



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 21-41

Date: August 17, 2021

To: Board of Deferred Compensation Administration

From: Staff

Subject: Fiscal Year 2022-23 Proposed Budget Requests and DCP Training & Travel Program

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration (Board):

- (a) Approve the following requests to be submitted with regards to the FY 2022-23 proposed budget:
 - Add regular position authority for one Defined Contribution (DC) Plan Manager position;
 - Request the Office of the City Administrative Officer (CAO), Employee Relations Division (ERD) to review and make a paygrade determination to elevate the Senior Benefits Analyst I to a Senior Benefits Analyst II position;
 - Authorize the Board Chairperson to approve any documents required to transmit the FY 2022-23 budget requests to the CAO and Office of the Mayor on behalf of the Board;
- (b) Request that the Personnel Department, in cooperation with and on behalf of the Board, jointly submit the afore-noted requests to the Office of the Mayor; and
- (c) Approve the DCP Training & Travel Program to be prepared on an annual basis moving forward with calendar year 2022.

Discussion:

A. Background

On December 15, 2020, the Board approved a Memorandum of Understanding (MOU) between the Board and Personnel Department which provides the Board a degree of autonomy from the Personnel Department with respect to Deferred Compensation Plan (DCP) staffing, budgetary matters, and administrative operations. Specifically, the MOU provides for the Board's role in developing recommendations to the Mayor and CAO with respect to position authorities, authorization to fill positions, and other budgetary matters as follows:

“Budget Request for Position Authorities and Authorization to Fill Positions. The Board, acting in concert with DCP staff, may separately and independently develop recommendations to the Office of the Mayor and City Administrative Officer (CAO) with respect to budget requests for position authorities within the Personnel Department to be funded by DCP participant assessments and fees, and authorization to fill positions, including requests for exemptions from hiring freezes, requests for approval of positions that may be subject to managed hiring processes in effect for the City, and other budgetary matters. The Board may independently transmit such budget-related communications to the extent permitted under the Charter and LAAC and the Mayor’s procedural rules, but may from time to time act in concert with the Personnel Department General Manager as may be required.”

Currently, only DCP position authorities and funding for those positions are included as part of the Personnel Department’s budget which is approved by the Mayor and the Council annually. Travel authority for DCP trainings and conferences were previously included in the Personnel Department budget but are no longer included per the CAO. The DCP annual budget which accounts for the DCP’s annual revenue and all DCP expenditures is prepared “off-budget” on a calendar year basis and approved by the Board and not included in the Personnel Department’s annual budgeting process or reflected in the City’s adopted budgets. As such, the current on-budget accounts impacting the DCP and for which the Board would provide direction on as part of the Personnel Department’s annual budgeting process are DCP position authorities and funding.

As the FY 2022-23 budget process will begin in September 2021, staff has prepared the following proposed budget requests for the Board’s consideration. As this is the first time the Board will be providing its direction with regards to the annual budget that will be submitted through the Personnel Department to the CAO, staff will work with the Board to refine this process moving forward with each budget cycle, as needed.

B. Fiscal Year 2021-22 Adopted Budget

The following DCP budget items were included in the Personnel Department Fiscal Year (FY) 2021-22 Adopted Budget:

- Continuing the DC Plan Manager resolution authority position.
- Realigning funding for all of the positions supporting the DCP (one DC Plan Manager, one Senior Personnel Analyst I, two Management Analysts, and one Benefits Specialist) from the General Fund to the Deferred Compensation Plan Trust Fund.

As previously reported to the Board, all DCP analyst positions were reallocated to Benefits Analyst and Senior Benefits Analyst effective April 25, 2021. Accordingly, these newly reallocated positions will be reflected in the upcoming FY 2022-23 budget.

C. Fiscal Year 2022-23 Proposed Budget Requests

Based on a review of the DCP budget items that were included in the FY 2021-22 Adopted Budget, staff proposes the following FY 2022-23 DCP budget requests for the Board's approval:

- **Request:** Add regular position authority for one DC Plan Manager position.
Background & Justification: This position serves as the Executive Director of the DCP and assumes the fiduciary, administrative, operational, investment, and oversight risks and responsibilities of the DCP. Adding regular position authority will provide expert and dedicated management of the DCP on an ongoing basis in accordance with the newly executed MOU between the Board and the Personnel Department.
- **Request:** Paygrade determination to elevate the Senior Benefits Analyst I to a Senior Benefits Analyst II position.
Background & Justification: At its July 20, 2021 meeting, the Board considered Report 21-36 and reviewed the proposed future state organizational chart for DCP staff positions, including the feasibility of and options for elevating the DCP's Senior Benefits Analyst I to a Senior Benefits Analyst II position. Staff consulted with the Administrative Services Division of the Personnel Department and the CAO and were advised that a paygrade determination by the CAO, ERD would be required to elevate the Senior Benefits Analyst I to a Senior Benefits Analyst II position. Assuming ERD's approval of the paygrade determination to a Senior Benefits Analyst II, the budget would subsequently be updated to replace the Senior Benefits Analyst I with a Senior Benefits Analyst II position. A Senior Benefits Analyst II position is necessary to provide the appropriate level of executive management and oversight to step into the DC Plan Manager/Executive Director role, if needed.

D. Calendar Year 2022 DCP Training & Travel Program

At the beginning of each calendar year, the Board adopts a budget for the DCP, which includes an annual amount for training, education, and related travel expenses. Subsequently in the fall quarter of the calendar year, staff provides the Board with a proposed DCP Training & Travel Program to adopt for the following fiscal year due to the need to coordinate travel approval through the City's budget process. Accordingly, the FY 2021-22 (July 1, 2021 through June 30, 2022) DCP Training & Travel Program was approved by the Board at its September 15, 2020 meeting.

The CAO informed staff that travel authority for the Personnel Department is no longer included in the annual budget that is approved by the Mayor and the Council thereby eliminating the need for staff to coordinate DCP training and travel through the City's budget process. Travel for DCP trainings and conferences is still required to be approved and coordinated through the City's internal processes per travel request. The Board and staff have generally been moving recently to align reporting and planning on a calendar rather than fiscal year basis. Adoption of the annual DCP Training & Travel Program fits more readily into calendar year planning given that (a) program costs are included in the Board's annual budget adoption and (b) conference and training sponsors typically refresh and update their programs on a calendar year basis. As a result,


staff recommends that the Board approve the DCP Training & Travel Program to be prepared on an annual basis moving forward with calendar year 2022. Assuming the Board takes this action, staff will prepare the DCP Training & Travel Program for calendar year 2022 for the Board's approval at the same time that staff prepares the DCP annual budget.

E. Conclusion

Staff therefore recommends that the Board:

- (a) Approve the following requests to be submitted with regards to the FY 2022-23 proposed budget:
 - Add regular position authority for one Defined Contribution (DC) Plan Manager position;
 - Request the Office of the City Administrative Officer (CAO), Employee Relations Division (ERD) to review and make a paygrade determination to elevate the Senior Benefits Analyst I to a Senior Benefits Analyst II position;
 - Authorize the Board Chairperson to approve any documents required to transmit the FY 2022-23 budget requests to the CAO and Office of the Mayor on behalf of the Board;
- (b) Request that the Personnel Department, in cooperation with and on behalf of the Board, jointly submit the afore-noted requests to the Office of the Mayor; and
- (c) Approve the DCP Training & Travel Program to be prepared on an annual basis moving forward with calendar year 2022.

Upon the Board's approval of these budget requests, staff will prepare the necessary FY 2022-23 budget documents and work with the Board Chairperson to endorse those documents and transmit them to the CAO and Office of the Mayor on behalf of the Board.

Submitted by: 

Jenny M. Yau, Senior Benefits Analyst II

Approved by: 

Steven Montagna, Chief Personnel Analyst