staff performing duties at the same classification level are rotated between Member Services and Benefits within teams for both divisions on a regular basis. This increases the collaboration and coordination between teams and the two synergistic divisions as they are exposed to new supervisors and team members. The program allows employees to develop a broader understanding of member needs, how the work in Member Services and Benefits support each other in meeting those needs, and helps develop skillsets. We expect to see improvements in both efficiency and service as a broader global perspective of the service delivery universe is developed.

We have initiated two (2) hybrid model programs. One is an internal hybrid schedule between Member Services Center (MSC) and the Call Center. The other is between Member Services' Call Center and Benefits' Core Benefits Unit. Both pilot programs have proven successful because they bring versatility and adaptability. Both schedules were created to ensure the units can continue to provide services to our members and to ensure they are not lacking resources. We expect to continue and expand on this model.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

Our focus continues to be building a strong and effective Superior Member Experience. We remain focused on creating an omnichannel experience that is highly responsive and efficient. We continue looking for opportunities to develop online tools for members' self-service needs and provide different options for our members to reach out to us.

Both Strategic Plan goals—1) ensuring a consistent omnichannel member experience at every stage of the member's journey; and 2) improving and enhancing the retiree healthcare experience—will continue to be worked simultaneously, as Member Services has already begun collaborating with Retiree Healthcare to integrate a consistent model for providing basic retiree healthcare plan explanation counseling in the standardized retirement planning counseling session training. This includes providing clear guidelines and triggers for connecting the member with retiree healthcare for more detailed and in-depth counseling. We began working with a contractor who will guide and assist us with our survey needs (internally and externally) and provide best approaches on survey methodology and analyzing the results.

We selected Genesys as our new Member Experience Communication platform to replace our current Contact Center (call center) system. We are currently reviewing the statement of work and plan to invest in and develop the AI-assisted Secure Validation and improve the Member Experience Communication Platform, which will enhance member interaction capabilities in our Call Center and allow us to evaluate AI-assisted chat support on our website.

Another Member Services goal is to develop training curriculum targeting the unique and diverse needs of our units and staff. Planning for succession at all staff levels is guiding us to review and analyze our staff skills and personal goals so we can invest in and develop our team. This is in alignment with our other Strategic Plan priority of Investing in People and succession planning.

As we continue our Strategic Plan priorities, we will continue to focus on the Superior Member Experience; develop and enhance the omnichannel member experience, members' journeys, educational content; standardize counseling, procedures, and communications; and work on the development, implementation, and deployment of a digital strategy to better serve our members.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

Member Services is requesting additional staff this year in support of our Superior Member Experience Strategic Priority goals. We aim to improve the omnichannel experience and ensure our leadership team is dedicated to investing in training, coaching and development of their teams. We are looking to expand our operations in key areas:

1.0 Retirement Benefits Specialist (RBS) III

We are requesting one RBS III position for the Member Services Care Unit. This position will be housed in this unit, but the main purpose is to provide lead support to our Specialist Basic training class. Based on past years' experience and proven success of having a lead in the training class, this RBS III position will be essential to the success of future training classes. During the downtime in between classes, the position will assist with escalations, Operating Instructions (OI), and hardships requests.

1.0 Administrative Assistant (Transferred from Benefits Division)

As a result of changes in automation and the development of document templates, Benefits Division no longer requires the services of an Administrative Assistant to support the Core Section. However, we have found that Member Services would benefit from having an Administrative Assistant to greet members, assist with tracking expenses, ordering supplies for the unit, and coordinating documents to be routed to DPC for scanning at the Member Service Center. Additionally, the individual would handle member delivery of completed documents and appointment scheduling. They would also assist with non-technical questions from members.

The request is to transfer the currently filled Administrative Assistant position housed in Benefits over to Member Services.

Temporary Staffing

Member Services is not requesting any agency temporary staff in FY 2025-26.

Overtime Needs

Member Services is requesting approximately a 3 percent increase in overtime budget for FY 2025-26 to:

- 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 2026
- Assist with the Specialist basic training needs, including live monitoring

Interns

Member Services is requesting an intern position, which comes out of the Human Resources budget. In the Member Services Center, they would assist with scheduling, workshop calendars, and office support. They would have a hands-on experience learning new systems the unit uses for appointments and webinars. The intern would also be exposed to various administrative projects that include filling, archiving, requesting, and monitoring facility items and various reports the unit generates. In the Member Services Care unit, they would assist with tracking process and SharePoint support. They will have the opportunity to see how day-to-day operations flow in a unit that tracks and monitors escalations and hardships received. The ideal candidate would be proficient at Microsoft Suite, have critical thinking skills, and be able to work on multiple projects simultaneously. The intern could engage a series of hands-on projects that do not require knowledge of CERL, PEPRA, or any other member benefits information.

Rehired Retirees

Member Services is not requesting any rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

Member Services Division does not have any removal of one-time expenditures for FY 2025-26.

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 need to increase 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.

Our budget request for travel increased from \$19,000 to \$36,200. This total amount includes cost for airfare, hotel, and per diem meal reimbursement. The cost for airfare and hotels has increased, and last year we did not consider other overhead costs such as transportation to/from hotels to airports, mileage reimbursement, and per diem food reimbursement. In line with our Investing in People strategic initiative, we want to provide opportunities for our staff to develop and grow.

Consulting and Contracting Services

We are requesting a new contractor service to perform workforce management duties for our Call Center. The funding for this service will be \$122,000. 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.

Strategic Planning

Member Service is seeking to acquire services from Gartner to assist with the Strategic Planning initiative: Superior Member Experience. The cost of this service is \$91,400. The knowledge and resources they offer are of great value, from assisting us on 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.

Registration Fees

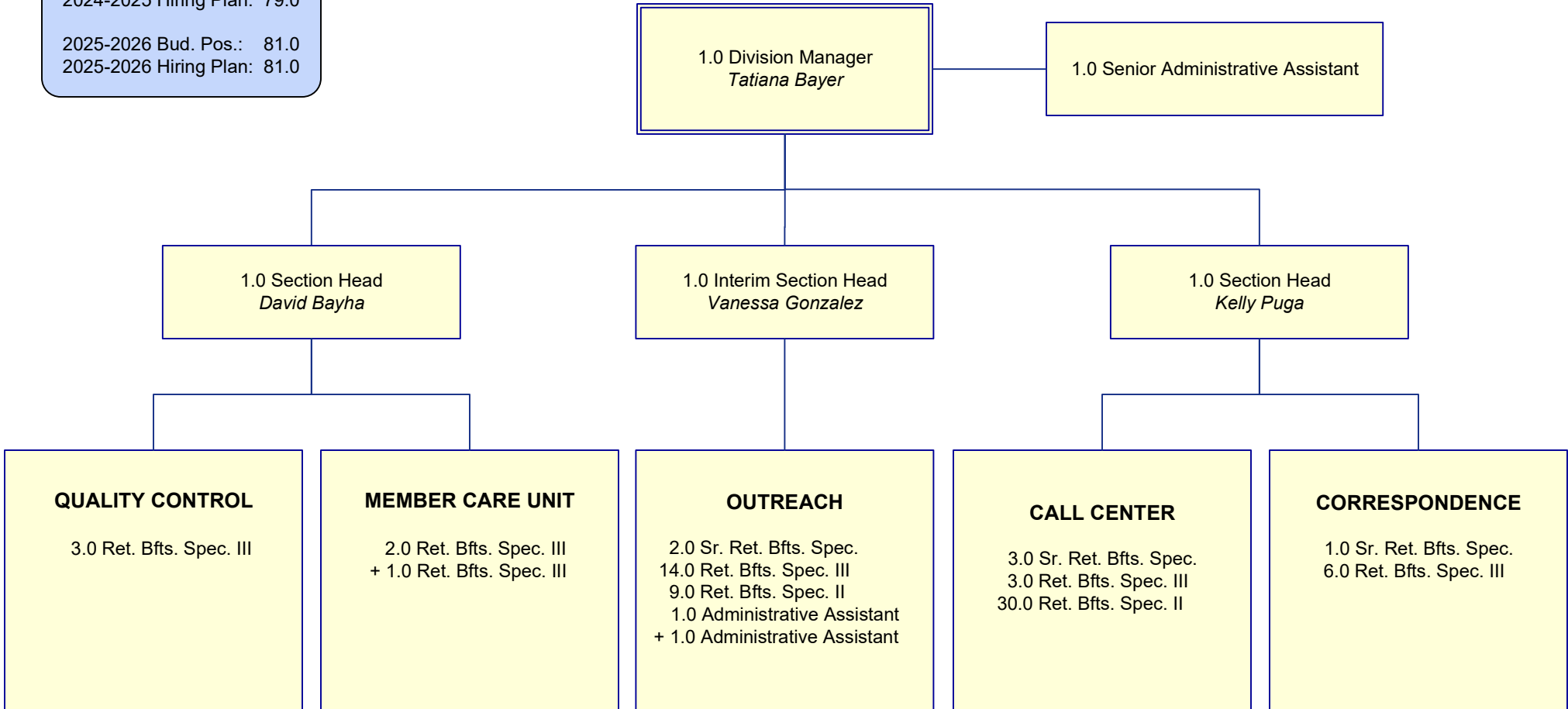
We will also be seeking conferences and training related to workforce management. A training curriculum is being developed with HR to allow our staff to gain knowledge and improve morale. We are also looking into the supervisors' and managers' current training needs to ensure they have attended the Los Angeles County training academy courses and are able to attend refresher courses and other relevant training.

Our budget request for registration in FY 2025-26 is \$51,000, the same as the prior year. This 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 Employee and Organizational Development (EOD).

MEMBER SERVICES DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 79.0
 2024-2025 Hiring Plan: 79.0
 2025-2026 Bud. Pos.: 81.0
 2025-2026 Hiring Plan: 81.0



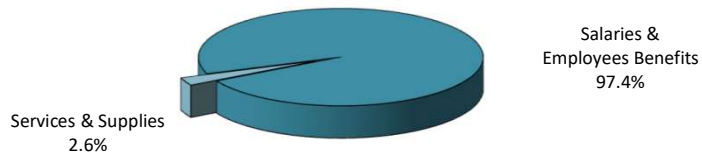
+ Added position

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

MEMBER SERVICES

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$12,424,890	\$12,062,576	\$5,823,391	\$11,189,500	(\$873,076)	-7.2%	\$362,314	3.0%
Services & Supplies	337,600	94,500	30,857	60,900	(33,600)	-35.6%	243,100	257.2%
OPERATING BUDGET	\$12,762,490	\$12,157,076	\$5,854,248	\$11,250,400	(\$906,676)	-7.5%	\$605,414	5.0%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$7,343,857	\$6,674,163	\$3,465,758	\$6,576,600	(\$97,563)	-1.5%	\$669,694	10.0%
Total Agency Temp Salaries	0	295,800	63,990	64,000	(231,800)	-78.4%	(295,800)	-100.0%
Employee Benefits (Variable)	3,869,059	3,994,893	1,818,636	3,451,100	(543,793)	-13.6%	(125,833)	-3.1%
Employee Benefits (Other)	434,117	406,694	187,774	398,600	(8,094)	-2.0%	27,423	6.7%
OPEB Contribution	326,157	264,326	139,361	278,800	14,474	5.5%	61,831	23.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	397,900	384,900	119,116	380,000	(4,900)	-1.3%	13,000	3.4%
Bilingual Bonus	16,800	16,800	5,200	16,800	0	0.0%	0	0.0%
Sick Leave Buyback	27,000	15,000	23,556	23,600	8,600	57.3%	12,000	80.0%
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	\$12,424,890	\$12,062,576	\$5,823,391	\$11,189,500	(\$873,076)	-7.2%	\$362,314	3.0%
Salary Differential **	-	-	-	-	-		-	
TOTAL S&EB	\$12,424,890	\$12,062,576	\$5,823,391	\$11,189,500	(\$873,076)	-7.2%	\$362,314	3.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 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	4	106C
1311	RETIREMENT BENEFITS SPECIALIST III	27	100J
0439	SENIOR ADMINISTRATIVE ASSISTANT, LACERA	1	095C
1310	RETIREMENT BENEFITS SPECIALIST II	35	094C
0438	ADMINISTRATIVE ASSISTANT, LACERA	1	088L
Total Filled Positions =		71	

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	2	106C
1311	RETIREMENT BENEFITS SPECIALIST III	3	100J
1310	RETIREMENT BENEFITS SPECIALIST II	4	094C
Total Vacant Positions =		10	
TOTAL POSITIONS =		81	

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$53,000	\$23,300	\$17,646	\$23,300	\$0	0.0%	\$29,700	127.5%
OFFICE SUPPLIES & EQUIPMENT	10,000	10,000	2,227	6,000	(4,000)	-40.0%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	219,900	6,500	0	6,500	0	0.0%	213,400	3283.1%
EDUCATIONAL EXPENSES	52,200	52,200	9,234	20,600	(31,600)	-60.5%	0	0.0%
MISCELLANEOUS	2,500	2,500	1,750	4,500	2,000	80.0%	0	0.0%
TOTAL	\$337,600	\$94,500	\$30,857	\$60,900	(\$33,600)	-35.6%	\$243,100	257.2%

*All amounts rounded to the nearest dollar.

MEMBER SERVICES

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$6,158,776	\$5,960,835	\$6,674,163	\$6,576,600	\$7,343,857
Total Agency Temp Salaries	72,600	57,563	295,800	64,000	0
Employee Benefits (Variable)	3,925,974	3,085,142	3,994,893	3,451,100	3,869,059
Employee Benefits (Other)	399,401	356,236	406,694	398,600	434,117
OPEB Contribution	221,347	230,902	264,326	278,800	326,157
OPEB Contribution (Budget Surplus)	0	221,347	0	0	0
Stipends	0	0	0	0	0
Overtime	214,200	381,613	384,900	380,000	397,900
Bilingual Bonus	16,800	9,600	16,800	16,800	16,800
Sick Leave Buyback	15,000	20,749	15,000	23,600	27,000
Rideshare Allowance	10,000	0	10,000	0	10,000
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	11,500	16,543	23,300	23,300	53,000
Office Supplies & Equipment	4,000	5,059	10,000	6,000	10,000
Professional & Specialized Services	0	0	6,500	6,500	219,900
Educational Expenses	11,200	9,402	52,200	20,600	52,200
Miscellaneous	2,500	2,566	2,500	4,500	2,500
TOTAL OPERATING BUDGET	\$11,063,298	\$10,357,556	\$12,157,076	\$11,250,400	\$12,762,490

*All amounts rounded to the nearest dollar.

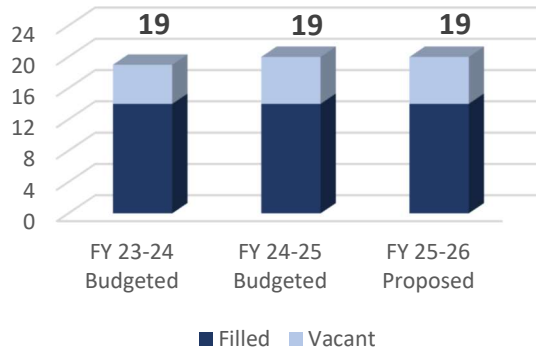
QUALITY ASSURANCE & METRICS

The Quality Assurance Division (QA) 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:

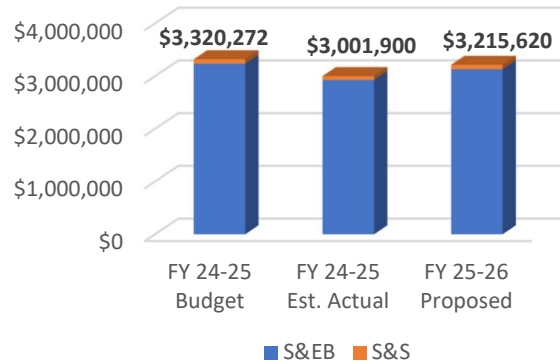
- Independent transactional audits of work processed by MOG staff for our members
- Technical benefits training for MOG staff, from new hires to veterans
- Special projects as assigned by the Executive Office and consistent with QA's independent quality assurance function

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>Position Changes</u>	<u>Amount</u>
No significant changes		

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

The Quality Assurance Division worked on the following initiatives during the 2024-25 fiscal year:

- Continually 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 graduate its second batch of hybrid trainees in May 2025.
- The Quality Assurance Division continues to participate in MOG special projects, of which the following are most noteworthy from the 2024-25 fiscal year:
 - Alameda Court Decision
 - PEPRA FAC reporting
 - Temporary Time reporting
 - Account Settlements Process Redesign

FY 2025-26 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
- 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, such as the Public Employees' Pension Reform Act (PEPRA) Final Average Compensation (FAC) calculation;
- The implementation of the Case Management System throughout the MOG; 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 the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

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 2025-26. 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 2025-26.

Overtime Needs

A total of \$12,300 in Overtime is requested for a Staff Assistant II and a Senior Administrative Assistant 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.)
- 3) CEM survey

Interns

Funding for interns is provided in the Human Resources Division's Budget. The Quality Assurance Division provides coordination and data consolidation services in association

with the compilation of the annual Cost Effective Management (CEM) Benchmarking report. This process currently uses Microsoft Excel worksheets and a manual workflow that requires participants from across LACERA's divisions to spend at least 120 hours across several months, under strict deadlines, to extract, compute and transmit to QA, and ultimately CEM, a wide range of statistical data. QA wishes to assign a qualified intern to help administer this process and, if qualified, develop an application to improve its efficiency while increasing the value of the resulting data through improved analytics and data visualization tools. Depending on the qualifications of the selected intern, this project may require six to nine months. The cost for the LACERA intern program resides in the HR Division budget, and the intern's work will most likely be overseen by the Systems Division.

Rehired Retirees

The Quality Assurance Division does not anticipate any use of rehired retirees in FY 2025-26.

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

Removal of One-Time Expenditures

The Quality Assurance Division does not have any removal of one-time expenditures for FY 2025-26.

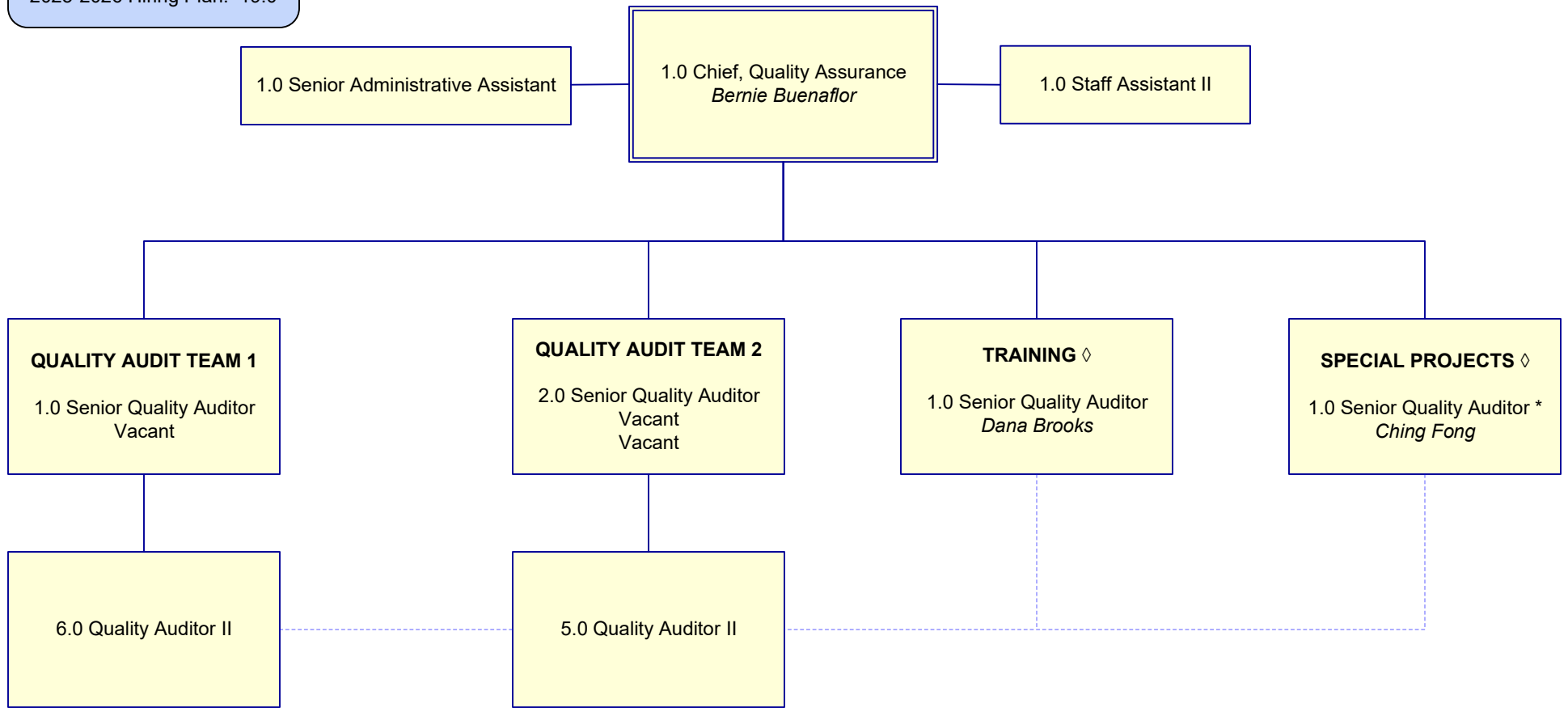
Services and Supplies Adjustments

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 services and supplies cost.

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 19.0
 2024-2025 Hiring Plan: 19.0
 2025-2026 Bud. Pos.: 19.0
 2025-2026 Hiring Plan: 19.0



* Classification study for the position requested.

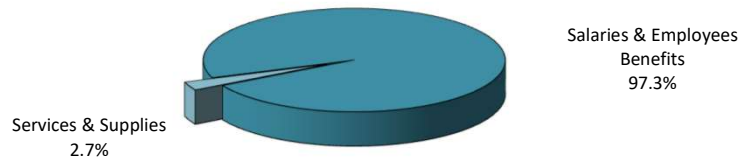
◇ In addition to the quality audit, QA Auditors conduct training and work on special projects, which are coordinated by the QA Sr. Auditor for Training and the QA Sr. Auditor for Special Projects, respectively.

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

QUALITY ASSURANCE

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$3,129,520	\$3,234,172	\$1,532,122	\$2,926,500	(\$307,672)	-9.5%	(\$104,652)	-3.2%
Services & Supplies	86,100	86,100	2,603	75,400	(10,700)	-12.4%	0	0.0%
OPERATING BUDGET	\$3,215,620	\$3,320,272	\$1,534,725	\$3,001,900	(\$318,372)	-9.6%	(\$104,652)	-3.2%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,885,458	\$1,965,306	\$924,573	\$1,754,500	(\$210,806)	-10.7%	(\$79,848)	-4.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	1,033,366	1,056,170	511,484	970,500	(85,670)	-8.1%	(22,804)	-2.2%
Employee Benefits (Other)	111,457	119,760	55,028	117,400	(2,360)	-2.0%	(8,303)	-6.9%
OPEB Contribution	83,739	77,837	41,036	82,100	4,263	5.5%	5,902	7.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	12,300	11,900	0	2,000	(9,900)	-83.2%	400	3.4%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,000	1,000	0	0	(1,000)	-100.0%	0	0.0%
Rideshare Allowance	2,200	2,200	0	0	(2,200)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,129,520	\$3,234,172	\$1,532,122	\$2,926,500	(\$307,672)	-9.5%	(\$104,652)	-3.2%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$3,129,520	\$3,234,172	\$1,532,122	\$2,926,500	(\$307,672)	-9.5%	(\$104,652)	-3.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA
 FISCAL YEAR 2025-2026
 BUDGETED POSITIONS

QUALITY ASSURANCE

FILLED POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0780	CHIEF, QUALITY ASSURANCE	1	LS12
0798	SENIOR QUALITY AUDITOR	2	110J
0797	QUALITY AUDITOR II	8	105G
0439	SENIOR ADMINISTRATIVE ASSISTANT	1	095C
0427	STAFF ASSISTANT II	1	097B
Total Filled Positions =		13	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0798	SENIOR QUALITY AUDITOR	3	110J
0797	QUALITY AUDITOR II	3	105G
Total Vacant Positions =		6	
TOTAL POSITIONS =		19	

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

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		OVER/(UNDER)	
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	\$9,600	\$9,600	\$1,627	\$5,600	(\$4,000)	-41.7%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	1,000	1,000	181	500	(500)	-50.0%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	59,000	59,000	0	59,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	16,300	16,300	795	10,200	(6,100)	-37.4%	0	0.0%
MISCELLANEOUS	200	200	0	100	(100)	-50.0%	0	0.0%
TOTAL	\$86,100	\$86,100	\$2,603	\$75,400	(\$10,700)	-12.4%	\$0	0.0%

*All amounts rounded to the nearest dollar.

QUALITY ASSURANCE

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

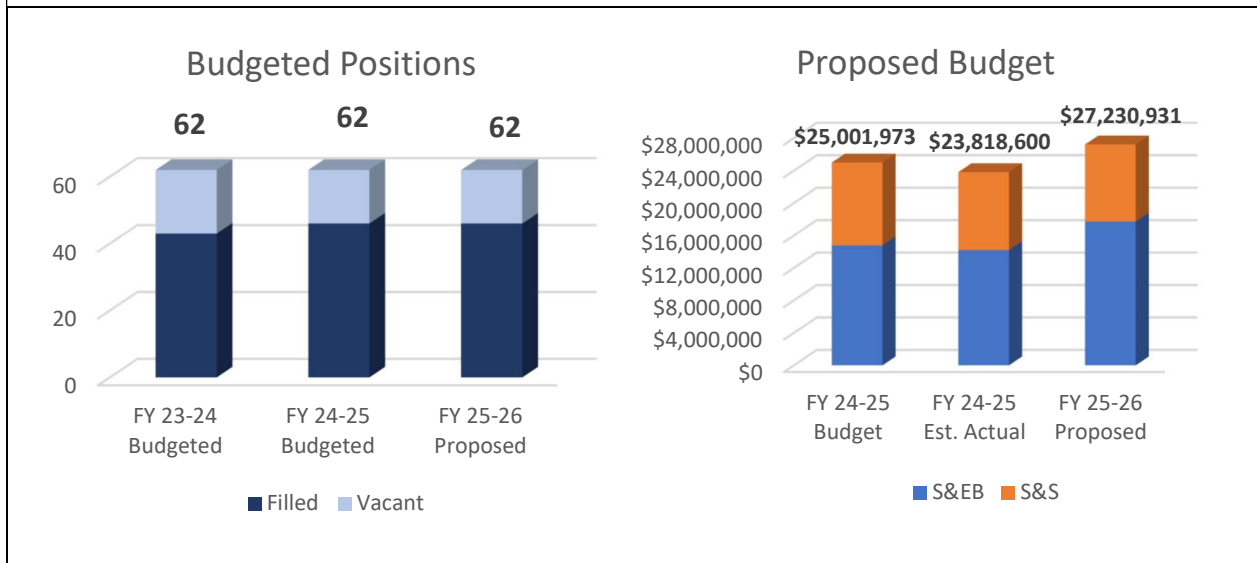
	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$1,885,279	\$1,660,777	\$1,965,306	\$1,754,500	\$1,885,458
Total Agency Temp Salaries	0	0	0	0	0
Employee Benefits (Variable)	1,213,449	935,487	1,056,170	970,500	1,033,366
Employee Benefits (Other)	120,837	105,901	119,760	117,400	111,457
OPEB Contribution	66,968	69,858	77,837	82,100	83,739
OPEB Contribution (Budget Surplus)	0	66,968	0	0	0
Stipends	0	0	0	0	0
Overtime	11,500	2,031	11,900	2,000	12,300
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	7,547	9,600	5,600	9,600
Office Supplies & Equipment	1,000	606	1,000	500	1,000
Professional & Specialized Services	55,000	55,000	59,000	59,000	59,000
Educational Expenses	16,300	17,512	16,300	10,200	16,300
Miscellaneous	200	0	200	100	200
TOTAL OPERATING BUDGET	\$3,383,333	\$2,921,687	\$3,320,272	\$3,001,900	\$3,215,620

*All amounts rounded to the nearest dollar.

BUDGET NARRATIVE
FISCAL YEAR 2025-2026

SYSTEMS DIVISION

The Systems Division (Systems) oversees all aspects of information technology for LACERA. Systems provides technology support services and creates innovative application solutions to assist the organization in meeting its mission. The Division is made up of three primary sections: the Business Solutions Unit, which develops and implements software solutions to support the organization’s business needs; the Infrastructure Unit, which implements and supports the organization’s and staff’s hardware and telecommunications needs; and the Project Management Office (PMO), which innovates new technology with subject-matter experts to address new business needs and, after initial implementation, passes projects off to the other units for ongoing maintenance and support.



Summary of Significant Changes

<u>Description</u>	<u>Position Changes</u>	<u>Amount</u>
• Add 1 EDP Prin. Prog. Analyst and 1 EDP Sen. Prog. Analyst (Application Development)	2	\$367,131
• Delete 2 Retirement Systems Specialists (Application Development)	(2)	(\$409,254)

• Add 2 Info. Tech. Manager I (one in Engineering and one in Application Development)	2	\$409,797
• Delete 2 Data Systems Supervisor II (one in Service Desk and one in Telco/AV/Data Center Management)	(2)	(\$415,374)
• Agency Temporary Staffing to support three critical projects: Enterprise Business Intelligence, Mainframe Migration, and Business Solutions Initiatives		\$1,759,900
• Remote Workforce Equipment Replacing aging laptops deployed in 2020 and 2021		\$50,000
• Audiovisual Enhancements Completion of conference room conversions to MS Teams rooms		(\$125,000)
• Production Copiers: Leases Transfer of budget item from Administrative Services		\$220,000
• LAN Software & LIC—Existing Azure Hosting Services, Microsoft M365 Licenses, Mainframe Software and Licensing		\$355,000
• Divisional Software—New		(\$556,000)
○ Completion of SASE Solution (NetSkope Replacement)		
○ Deferral of Facilities Management Solution (in-house SharePoint/Power Automate solution implemented instead)		
○ Cancellation of PBI Upgrade (in-house enhancement to PAS implemented instead)		
○ Completion of Human Resources Recruitment Module (NeoGov)		
○ Identity Verification Software (deferred to FYE 2027)		
• Divisional Software—Existing SASE Solution: Transfer of budget item to Information Security Office		(\$57,000)
• Enterprise Software		(\$665,000)
○ Knowledge Management Solution: Initial milestones completed		
○ Enterprise Resource Planning Solution: Deferred to FYE 2028		
○ Member Experience Communication Platform (MECP): Initial milestones completed		
• Memberships Gartner CIO Subscription		\$83,500

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

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

Automated Processing of Death Notifications: LACERA has automated the processing of death notifications received from PBI Research. This automation ensures that all notifications are handled quickly and consistently. As a result, staff time spent on incoming PBI notifications has been reduced by 14 hours per week, and the Systems Division can now retire a legacy client application.

Benefit Estimate Redesign: LACERA has redesigned the benefit estimates that are distributed to our members. The new design features a clean, easy-to-read layout that makes it simpler for members to understand their benefits. For Plan E and PEPRAs members, the enhancements include tailored information that addresses the unique aspects of each plan. With the implementation of this new design and streamlined process, we are retiring a legacy batch application that previously produced benefit estimates, improving the member experience, and reducing staff time spent preparing benefit estimates.

Board Archive Solution: LACERA has developed a comprehensive archive of all historical board meeting materials within a SharePoint library, enhanced with Microsoft's Artificial Intelligence (AI) search engine. This new library simplifies board meeting research and replaces the previous legacy system.

Board Operations Solution (OnBoard): LACERA has created a Power Automate solution to support the assembly of board meeting materials. This solution streamlines the preparation, review, and approval of board materials, effectively replacing the previous OneMeeting system.

Business Solutions Transition from Waterfall to Agile/Scrum Development: This year, our internal development team in the Business Solutions unit successfully transitioned from a traditional waterfall development lifecycle, previously supported by SeaPine TestTrack, to an Agile/Scrum development approach using Jira. This shift has enabled us to enhance our project management processes, improve team collaboration, and increase flexibility in responding to changes. The adoption of Jira has streamlined our workflow, providing better visibility into project progress and facilitating more efficient sprint planning and execution.

Digital Signage: LACERA has installed digital signage to display pictures of the Board of Retirement and Board of Investments trustees. These displays are in the Member Services Center on the first floor and outside the board room on the eighth floor.

LACERA Event Response Team (LERT) Management Solution: LACERA has successfully completed Phase 1 of the LERT Management Solution. Built using ServiceNow and accessible through LACERA Connect, this solution enables any employee to enter a privacy or security event. The solution supports the following steps: classification, prioritization, investigation, diagnosis, resolution, and closure. It provides real-time monitoring and alerts as well as reporting and analytics.

Mesa Co-Location Site Retirement: Following the completion of LACERA's Cloud migration last year, we officially shut down our co-location center in Mesa, Arizona. This center was originally intended to replicate the servers on-site in Pasadena. However, as the number of on-site servers in Pasadena has decreased, our need for this center has also diminished.

Microsoft CoPilot: The infrastructure team has successfully launched Microsoft's Artificial Intelligence tool, CoPilot. To support this rollout, we have scheduled training classes in CoPilot for Office and have established a CoPilot Champions program.

Microsoft (MS) Teams Rooms Conversions: The Telco team completed the conversion of eight more traditional conference rooms to MS Teams rooms. These rooms now seamlessly support hybrid meetings on MS Teams, enhancing collaboration and staff participation. With these additional conversions, LACERA now has 16 MS Teams rooms and has completed the conversion of traditional conference rooms to MS Teams-enabled rooms.

NeoGov Expansion in HR Division: LACERA's HR Division has successfully broadened its use of NeoGov by incorporating the Attract and Perform modules. The Attract module enhances our recruitment process by streamlining job postings, candidate tracking, and application management. Meanwhile, the Perform module supports employee performance management, enabling more effective goal setting, performance reviews, and feedback. This expansion aims to improve overall HR efficiency, enhance the candidate experience, and foster a culture of continuous improvement within the organization.

Playwright Implementation: LACERA's Business Solutions team has successfully adopted Microsoft Playwright, an advanced automated testing tool. This implementation aims to expedite regression testing for our Pension Administration System, ensuring faster and more reliable updates. By leveraging Playwright, we can enhance our testing efficiency, reduce manual effort, and improve the overall quality of our system.

PMO Playbook Development: LACERA has created a comprehensive PMO Playbook that details the project management process within the organization. This playbook, along

with a library of project management templates and two SharePoint lists for tracking project progress, has been published on a SharePoint site.

Policy Library (Compass): LACERA has developed a policy library using SharePoint and enhanced it with Microsoft's AI search engine. This solution can be used to access LACERA's policies, procedures, charters, and forms. This solution also hosts a Policy Development Portal that can be used to initiate the creation or revision of a policy. The solution is accessible to all LACERA employees on LACERA Connect.

Sol Case Management Phase 1: The Sol Case Management Solution for the First Payment Process was successfully launched in December 2024. The First Payment Process starts when a member elects to retire via My LACERA or submits a paper or electronic retirement election form to LACERA and concludes when the member receives his or her first benefit payment. Previously, this mission-critical and time-sensitive process included many manual steps. The new case management process is streamlined and automated, featuring effective management dashboards to ensure that our members are paid accurately and on time.

Sol Case Management Display on My LACERA: The new Sol First Payment Process has been integrated with My LACERA so that members can easily check the progress of their retirement election at any time of day from anywhere in the world.

Sol Case Management Display on Workspace: The new Sol First Payment Process has been integrated with Workspace so that Member Services staff can easily check the progress of a member's retirement election when they are meeting or talking with the member.

Workplace Violence Reporting Solution: LACERA has successfully implemented a Workspace Violence Reporting Solution. Built using ServiceNow and accessible through LACERA Connect, this solution provides anonymous reporting, incident documentation, automated workflows, and compliance tracking. This solution helps create a safer work environment by facilitating the reporting and management of workplace violence incidents.

We also have the following projects in progress and expect to complete them during FY 2024-25:

Certify Expense: LACERA previously implemented Certify Automated Accounts Payable. We are currently in the process of implementing a related module: Certify Expense. With this new module, users can create, submit, and approve expenses easily from their phone or desktop. Certify Expense supports direct deposit for reimbursement payments and integrates with LACERA's general ledger system, Dynamics Great Plains. **We expect the initial implementation of Certify Expense to be completed by June 2025.**

eDiscovery: The Information Technology Coordination Council (ITCC) approved a project to securely capture and archive organizational communications such as email, instant messages, voice messages, and mobile text messages using a new eDiscovery solution. This new solution will give the Legal Services Division autonomy for eDiscovery and public records requests, ensure proper chain of command for eDiscovery, and increase the integrity of LACERA archives. The eDiscovery team's recommended vendor, GlobalRelay, was approved by the Board of Retirement. **We expect the initial implementation of GlobalRelay to be completed by June 2025.**

Enterprise Contract Lifecycle Management (ECLM): LACERA has procured an ECLM solution from Cobblestone. This solution will automate the development, approval, and management of contracts and RFPs at LACERA. This solution replaces a legacy system that was developed in-house and supports the centralization of vendor management at LACERA. **We expect the solution to go live in March 2025.**

Microsoft Fabric/Purview Proof of Concept: LACERA is currently conducting a Proof of Concept (POC) for the use of Microsoft Fabric and Microsoft Purview for Business Intelligence and Data Governance. If successful, these products will be used going forward to support LACERA's Enterprise Business Intelligence strategic initiative. **We expect the POC to be completed by June 2025.**

NeoGov Continued Expansion: LACERA's HR Division is currently implementing a third NeoGov module, Learn. This module is designed to enhance our employee training and development programs by providing a comprehensive platform for managing and delivering educational content. With Learn, we aim to streamline the creation, distribution, and tracking of training materials, ensuring that our staff has access to the resources they need for continuous professional growth. **We anticipate the implementation of NeoGov Learn to be completed by March 2025.**

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

The Systems Division will support LACERA's Strategic Initiatives in FY 2025-26 as outlined below:

1. Superior Member Experience

Enhance the Retiree Healthcare Experience: The Business Solutions team will support the Superior Member Experience initiative by developing a self-serve, online retiree healthcare enrollment process. This process will be simple, user-friendly, and efficient. Clear instructions, an intuitive interface design, real-time feedback, and the ability to easily navigate through the steps will streamline the process and enhance the overall user experience.

Member Experience Communication Platform: The Project Management Office will continue to implement a new Call Center solution that will streamline the authentication process and improve the experience of calling LACERA for members and payees.

Sol Case Management: The Project Management Office will continue with Phase 2 of the case management project by implementing the following processes in Sol: Death Benefit Claim and Seamless Survivor Processing.

2. Innovation through Technology

Knowledge Management: The Project Management Office will continue to support the Knowledge Management initiative during FY 2025-26 as LACERA seeks to digitally capture, document, organize, and access critical business knowledge and information.

Business Intelligence: The Systems Division will continue to lead the advancement of LACERA's business intelligence. Our implementation of MS Fabric and Purview will serve as the foundation for this effort as we implement Power Business Intelligence (BI) dashboards, optical character recognition, and artificial intelligence solutions.

3. Investing in People

Staff Training and Development: The Systems Division has prioritized developing technical mastery and building professional relationships for FY 2025-26. Staff will be offered training to develop their skills, knowledge, and abilities and conferences to exchange information with their peers at other associations. With the implementation of modern technology, we will also train staff to administer and support the new solutions as needed. While we have leaned heavily on online, virtual training during the pandemic and understand the efficiencies of this training model, we plan to take advantage of in-person opportunities going forward to make sure LACERA staff members are in touch with peers and not advancing our technology in isolation.

4. Compliance and Enterprise Risk Management

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

5. Fiscal Durability

Enterprise Automation: The Systems Division will continue to support the new implementations of Questica (budget automation), Cobblestone (ECLM), and Certify AP (automated accounts payable) as well as work with FASD to plan for replacing our legacy general ledger system with a modern solution that leverages cloud technology, automation, and advanced analytics.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

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

For FY 2025-26, the Systems Division does not wish to change the number of budgeted positions; however, we would like to remove four vacant positions from the budget that the leadership team does not intend to fill and replace them with four ordained positions that they do intend to fill (or underfill):

Vacant positions to remove from the budget:

- 2 Data Systems Supervisor II
- 2 Retirement Systems Specialist

Ordained positions to add to the budget:

- 2 Information Technology Manager I
- 1 EDP Principal Programmer Analyst
- 1 EDP Senior Programmer Analyst

Positions Requested FY 2025-26	4
Positions Removed FY 2025-26	(4)
Net Change	0

Temporary Staffing

The Systems Division utilizes temporary staffing for two primary reasons: (1) to secure essential technical resources on a short-term basis while awaiting the availability of competitive exams, or (2) to temporarily address gaps in skillsets or augment existing teams.

Our 14 current temporary staff members fall into the first category, performing work that will eventually be handled by permanent staff members once our 19 vacant positions are filled. These temporary staff members possess the technical skills necessary to support our IT operations. They have demonstrated their competence and are strong candidates for our job vacancies. We encourage them to apply for these positions when they become available.

In addition to retaining our current temporary staff, there is an urgent need to add temporary staff to support three critical projects. These additional temporary staff members will address skillset gaps or augment existing teams for a limited duration. The projects they will support are vital to achieving LACERA's strategic goals, modernizing IT infrastructure, increasing operational efficiency, and enhancing the member experience.

The three projects requiring additional temporary staffing are Enterprise Business Intelligence, Mainframe Migration, and Business Solutions Initiatives.

Enterprise Business Intelligence

The Enterprise Business Intelligence Strategic Initiative at LACERA is designed to promote an enterprise-wide approach to information gathering, integration, analysis, and sharing. We aim to enhance decision-making capabilities across the organization by extending the use of our business intelligence platform across the association to significantly boost the accuracy, accessibility, and timeliness of our data, leading to more informed and effective decisions.

To realize these strategic benefits, we request additional temporary resources to establish a dedicated data management and business intelligence implementation team. This team will be instrumental in developing robust data architecture, implementing comprehensive data governance, and creating a detailed data catalog/classification system. They will enhance and optimize LACERA's existing data lake by incorporating additional real-time and near real-time data capture to improve reporting and analytics. Without the allocation of additional dedicated resources, the Business Intelligence Strategic Initiative will come to a halt.

We request four additional temporary resources: a Data Architect, a Business Intelligence Analyst, and two Business Intelligence Developers, with an estimated cost of \$840,000. These roles are critical for advancing LACERA's strategic initiative for Enterprise Business Intelligence and delivering sustainable dashboards. Their contributions will

ensure the successful implementation of this initiative, ultimately supporting our long-term strategic goals.

Mainframe Migration

From 2014 to 2018, LACERA successfully migrated all real-time business functions from its mainframe to Workspace, an in-house developed comprehensive Pension Administration System (PAS). While this project was very successful, it only addressed online transactions, leaving batch programs still running on the mainframe.

This new initiative aims to migrate the existing mainframe batch processes to LACERA's PAS application. By doing so, we will eliminate reliance on the mainframe, streamline operations, and enhance system efficiency. Many business rules programmed on the mainframe are already implemented in Workspace, facilitating a smoother transition. Migrating all batch processes to Workspace and retiring the mainframe will also result in annual cost savings of \$800,000.

The urgency of this migration cannot be overstated. The workforce capable of supporting mainframe technology is rapidly dwindling, posing a significant risk to our operations. To mitigate this risk and ensure a seamless transition, we urgently request additional temporary resources to establish a dedicated team focused solely on migrating these batch functions to Workspace, free from conflicting priorities. This will enable the Mainframe Migration Project to develop a comprehensive multi-year project plan, track progress, and execute effectively. Once these functions are integrated into Workspace, they will transition to the existing Workspace team for ongoing operational support.

We seek four additional temporary resources: two business analysts and two Java developers, with an estimated cost of \$920,000. These roles are crucial for ensuring a smooth and efficient migration process, leading to improved operational efficiency and a more cohesive system. Without these additional dedicated resources, the Mainframe Migration project will not move forward, and we risk the inability to maintain this mission-critical subsystem.

Investing in the temporary staffing budget is essential to maintain LACERA's operational efficiency and achieve strategic project goals. To continue our current temporary staff and add new temporary staff for critical projects, we request an increase in our temporary staffing budget for next year to \$3,900,000.

Overtime Needs

We are requesting the same budget for overtime in FY 2025-26 that we requested in FY 2024-25. 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 five interns: two for the Business Solutions unit, two for the Infrastructure Unit, and one for the Project Management Office. The Business Solutions interns will work on optical character recognition (OCR) 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 intern will participate in ongoing projects as a junior project manager. Our objectives for hiring interns are to provide meaningful work experiences 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 2025-26.

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 \$1,466,000 for FY 2025-26 due to completion of these projects:

Project	Cost
• Initiation of Member Enterprise Communication Platform (MECP)	(\$300,000)
• Completion of SASE Implementation	(\$235,000)
• Deferral of Facilities Management Solution (SharePoint/Power Automate solution implemented instead)	(\$150,000)
• Initiation of Knowledge Management Solution	(\$115,000)
• Completion of MS Teams Rooms Conversions	(\$125,000)
• Cancellation of PBI Upgrade (Enhancement to Pension Administration System implemented instead)	(\$100,000)
• Completion of New NeoGov Modules	(\$71,000)
• Enterprise Resource Planning Solution	(\$250,000)
• Morado Intelligence, LLC (InfoSec)	(\$120,000)

Services and Supplies Adjustments

Divisional Software: New

Project	Total Cost	Description
Digital 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 budget; however, this project was deferred due to resource constraints and to focus on higher priority initiatives.
Microsoft Fabric Implementation	\$120,000	To support LACERA's strategic objective of Innovation through Technology, the Systems Division seeks to implement Microsoft Fabric, a comprehensive, cloud-based data analytics platform designed to unify data, Artificial Intelligence (AI), and analytics tools for various workloads and industries. Fabric will provide a unified data platform, real-time data processing, and seamless integration with other Microsoft 365 apps while adhering to LACERA's security and governance requirements.
Portfolio Project Management (PPM) Solution	\$50,000	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.

Enterprise Software: New

Project	Total Cost	Description
Member Case Management System – Continuation of Phase 2	\$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. Phase 2 includes the death benefit claim and seamless survivor processes. The future phases may involve additional RFPs for professional services, or LACERA may choose to implement the additional phases using internal resources.
Member Experience Communication Platform (MECP)	\$300,000	LACERA seeks to modernize our existing telecommunications infrastructure for servicing our members. This funding is requested to continue to support LACERA’s telecommunications strategy to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products, case management application, and pension administration system. Initial funding for this project was requested during the FY 2024-25 budget. However, due to delays, the project was not initiated until towards the end of FY 2024-25. Portions of the initial budget proposal are being carried forward to FY 2025-26.

Enterprise Software: New (cont'd)

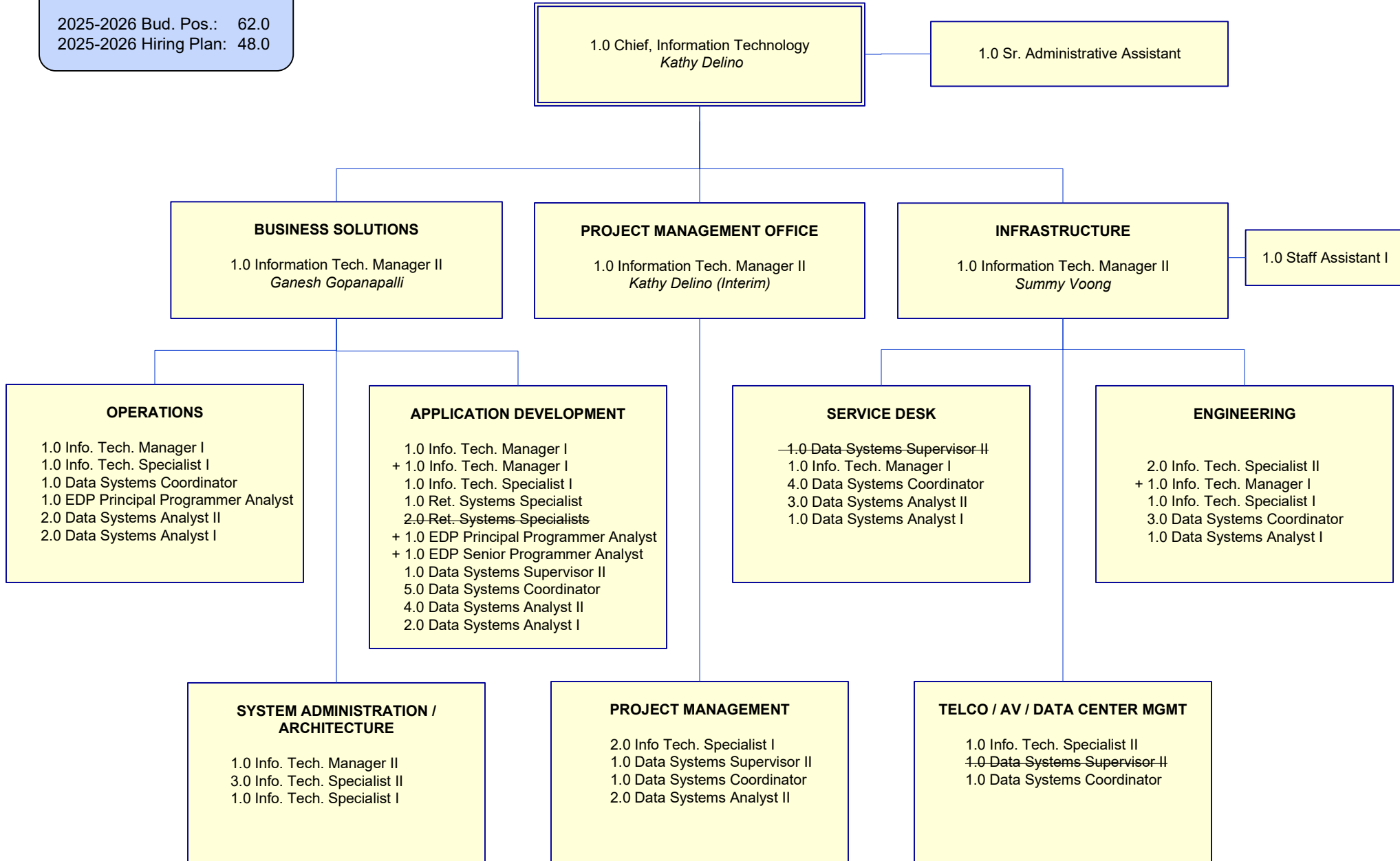
Project	Total Cost	Description
Knowledge Management Solution	\$135,000	To support LACERA's strategic objective of Innovation Through Technology, the organization seeks to implement an enterprise knowledge management solution that stores and organizes the knowledge and information of the organization 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. Initial funding for this project was requested during the FY 2024-25 budget. However, due to delays, the project was not initiated until towards the end of FY 2024-25. Portions of the initial budget proposal are being carried forward to FY 2025-26.
Governance, Risk and Compliance (GRC), and Audit Solution	\$70,000	LACERA seeks to implement a comprehensive IT Governance, Risk, and Compliance Solution. 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. During FY 2024-25, the organization also internally developed a separate Policy Management solution, so that module is no longer needed.

SYSTEMS DIVISION

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 62.0
2024-2025 Hiring Plan: 57.0

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



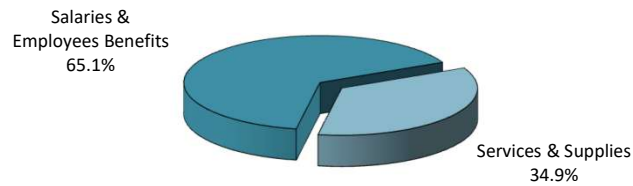
+ Added position
– Deleted position

LACERA
FISCAL YEAR 2025-2026
BUDGET SUMMARY

SYSTEMS DIVISION

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$17,728,931	\$14,784,573	\$7,594,487	\$14,215,800	(\$568,773)	-3.8%	\$2,944,358	19.9%
Services & Supplies	9,502,000	10,217,400	5,162,026	9,602,800	(614,600)	-6.0%	(715,400)	-7.0%
OPERATING BUDGET	\$27,230,931	\$25,001,973	\$12,756,512	\$23,818,600	(\$1,183,373)	-4.7%	\$2,228,958	8.9%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
COMMUNICATIONS	\$355,000	\$390,000	\$139,093	\$349,000	(\$41,000)	-10.5%	(\$35,000)	-9.0%
TRANSPORTATION & TRAVEL	53,000	53,000	23,213	52,000	(1,000)	-1.9%	0	0.0%
POSTAGE	450,000	450,000	240,634	450,000	0	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	560,000	405,000	285,203	397,000	(8,000)	-2.0%	155,000	38.3%
EQUIPMENT MAINTENANCE	195,000	425,000	250,490	418,000	(7,000)	-1.6%	(230,000)	-54.1%
EQUIPMENT RENT & LEASES	220,000	0	0	0	0	0.0%	220,000	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	1,092,000	1,075,800	383,347	1,015,000	(60,800)	-5.7%	16,200	1.5%
COMPUTER SERVICES & SUPPORT	6,425,000	7,350,100	3,803,596	6,851,800	(498,300)	-6.8%	(925,100)	-12.6%
EDUCATIONAL EXPENSES	150,000	66,500	35,331	68,000	1,500	2.3%	83,500	125.6%
MISCELLANEOUS	2,000	2,000	1,118	2,000	0	0.0%	0	0.0%
TOTAL	\$9,502,000	\$10,217,400	\$5,162,026	\$9,602,800	(\$614,600)	-6.0%	(\$715,400)	-7.0%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2025-2026
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	3	LS12
0803	INFORMATION TECHNOLOGY MANAGER I, LACERA	3	LS11
0802	INFORMATION TECHNOLOGY SPECIALIST II, LACERA	6	128D
0801	INFORMATION TECHNOLOGY SPECIALIST I, LACERA	6	123B
2644	RETIREMENT SYSTEMS SPECIALIST, LACERA	1	121A
0453	EDP PRINCIPAL PROGRAMMER ANALYST, LACERA	1	120K
0469	DATA SYSTEMS COORDINATOR, LACERA	10	115L
0458	DATA SYSTEMS ANALYST II, LACERA	8	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 =		46	

VACANT POSITIONS

Budget Classification Number	Budget Classification Title	# of Budget Positions	Budget Salary Schedule
0804	INFORMATION TECHNOLOGY MANAGER II, LACERA	1	LS12
0803	INFORMATION TECHNOLOGY MANAGER I, LACERA	2	LS11
0460	DATA SYSTEMS SUPERVISOR II, LACERA	2	121G
0453	EDP PRINCIPAL PROGRAMMER ANALYST, LACERA	1	120K
0452	EDP SENIOR PROGRAMMER ANALYST, LACERA	1	112J
0469	DATA SYSTEMS COORDINATOR, LACERA	5	115L
0458	DATA SYSTEM ANALYST II, LACERA	3	110D
0457	DATA SYSTEMS ANALYST I, LACERA	1	107H
Total Vacant Positions =		16	

TOTAL POSITIONS =

62

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

LACERA
FISCAL YEAR 2025-2026
SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$8,625,651	\$7,720,737	\$3,613,431	\$6,856,800	(\$863,937)	-11.2%	\$904,914	11.7%
Total Agency Temp Salaries	3,900,000	2,140,100	1,612,686	2,764,600	624,500	29.2%	1,759,900	82.2%
Employee Benefits (Variable)	4,030,094	3,890,171	1,886,217	3,579,300	(310,871)	-8.0%	139,923	3.6%
Employee Benefits (Other)	509,896	470,481	216,279	461,100	(9,381)	-2.0%	39,415	8.4%
OPEB Contribution	383,091	305,784	161,214	322,500	16,716	5.5%	77,307	25.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	236,100	229,200	76,476	200,000	(29,200)	-12.7%	6,900	3.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	28,000	12,000	24,284	24,300	12,300	102.5%	16,000	133.3%
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	\$17,728,931	\$14,784,573	\$7,594,487	\$14,215,800	(\$568,773)	-3.8%	\$2,944,358	19.9%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$17,728,931	\$14,784,573	\$7,594,487	\$14,215,800	(\$568,773)	-3.8%	\$2,944,358	19.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

SYSTEMS DIVISION

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$6,950,188	\$5,585,449	\$7,720,737	\$6,856,800	\$8,625,651
Total Agency Temp Salaries	2,881,700	3,285,956	2,140,100	2,764,600	3,900,000
Employee Benefits (Variable)	3,907,382	2,962,179	3,890,171	3,579,300	4,030,094
Employee Benefits (Other)	445,474	391,537	470,481	461,100	509,896
OPEB Contribution	246,880	257,537	305,784	322,500	383,091
OPEB Contribution (Budget Surplus)	0	246,880	0	0	0
Stipends	0	0	0	0	0
Overtime	229,200	226,414	229,200	200,000	236,100
Bilingual Bonus	0	0	0	0	0
Sick Leave Buyback	12,000	20,320	12,000	24,300	28,000
Rideshare Allowance	8,900	80	8,900	0	8,900
Transportation Allowance	0	7,200	7,200	7,200	7,200
SERVICES & SUPPLIES					
Communications	570,000	354,166	390,000	349,000	355,000
Transportation & Travel	41,600	33,147	53,000	52,000	53,000
Postage	450,000	525,211	450,000	450,000	450,000
Office Supplies & Equipment	763,000	724,536	405,000	397,000	560,000
Equipment Maintenance	730,000	476,720	425,000	418,000	195,000
Equipment Rents & Leases	0	0	0	0	220,000
Professional & Specialized Services	1,340,000	1,031,897	1,075,800	1,015,000	1,092,000
Computer Services & Support	5,229,600	4,738,628	7,350,100	6,851,800	6,425,000
Educational Expenses	63,100	35,639	66,500	68,000	150,000
Miscellaneous	500	977	2,000	2,000	2,000
TOTAL OPERATING BUDGET	\$23,869,524	\$20,904,472	\$25,001,973	\$23,818,600	\$27,230,931

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2026

	Current Year		Prior Year ACTUAL FOR FY 2023-2024
	EXPENSES AS OF 12/31/2024	PROJECTED FOR FY 2025-2026	
Pension Trust Fund:			
Investment Management Fees			
U.S. Equity	\$ 5,063,942	\$ 9,957,239	\$ 7,190,615
Non-U.S. Equity	13,027,808	23,207,570	22,366,322
Fixed Income	5,572,943	10,901,501	14,583,958
Cash and Short-Term	190,275	380,549	352,119
Mortgage Loan Services	9,684	19,369	21,943
Private Equity	3,574,834	6,847,370	6,871,608
Real Assets	2,575,040	4,370,781	2,491,225
Real Estate	7,969,233	19,217,068	20,544,143
Hedge Funds	846,480	1,702,649	1,511,895
Commodities	612,636	-	2,082,367
Total Investment Management Fees	39,442,874	76,604,096	78,016,195
Other Investment Expenses			
Consultants			
General Investment Portfolio-Meketa Investment Group	129,960	519,841	512,271
Private Equity	389,833	852,333	2,548,655
Real Estate	117,500	493,073	526,050
Other Consulting Fees	445,004	890,008	959,625
	1,082,297	2,755,254	4,546,601
Custodians			
Investment Custodian and Banking Fees	1,493,166	2,704,190	3,584,034
Mortgages	1,250	5,000	5,000
	1,494,416	2,709,190	3,589,034
Performance and Other Fees	36,371,140	138,635,748	94,952,093
Investment Management Data Services	1,139,007	2,578,650	1,582,344
Investment Legal Counsel	1,113,931	2,065,000	1,680,624
Total Other Investment Expenses	41,200,791	148,743,843	106,350,696
Total Management Fees and Other Investment Expenses	\$ 80,643,665	\$ 225,347,939	\$ 184,366,891
Actuarial Consulting Services	210,247	341,000	326,486
Total Pension Fund Non-Administrative Expenses	\$ 80,853,912	\$ 225,688,939	\$ 184,693,377
Retiree Health Care (RHC) Program Funds:			
Fixed Income Management Fees	\$ 58,849	\$ 117,699	\$ 112,992
Short-Term Management Fees	3,380	6,760	6,953
Custodian Fees	15,000	30,000	30,000
Total RHC Program Non-Administrative Expenses	\$ 77,229	\$ 154,458	\$ 149,945
Other Post Employment Benefits (OPEB) Trust Fund:			
Enhanced Cash Management Fees	\$ 16,395	\$ 32,789	\$ 30,940
Commodities Management Fees	20,280	-	209,763
Global Equity Management Fees	206,301	412,602	509,688
Fixed Income Management Fees	813,366	1,626,733	1,013,794
Private Assets Management Fees	3,814,618	2,908,000	1,593,279.86
General Investment Portfolio Consultant	45,088	90,177	88,863
Custodian Fees	164,626	265,810	139,330
Total OPEB Trust Non-Administrative Expenses	\$ 5,080,673	\$ 5,336,111	\$ 3,585,658

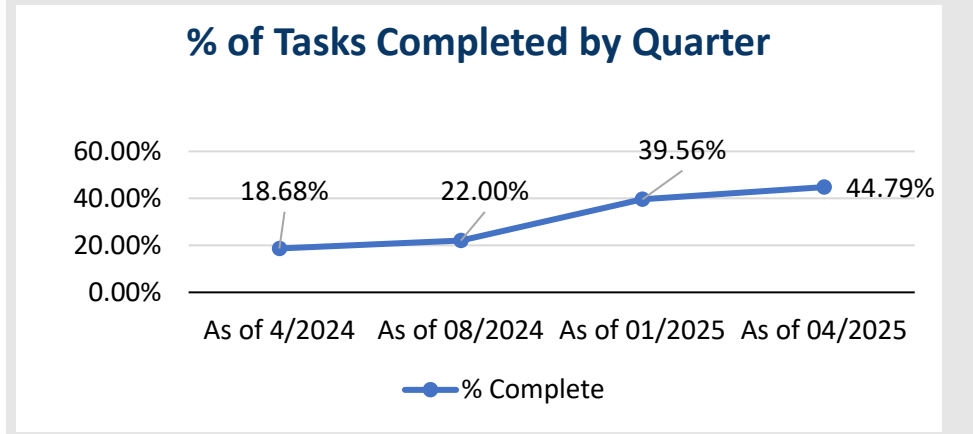
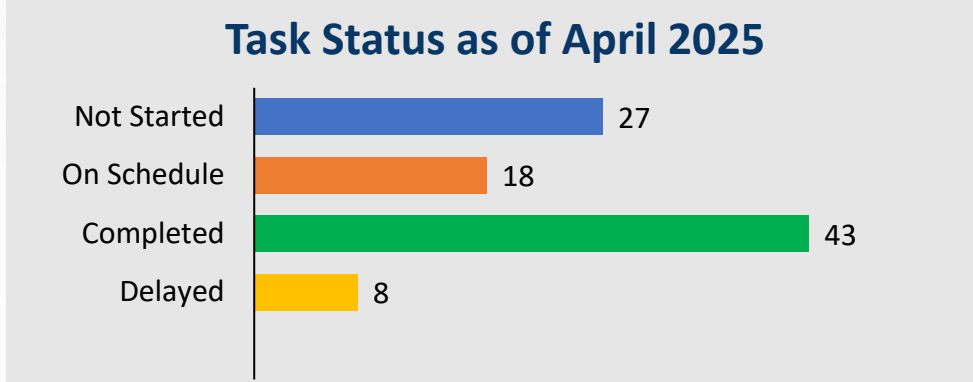
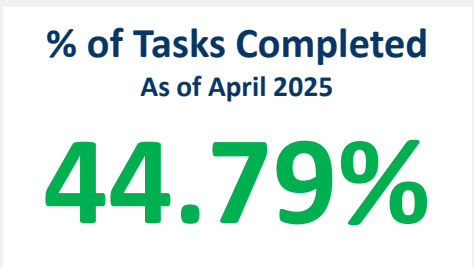
Board of Retirement (BOR) Strategic Plan Quarterly Update (2024-2028)

Operations Oversight Committee Meeting
April 2025



01 Progress Dashboard

Strategic Planning Dashboard – April 2025



Strategic Priority Goals	Objectives
<p>1 Superior Member Experience Innovate and continuously improve the member experience</p>	<p>1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey</p> <p>1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan</p> <p>1.3 Develop, implement, and deploy a digital strategy to better serve our members</p> <p>1.4 Improve and enhance the retiree healthcare experience</p>
<p>2 Innovation through Technology Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity</p>	<p>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</p> <p>2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information</p>
<p>3 Investing in People Attract, motivate, hire, and retain a highly engaged and skilled workforce</p>	<p>3.1 Develop and implement a DEI framework aimed at promoting and embracing diversity, equity, and inclusion</p> <p>3.2 Develop enterprise-wide Training and Development Programs designed to support and encourage employee growth and development</p> <p>3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning</p>
<p>4 Compliance and Enterprise Risk Management Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance</p>	<p>4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations</p> <p>4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management</p>
<p>5 Fiscal Durability Exercise care and prudence in managing our resources and fund assets</p>	<p>5.1 Develop organizational tools to support enterprise-wide fiscal responsibility</p> <p>5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals.</p>





02 OBJECTIVE SPOTLIGHT

WORKPLAN - Strategic Objective 2.1



Strategic Goal: **Innovation Through Technology**
 Strategic Objective: **2.1 – Implement Enterprise Business Intelligence Solution**
 Executive Sponsor: **Luis Lugo; Kathy Delino (Lead)**

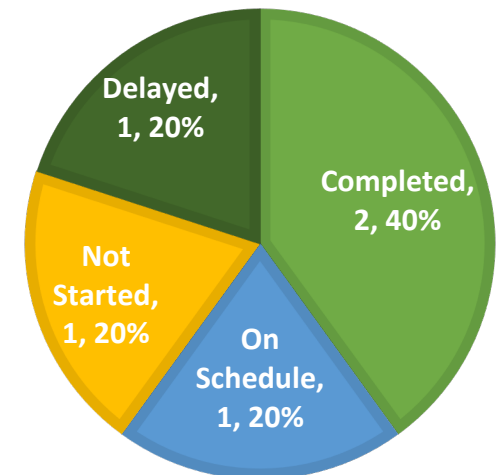
Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Develop objective scope and goals	★	10/2023	01/01/2024
2	Communication Plan, Communicate objective goals to various stakeholders	★	01/2024	06/30/2024
3	Centralize Data Governance- Establish Data Management Team	▲	7/1/2024	12/31/2024*
4	Publish Dashboards for Enterprise/Member Data (Explore Enterprise Solution)	●	7/1/2024	12/31/2026
5	Replace reporting requests with on-demand dashboards	◆	TBD	12/31/2025**

MILESTONE TRACKER

■ Completed ■ On Schedule
■ Not Started ■ Delayed



* Expected completion date: 6/30/2025

** Expected completion date: 06/30/2026

Enterprise Business Intelligence Goals



Communicate Scope and Goals



Centralize Data Governance



Publish Dashboard for Member Data







Publish Dashboards for Enterprise Data

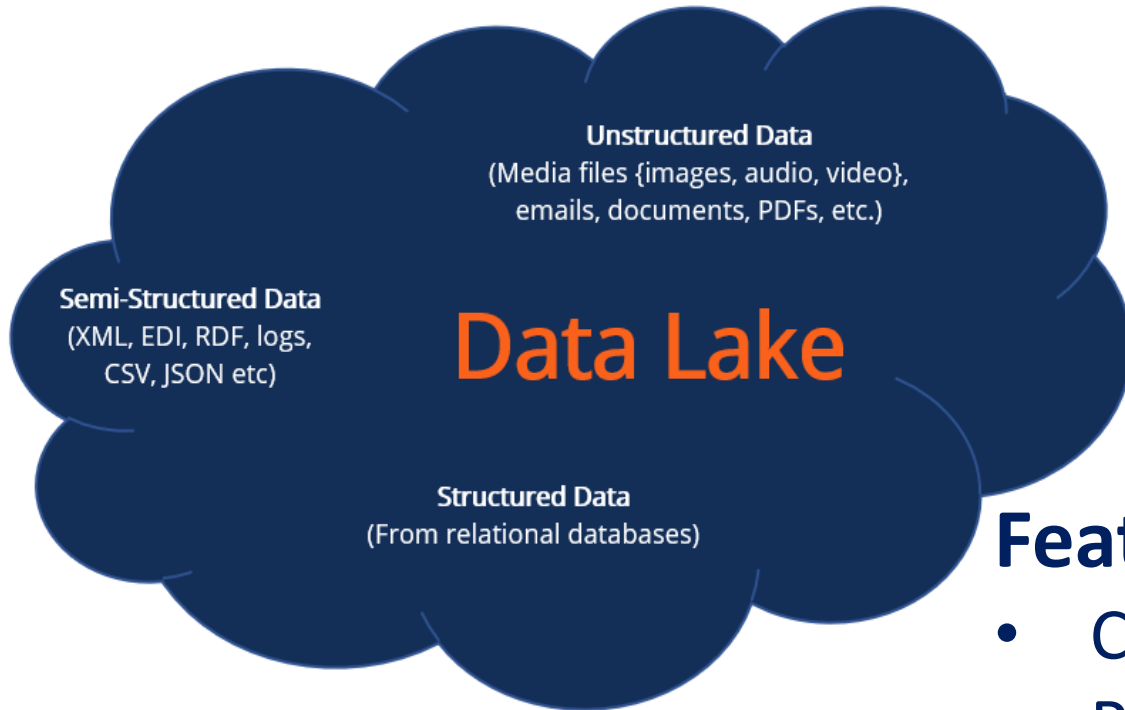


Replace Reporting Requests with On-Demand Dashboards

Key Milestones Achieved



-  Established a Data Management and Business Intelligence team
-  Implemented LACERA's data lake, a centralized source of data
-  Completed pilot dashboards for Member Demographic Data and the CEO Report
-  Initiated a Proof of Concept (POC) for Microsoft Fabric



Large Storage Area

Designed to capture and store massive amounts of data from disparate sources and of disparate types and store it all in a common format.

Features

- Connections to external data sources
- Programmable workflows for ingesting data – controls authorizations, scheduling, scope, & landing areas
- Tools to organize, classify, transform, & curate data

Benefits of a Data Lake



- **Centralized Data Storage**
Enables easier access, management, and analysis of diverse data sources
- **No Complex Schema Definitions or Fixed Data Models**
Allows quick and inexpensive scaling
- **Data Democratization and Collaboration**
Provides greater autonomy (less dependency on IT) and promoting a data-driven culture
- **Single Source of Reference**
Ensures consistency between reports and across reporting periods
- **Platform for Advanced Analytics and Machine Learning (Fabric)**
Execute complex queries and build machine learning models to extract meaningful insights and drive predictive and prescriptive analytics



Microsoft Fabric

Features

- Provides all the features of a Data Lake
- Provides all the features of a Data Warehouse:
 - Highly-curated datasets accessible by standard Structured Query Language (SQL) processes
- Provides Data Analytics and Data Reporting capabilities.
 - Including Copilot
- Delivers superior data governance
 - Accurate, secure, available



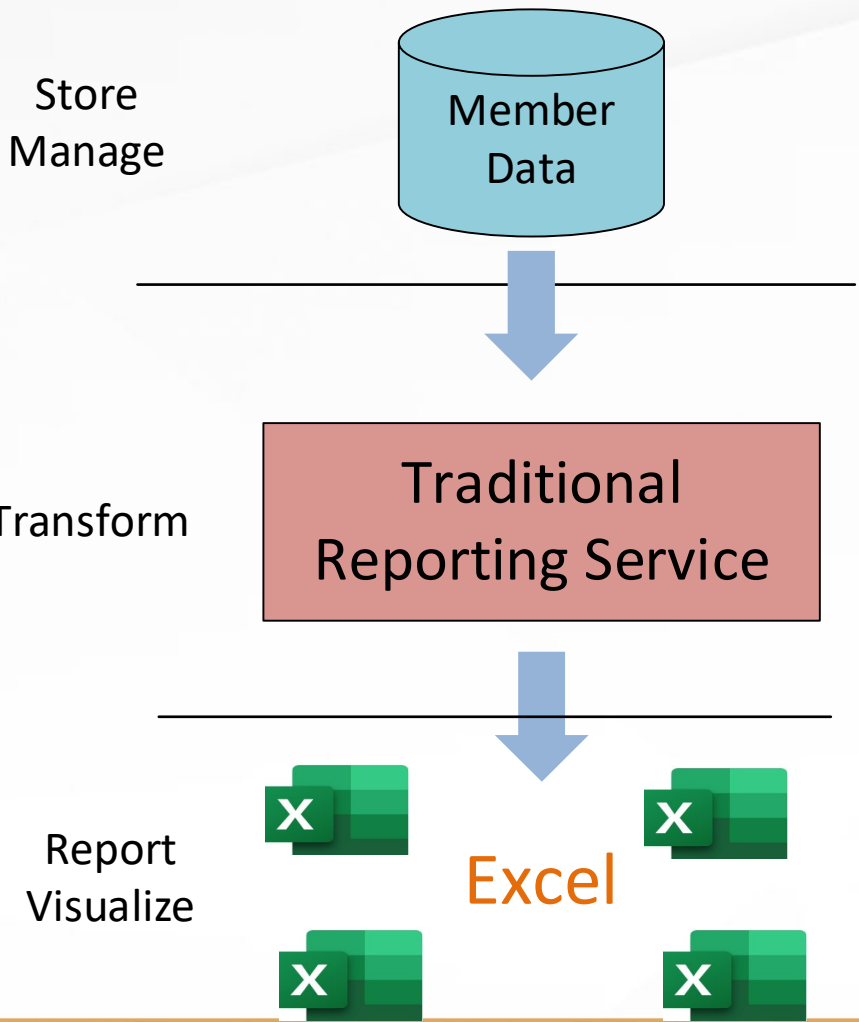
MS Fabric vs. Traditional Data Lakes

- Software as a Service (SaaS) model provides simpler maintenance and scalability
- Unified data storage and integration with Power BI provides greater autonomy for analysts and report developers
- Direct Lake query capability combines speed and currency. Get up-to-the-minute data and get it quickly
- AI-driven real-time insights via Copilot

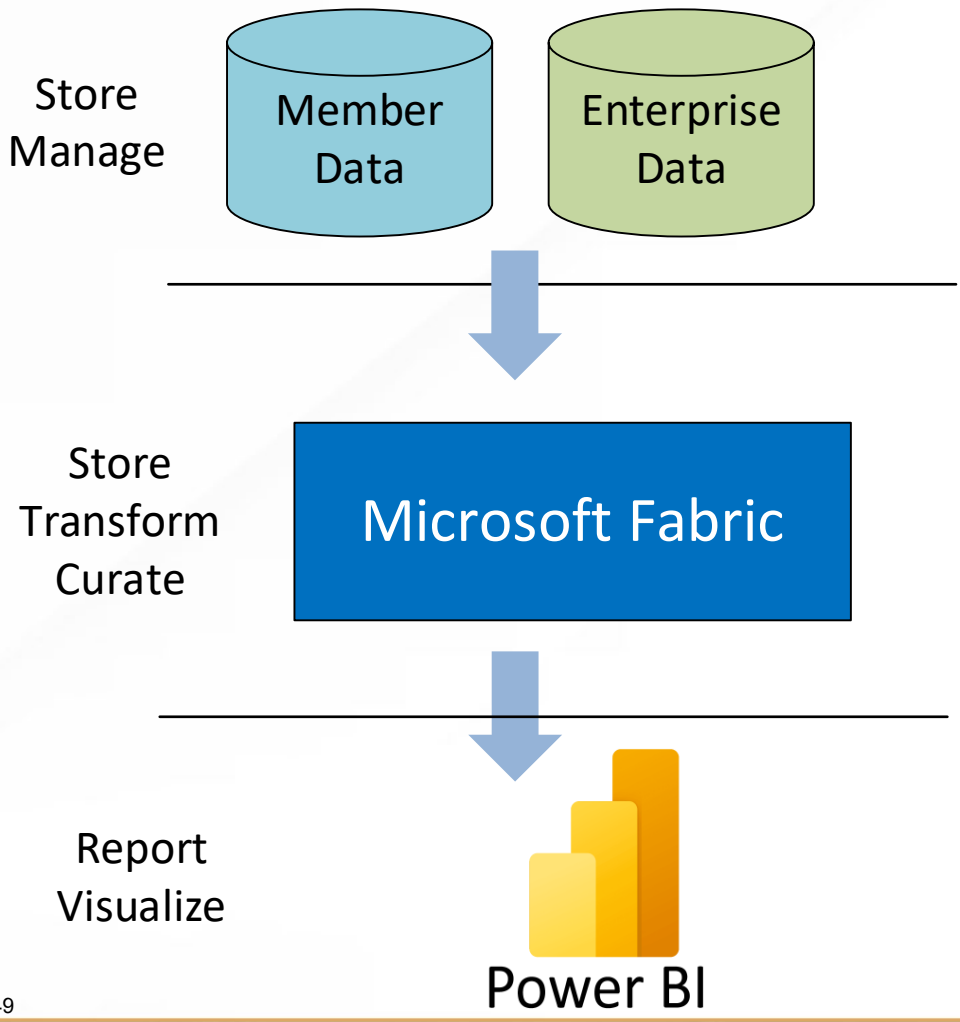
Comparing Traditional Reports and Modern Business Intelligence



Traditional Reporting



Enterprise Business Intelligence



Next Steps and Timeline





03 Workplan Dashboards

(Objectives In-Progress)

WORKPLAN - Strategic Objective 1.1



Strategic Goal: **Superior Member Experience**
 Strategic Objective: **1.1 – Ensure an omni-channel experience at every stage of a member journey**
 Executive Sponsor and Leads: **JJ Popowich; Tatiana Bayer (Lead)**

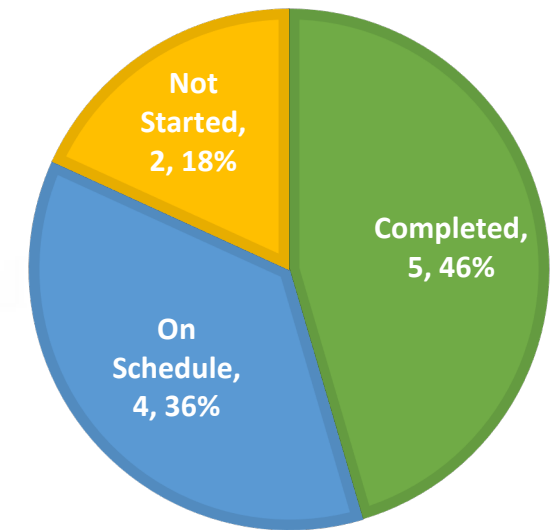
Legend

- On Schedule ●
- Delayed/Stopped ▲
- Not Started ◆
- Complete ★

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Determine the member’s journey methodology	★	10/2023	01/12/2024
3	Member Experience Council Charter	★	10/2023	06/30/2024
4	Internal Communication Plan (BOR, OOC, Executive Team, and Staff)	★	10/2023	06/01/2024
5	Identify and define Member Journeys	★	1/1/2024	07/01/2024
6	Create tools to review and track progress on objective/initiatives	●	12/1/2024	06/30/2026
7	Identify the channels of service required for each member journey	●	TBD	06/30/2026
8	Establish goals and KPI’s for each member journey	◆	TBD	10/31/2026
9	Assess the consistency and service quality across each channel	◆	TBD	12/31/2026
10	Identify member interaction pain points and opportunities for improvement	●	TBD	12/31/2026
11	Identify Budget Needs	●	TBD	12/31/2026

MILESTONE TRACKER

■ Completed ■ On Schedule ■ Not Started



WORKPLAN - Strategic Objective 1.4



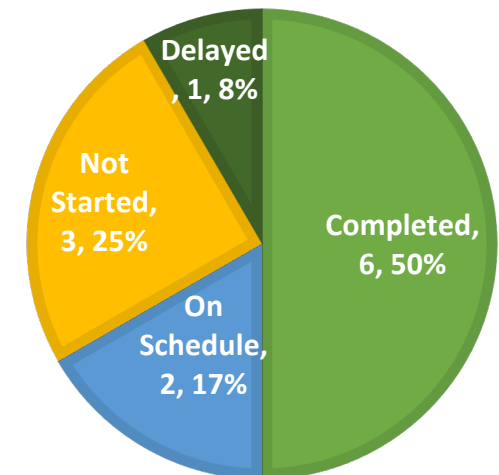
Strategic Goal: **Superior Member Experience**
 Strategic Objective: **1.4 – Improving the Retiree Healthcare (RHC) experience.**
 Executive Sponsor and Lead: **JJ Popowich; Tionna Fredericks (Lead)**

Legend
 On Schedule ● Complete ★
 Delayed/Stopped ▲
 Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Build core team and schedule meeting cadence	★	10/2023	01/04/2024
2	Set-up team’s collaboration timeline	★	10/2023	01/12/2024
3	Discuss ideas and opportunities for improving the Retiree RHC experience	★	10/2023	06/30/2024
4	Approval of Strategic Outline objective	★	10/2023	06/01/2024
5	Identify, Define, and Document Retiree Healthcare Roadmap	●	01/2024	12/31/2024*
6	Establish County – LACERA working group	★	07/2024	07/18/2024
7	Coordinate communication plan with internal and stakeholders	★	10/2023	12/31/2024
8	Automation Opportunity: RHC Online Enrollment	●	11/2024	12/31/2025
9	Automation Opportunity: SSA Data Exchange	▲	02/2023	12/31/2024
10	Automation Opportunity: RHC/County Comparison Roadmap	◆	TBD	06/30/2025
11	Collaborate with Union sponsored healthcare plans	◆	3/2025	12/31/2025

MILESTONE TRACKER

Completed ■ On Schedule ■
 Not Started ■ Delayed ■



* Expected completion date: 7/31/2025

WORKPLAN - Strategic Objective 1.4



Strategic Goal: **Superior Member Experience**
 Strategic Objective: **1.4 – Improving the Retiree Healthcare (RHC) experience.**
 Executive Sponsor and Lead: **JJ Popowich; Tionna Fredericks (Lead)**

Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
12	Develop actionable KPI's to measure retiree and member satisfaction	◆	TBD	06/30/2025

* Expected completion date: 7/31/2025

WORKPLAN - Strategic Objective 2.2



Strategic Goal: **Innovation Through Technology**
 Strategic Objective: **2.2 – Implement Enterprise Knowledge Management System**
 Executive Sponsor: **JJ Popowich; Eugenia Der (Lead)**

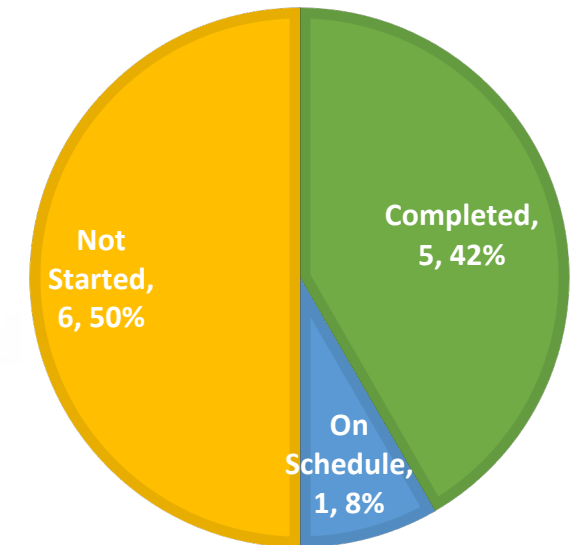
Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Project Approval by the IT Coordination Council	★	10/2023	03/31/2024
3	Communication Plan- Educate and Engage stakeholders on Knowledge Mgmt.	★	10/2023	07/01/2024
4	RFP for taxonomy consultant	★	03/2024	12/31/2024
5	Selection of consultant	★	11/2024	03/31/2025
6	Complete assessment of organizational needs and specifications, consultant discovery work	●	03/2025	04/30/2025
7	Update and reconcile data and knowledge	◆	TBD	06/30/2025
8	Complete taxonomy and content tagging	◆	TBD	09/30/2025
9	Select vendor and product	◆	TBD	06/30/2026
10	Project Launch	◆	TBD	07/31/2026
11	Create and adopt knowledge playbook/policy/guidelines	◆	TBD	12/31/2028

MILESTONE TRACKER

■ Completed ■ On Schedule ■ Not Started ■



WORKPLAN - Strategic Objective 2.2



Strategic Goal: **Innovation Through Technology**
Strategic Objective: **2.2 – Implement Enterprise Knowledge Management System**
Executive Sponsor: **JJ Popowich; Eugenia Der (Lead)**

Legend

- On Schedule  Complete 
- Delayed/Stopped 
- Not Started 

#	Objective Milestones	Status	Start	Expected Completion
12	Project Completion		TBD	12/31/2028

WORKPLAN - Strategic Objective 3.1



Strategic Goal: **Investing in People**

Strategic Objective: **3.1 – Develop and implement framework aimed at promoting D.E.I.**

Executive Sponsor: **Laura Guglielmo**

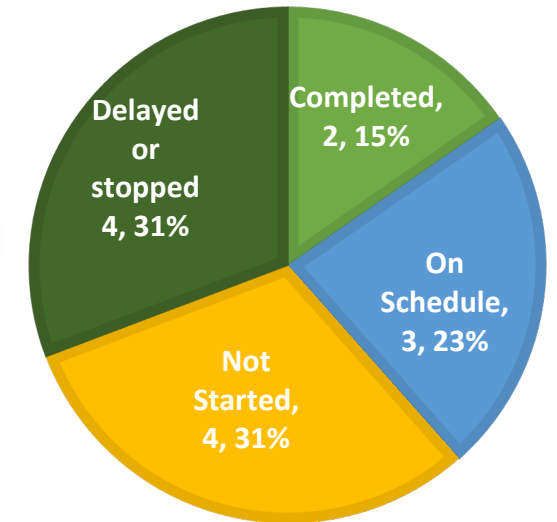
Legend

- On Schedule ●
- Delayed/Stopped ▲
- Not Started ◆
- Complete ★

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Communication Plan – IDEA (Inclusion, Diversity, Equity, and Accessibility)	●	10/2023	6/30/2025
3	Assemble a staff driven IDEA Council	★	3/2024	07/26/2024
4	Prepare Charter for IDEA Council	▲		
5	Develop a Statement of Commitment	●	02/2025	06/30/2025
6	Identify scope of work for Diversity, Equity, Inclusion, Belonging, and Accessibility (DEIBA) Advisor	▲		
7	Issue RFP and select advisor	▲		
8	Collect data from staff, members, vendors, and business partners re: DEIBA	●	06/2024	6/30/2025 and ongoing
9	Develop topical library for internal and external users	◆	TBD	6/30/2025
10	Post IDEA initiative and educational content within LACERA Connect	◆	TBD	06/30/2025
11	Identify external business partners/vendors	▲	TBD	2027

MILESTONE TRACKER

- Completed
- On Schedule
- Not Started
- Delayed



WORKPLAN - Strategic Objective 3.1



Strategic Goal: **Investing in People**

Strategic Objective: **3.1 – Develop and implement framework aimed at promoting D.E.I.**

Executive Sponsor: **Laura Guglielmo**

Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
12	Develop an Organizational Training Plan for DEIBA	◆	TBD	12/31/2025
13	Communication Plan – IDEA (Inclusion, Diversity, Equity, and Accessibility)	◆	06/2025	12/31/2025

WORKPLAN - Strategic Objective 3.3



Strategic Goal: **Investing in People**
 Strategic Objective: **3.3 – Improve and simplify hiring process**
 Executive Sponsor: **Laura Guglielmo; Carly Ntoya (Lead)**

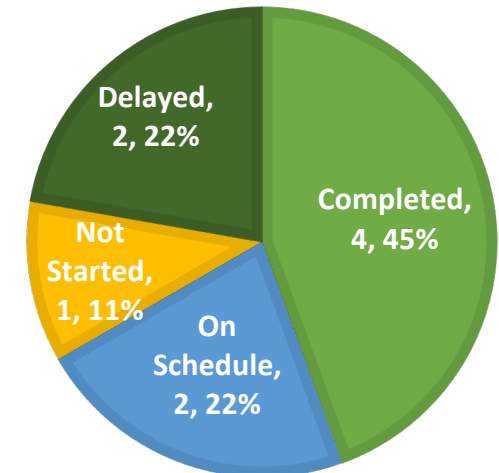
Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Labor Agreement for performance management changes	★	5/2024	10/31/2024
3	Explore opportunities to simplify LACERA Hiring Playbook	●	ongoing	6/30/2025
4	Revise and publish employee handbook and orientation	▲	10/2023	12/31/2024
5	Revise rater training	★	10/2024	12/31/2024
6	Expand use of NEOGOV for performance management	●	2/2024	06/30/2025
7	Achieve an organizational vacancy rate of 15% (determine internal KPI)	▲	7/2024	12/31/2024
8	Enhance recruitment and applicant communication in NeoGov	★	1/2024	12/31/2024
9	Implement use of a job analysis tool to use and create competency-based assessment	◆	TBD	3/31/2026

MILESTONE TRACKER

■ Completed ■ On Schedule
■ Not Started ■ Delayed



WORKPLAN - Strategic Objective 4.1



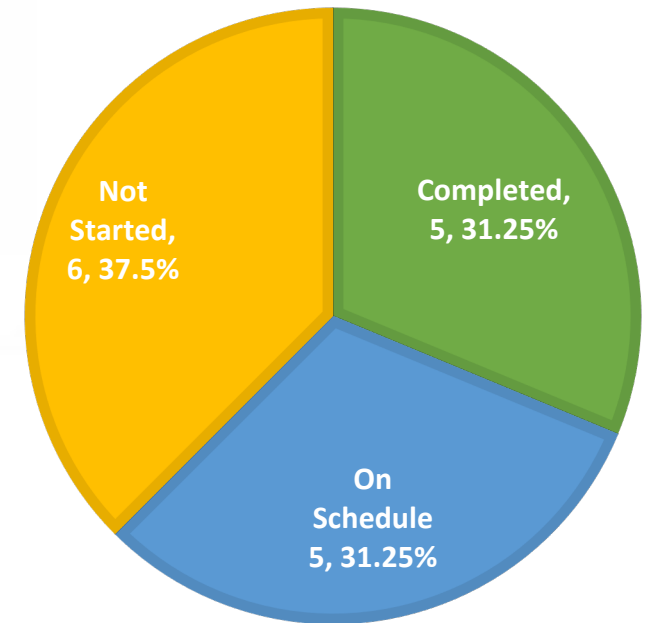
Strategic Goal: **Compliance and Enterprise Risk**
 Strategic Objective: **4.1 – Develop and implement an Enterprise Ethics and Compliance Program**
 Executive Sponsor: **Luis Lugo; Steven Rice and Allison Barrett (Leads)**

Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

MILESTONE TRACKER

■ Completed ■ On Schedule ■ Not Started



#	Objective Milestones	Status	Start	Expected Completion
1	Ethics Compliance Program (ECP) Communication campaign	●	10/2023	Ongoing
2	Approval of Ethics and Compliance program Charter	★	10/2023	10/09/2024
3	Update and obtain approval of ACRE Charter	★	10/2023	10/09/2024
4	Chief Ethics and Compliance Officer (CECO) job description and class spec.	★	10/2023	12/01/2024
5	Ethics and Compliance Program Foundational Work Plan	★	7/2023	10/09/2024
6	Complete inventory of all Policies, Procedures, and Charters	●	2/2022	6/01/2025
7	Ethics and Compliance Orientation (ACRE, MAC, SAC, and Staff)	●	11/1/24	6/01/2025
8	Update LACERA Code of Ethical Conduct	●	7/2023	6/01/2025
9	Ethics and Compliance Training Program Plan	◆	TBD	12/01/2025
10	Determine critical ethics and compliance risk areas and Scope of Program Oversight	◆	TBD	6/01/2025
11	PPC Management Software Solution/Compliance GRC solution (GRC 360) - Compass	★	3/2023	12/01/2024
12	County Approval of CECO Position	◆	TBD	6/01/2025

WORKPLAN - Strategic Objective 4.1



Strategic Goal: **Compliance and Enterprise Risk**
 Strategic Objective: **4.1 – Develop and implement an Enterprise Ethics and Compliance Program.**
 Executive Sponsor: **Luis Lugo; Steven Rice and Allison Barrett (Leads)**

Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
13	Initial/Baseline Divisional EC Risk Assessments and Ethical Culture Measurement	●	TBD	6/1/2025
14	Development of recruitment process for ECO staff	◆	TBD	TBD
15	Recruit/Hire CECO staff	◆	TBD	TBD
16	Recruit/Hire ECO staff	◆	TBD	TBD

WORKPLAN - Strategic Objective 5.1



Strategic Goal: **Fiscal Durability**
 Strategic Objective: **5.1 – Develop organizational tools and mindset to support fiscal responsibility**
 Executive Sponsor: **Laura Guglielmo; Ricki Contreras (Lead)**

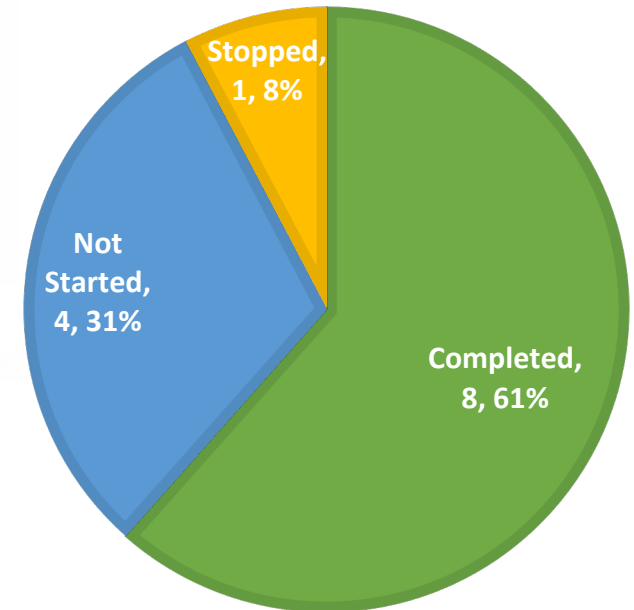
Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives	★	10/2023	01/01/2024
2	Finalize Certify AP Implementation	★	10/2023	02/28/2024
3	Finalize Budget software (Questica) Implementation/Complete full budget cycle	★	10/2023	06/30/2024
4	Finalize Contract/Vendor solution (Cobblestone) implementation/Train Users	★	10/2023	12/31/2024
5	Design and Implement Centralized Vendor Mgmt. Program	★	10/2023	09/30/2024
6	Update Procurement Policy	★	10/2023	09/30/2024
7	Create Non-Administrative Budget in Questica	★	07/2024	12/31/2024
8	Design and Assess Scope of ERP & Timing of Acquisition – Consultant Only	◆	TBD	06/30/2027
9	Design and Deliver a Comprehensive Financial Training for Managers	◆	TBD	06/30/2025
10	Design and Deliver Basic Financial Training for Staff	◆	TBD	06/30/2025
11	Implement Travel Expense Module for Certify AP or equivalent	★	10/2024	06/30/2025
12	Automate the budget book publishing	▲	10/2024	Canceled
13	Design and Deliver a Comprehensive Financial Training for Supervisors (1-30/2026)	◆	TBD	1/30/2026

MILESTONE TRACKER

■ Completed ■ Not Started ■ Stopped










LACERA Strategic Priorities and Objectives



BOR approved the Strategic Plan on July 6, 2023

Board of Retirement

Strategic Priority Goals	Objectives
<p> 1 Superior Member Experience Innovate and continuously improve the member experience</p>	<p>1.1 Ensure a consistent omnichannel member experience at every stage of the member's journey 1.2 Enhance member educational content at every stage in their journey and launch LACERA Communication Plan 1.3 Develop, implement, and deploy a digital strategy to better serve our members 1.4 Improve and enhance the retiree healthcare experience</p>
<p> 2 Innovation through Technology Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity</p>	<p>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 2.2 Implement an enterprise-wide knowledge management system to digitally capture, document, organize, and access critical business knowledge and information</p>
<p> 3 Investing in People Attract, motivate, hire, and retain a highly engaged and skilled workforce</p>	<p>3.1 Develop and implement a DEI framework aimed at promoting and embracing diversity, equity, and inclusion 3.2 Develop enterprise-wide Training and Development Programs designed to support and encourage employee growth and development 3.3 Improve and simplify the hiring process, aimed at building a solid foundation for succession planning</p>
<p> 4 Compliance and Enterprise Risk Management Adopt and implement compliance and enterprise risk frameworks aimed at facilitating strengthened governance around risk management and compliance</p>	<p>4.1 Develop an enterprise compliance plan and program to ensure adherence to established processes, procedures, policies, and governing rules and regulations 4.2 Implement a comprehensive enterprise risk management framework and structure to facilitate stronger organizational risk management</p>
<p> 5 Fiscal Durability Exercise care and prudence in managing our resources and fund assets</p>	<p>5.1 Develop organizational tools to support enterprise-wide fiscal responsibility 5.2 Support the LACERA Investment Office in implementing and achieving the BOI's Strategic Plan goals.</p>



COMPLETE - Strategic Objective 5.2



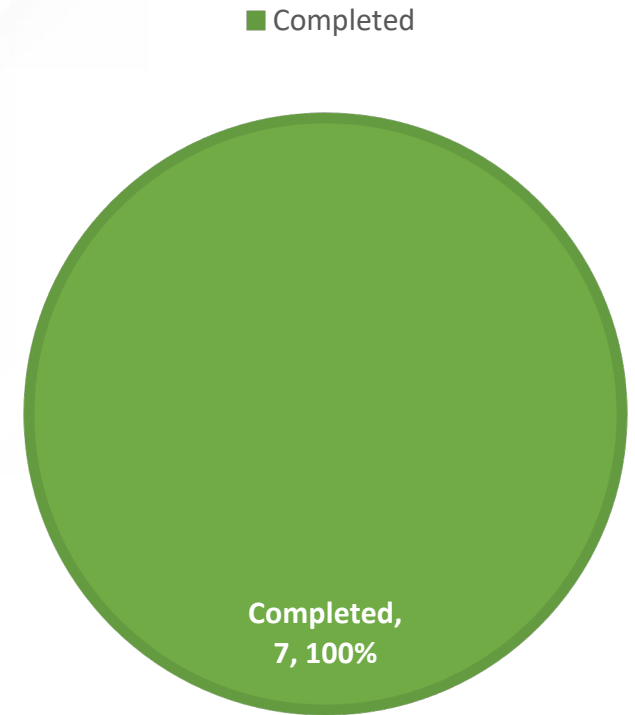
Strategic Goal: **Fiscal Durability**
 Strategic Objective: **5.2 – Update and revise LACERA Actuarial Funding Policy**
 Executive Sponsor: **Luis Lugo; Vache Mahseredjian (Lead)**

Legend

- On Schedule ● Complete ★
- Delayed/Stopped ▲
- Not Started ◆

#	Objective Milestones	Status	Start	Expected Completion
1	Create team to define objective goals and initiatives. Investment team in collaboration with FASD and Legal led jumpstart during 2023 BOI offsite	★	09/2023	01/01/2024
2	Review of existing policy and discussion of desirable elements	★	10/2023	12/01/2023
3	Schedule meetings among workgroup to develop drafts of new policies	★	10/2023	07/2024
4	FASD and LACERA Actuary (Milliman) to draft separate interest crediting policy	★	01/2024	08/2024
5	Seek approval of funding policy and interest crediting policy by LACERA ECC	★	08/2024	08/2024
6	Seek trustee input on proposed update of Actuarial Funding Policy and new Interest Crediting Policy.	★	08/2024	09/2024
7	Both policies adopted at BOI Meeting in October	★	09/2024	10/2024

MILESTONE TRACKER



2025 Strategic Framework and Initiatives:

Towards Best-In-Class Investor

Board of Investments Meeting
January 8, 2025

2025 Strategic Framework and Initiatives Recommendation and Overview



Recommendation

Approve the 2025 Strategic Framework and Initiatives

Overview

The 2025 Strategic Framework and Initiatives aim to:

1. Fulfill LACERA's mission to members via guiding implementation of the strategic asset allocation
2. Provide visibility into initiatives to facilitate oversight and governance
3. Establish a framework to be process-driven and dynamic
4. Build upon strong foundation to facilitate future success

Objectives

Progress

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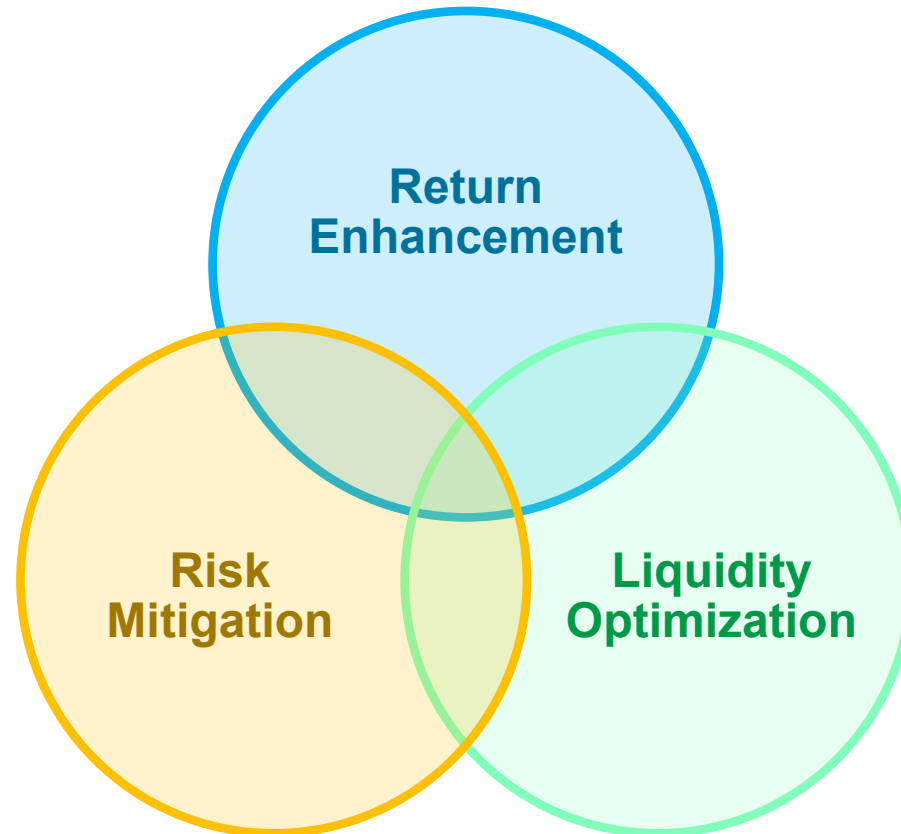
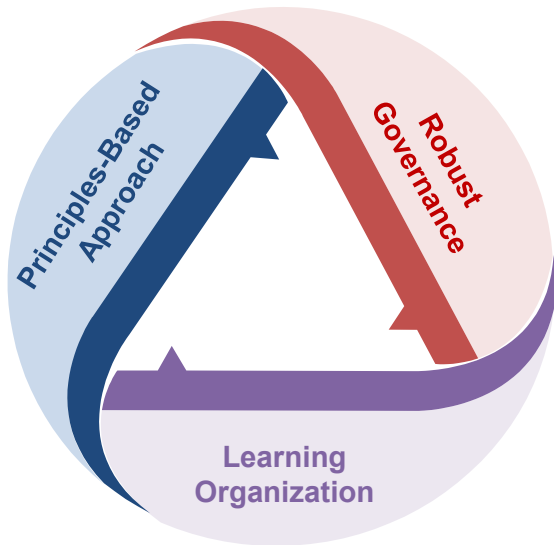
Aspirations

Strategic Framework and Initiatives Towards Best-In-Class Investor



Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives


Optimize
Investment Model


Maximize Stewardship
and Ownership Rights


Strengthen Influence on
Fees and Cost of Capital


TIDE (Towards Inclusion,
Diversity, and Equity)


Enhance Operational
Effectiveness

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

Execute Strategic Asset Allocation

Updated in 2024



Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives

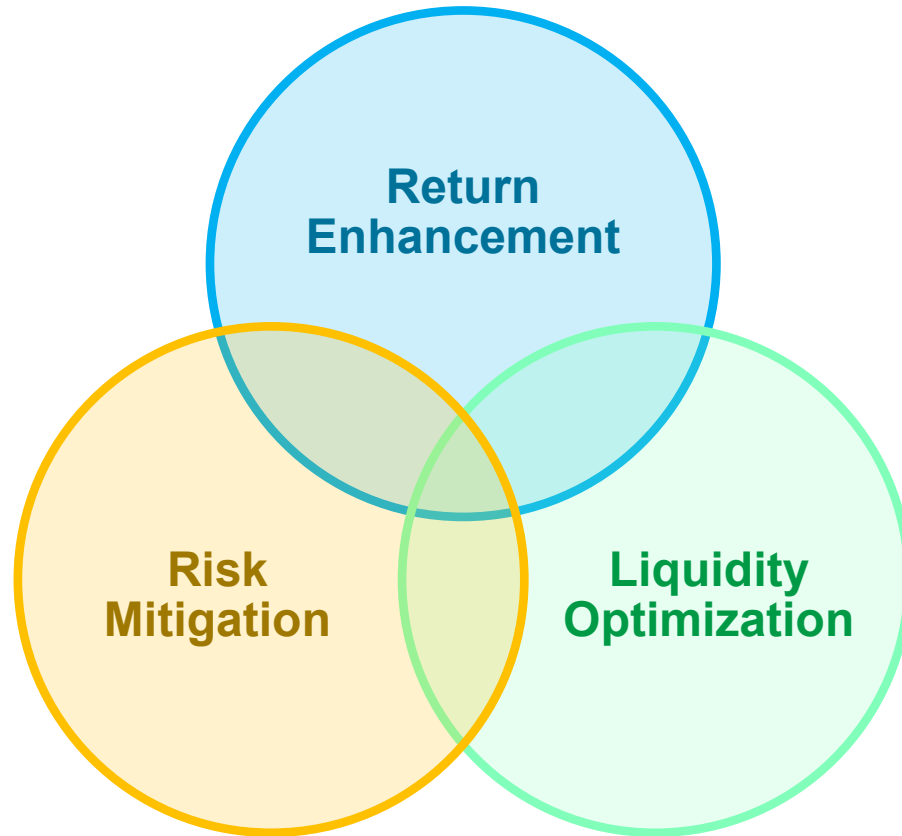


LACERA Mission: To produce, protect and provide the promised benefits to our members

Execute Strategic Asset Allocation Towards Best-In-Class Investor



Execute Strategic Asset Allocation



2025 in Context

- The Board approved a new Strategic Asset Allocation in 2024
- New allocation targets take full effect in 2025
- LACERA is rebalancing and building its portfolio in response to new targets

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

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Execute Strategic Asset Allocation Objectives of the Investment Program



LACERA's Investment Policy Statement emphasizes Produce, Protect, and Provide objectives, mirrored in its Strategic Asset Allocation strategy focusing on Return Enhancement, Risk Mitigation, and Liquidity Optimization



Objectives of the Investment Program

LACERA follows a carefully planned and executed strategic investment program in order to:

- I. Produce*** the promised benefits for LACERA members and beneficiaries by achieving the Fund's assumed rate of return on a total return basis over the long-term, consistent with LACERA's mission;
- II. Protect*** the promised benefits on behalf of LACERA members and beneficiaries by mitigating investment risks through Fund diversification and other means, consistent with LACERA's mission; and
- III. Provide*** the promised benefits for LACERA members and beneficiaries, in part by ensuring adequate liquidity, consistent with LACERA's mission

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

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Strategic Initiatives

Added 2019-2021



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



Optimize Investment Model

Objective: Utilize our knowledge, skills, and experience to develop forward thinking and enduring investment models and structures with a focus on technology, cost effectiveness, and human capital to maximize risk-adjusted returns

- Progress:**
- Improving LACERA's investment acumen to fulfill the mission
 - Implementing Board adopted triennial Strategic Asset Allocation studies
 - Deploying co-investment and secondary capital across several asset categories
 - Executing secondary sales to focus private equity portfolio on strategic relationships
 - Transitioning real estate portfolio from separate accounts to commingled funds to broaden diversification
 - Active monitoring and quarterly portfolio-wide discussion of performance and risk management



- Aspirations:**
- Continue to seek better compensation for risks across the portfolio
 - Promote and enhance dynamic investment program
 - Fine tune rebalancing practices
 - Organize and deliver effective educational sessions and orientations



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:**
- Increased proxy voting authority to 96% of defined benefit portfolio and assumed voting rights in OPEB Trust
 - All mandates undergo systemic due diligence for material ESG risks
 - Updated stress testing of 2024 Strategic Asset Allocation for energy transition scenarios and climate risks
 - Deepened ESG considerations in real assets with restated Responsible Contractor Policy (RCP) and Global Real Estate Sustainability Benchmark (GRESB) affiliation
 - Expanded engagement initiatives (e.g., investor voting rights, energy transition, public policy, board diversity)



- Aspirations:**
- Execute on strategic engagement initiatives with credible outcomes
 - Amplify progress and leadership in governance and ESG initiatives
 - Continue to expand proxy voting authority
 - Increase ESG and climate data coverage in private asset classes
 - Elevate annual stewardship report



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:**
- Utilizing co-investments across the Fund to drive portfolio intentionality, better risk-adjusted returns, and fee savings
 - Investing with early-stage emerging managers while achieving future capacity rights and revenue sharing agreements where possible
 - Making use of scale and strategic relationships to invest in high-quality assets at a discount
 - Integrating fee structures that pay for outperformance, not just market returns

- Aspirations:**
- Set industry standard as “term-makers” as opposed to “term-takers” on fee, legal, and other terms
 - Foster higher alignment of interest with business partners
 - Incorporate intentionality when designing terms and account structures to both limit risks and enhance expected return outcomes
 - Deliver on optimization of implementation costs through improved expense and fee analytics and reporting





LACERA TIDE (Towards Inclusion, Diversity, and Equity)

Objective: Enhance outcomes through comprehensive, total Fund efforts that encourage constructive, inclusive, and equitable talent management at investment partners, service providers, industry, and internally

- Progress:**
- Focusing on career development for existing team and onboarding new hires
 - Continued increase in manager reporting responsiveness, granularity, and candor
 - Expanding allocation opportunities for emerging managers
 - Supporting expansion of due diligence and standardized templates at industry associations to facilitate DEI reporting availability and reliability in financial services industry



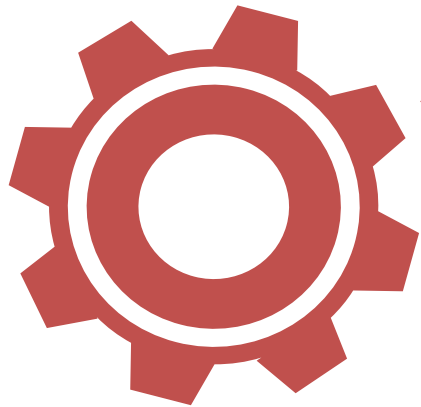
- Aspirations:**
- Continue to focus on better human capital management practices across the asset management industry
 - Be an employer of choice at all levels from internships through management
 - Inspire external asset managers to adopt DEI practices to increase risk-adjusted returns
 - Utilize wider data sets to inform and influence effective industry-wide practices
 - Refine annual TIDE report



Enhance Operational Effectiveness

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

- Progress:**
- Evolving LACERA's policies, governance, and investment selection decision process
 - Broadening utilization of software platform to distribute, collect, evaluate, and warehouse questionnaires and other diligence materials
 - Onboarding service provider for a consolidated public and private markets investment analytics platform
 - Transitioning real estate portfolio from separate accounts to commingled funds to reduce operational risk
 - Aligning benchmarks to better reflect opportunity set and desired portfolio risk and return profile



- Aspirations:**
- Optimize presentation and quality of information available to the Board
 - Align resources with Board and organizational priorities
 - Maximize value from adoption of technological innovation and opportunities
 - Improve internal investment committees and due diligence practices
 - Launch a development program for early-career investment analysts

Dynamic Investment Program

Added 2023



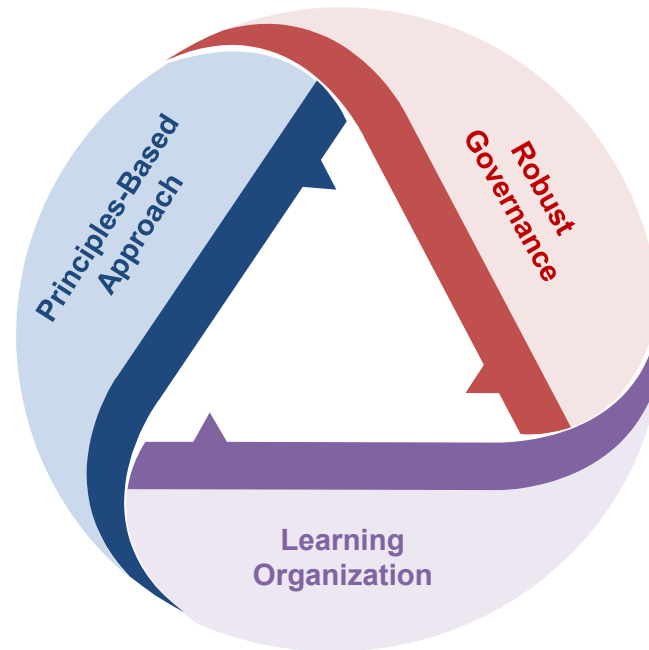
LACERA Mission: To produce, protect and provide the promised benefits to our members

Dynamic Investment Program



LACERA's dynamic investment program sharpens decision-making and fosters perpetual growth

Increases adaptability to an everchanging environment



Enables prudent decision making while elevating Board oversight

Pursuit of continuous improvement, refinement, and evolution

Dynamic Investment Program



LACERA's dynamic investment program provides a methodical, deliberate, and meticulous process to evaluate strategic efforts

Robust Governance

Enables prudent decision making while elevating Board oversight

Governing Policies

Actuarial Analyses

Strategic Asset Allocation

Structure Reviews and Investment Guidelines

Learning Organization

Pursuit of continuous improvement, refinement, and evolution

Continuous Education

Increased Transparency

Greater Inclusivity

Enhanced Due Diligence

Principles-Based Investing

Increases adaptability to an everchanging environment

Investment Beliefs

Functional Asset Categories

Corporate Governance and Stewardship

Portfolio Analytics and Monitoring

Next Steps

1. Board of Investments Governance
2. Recommendation

Board of Investments Governance



“In order to exercise its fiduciary duties, the Board has the responsibility to stay informed and affirmatively conduct oversight of LACERA’s investment program, including receiving, reviewing, and engaging on investment performance and compliance information and reports.”



To provide oversight of LACERA’s dynamic investment program and consistent with the IPS identified roles and responsibilities, the Board and its Committees meet throughout the year to approve **policy and strategy**, conduct **oversight**, and review **periodic updates**:

Policy and Strategy

- IPS - Investment Policy Statement
- SAA - Strategic Asset Allocation
- Portfolio structure reviews
- Strategic Framework and Initiatives
- Actuarial study and funding policy
- Consultants, actuaries, and fiduciary counsel

Oversight

- Portfolio implementation
- CIO Monthly Report
- Performance, risk, and compliance
- Proxy voting and stewardship
- Project updates such as for LACERA’s TIDE initiative
- Portfolio information such as manager scorecards and fees
- Review of CIO performance

Periodic Updates

- New investment and redemption notices
- RFP updates and memorandums
- Material portfolio or market events
- Significant investment updates
- Educational speakers

The above lists are not exhaustive. The IPS provides a more comprehensive description of roles and responsibilities.

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Approve the 2025 Strategic Framework and Initiatives



Execute Strategic Asset Allocation



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

The Board of Investments 2025 Strategic Framework and Initiatives is a component of LACERA's strategic plan.

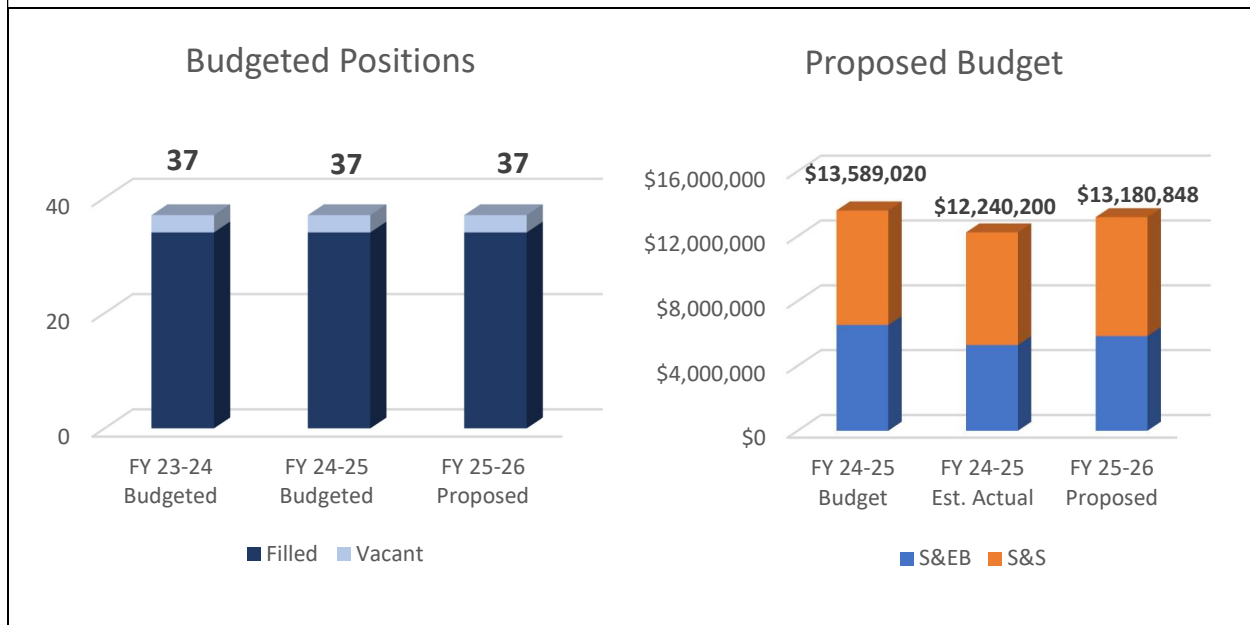
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RETIREE HEALTHCARE

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>Position Changes</u>	<u>Amount</u>
Special Retiree Mailings		\$25,000
Departmental Overhead		\$317,419
OPEB Valuation Cost		(\$50,000)
Outside Legal Counsel		(\$42,500)

STATUS OF FY 2024-25 PROJECTS AND INITIATIVES

- **Retiree healthcare enrollment video** (supports Superior Member Experience strategic priority): We continue to partner with Communications in creating the healthcare enrollment video to be published on the lacera.com website. We anticipate this project will be completed by June 30, 2025.
- **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 2026.

FY 2025-26 STRATEGIC GOALS AND OBJECTIVES

- **Social Security data exchange** (supports Fiscal Durability priority): This goal will allow LACERA access to Social Security information to help streamline members' and their eligible dependents' enrollment in Medicare Part A and B upon turning age 65 and help decrease staff workload. We anticipate this project will be completed by June 2026.
- **Self-service healthcare enrollment in member portal** (supports Fiscal Durability and Superior Member Experience priorities): In partnership with Systems, 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 conducted 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 are partnering 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 member experience. We anticipate this project will be completed by June 2026.
- **RHC CORE Benefits Training Enhancement** (supports the Investing in People priority): This goal is to enhance the current RHC 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 2026.

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

Non-Discretionary Salary Adjustments

The budget reflects the final six months of negotiated cost-of-living adjustments (COLAs) included in the current Memorandum of Understanding (MOU) covering the period through December 31, 2025, and approved by the Board of Retirement and Board of Investments for all LACERA employees, as well as salary-step progression and merit pay increases for qualified and/or eligible employees and assumed commensurate increases to employee benefits. The budget does not include any changes to salaries or benefits that may be negotiated during FY 2025-26.

Adjustments to Permanent Staffing

We are not proposing any adjustments to our permanent staffing in FY 2025-26.

Temporary Staffing

We are requesting one temporary agency staff at the level of Senior Clerk to assist with the annual Medicare Part B verifications project.

Overtime Needs

We are requesting overtime to manage the workload due to the anticipated high volume of enrollment forms for the March Rush, processing of Medicare Part B premium verifications, and for any unanticipated special projects and special mailings.

Interns

We are requesting one intern who will assist in our collaboration with the Member Operations Group Audit Platform (MOGAP) in standardizing and automating the quality metrics and enrollment forms' verification in the Quality Control Section. In addition, the intern will assist in reviewing the RHC operating instructions handbook, collaborate with RHC trainers in reviewing the training manual, and work with the superior member group. The LACERA Intern Program resides in the Human Resources budget; therefore, funding for the intern is included in the Human Resources budget.

Rehired Retirees

Retiree Healthcare does not anticipate any use of rehired retirees in FY 2025-26.

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 2025-26.

Services and Supplies Adjustments

Travel

Funding totaling \$30,000, an increase of \$5,300, is requested for travel. Travel is required for training and development and staying abreast of changes and trends occurring in the healthcare industry.

Special Retiree Mailings

Funding totaling \$350,000, an increase of \$25,000, is requested in our Special Retiree Mailing Account to cover potential increases in postage, printing, mailing, and other unanticipated member special mailings costs.

Rent

Funding totaling \$217,600, an increase of \$6,400, is requested for rent.

Audits & OPEB Valuation

- Funding totaling \$129,135 for Custodial Fund Audit, SOC, and GASB 75 fees is requested for Audits.

Plante Moran	Custodial Fund Audit	\$18,135
Moss Adams	SOC	\$95,000
	Total	\$113,135

CavMac	GASB 75	\$16,000
	Total	\$16,000

- Funding totaling \$354,000 (excluding Project 4 as noted below) is requested for OPEB Program Actuarial Consulting Fees.

OPEB Program Consulting		FY 2025
Project 1	Actuarial Valuation and Consulting	\$ 232,000
Project 2	Triennial Experience and Assumptions Study	-
Project 3	GASB 75 Financial Statement Disclosure Reporting for the Los Angeles County, LACERA, and Superior Court	\$ 50,000
Project 4	GASB 75 Financial Statement Disclosure for SCAQMD	\$ 11,000
Project 5	Actuarial Consulting	\$ 72,000
Project 6	Special Projects (Actuarial Auditing Under Time and Material Billing)	NA
Total Annual (OPEB Program)		\$ 354,000

Healthcare Consulting

We are not proposing any adjustments for healthcare consulting services.

Member Verification

New funding totaling \$90,000 is requested to cover the cost of Social Security Administration (SSA) member verification services.

Outside Legal Counsel Fees

Funding totaling \$162,500 is requested for outside legal counsel fees on the RHC Program and OPEB Trust.

Outside Legal Counsel Fees	
RHC Program	\$ 7,500
OPEB Trust	\$ 155,000
Total Outside Legal Counsel Fees	\$ 162,500

- RHC Program

Funding totaling \$7,500 is requested on the RHC Program, assuming that no additional work is required on Tier 3. If Tier 3 becomes active, an additional \$20,000 fees is estimated. The work is to assist in the potential creation of a Tier 3 under consideration by the County and subject to collective bargaining.

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.

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 have 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 2025	\$8.00	\$6,484,739	(\$6,715,311)	(\$230,572) ³
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
FYE 2015	\$5.00	\$5,578,149	(\$5,424,333)	\$153,816

¹ LACERA billed the RHC Administrative Fee of \$10 and collected \$8 from the County.

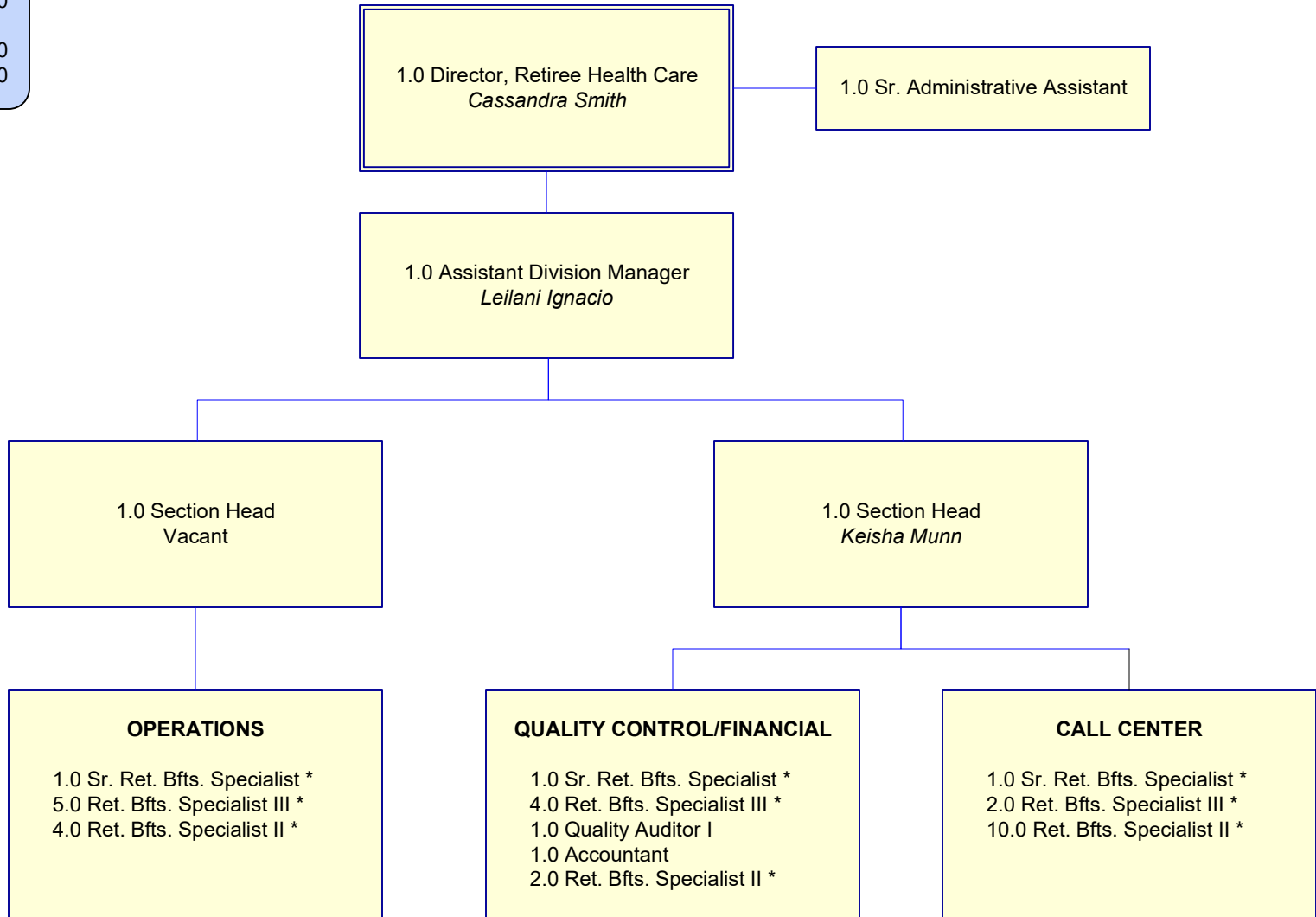
² The administrative fee account's accumulated surplus was used to absorb the over expenditure.

³ From July 2024 to January 2025.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2025-2026

2024-2025 Bud. Pos.: 37.0
 2024-2025 Hiring Plan: 37.0
 2025-2026 Bud. Pos.: 37.0
 2025-2026 Hiring Plan: 37.0



* Classification study for the position requested.

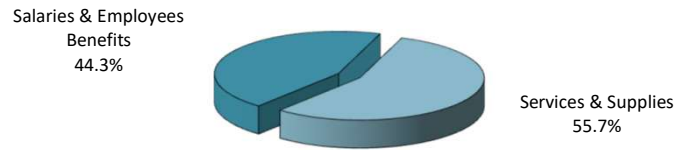
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2025-2026

BUDGET SUMMARY

	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$5,843,495	\$6,519,686	\$2,782,413	\$5,288,100	(\$1,231,586)	-18.9%	(\$676,191)	-10.4%
Services & Supplies	7,337,353	7,069,334	3,932,898	6,952,100	(117,234)	-1.7%	268,019	3.8%
OPERATING BUDGET	\$13,180,848	\$13,589,020	\$6,715,311	\$12,240,200	(\$1,348,820)	-9.9%	(\$408,172)	-3.0%

2025 - 2026 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2025-2026

SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$3,554,789	\$3,322,077	\$1,737,974	\$3,297,900	(\$24,177)	-0.7%	\$232,712	7.0%
Total Agency Temp Salaries	73,300	71,100	42,749	71,100	0	0.0%	2,200	3.1%
Employee Benefits (Variable)	1,894,130	2,838,839	904,114	1,715,600	(1,123,239)	-39.6%	(944,709)	-33.3%
OPEB Contribution	157,877	131,570	69,406	138,900	7,330	5.6%	26,307	20.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	143,200	138,900	15,298	50,000	(88,900)	-64.0%	4,300	3.1%
Bilingual Bonus	3,600	3,600	1,950	3,600	0	0.0%	0	0.0%
Sick Leave Buyback	13,000	10,000	10,924	11,000	1,000	10.0%	3,000	30.0%
Rideshare Allowance	3,600	3,600	0	0	(3,600)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,843,495	\$6,519,686	\$2,782,413	\$5,288,100	(\$1,231,586)	-18.9%	(\$676,191)	-10.4%
Salary Differential	-	-	-	-	-		-	
TOTAL S&EB	\$5,843,495	\$6,519,686	\$2,782,413	\$5,288,100	(\$1,231,586)	-18.9%	(\$676,191)	-10.4%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 01/15/25, with the exception of Agency Temp Salaries, which are as of 01/31/25.

LACERA

FISCAL YEAR 2025-2026

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
0771	ASSISTANT DIVISION MANAGER, LACERA	1	LS10
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	16	094C
Total Filled Positions =		34	

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	1	100J
0796	QUALITY AUDITOR I, LACERA	1	100E
Total Vacant Positions =		3	
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 2023		FYE 2024		FYE 2025		FYE 2026
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$149,800	\$155,507	\$165,200	\$120,457	\$71,100	\$71,100	\$73,300
GRAND TOTAL	\$149,800	\$155,507	\$165,200	\$120,457	\$71,100	\$71,100	\$73,300

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2023		FYE 2024		FYE 2025		FYE 2026
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$121,800	\$140,072	\$134,900	\$64,679	\$138,900	\$50,000	\$143,200
GRAND TOTAL	\$12,834	\$140,072	\$134,900	\$64,679	\$138,900	\$50,000	\$143,200

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**VACANT POSITIONS
SUMMARY**

Division	Budgeted Positions FY 2024-2025	Vacancy (as of 03/31/25)	%	Budgeted Positions FY 2025-2026	Vacancy	%
Retiree Healthcare	37	3	8%	37	3	8%
TOTAL	37	3	8%	37	3	8%

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2025-2026

SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2025-2026	CURRENT YEAR 2024-2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(01-31-25)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$31,500	\$26,200	\$8,715	\$21,500	(\$4,700)	-17.9%	\$5,300	20.2%
POSTAGE	350,000	325,000	38,147	200,000	(125,000)	-38.5%	25,000	7.7%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	588	3,500	(1,500)	-30.0%	0	0.0%
OPERATIONAL COSTS	5,567,553	5,243,534	3,075,714	5,242,600	(934)	0.0%	324,019	6.2%
PROFESSIONAL AND SPECIALIZED SERVICES	1,335,200	1,379,000	788,614	1,421,000	42,000	3.0%	(43,800)	-3.2%
BANK SERVICES	21,500	21,500	11,209	21,500	0	0.0%	0	0.0%
LEGAL FEES AND SERVICES	7,500	50,000	0	25,000	(25,000)	-50.0%	(42,500)	-85.0%
EDUCATIONAL EXPENSES	18,800	18,800	9,890	16,700	(2,100)	-11.2%	0	0.0%
MISCELLANEOUS	300	300	20	300	0	0.0%	0	0.0%
TOTAL	\$7,337,353	\$7,069,334	\$3,932,898	\$6,952,100	(\$117,234)	-1.7%	\$268,019	3.8%

*All amounts rounded to the nearest dollar.

RETIREE HEALTH CARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

HISTORY OF EXPENDITURES

	FYE 2024		FYE 2025		Proposed
	Budget	Actual	Budget	Projection	Budget
SALARIES & EMPLOYEE BENEFITS					
Total LACERA Salaries	\$3,216,641	\$3,164,281	\$3,322,077	\$3,297,900	\$3,554,789
Total Agency Temp Salaries	165,200	120,457	71,100	71,100	73,300
Employee Benefits (Variable)	2,097,973	1,584,363	2,838,839	1,715,600	1,894,130
Employee Benefits (Other)	0	0	0	0	0
OPEB Contribution	118,991	124,024	131,570	138,900	157,877
OPEB Contribution (Budget Surplus)	0	118,991	0	0	0
Stipends	0	0	0	0	0
Overtime	134,900	64,679	138,900	50,000	143,200
Bilingual Bonus	4,800	3,600	3,600	3,600	3,600
Sick Leave Buyback	10,000	10,219	10,000	11,000	13,000
Rideshare Allowance	3,600	0	3,600	0	3,600
Transportation Allowance	0	0	0	0	0
SERVICES & SUPPLIES					
Transportation & Travel	24,700	45,547	26,200	21,500	31,500
Postage	300,000	325,450	325,000	200,000	350,000
Office Supplies & Equipment	5,000	1,256	5,000	3,500	5,000
Operational Cost	5,006,533	4,723,459	5,243,534	5,242,600	5,567,553
Professional & Specialized Services	1,556,500	1,577,160	1,379,000	1,421,000	1,335,200
Bank Services	21,500	18,248	21,500	21,500	21,500
Legal Fees and Services	0	12,632	50,000	25,000	7,500
Educational Expenses	18,800	15,836	18,800	16,700	18,800
Miscellaneous	300	224	300	300	300
TOTAL OPERATING BUDGET	\$12,685,438	\$11,910,426	\$13,589,020	\$12,240,200	\$13,180,848

*All amounts rounded to the nearest dollar.

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Other Post-Employment Benefits (OPEB) Trust

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BUDGET NARRATIVE
FISCAL YEAR 2025-2026

**OTHER POST-EMPLOYMENT BENEFITS
(OPEB) TRUST**

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 of Los Angeles (County) and LACERA established a trust to begin to prefund the program and address its long-term liability. LACERA’s Board of Investments is the trustee and investment manager for the trust.

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

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

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

A Method for Tracking OPEB Trust Expenses

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

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

Cost Methodology

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

Direct Costs of Salaries and Employee Benefits

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

Indirect Services and Supplies

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

Indirect Salaries and Employee Benefits

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

Direct Services and Supplies

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

Allocation of Costs

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

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

Reconciliation of Actual Costs

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

OPEB TRUST COST ALLOCATION

FISCAL YEAR 2025-2026

	CURRENT YEAR 2024 - 2025			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 2024-2025 BUDGET		
	PROPOSED BUDGET 2025-2026	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(01-31-25)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$976,786	\$825,111	\$481,315	\$775,604	(\$49,507)	-6.0%	\$151,675	18.4%
Services & Supplies	\$322,645	314,357	183,375	295,496	(18,861)	-6.0%	8,288	2.6%
OPERATING BUDGET	\$1,299,431	\$1,139,468	664,690	1,071,100	(68,368)	-6.0%	\$159,963	14.0%

2025 - 2026 PROPOSED BUDGET

