



**Date:** October 5, 2016  
**To:** Members of the Budget Committee  
**From:** Dale Amaral, Board Chair  
**Subject:** Summary of the October 5, 2016, Budget Committee Meeting

Board Chair Dale Amaral called the October 5, 2016, Budget Committee meeting to order at 12:30 pm. Committee members present were Elizabeth Rogers, Liz Koppenhaver, and George Wood. Other Board members present were David Safer and Tarrell Gamble. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant CEO Benefits; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Betty Tse, Chief Investment Officer; and, Victoria Arruda, Human Resource Officer.

### **ACTION ITEMS**

None

### **INFORMATION ITEMS**

#### **1. Review of the DRAFT Proposed 2017 Operating Expense Budget**

The CEO discussed the high-level aspects of the proposed 2017 Operating Expense Budget (OEB) and ACERA's business plan. He also emphasized that the budget provides the infrastructure needed for staffing and for improving existing processes to manage systems for transparency and cost efficiency. He summarized that there is a lot of work to do, and that staff wants to create an agency-wide capacity to streamline processes, services, and deliverables. This is going to take time, training and funding.

During the discussion about staffing, Trustee Amaral mentioned that it might be worth investigating the reasons why certain positions have such a high turnover. The CEO referred to ACERA's business plan where one of the initiatives is to do an analysis of high turnover positions. He went on to state that one of his objectives is to make ACERA an employer of choice, and part of the business plan is to develop training plans for every employee and consistent education for every new employee.

Trustee Rogers expressed concern about the number of employees ACERA has and noted the 2012 Grand Jury Report that made mention of ACERA's staffing levels. Once again, the CEO referred to ACERA's business plan and mentioned that another of the initiatives was to implement a systematic *process improvement methodology*. This would allow staff to obtain data that can be used to demonstrate to the members and to the public improvements in service and effectiveness.

The Fiscal Services Officer (FSO) began her discussion with the 2017 administrative budget and the current exclusions for the .21% administrative cap. She then outlined the

assumptions used for the proposed 2017 OEB and highlighted the proposed 2017 budget summary and comparison, pointing out that the bulk of the expense increase is in staffing.

The FSO explained that there is a new budget line item in the 2016 forecast to reflect expenses associated with *Uncollectable Benefit Payments*.

**TRUSTEE/PUBLIC INPUT**

- None

**RECOMMENDATION**

- None

**ESTABLISHMENT OF NEXT MEETING DATE**

To be determined.

**MEETING ADJOURNED**

The meeting adjourned at 2:43 pm