

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**BOARD OF RETIREMENT
2223 WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

**PERSONNEL COMMITTEE MEETING
Wednesday, June 9, 2021
10:00 A.M.**

Members of the Committee
Roger Hilton, Chair
Shawn Dewane, Vice Chair
Chris Prevatt

Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.

OCERS Zoom Meeting Video/Teleconference Information	
Join Using Zoom App (Video & Audio) https://ocers.zoom.us/j/96947421538 Meeting ID: 969 4742 1538 Password: 097851 Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	Join by Telephone (Audio Only) Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) Meeting ID: 969 4742 1538 Password: 097851
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA

The Personnel Committee of the Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Committee Member requests separate action on a specific item.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes
Personnel Committee Meeting

May 27, 2021

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee's discussion of the item. **Persons wishing to provide public comment at this time should fill out a speaker card located on the counter at the back of the room and deposit it in the Recording Secretary's inbox on the wall near the middle of the room.**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 OCERS COMPENSATION STUDY

Presentation Steve Delaney, CEO; Cynthia Hockless, Director of Human Resources, OCERS; & Igor Shegolev, Senior HR Consultant, CPS HR

Recommendation:

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev - **APPROVED ON MAY 27**
2. Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021 - **APPROVED ON MAY 27**
3. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S.

Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current

4. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.
5. Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

GOVERNANCE COMMITTEE MEETING

June 10, 2021

2:00 P.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

June 21, 2021

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

June 21, 2021

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

Orange County Employees Retirement System
June 9, 2021
Personnel Committee Meeting - Agenda

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INVESTMENT COMMITTEE MEETING

June 23, 2021

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**PERSONNEL COMMITTEE MEETING
Thursday, May 27, 2021
9:30 AM**

Members of the Committee

Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

MINUTES

Roger Hilton called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Present: Roger Hilton, Chair; Shawn Dewane, Vice Chair; Chris Prevatt

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Molly Murphy, Chief Investment Officer; Gina Ratto, General Counsel; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

PUBLIC COMMENTS

None

The Committee recessed for a break at 9:59 a.m.

The Committee reconvened at 11:00 a.m.

Recording Secretary administered the Roll Call attendance. All committee members were present.

CONSENT AGENDA

MOTION by Hilton, **seconded** by Prevatt, to approve staff's recommendation on all of the following items on the Consent Agenda:

C-1 COMMITTEE MEETING:

Personnel Committee Meeting

November 18, 2020

Recommendation: Approve minutes.

Orange County Employees Retirement System
May 27, 2021
Personnel Committee Meeting - Minutes

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane			
Mr. Prevatt			
Chair Hilton			

ACTION ITEMS

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

No items were trailed from the Consent Agenda.

A-2 OCERS COMPENSATION STUDY

Presentation Steve Delaney, CEO; Cynthia Hockless, Director of Human Resources, OCERS; & Igor Shegolev, Senior HR Consultant, CPS HR

After discussion by the Committee, **MOTION** by Prevatt, **seconded** by Dewane, to approve and recommend that the Board approve staff recommendation: (1) Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev and (2) Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021.

The motion passed **2-1**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane			
Mr. Prevatt			
	Chair Hilton		

COMMITTEE MEMBER/CEO/CONSULTANT/COUNSEL COMMENTS

None

The meeting **ADJOURNED** at 1:02 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair



Memorandum

DATE: June 09, 2021
TO: Members of the Personnel Committee
FROM: Cynthia Hockless, Director of Human Resources
Steve Delaney, Chief Executive Officer
SUBJECT: OCERS COMPENSATION STUDY

Recommendations

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev – **APPROVED ON MAY 27**
2. Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021 - **APPROVED ON MAY 27**
3. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics, and perform a formal review of the ranges at least every five years to keep the pay structure current
4. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.
5. Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)

Background/Discussion

At the May 27, 2021, Personnel Committee meeting, OCERS CEO, Steve Delaney, presented four (4) items for the committee to discuss, review and approve. 1) The development of the proposed salary structure and ranges. 2) A recommendation regarding how to integrate OCERS employees on the proposed salary structure once adopted. 3) A recommendation as to how the pay structure can remain updated by utilizing the annual Employer Cost Index for Salaries and Wages, as published by the U.S. Department of Labor, Bureau of Labor Statistics. 4) A recommendation on how OCERS can progress employees through the salary ranges during the annual performance management program. The Committee members approved recommendations one (1) and two (2). The Committee asked that staff and the consultant provide additional information to the Committee related to all four of the recommendations. The Committee deferred decisions on recommendations three (3) and four (4) until the additional information was provided. The Committee also requested that a fifth

recommendation be added to this report to amend the existing Compensation Philosophy to reflect the recommended actions.

Below is the additional information requested for each recommendation.

1. APPROVED BY THE COMMITTEE ON MAY 27

Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev

The Committee approved this recommendation on May 27, and requested additional information. The requested information follows below.

CPS HR presented an Aging Table used to age the salary data from their 2018 salary study. The aging table did not include the salary range movement for three (3) of the ten (10) comparable agencies used in the study. The Committee asked that CPS HR complete the aging table by adding in salary range movement for 2019, 2020, and 2021 (if known) for California State Teachers Retirement System (CalSTRS), San Diego City Employees’ Retirement System (SDCERS), and Los Angeles Fire and Police Pension (LAFPP). The retirement system’s Human Resources department was contacted and provided information regarding salary range movement. The CPS HR Aging table was updated as indicated below:

Data Gathered January 5-8, 2021; Updated February 8-9, 2021; Updated June 2, 2021						
Surveyed Agency	2019	2020	2021	2022	SUM - 2019 to 2021	SUM - 2019 to 2022
California Public Employees Retirement System (CalPERS)	6.00	2.20	--	--	8.20	
California State Teachers Retirement System (CalSTRS)	5.00	5.00	5.00	--	15.00	
County of Orange	2.50	2.50	2.50	3.00	7.50	10.50
Los Angeles City Employees Retirement System (LACERS)	2.90	2.75	2.00	--	7.65	
Los Angeles County Employees Retirement Association (LACERA)	3.50	2.50	2.50	--	8.50	
Los Angeles Fire and Police Pensions (LAFPP)	2.90	2.75	0.00	--	5.65	
San Bernardino County Employees Retirement Association (SBCERA)	4.84	3.10	1.70	--	9.64	
San Diego City Employee Retirement System (SDCERS)	3.30	0.00	0.00	4.00	3.30	7.30
San Diego County Retirement Association (SDCERA)	3.00	2.00	2.00	--	7.00	
San Francisco Employees Retirement System (SFERS)	4.00	3.50	3.00	--	10.50	
	AVERAGE:				8.29	
BLS Employers Cost Index*	2.90	2.60	2.70		8.20	
WorldatWork 2021 Salary Budget Increases Report	3.00	3.00	3.00	3.00	9.00	
*2021 Data is for 12-month ended in March						

2. APPROVED BY THE COMMITTEE ON MAY 27

Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021

On May 27, the Committee approved this recommendation to make a pay adjustment to the OCERS Direct Salary ranges with the implementation of the proposed salary ranges and pay structure.

The Committee asked that Staff include clear information and documentation that the July 2, 2021 pay adjustment will be in addition to the customary Performance Management program that is effective the first pay period in January. The estimated cost of a 5% pay adjustment effective on July 2, 2021 is \$220,000. The OCERS Finance team calculated the 21 Basis Points Test for 2021 that included the proposed 5% pay adjustment. The results indicated that OCERS will remain in compliance with the 21 Basis Points Test after amending the

budget for the additional cost of the salary adjustment. A separate recommendation for a budget amendment will be made directly to the Board to fund the 5% pay adjustment.

3. **Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics, and perform a formal review of the ranges at least every five years to keep the pay structure current.**

The Committee asked Staff to provide a comparison of the Employer Cost Index for Salaries and Wages, the Consumer Price Index (CPI) for the Los Angeles, Long Beach and Anaheim area, and the Cost of Living Increase granted to OCERS retired members. The chart below includes historical data from 2013 through 2021 for the percentage change of OCERS Direct employee's salary ranges, the Consumer Price Index for 12 months ending the prior September, the Cost of Living adjustment granted to OCERS retired members, and the wage inflation using the Employer Cost Index for Salaries and Wages, as published by the U.S. Department of Labor, Bureau of Labor Statistics for the 12 months ending the prior September.

Budget Year	Direct Employees Salary Range Adjustment	CPI - 12 months ending prior September	OCERS Retired Members Wage Adjustments	Employer Cost Index (ECI) for Salaries and Wages
2013	0.0%	2.2%	2.0%	1.7%
2014	0.0%	0.6%	1.0%	1.6%
2015	0.0%	1.7%	1.5%	2.1%
2016	0.0%	0.7%	1.0%	2.1%
2017	5.0%*	1.9%	2.0%	2.4%
2018	0.0%	3.1%	3.0%	2.5%
2019	2.5%	3.9%	3.0%	2.9%
2020	2.5%	3.0%	3.0%	2.9%
2021	1.5%	1.2%	1.5%	2.5%
Total	11.5%	18.3%	18%	20.7%

*Salary range adjustment in 2017 intended to adjust for CPI from 2013-2016.

4. **Approve a pay philosophy that allows OCERS to administer an annual performance based step increase in the amount of 2.75% to progress employees through the salary ranges during OCERS annual performance review. Not to exceed more than 2 steps. Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%**

The Committee recommended the Compensation Philosophy be revised to include Recommendations #3 and #4, above. Staff proposes the following revisions to the Compensation Philosophy, which revisions assume the Committee and the Board approve Recommendations #3 and #4, to reflect the Committee's direction:

- The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review.

- In each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
- Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
- Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position.
- Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position.
- Each Merit Step is equal to 2.75%.
- No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted. If an employee’s salary increase under the performance management program would cause the employee’s salary to exceed the maximum of the salary range for the position, the employee’s salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.

5. ***Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)***

The current Compensation Philosophy and redlined Compensation Policy are attached to this memo for review. A separate recommendation is added for the Committee’s consideration and action.

Submitted by:



CH - Approved

Cynthia Hockless
Director of Human Resources

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Attachments:

1. Compensation Study Presentation
2. 2021 OCERS Current Salary Ranges
3. CPS HR Proposed Salary Structure
4. OCERS Proposed Salary Ranges and Pay Structure
5. CPS-HR Aging Table
6. OCERS Financial Trends with Proposed Salary Adjustment Amendment
7. Comparison of 21 Basis Point Calculation with Proposed Salary Amendment
8. CPI vs Employer Wage Index Chart
9. OCERS Compensation Philosophy
10. OCERS Compensation Philosophy Redline
11. OCERS Compensation Philosophy No Redline



PERSONNEL COMMITTEE MEETING

A-2 Compensation Study

June 09, 2021

Cynthia Hockless, Director of Human Resources

Steve Delaney, Chief Executive Officer



OBJECTIVES OF THE COMPENSATION STUDY

- To provide an objective and comprehensive comparison report of OCERS total compensation (salary, bonus, benefits, etc.) in relation to other public sector employers
- To be competitive in the ability to ***Recruit, Retain, and Inspire a High-Performing Workforce***
- To align the pay structure with a comprehensive total compensation package that will support OCERS pay philosophy



RECOMMENDATIONS

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev - **APPROVED ON MAY 27**
2. Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021 - **APPROVED ON MAY 27**
3. **Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current**
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5. **Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)**



REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

CPS HR Aging Table

- **Scattered diagram**

Diagram showing salary ranges in order (current range, proposed range and 5% pay increase)

- **Budget Amendment**

OCERS Financial Trends with Proposed Salary Adjustment Amendment

Comparison of 21 Basis Point Calculation with Proposed Salary Amendment

- **ECI Index and CPI comparison**

Table comparison of the Employer Cost Index for Salaries and Wages and the Consumer Price Index (CPI) for the Los Angeles, Long Beach and Anaheim

- **Revised draft of Compensation Philosophy**

Review Compensation Policy that includes salary range adjustment and a pay policy that administer an annual performance based step increase



REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

CPS HR Aging Table, Review by CPS Consultant, Igor Shegolev

- **Scattered diagram**

Diagram showing salary ranges in order or with animation (current range, proposed range and 5% pay increase)

- **Budget Amendment**

OCERS Financial Trends with Proposed Salary Adjustment Amendment

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- **Revised draft of Compensation Philosophy**

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AGING TABLE

Data Table Prepared By CPS HR

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REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

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Diagram showing salary ranges in order (current, proposed range and 5% pay increase)

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- **Revised draft of Compensation Philosophy**

Review Compensation Policy that includes salary range adjustment and a pay policy that administer an annual performance based step increase





CURRENT RANGES

OCERS Direct Employees 2021 Salary Range

1.5% Salary Range Increase (Effective date January 1, 2021)

	OCERS Employee Position	Current Annual Minimum	Current Annual Midpoint	Current Annual Maximum
1	Chief Investment Officer	\$223,940	\$279,926	\$335,911
2	General Counsel	\$142,091	\$211,232	\$280,373
3	Assistant Chief Executive Officer	\$142,091	\$194,773	\$247,455
4	Managing Director of Investments	\$142,091	\$194,773	\$247,455
5	Director of Investments	\$142,091	\$175,290	\$208,489
6	Deputy Legal Counsel	\$142,091	\$175,290	\$208,489
7	Staff Attorney	\$119,809	\$149,145	\$178,481
8	Senior Investment Officer	\$113,762	\$144,610	\$175,458
9	Director of Member Services	\$126,750	\$148,473	\$170,195
10	Director of Internal Audit	\$112,643	\$140,803	\$168,963
11	Director of Finance	\$120,145	\$144,274	\$168,404
12	Director of Information Technology	\$110,291	\$137,891	\$165,492
13	Director of Human Resources	\$122,831	\$141,867	\$160,902
14	Director of Information Security	\$110,291	\$135,596	\$160,902
15	Senior Manager Operations Support Services	\$67,966	\$105,196	\$142,426
16	Investment Officer	\$85,434	\$113,930	\$142,426
17	Information Security Manager	\$67,966	\$105,196	\$142,426
18	Retirement Analyst	\$67,966	\$105,196	\$142,426
19	Finance Manager	\$64,159	\$94,727	\$125,295
20	Member Services Manager	\$64,159	\$94,727	\$125,295
21	Disability Manager	\$64,159	\$94,727	\$125,295
22	Learning and Organization Development Manager	\$64,159	\$94,727	\$125,295
23	Contracts, Risk & Performance Administrator	\$64,159	\$94,727	\$125,295
24	Senior Investment Analyst	\$74,796	\$99,766	\$124,735
25	Communications Manager	\$64,159	\$89,520	\$114,882
26	Internal Auditor	\$75,468	\$94,279	\$113,090
27	HR Staff Analyst	\$64,159	\$85,602	\$107,044
28	Finance Analyst	\$64,159	\$85,602	\$107,044
29	Investment Analyst	\$64,159	\$85,602	\$107,044





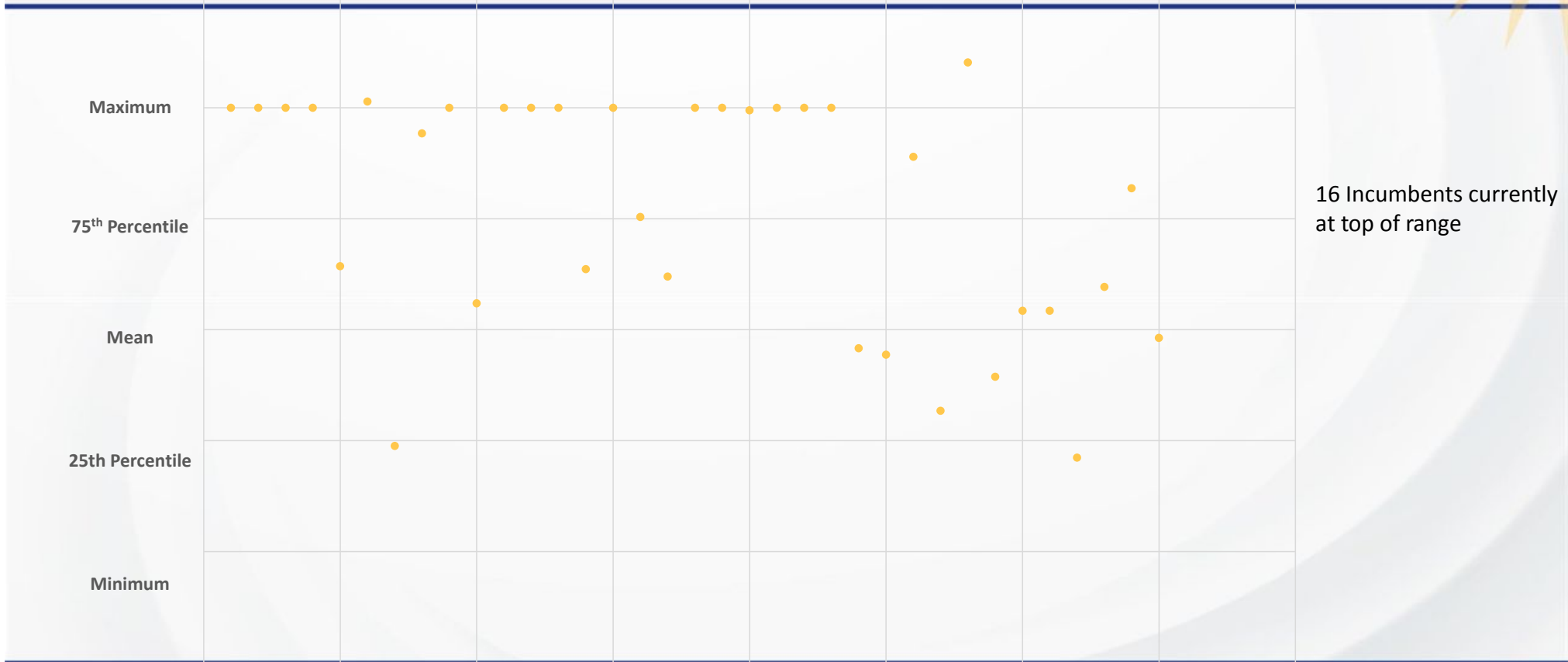
PROPOSED SALARY RANGES

OCERS Direct Employee Position	Current Minimum	Current Midpoint	Current Maximum	Recomm Grade	New Minimum	New Midpoint	New Maximum
Investment Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Staff Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Finance Staff Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Internal Auditor	\$75,468	\$94,279	\$113,090	115	\$85,876	\$109,492	\$133,108
Communications Manager	\$64,159	\$89,520	\$114,882	116	\$92,317	\$117,704	\$143,091
Senior Investment Analyst	\$74,796	\$99,766	\$124,735	117	\$99,241	\$126,532	\$153,823
Member Services Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Learning and Organization Development Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Disability Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Contracts, Risk & Performance Administrator	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Senior Manager, Operations Support Services	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Information Security Manager	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Finance Manager	\$64,159	\$94,727	\$125,295	118	\$106,684	\$136,022	\$165,360
Senior Retirement Manager (Retirement Analyst)	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Staff Attorney	\$119,809	\$149,145	\$178,481	120	\$123,286	\$157,190	\$191,094
Investment Officer	\$85,434	\$113,930	\$142,426	120	\$123,286	\$157,190	\$191,094
Director of Information Technology	\$110,291	\$137,891	\$165,492	121	\$132,533	\$168,980	\$205,426
Director of Information Security	\$110,291	\$135,596	\$160,902	121	\$132,533	\$168,980	\$205,426
Director of Finance	\$120,145	\$144,274	\$168,404	121	\$132,533	\$168,980	\$205,426
Director of Internal Audit	\$112,643	\$140,803	\$168,963	121	\$132,533	\$168,980	\$205,426
Director of Member Services	\$126,750	\$148,473	\$170,195	121	\$132,533	\$168,980	\$205,426
Director of Human Resources	\$122,831	\$141,867	\$160,902	121	\$132,533	\$168,980	\$205,426
Deputy Legal Counsel	\$142,091	\$175,290	\$208,489	122	\$142,473	\$181,653	\$220,833
Senior Investment Officer	\$113,762	\$144,610	\$175,458	122	\$142,473	\$181,653	\$220,833
Director of Investments	\$142,091	\$175,290	\$208,489	124	\$164,645	\$209,923	\$255,200
Assistant Chief Executive Officer	\$142,091	\$194,773	\$247,455	125	\$176,994	\$225,667	\$274,340
Managing Director of Investments	\$142,091	\$194,773	\$247,455	127	\$204,538	\$260,786	\$317,034
General Counsel	\$142,091	\$211,232	\$280,373	127	\$204,538	\$260,786	\$317,034
Chief Investment Officer	\$223,940	\$279,926	\$335,911	132	\$293,641	\$374,393	\$455,144



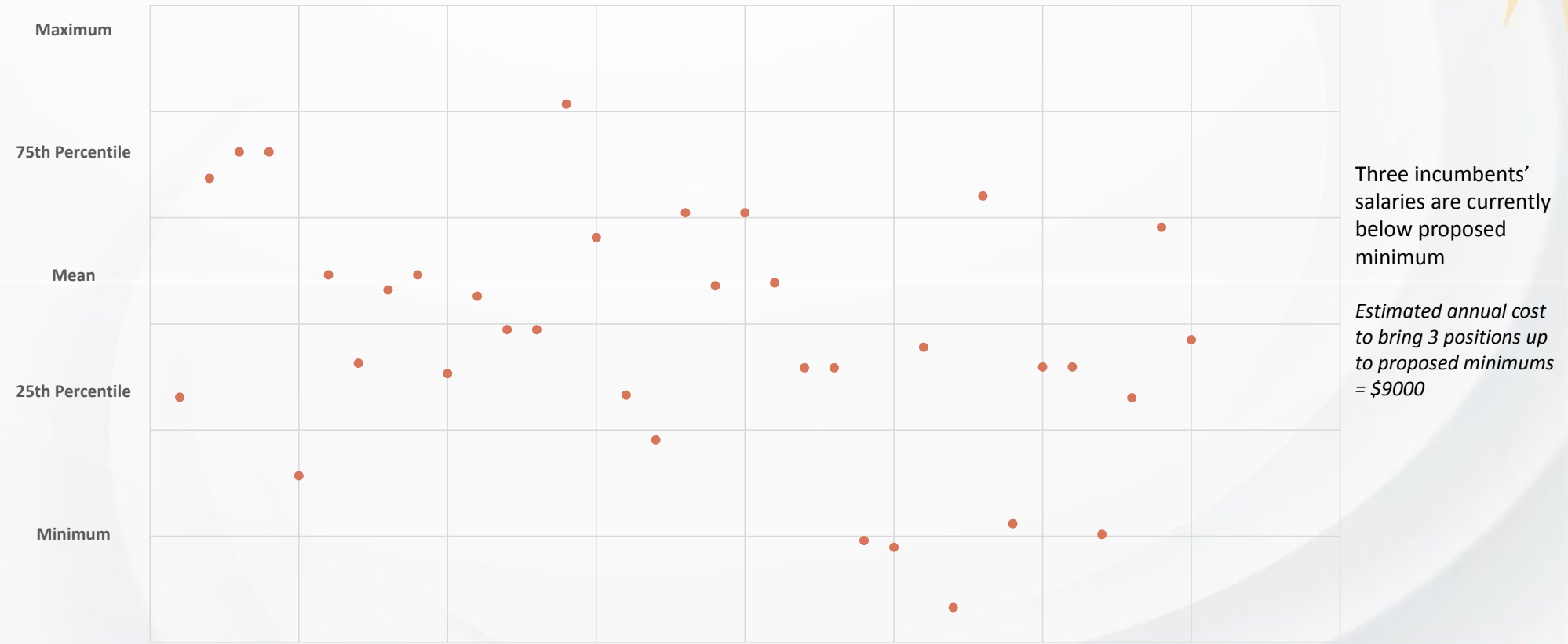


OCERS DIRECT CURRENT (2021) SALARIES



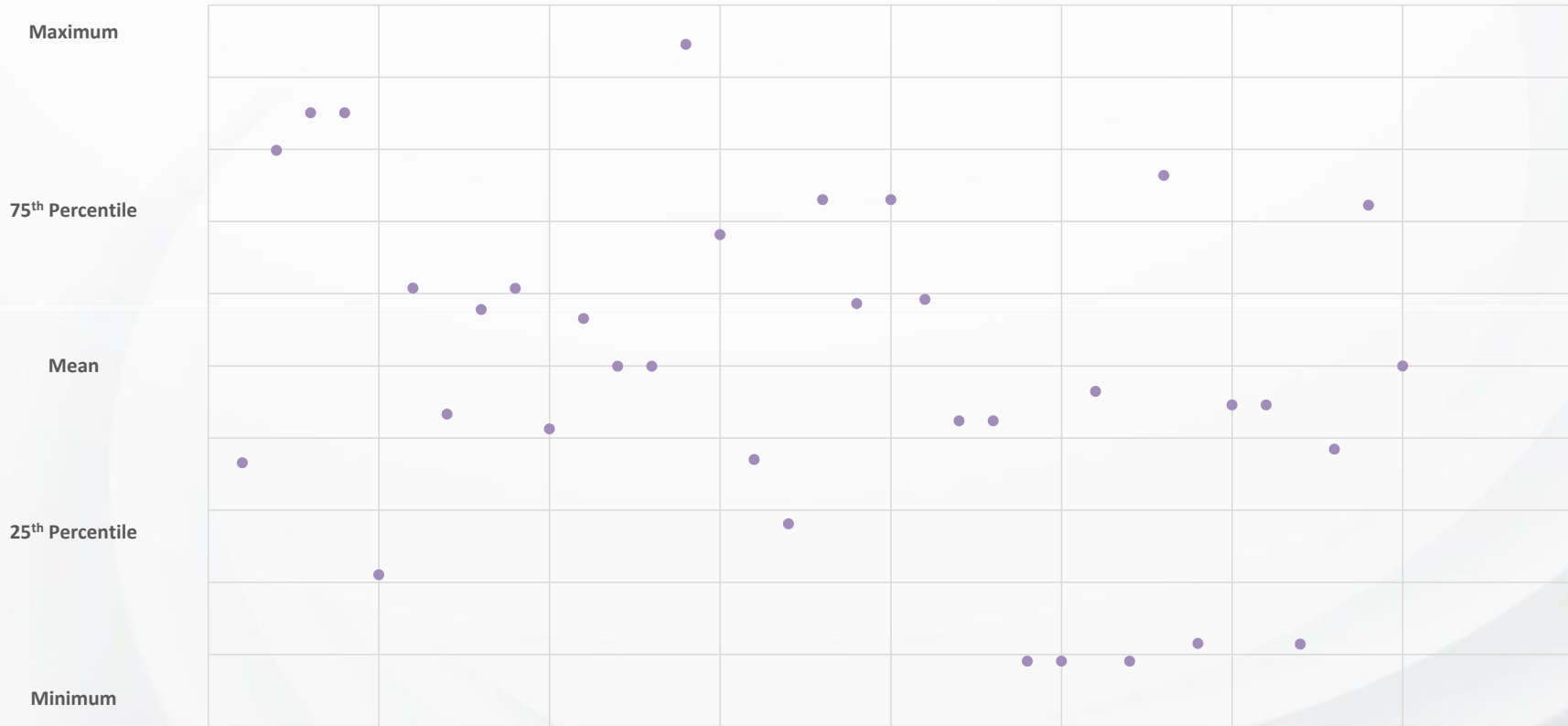


CURRENT SALARIES IN RELATION TO PROPOSED 2022 RANGES



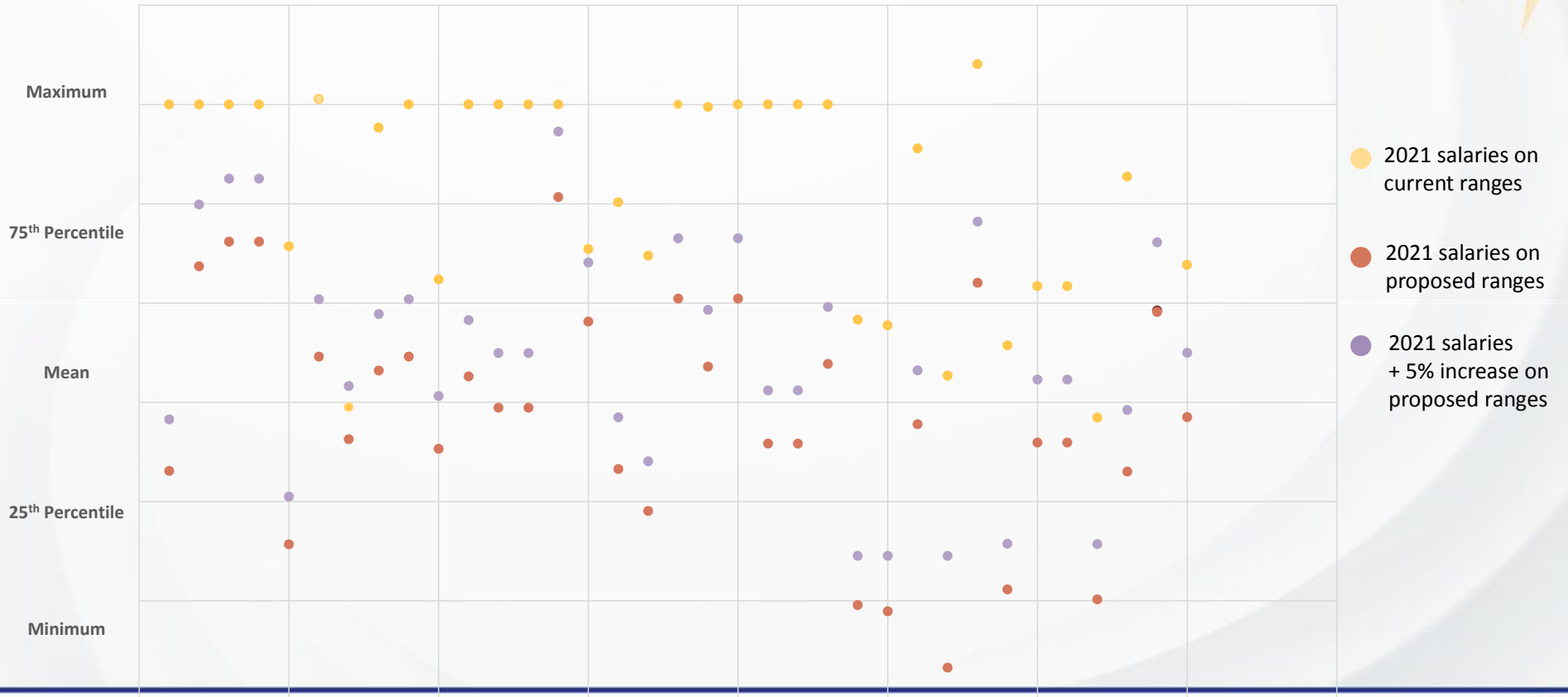


CURRENT SALARIES + 5% INCREASE IN RELATION TO PROPOSED 2022 RANGES





SALARIES IN RELATION TO PROPOSED 2022 RANGES





REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

CPS HR Aging Table, Review by CPS Consultant, Igor Shegolev

- **Scattered diagram**

Diagram showing salary ranges in order (current, proposed range and 5% pay increase)

- **Budget Amendment**

OCERS Financial Trends with Proposed Salary Adjustment Amendment

Comparison of 21 Basis Point Calculation with Proposed Salary Amendment

- **ECI Index and CPI comparison**

Table comparison of the Employer Cost Index for Salaries and Wages and the Consumer Price Index (CPI) for the Los Angeles, Long Beach and Anaheim

- **Revised draft of Compensation Philosophy**

Review Compensation Policy that includes salary range adjustment and a pay policy that administer an annual performance based step increase



BUDGET AMENDMENT DETAILS

COST TO INCREASE OCERS DIRECT SALARIES BY 5% EFFECTIVE JULY 2, 2021

SALARIES:	143,000*
BENEFITS:	69,000
MIN RANGE:	<u>5,000</u> (total adjustment of \$9,000, prorated for ½ year and rounded)
GRAND TOTAL:	\$220k (Rounded)

*Includes cost to adjust three salaries to the minimum of the range



COMPARISON OF 21 BASIS POINT CALCULATION WITH PROPOSED SALARY AMENDMENT

Orange County Employees Retirement System 21 Basis Points for Budget Year 2021		
	2021 Amended Budget	2021 Amended Budget with Proposed Salary Amendment
Projected actuarial accrued liability as of December 31, 2020	\$22,980,997,000	\$22,980,997,000
21 basis points of projected actuarial accrued liability	48,260,094	48,260,094
FY21 proposed budget amount subject to 21 basis points limitation ¹	20,079,272	20,243,772
Amount under 21 basis points	\$28,180,822	\$28,016,322
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY21	8.74	8.81
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY20	9.04	9.04

	Current	Proposed
¹ Reconciliation of amount subject to 21 basis points limitation:		
Total FY21 proposed budget	\$ 28,333,900	\$ 28,553,900
Less: Investment-related costs	(6,208,728)	(6,264,228)
Total FY21 proposed administrative budget	22,125,172	22,289,672
Less: IT Capital expenses	-	-
Computer hardware/software	(698,500)	(698,500)
Information Security-Professional services consulting	(180,000)	(180,000)
Information Technology-Professional services consulting	(1,167,400)	(1,167,400)
FY21 proposed budget amount subject to 21 basis points limitation	\$ 20,079,272	\$ 20,243,772

21 Basis Point History					Current	Proposed
	2017	2018	2019	2020	2021	2021
21 Basis Points	8.55	9.31	8.93	9.04	8.74	8.81



REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

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- **Revised draft of Compensation Philosophy**

Review Compensation Policy that includes salary range adjustment and a pay policy that administer an annual performance based step increase





HISTORIC CHANGES FOR CPI AND ECI

Budget Year	Direct Employees Salary Range Adjustment	CPI - 12 months ending prior September	OCERS Retired Members Wage Adjustments	Employer Cost Index (ECI) for Salaries and Wages
2013	0.0%	2.2%	2.0%	1.7%
2014	0.0%	0.6%	1.0%	1.6%
2015	0.0%	1.7%	1.5%	2.1%
2016	0.0%	0.7%	1.0%	2.1%
2017	5.0%*	1.9%	2.0%	2.4%
2018	0.0%	3.1%	3.0%	2.5%
2019	2.5%	3.9%	3.0%	2.9%
2020	2.5%	3.0%	3.0%	2.9%
2021	1.5%	1.2%	1.5%	2.5%
Total	11.5%	18.3%	18%	20.7%

*Salary range adjustment in 2017 intended to adjust for CPI from 2013-2016.



REQUEST FOR ADDITIONAL INFORMATION

- **Aging Table Update**

CPS HR Aging Table, Review by CPS Consultant, Igor Shegolev

- **Scattered diagram**

Diagram showing salary ranges in order (current range, proposed range and 5% pay increase)

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- **ECI Index and CPI comparison**

Table comparison of the Employer Cost Index for Salaries and Wages and the Consumer Price Index (CPI) for the Los Angeles, Long Beach and Anaheim

- **Revised draft of Compensation Philosophy**

*Review Compensation Policy that includes salary range adjustment and a pay policy that administer an annual performance based step increase – **Share Redlined version of philosophy changes***



RECOMMENDATIONS 3 & 4

- 3. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current**

- 4. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.**



Summary of Changes to the Compensation Philosophy now Policy

1. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review.
2. In each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
3. Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
4. Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position.
5. Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position.
6. Each Merit Step is equal to 2.75%.
7. No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted. If an employee's salary increase under the performance management program would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.



QUESTIONS





RECOMMENDATIONS

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev - **APPROVED ON MAY 27**
2. Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021 - **APPROVED ON MAY 27**
3. **Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current**
4. **Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.**
5. **Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)**



APPENDIX



County Staff Salary Adjustments from 2019 – 2022 MOU



Effective Date	County Employees Salary Range Adjustment	Reduction in Retirement Contributions Reverse Pickup
October 25, 2019	2.5%	1.2%
July 3, 2020	2.5%	1.2%
July 2, 2021	2.5%	1.2%
July 1, 2022	3.5%	
Total	11.0%	3.6%



County Management Staff Salary Adjustments from 2019 – 2022 MOU

Budget Year	County Employees Salary Range Adjustment	Reduction in Retirement Contributions Reverse Pickup
October 25, 2019	2.5%	1.2%
July 3, 2020	2.5%	1.2%
July 2, 2021	2.5%	1.2%
July 1, 2022	3.0%	0.5%
Total	10.5%	4.1%



TRENDS WITH PROPOSED SALARY ADJUSTMENT AMENDMENT



	2017	2018	2019	2020	2021	5 Year Average	Proposed Amended 2021 ²	Proposed Amended 5 Year Average
Total Budget	\$ 22,831	\$ 25,508	\$ 26,433	\$ 27,185	\$ 28,284		\$ 28,554	
% Increase/(Decrease)	2.6%	11.7%	3.6%	2.8%	4.0%	5.0%	5.0%	5.2%
Total Budget (No Capital Expenditures)	\$ 21,538	\$ 24,413	\$ 26,063	\$ 26,585	\$ 27,614		\$ 27,884	
% Increase/(Decrease)	6.9%	13.3%	6.8%	2.0%	3.9%	6.6%	4.9%	6.8%
Actuals	\$ 18,039	\$ 20,568	\$ 21,842	\$ 23,687	N/A		N/A	
% Increase/(Decrease)	-2.0%	14.0%	6.2%	8.4%	N/A	6.7%	N/A	6.7%
Actuals (No Capital Expenditures)	\$ 17,697	\$ 20,404	\$ 21,790	\$ 23,491	N/A		N/A	
% Increase/(Decrease)	-3.6%	15.3%	6.8%	7.8%	N/A	6.6%	N/A	6.6%
Budgeted Personnel Costs	\$ 12,417	\$ 13,925	\$ 14,765	\$ 15,507	\$ 16,034		\$ 16,254	
% Increase	8.0%	12.1%	6.0%	5.0%	3.4%	6.9%	4.8%	7.2%
Budgeted FTE ¹	79	91.5	92.5	95.5	94.5		94.5	
% Increase	6.0%	15.8%	1.1%	3.2%	-1.0%	5.0%	-1.0%	5.0%

¹ Budgeted FTE was amended for FY2020 to include three additional extra help positions in Member Services. Budget amounts are reported in millions.

² Proposed Amended Total Budget for 2021, includes \$50,000 amendment for Accounting Software Implementation, and \$220,000 for personnel costs.



OCERS Direct Employees 2021 Salary Range

1.5% Salary Range Increase (Effective date January 1, 2021)

	OCERS Employee Position	Current Annual Minimum	Current Annual Midpoint	Current Annual Maximum
1	Chief Investment Officer	\$223,940	\$279,926	\$335,911
2	General Counsel	\$142,091	\$211,232	\$280,373
3	Assistant Chief Executive Officer	\$142,091	\$194,773	\$247,455
4	Managing Director of Investments	\$142,091	\$194,773	\$247,455
5	Director of Investments	\$142,091	\$175,290	\$208,489
6	Deputy Legal Counsel	\$142,091	\$175,290	\$208,489
7	Staff Attorney	\$119,809	\$149,145	\$178,481
8	Senior Investment Officer	\$113,762	\$144,610	\$175,458
9	Director of Member Services	\$126,750	\$148,473	\$170,195
10	Director of Internal Audit	\$112,643	\$140,803	\$168,963
11	Director of Finance	\$120,145	\$144,274	\$168,404
12	Director of Information Technology	\$110,291	\$137,891	\$165,492
13	Director of Human Resources	\$122,831	\$141,867	\$160,902
14	Director of Information Security	\$110,291	\$135,596	\$160,902
15	Senior Manager Operations Support Services	\$67,966	\$105,196	\$142,426
16	Investment Officer	\$85,434	\$113,930	\$142,426
17	Information Security Manager	\$67,966	\$105,196	\$142,426
18	Retirement Analyst	\$67,966	\$105,196	\$142,426
19	Finance Manager	\$64,159	\$94,727	\$125,295
20	Member Services Manager	\$64,159	\$94,727	\$125,295
21	Disability Manager	\$64,159	\$94,727	\$125,295
22	Learning and Organization Development Manager	\$64,159	\$94,727	\$125,295
23	Contracts, Risk & Performance Administrator	\$64,159	\$94,727	\$125,295
24	Senior Investment Analyst	\$74,796	\$99,766	\$124,735
25	Communications Manager	\$64,159	\$89,520	\$114,882
26	Internal Auditor	\$75,468	\$94,279	\$113,090
27	HR Staff Analyst	\$64,159	\$85,602	\$107,044
28	Finance Analyst	\$64,159	\$85,602	\$107,044
29	Investment Analyst	\$64,159	\$85,602	\$107,044



PROPOSED PAY STRUCTURE

Grade	Grade Minimum	Grade Midpoint	Grade Maximum	Width	Sep
101	\$31,200	\$38,220	\$45,240	45%	
102	\$33,540	\$41,087	\$48,633	45%	7.50%
103	\$36,056	\$44,168	\$52,280	45%	7.50%
104	\$38,760	\$47,481	\$56,202	45%	7.50%
105	\$41,667	\$51,042	\$60,417	45%	7.50%
106	\$44,792	\$54,870	\$64,948	45%	7.50%
107	\$48,151	\$58,985	\$69,819	45%	7.50%
108	\$51,762	\$63,409	\$75,055	45%	7.50%
109	\$55,645	\$68,165	\$80,685	45%	7.50%
110	\$59,818	\$73,277	\$86,736	45%	7.50%
111	\$64,304	\$78,773	\$93,241	45%	7.50%
112	\$69,127	\$84,681	\$100,234	45%	7.50%
113	\$74,312	\$91,032	\$107,752	45%	7.50%
114	\$79,885	\$97,859	\$115,833	45%	7.50%
115	\$85,876	\$109,492	\$133,108	55%	11.89%
116	\$92,317	\$117,704	\$143,091	55%	7.50%
117	\$99,241	\$126,532	\$153,823	55%	7.50%
118	\$106,684	\$136,022	\$165,360	55%	7.50%
119	\$114,685	\$146,223	\$177,762	55%	7.50%
120	\$123,286	\$157,190	\$191,094	55%	7.50%
121	\$132,533	\$168,980	\$205,426	55%	7.50%
122	\$142,473	\$181,653	\$220,833	55%	7.50%
123	\$153,158	\$195,277	\$237,396	55%	7.50%
124	\$164,645	\$209,923	\$255,200	55%	7.50%
125	\$176,994	\$225,667	\$274,340	55%	7.50%
126	\$190,268	\$242,592	\$294,916	55%	7.50%
127	\$204,538	\$260,786	\$317,034	55%	7.50%
128	\$219,879	\$280,345	\$340,812	55%	7.50%
129	\$236,370	\$301,371	\$366,373	55%	7.50%
130	\$254,097	\$323,974	\$393,851	55%	7.50%
131	\$273,155	\$348,272	\$423,390	55%	7.50%
132	\$293,641	\$374,393	\$455,144	55%	7.50%
133	\$315,664	\$402,472	\$489,280	55%	7.50%
134	\$339,339	\$432,657	\$525,976	55%	7.50%

OCERS Proposed Pay Ranges and Salary Structure

OCERS Direct Employee Position	Current Minimum	Current Midpoint	Current Maximum	Recomm Grade	New Minimum	New Midpoint	New Maximum
Investment Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Staff Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Finance Staff Analyst	\$64,159	\$85,602	\$107,044	114	\$79,885	\$97,859	\$115,833
Internal Auditor	\$75,468	\$94,279	\$113,090	115	\$85,876	\$109,492	\$133,108
Communications Manager	\$64,159	\$89,520	\$114,882	116	\$92,317	\$117,704	\$143,091
Senior Investment Analyst	\$74,796	\$99,766	\$124,735	117	\$99,241	\$126,532	\$153,823
Member Services Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Learning and Organization Development Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Disability Manager	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Contracts, Risk & Performance Administrator	\$64,159	\$94,727	\$125,295	117	\$99,241	\$126,532	\$153,823
Senior Manager, Operations Support Services	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Information Security Manager	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Finance Manager	\$64,159	\$94,727	\$125,295	118	\$106,684	\$136,022	\$165,360
Senior Retirement Manager (Retirement Analyst)	\$67,966	\$105,196	\$142,426	118	\$106,684	\$136,022	\$165,360
Staff Attorney	\$119,809	\$149,145	\$178,481	120	\$123,286	\$157,190	\$191,094
Investment Officer	\$85,434	\$113,930	\$142,426	120	\$123,286	\$157,190	\$191,094
Director of Information Technology	\$110,291	\$137,891	\$165,492	121	\$132,533	\$168,980	\$205,426
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Director of Internal Audit	\$112,643	\$140,803	\$168,963	121	\$132,533	\$168,980	\$205,426
Director of Member Services	\$126,750	\$148,473	\$170,195	121	\$132,533	\$168,980	\$205,426
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Senior Investment Officer	\$113,762	\$144,610	\$175,458	122	\$142,473	\$181,653	\$220,833
Director of Investments	\$142,091	\$175,290	\$208,489	124	\$164,645	\$209,923	\$255,200
Assistant Chief Executive Officer	\$142,091	\$194,773	\$247,455	125	\$176,994	\$225,667	\$274,340
Managing Director of Investments	\$142,091	\$194,773	\$247,455	127	\$204,538	\$260,786	\$317,034
General Counsel	\$142,091	\$211,232	\$280,373	127	\$204,538	\$260,786	\$317,034
Chief Investment Officer	\$223,940	\$279,926	\$335,911	132	\$293,641	\$374,393	\$455,144



AGING TABLE



Data Gathered January 5-8, 2021; Updated February 8-9, 2021; Updated June 2, 2021

Surveyed Agency	2019	2020	2021	2022	SUM - 2019 to 2021	SUM - 2019 to 2022
California Public Employees Retirement System (CalPERS)	6.00	2.20	--	--	8.20	
California State Teachers Retirement System (CalSTRS)	5.00	5.00	5.00	--	15.00	
County of Orange	2.50	2.50	2.50	3.00	7.50	10.50
Los Angeles City Employees Retirement System (LACERS)	2.90	2.75	2.00	--	7.65	
Los Angeles County Employees Retirement Association (LACERA)	3.50	2.50	2.50	--	8.50	
Los Angeles Fire and Police Pensions (LAFPP)	2.90	2.75	0.00	--	5.65	
San Bernardino County Employees Retirement Association (SBCERA)	4.84	3.10	1.70	--	9.64	
San Diego City Employee Retirement System (SDCERS)	3.30	0.00	0.00	4.00	3.30	7.30
San Diego County Retirement Association (SDCERA)	3.00	2.00	2.00	--	7.00	
San Francisco Employees Retirement System (SFERS)	4.00	3.50	3.00	--	10.50	
	AVERAGE:				8.29	
BLS Employers Cost Index*	2.90	2.60	2.70		8.20	
WorldatWork 2021 Salary Budget Increases Report	3.00	3.00	3.00	3.00	9.00	

*2021 Data is for 12-month ended in March

"We provide secure retirement and disability benefits with the highest standards of excellence."





Trends with Proposed Salary Adjustment Amendment

	2017	2018	2019	2020	Amended 2021	5 Year Average	Proposed Amended 2021 ²	Proposed Amended 5 Year Average
Total Budget	\$ 22,831	\$ 25,508	\$ 26,433	\$ 27,185	\$ 28,334		\$ 28,554	
% Increase/(Decrease)	2.6%	11.7%	3.6%	2.8%	4.2%	5.0%	5.0%	5.2%
Total Budget (No Capital Expenditures)	\$ 21,538	\$ 24,413	\$ 26,063	\$ 26,585	\$ 27,614		\$ 27,884	
% Increase/(Decrease)	6.9%	13.3%	6.8%	2.0%	3.9%	6.6%	4.9%	6.8%
Actuals	\$ 18,039	\$ 20,568	\$ 21,842	\$ 23,687	N/A		N/A	
% Increase/(Decrease)	-2.0%	14.0%	6.2%	8.4%	N/A	6.7%	N/A	6.7%
Actuals (No Capital Expenditures)	\$ 17,697	\$ 20,404	\$ 21,790	\$ 23,491	N/A		N/A	
% Increase/(Decrease)	-3.6%	15.3%	6.8%	7.8%	N/A	6.6%	N/A	6.6%
Budgeted Personnel Costs	\$ 12,417	\$ 13,925	\$ 14,765	\$ 15,507	\$ 16,034		\$ 16,254	
% Increase	8.0%	12.1%	6.0%	5.0%	3.4%	6.9%	4.8%	7.2%
Budgeted FTE¹	79	91.5	92.5	95.5	94.5		94.5	
% Increase	6.0%	15.8%	1.1%	3.2%	-1.0%	5.0%	-1.0%	5.0%

¹ Budgeted FTE was amended for FY2020 to include three additional extra help positions in Member Services.

² Proposed Amended Total Budget for 2021, includes \$50,000 amendment for Accounting Software Implementation, and \$220,000 for personnel costs.

Budget dollars are in millions.

"We provide secure retirement and disability benefits
with the highest standards of excellence."



Comparison of 21 Basis Point Calculation with Proposed Salary Amendment

Orange County Employees Retirement System 21 Basis Points for Budget Year 2021		
	2021 Amended Budget	2021 Amended Budget with Proposed Salary Amendment
Projected actuarial accrued liability as of December 31, 2020	\$22,980,997,000	\$22,980,997,000
21 basis points of projected actuarial accrued liability	48,260,094	48,260,094
FY21 proposed budget amount subject to 21 basis points limitation ¹	20,079,272	20,243,772
Amount under 21 basis points	\$28,180,822	\$28,016,322
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY21	8.74	8.81
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY20	9.04	9.04

	<u>Current</u>	<u>Proposed</u>
¹ Reconciliation of amount subject to 21 basis points limitation:		
Total FY21 proposed budget	\$ 28,333,900	\$ 28,553,900
Less: Investment-related costs	(6,208,728)	(6,264,228)
Total FY21 proposed administrative budget	22,125,172	22,289,672
Less: IT Capital expenses	-	-
Computer hardware/software	(698,500)	(698,500)
Information Security-Professional services consulting	(180,000)	(180,000)
Information Technology-Professional services consulting	(1,167,400)	(1,167,400)
FY21 proposed budget amount subject to 21 basis points limitation	\$ 20,079,272	\$ 20,243,772

21 Basis Point History	<u>Current</u> <u>Proposed</u>					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>
21 Basis Points	8.55	9.31	8.93	9.04	8.74	8.81

"We provide secure retirement and disability benefits with the highest standards of excellence."



OCERS Compensation Philosophy

Purpose and Background

1. The philosophy behind the Orange County Employees Retirement System's ("OCERS") compensation program is to create a pay structure with the goal of attracting, developing and retaining strong leaders who support OCERS' mission and values. We believe our compensation program is a management tool that when aligned with an effective communication plan is designed to support, reinforce, and align our values, business strategy, operation & financial needs through professional and proficient staff that provide secure retirement benefits to our members with the highest standards of excellence.

The underlying philosophy governing OCERS' compensation program is designed to accomplish the following:

- ▶ Provide pay levels that are externally competitive among peers within our industry and within published market data for similar sized governmental organizations.
- ▶ Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- ▶ Provide management the flexibility to make compensation decisions within budgetary guidelines.

In alignment with our organization's culture, we will strive to communicate openly about the goals of the agency and the design of the compensation program. The compensation process is intended to be fair and uncomplicated so that all employees and managers understand the goals and the outcome of the process.

Compensation Strategy

2. Total Compensation of OCERS employees includes both cash compensation and benefits. OCERS' Board of Retirement is responsible for approving salary ranges for each authorized position. The CEO is responsible for managing salaries within the approved salary ranges. The CEO will use the following process:
 - ▶ In November of each year, or other time of year as determined by the Chief Executive Officer, each Executive, Management and/or Professional employee as of June 1 of that year shall receive a written performance evaluation and be eligible for an annual merit increase with a performance rating of meets performance standards or better.
 - ▶ Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.
 - ▶ Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.



OCERS Compensation Philosophy

The Board of Retirement has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS' direct employees. The agreement with the County calls for OCERS' employees to receive the same benefits offered to County administrative and executive management employees.

History

3. This policy was adopted by the Board of Retirement on October 21, 2013. This policy was approved by the CEO on December 19, 2014.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A handwritten signature in blue ink that reads "Steve Delaney".

10/21/13

Steve Delaney
Secretary of the Board

Date



OCERS Compensation Policy Philosophy

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.
2. The philosophy behind the Orange County Employees Retirement System's ("OCERS") Compensation Policy is to create and maintain a pay structure that attracts, develops and retains with the goal of attracting, developing and retaining strong leaders who model and promote support OCERS' mission and values. We believe our This Compensation Policy-program is a management tool that when aligned with an effective communication plan is designed to will support, reinforce, and align OCERS' our values, business strategy, operations and & financial needs through professional and proficient staff that and provide secure retirement benefits to OCERS our members with the highest standards of excellence.

The goals of this Compensation Policy are to underlying philosophy governing OCERS' compensation program is designed to accomplish the following:

- ▶ Create and maintain a pay structure that is Provide pay levels that are externally competitive among peers within our industry OCERS' peers in the public pension community and aligned with within published market data for similarly sized governmental organizations.
- ▶ Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- ▶ Provide management the flexibility to make compensation decisions within budgetary guidelines.
- ▶ Provide OCERS Direct Employees with some measure of predictability with respect to both salary growth and rewards for superior performance.

In alignment with OCERS' our organization's culture, we will strive to communicate openly about the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program process is intended to be fair and uncomplicated straightforward so that all OCERS Direct Employees and managers understand the goals and the outcome of the process.

Compensation Program Strategy

3. Total Compensation of OCERS employees includes both cash compensation and benefits. The OCERS' Board of Retirement (Board) is responsible for approving will approve a salary ranges for each authorized OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.
4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every three five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant



OCERS Compensation Policy Philosophy

for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

2-6. The CEO ~~is~~ will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:

- ▶ In November of each year, or ~~such~~ other time of year as determined by the ~~Chief-Executive Officer/CEO~~, each ~~Executive, Management and/or Professional eOCERS Direct Employee who was employed by OCERS~~ as of June 1 of that year ~~shall~~ will receive a written performance evaluation. ~~Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.~~
- ▶ Employees who receive a performance rating of Meets Expectations or better will ~~and~~ be eligible for ~~an annual merit~~ salary increase ~~with a performance rating of meets performance standards or better.~~
 - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
 - Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Each Merit Step is equal to 2.75%.
 - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.

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OCERS Compensation Policy Philosophy

- ~~→ Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.~~
- ~~→ Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.~~

7. The Board of Retirement has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS' Direct Employees. The agreement with the County calls for OCERS' Direct Employees to receive the same benefits offered to County administrative and executive management employees.

History

~~3.8.~~ This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021. ~~This policy was approved by the CEO on December 19, 2014.~~

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



Steve Delaney
Secretary of the Board

10/21/13

Date



OCERS Compensation Policy

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.
2. The philosophy behind the Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who model and promote OCERS' mission and values. This Compensation Policy is a management tool that when aligned with an effective communication plan will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and provide secure retirement benefits to OCERS members with the highest standards of excellence.

The goals of this Compensation Policy are to:

- ▶ Create and maintain a pay structure that is competitive among OCERS' peers in the public pension community and aligned with published market data for similarly sized governmental organizations.
- ▶ Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- ▶ Provide management the flexibility to make compensation decisions within budgetary guidelines.
- ▶ Provide OCERS Direct Employees with some measure of predictability with respect to both salary growth and rewards for superior performance.

In alignment with OCERS' culture, the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program is intended to be fair and straightforward so that all OCERS Direct Employees understand the goals of the process.

Compensation Program

3. The OCERS Board of Retirement (Board) will approve a salary range for each OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.
4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.



OCERS Compensation Policy

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
6. The CEO will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:
 - ▶ In November of each year, or such other time of year as determined by the CEO, each OCERS Direct Employee who was employed by OCERS as of June 1 of that year will receive a written performance evaluation. Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.
 - ▶ Employees who receive a performance rating of Meets Expectations or better will be eligible for a salary increase.
 - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
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 - Each Merit Step is equal to 2.75%.
 - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.
7. The Board has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS Direct Employees. The agreement with the County calls for OCERS Direct Employees to receive the same benefits offered to County administrative and executive management employees.



OCERS Compensation Policy

History

8. This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A rectangular box containing a handwritten signature in cursive that reads "Steve Delaney".

Steve Delaney
Secretary of the Board

Date



Historic Changes for CPI and ECI

Budget Year	Direct Employees Salary Range Adjustment	CPI - 12 months ending prior September	OCERS Retired Members Wage Adjustments	Employer Cost Index (ECI) for Salaries and Wages
2013	0.0%	2.2%	2.0%	1.7%
2014	0.0%	0.6%	1.0%	1.6%
2015	0.0%	1.7%	1.5%	2.1%
2016	0.0%	0.7%	1.0%	2.1%
2017	5.0%*	1.9%	2.0%	2.4%
2018	0.0%	3.1%	3.0%	2.5%
2019	2.5%	3.9%	3.0%	2.9%
2020	2.5%	3.0%	3.0%	2.9%
2021	1.5%	1.2%	1.5%	2.5%
Total	11.5%	18.3%	18%	20.7%

*Salary range adjustment in 2017 intended to adjust for CPI from 2013-2016.

CPI for Los Angeles Area. Information gathered for CPI and ECI for September of each year

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