

PERSONNEL, AUDITS, AND ANIMAL WELFARE COMMITTEE REPORT relative to relative to a review of the LAwell Program Employee Benefits Trust Fund for Fiscal Year (FY) 2020-21.

Recommendation for Council action:

NOTE and FILE the September 30, 2021 Personnel Department report inasmuch as this report is for information only and no Council action is required.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

Summary:

On October 20, 2021, your Committee considered a September 30, 2021 Personnel Department report relative to a review of the LAwell Program Employee Benefits Trust Fund for Fiscal Year 2020-21. According to the Personnel Department, it administers the City's LAwell Civilian Benefits Program (LAwell Program) for active City civilian employees and their qualified dependents in conjunction with the City's Joint Labor Management Benefits Committee (JLMBC). The JLMBC is composed of five management and five labor representatives and was created in 1990 by Council and Mayor for the purpose of determining what plans were to be included in the Civilian Benefits Program, defining the structure of benefit plans, and recommending service providers to the General Manager Personnel Department.

The mission of the LAwell Program is to promote employee health and wellness with competitive benefits at a reasonable level relative to the City's financial capacity. Currently, the LAwell Program covers approximately 26,000 employees and 33,000 dependents. On January 7, 1997, the City established an Employee Benefits Trust Fund (Trust Fund) under Los Angeles Administrative Code (LAAC) Division 5, Chapter 95 (Chapter 95). The purpose of the Trust Fund is for the receipt and retention of employer and employee contributions for the LAwell Program. The Trust Fund operates as a temporary pass-through account for the funding of premium payments to benefit service providers. Funding sources include General Fund and proprietary transfers for employer-paid costs, employee contributions for supplemental coverage, and interest earnings. Other one-time potential revenue sources that have occurred in the past or may occur in the future include refunds of premiums from participating insurance contracts or legal settlements. The Trust Fund also issues payments to benefit service providers, salary reimbursements for positions authorized for reimbursement by the JLMBC, contractual service payments, travel, and internal administrative expenses.

During its Trust Fund review, the independent auditor also observed that the Trust Fund's cash flow was sound relative to incoming transfers and its capacity to make timely

payments to benefit service providers. The Trust Fund has a reserve target of 12.5 percent of monthly benefit service provider premium payments, which presently equates to approximately \$4.0 million. However, it should be noted that the full \$5.4 million net balance is also used to provide sufficient working capital to manage the cash flow needs necessary for making timely benefit carrier payments. A full detailed review is provided in the Personnel Department report and is attached to the Council File. After consideration and having provided an opportunity for public comment, the Committee moved to note and file the Personnel Department report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Personnel, Audits, and Animal Welfare Committee



COUNCILMEMBER	VOTE
KORETZ:	YES
HARRIS-DAWSON:	YES
BONIN:	ABSENT

ARL
10/20/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-