Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING NOTICE and AGENDA

ACERA MISSION:
To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, November 20, 2025
1:00 p.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA **C.G. "BUD" QUIST BOARD ROOM** **475 14TH STREET, 10TH FLOOR** **OAKLAND, CALIFORNIA 94612-1900** **MAIN LINE: 510.628.3000** **FAX: 510.268.9574** **The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.** **https://zoom.us/join** **Call-In Number: 1 699 900 6833** **Meeting ID: 879 6337 8479** **Password: 699406** **For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193**	**ROSS CLIPPINGER, CHAIR**	**ELECTED SAFETY**
	OPHELIA BASGAL, VICE CHAIR	**APPOINTED**
	KEITH CARSON	**APPOINTED**
	TARRELL GAMBLE	**APPOINTED**
	GEORGE WOOD	**ELECTED GENERAL**

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Operations Committee if a quorum of the Operations Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Operations Committee and the Board if a quorum of each attends.

Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

Public comments are limited to four (4) minutes per person in total. The order of the items on the agenda is subject to change without notice.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000.

OPERATIONS COMMITTEE/BOARD MEETING

Call to Order: 1:00 p.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. **Discussion and possible motion to approve the proposed 2026 ACERA Operating Expense Budget.**

   -David Nelsen

   Recommendation

   Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the proposed 2026 ACERA Operation Expense Budget.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

None

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

T.B.D.

Adjournment

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MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: November 20, 2025

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer

SUBJECT: Presentation of 2026 ACERA Budget Proposal

Executive Summary

It is my pleasure to present the 2026 ACERA Budget Proposal.

The Proposed Operating Expense Budget is $27,874,000, which is a 9.1% increase from the Approved Operating Expense Budget of $25,541,000. When factoring out Depreciation and focusing on actual expenditures, this budget represents an increase of 6.1% from the 2025 actual expenditure budget. As we frequently highlight, 79% of ACERA expenditures are for Staffing costs, primarily Salary and Benefits. While were aren't proposing to add positions with this budget, we were unable to unfund any vacant positions this year. With staffing costs increasing by 8% from the 2025 approved budget, we found efficiencies where we could to keep the total increase to 6.1% The highlights of the proposal are as follows:

- Increase in total staffing costs from 2025 Approved Budget by 8 %.
- No change in staff development from 2025 Approved Budget.
- Increase in professional fees from 2025 Approved Budget by 3.4%.
- Increase in office expenses from 2025 Approved Budget by 25.5%.
- Decrease in member services from 2025 Approved Budget by -14.1%.
- Increase in systems from 2025 Approved Budget by 6.4%.
- Increase in depreciation from 2025 Approved Budget by 101.1%; and
- Contingency fund reserve of $260,000.

As stated above, the 2026 proposal reflects an 8% increase in salary and fringe benefit costs compared to the 2025 approved budget. This increase includes 5% COLA, 5% step/merit increases for eligible employees, and longevity pay. Furthermore, in compliance with Governmental Accounting Standards Board (GASB) 101 reporting requirements, the proposed budget also includes a provision to include 5% of the compensated unused leave liability.

Variance Analysis

Upon reviewing the 2026 Proposed Expense Budget Summary (Section III, page 16), six expense line items have been identified with net changes from the 2025 Forecast budget exceeding $15,000. For clarity, these six-line items are summarized in the table on page 2, which

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includes the line-item description with page reference, net change amount, percentage change, and the corresponding budget variance narrative

2026 Expense Line Items with a Net Change > $15,000				
	Expense Line Items	**Net Change**	**Percentage**	**Cause of Variance (COV)**
1	*Staffing* (Cited on pg. 18)	$1,202,000	6.3%	• Increase in salaries from COLA, merit and step increases, and longevity pay; offset by decreases in temporary staffing, overtime, and adjustment for unexpected staff vacancies
2	*Actuarial Fees* (Cited on pg. 23)	$76,000	16.0%	• Increase in actuarial fees due to additional supplemental services in 2026
3	*Building Expenses* (Cited on pg. 25)	$99,000	154.7%	• Increase in building expenses due to higher escalation fees and insurance in 2026
4	*Business Continuity Expenses* (Cited on pg. 28)	$18,000	6.5%	• Increase in business continuity expenses due to higher costs
5	*Software License & Maintenance* (Cited on pg. 28)	$54,000	6.6%	• Increase in costs for the pension administration and general ledger system
6	*Depreciation* (Cited on pg. 30)	$149,000	7.7%	• Capitalization of PAS and general ledger projects in 2026

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

2026 PROPOSED EXPENSE BUDGET

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Section I

Letter from the CEO to the Board of Retirement

Section I

Letter from the CEO to the Board of Retirement

Members of the Board of Retirement,

I'm pleased to present the 2026 budget, reflecting ACERA's commitment to prudent financial management and exceptional service for our members. This budget emphasizes transparency, accountability, and technological advancement, aligned with our strategic objectives to bolster funded status, navigate transitions, optimize operations, and amplify member services. Building on the strong investment performance of 2024 and our continued focus on innovation and sustainable growth, ACERA is positioned to achieve our goals and continue advancing the interests of our members. With the Board's collaboration, we launch a year poised for success and the fulfillment of our shared vision.

KEY 2025 ACCOMPLISHMENTS

Benefits Initiatives

- Successfully completed a five-year project to replace ACERA's pension administration system, transitioning from PensionGold Version 2 to PensionGold Version 3, launching the MemberDirect member portal with a secure PIN letter campaign and decommissioning the legacy Web Member Services portal.
- Conducted a competitive RFP process for retiree dental and vision coverage and approved new contracts with incumbent providers Delta Dental and VSP for Plan Year 2026.
- Transitioned member communications to secure messaging through the MemberDirect portal, enhancing privacy protections and providing members with a streamlined, centralized channel for receiving important account information.
- Increased the Monthly Medical Allowance (MMA) for the 2026 plan year by 3.75%.
- Continued launching member forms in DocuSign.
- Increased the hearing aid benefit for retirees in Kaiser Permanente medical plans from $1,000 to $2,000 every 36 months for the 2025 plan year.
- Conducted a retiree survey on potential enhancements to the Kaiser Permanente Senior Advantage Plan, including over-the-counter benefits, post-discharge meal delivery, and medical transportation.
- Hosted ACERA's inaugural hybrid retiree health fair, offering both a live conference event and seamless streaming of wellness presentations via Zoom.
- Promoted the 2025 transition of Kaiser's Silver&Fit gym membership program to the enhanced One Pass benefit for Kaiser Permanente Senior Advantage Plan participants.
- Educated members on the potential impact and opportunities of the newly passed Social Security Fairness Act.
- Conducted an email wellness campaign for retirees, distributing timed wellness messages provided by ACERA's insurance carriers.

Administration Initiatives

- Adopted a plan to replace Microsoft Dynamics Great Plains with Microsoft Business Central in anticipation of the discontinuation of Great Plains support in 2029. The transition to Business Central will provide advanced reporting capabilities, integrated artificial intelligence, and a modern, scalable platform to support ACERA's evolving financial needs.

- Completed the $400 million extraordinary contribution transfer from the County of Alameda toward the County General Member Unfunded Actuarial Accrued Liability (UAAL), strengthening ACERA's funded status and supporting long-term benefit security for members.
- Received Certificate of Achievement for Excellence in Financial Reporting for 2023 Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR) from Government Financial Officers Association (GFOA).
- Received an unmodified opinion on the 2024 Annual Financial Statements from the external auditors.
- Conducted the nomination process for the Board of Retirement election for one of its two general active member seats, which resulted in the incumbent, Ms. Kellie Blumin Simon, being the sole candidate and declared the unanimous winner by the Board of Supervisors.
- Hosted a Board Offsite covering artificial intelligence, macroeconomic and geopolitical trends, Board governance best practices, and retirement preparedness.
- Performed a Member Direct Deposit Audit, resulting in stronger fraud prevention controls to protect members.
- Launched SharePoint as an ACERA intranet tool, providing staff with a central hub for collaboration, communication, and resource sharing.
- Approved addition of the Alameda County Local Agency Formation Commission (LAFCo) as an ACERA participating employer.
- Implemented new Governmental Accounting Standards Board pronouncements by integrating GASB 100 (Accounting Changes and Error Corrections) and GASB 101 (Compensated Absences), ensuring compliance and enhancing financial reporting accuracy.

Investment Initiatives

- Year-to-date in 2025 (September 2024 to August 2025), ACERA expanded the Total Fund's investment in 6 privately placed funds worth approximately $278 million.
- Conducted a comprehensive Emerging Markets Equity Manager Search and selected ARGA Investment Management, LP, as ACERA's Emerging Markets Manager.
- Adopted a Private Credit Investment Plan, strengthening ACERA's approach to private market opportunities.
- Responded to Hightower Holding's acquisition of a majority interest in NEPC by approving the transfer of the investment consulting agreement and placing NEPC on ACERA's Watchlist in accordance with the General Investment Policy.
- Adopted an updated Real Estate Investment Plan for 2025–2026, refining portfolio objectives and strategies to align with market conditions and long-term investment goals.
- Adopted the 2025 Absolute Return Investment and Rebalancing Plan, ensuring disciplined portfolio management and adherence to ACERA's strategic asset allocation.
- Conducted a three-part review of ACERA's Public Equity structure, including analysis of potential restructuring options to strengthen diversification and enhance return potential.
- Provided Board education sessions on Environmental, Social, and Governance (ESG) principles and Emerging Investment Managers (EIM), supporting informed decision-making in alignment with ACERA's Investment Policy.
- Terminated Kennedy Capital Management and Franklin Templeton as Public Equity managers, aligning the portfolio with investment strategies and performance objectives.
- Discontinued ACERA's Directed Brokerage Program, streamlining operations and enhancing investment efficiency.

Portfolio Performance

- As of June 30, 2025, ACERA's Total Fund returned 7.43% (net) and 7.58% (gross) YTD. The value of the Total Fund was $13.2 billion (per NEPC performance report as of 06/30/2025) as of June 30, 2025.

BUSINESS INITIATIVES

ACERA's strategic plan focuses on four key goals: bolstering funded status, navigating transitions, optimizing operations, and amplifying member services:

- Goal 1: Improve funded status while maintaining an appropriate risk posture in the area of investments.
- Goal 2: Manage internal and external people transitions at all levels.
- Goal 3: Modernize technology and optimize processes and operations.
- Goal 4: Implement cost-effective member service improvements and expanded communications.

ACERA's leadership team executes a business plan to work toward meeting the strategic plan goals through key projects. Highlights of ongoing projects are:

1. Advance Workforce Excellence Phase III by migrating job performance and development plans into the OnBase platform, enabling full adoption of OnBase for team member evaluations and coaching.
2. Advance PAS 2.0 post-implementation initiatives, completing prioritized improvements and contractual items identified as pour-over for Pension Gold Version 3, targeting completion in December 2025.
3. Implement Microsoft Business Central as ACERA's new general ledger system to replace Microsoft Dynamics Great Plains, providing enhanced reporting, integrated AI capabilities, and a modern scalable platform; implementation is on track for 2026.
4. Initiate Customer Service Member Engagement Enhancement, developing short video tutorials and quick-click answers to frequently asked questions while implementing a solution for future call transcript analysis.
5. Launch participation in the CEM administrative benchmarking initiative, scheduled for the first half of 2026, to assess pension administration costs, resource levels, and the value of member services.
6. Review and select an internal administrative dashboard tool to provide dynamic, interactive data visualization and reporting, improving internal access to key operational metrics.
7. Advance ACERA's investment operations by onboarding the Clearwater Analytics platform, improving data accessibility, process automation, recordkeeping, and reconciliation across Investment, Fiscal Services, and Legal departments.
8. Conduct a Letter Printing Initiative Assessment to automate printing processes, improve operational efficiency, and enhance business resilience, including pilot testing with Quadient's Impress Distribute platform.

BASELINE AND PROPOSED 2026 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2026 OEB is a "baseline" that reflects the anticipated costs of carrying out the same level of services proposed by the ACERA Board in the 2025 Budget. Staff were required to request and justify additional funds with a formal Budget Change Proposal (BCP) for any item affecting the 2026 baseline and proposed 2026 budget. Additional staff positions or changes in salaries for 2026 were requested and justified using a Personnel Change Request (PCR) form. Approval for changes did not take place without careful review of cost impacts and on-going organizational needs. Reviews were conducted by the Chief Executive Officer, Assistant Chief Executive Officer-Operations, and Fiscal Services Officer before approvals were granted. With the addition of those items, the proposed 2026 budget is $27.9 million. This is $2.4 million or 9.1% more than the 2025 approved budget of $25.5 million. It is also $0.5 million or (1.9%) less than the 2026 baseline budget of $28.4 million.

The reasons for the budget differences will be explained below.

PROPOSED 2026 BUDGET HIGHLIGHTS

This section highlights the proposed adjustments to the 2026 proposed budget from the 2025 approved budget. A complete review of the differences can be found in Section III.

Staffing

The primary changes in Staffing costs for 2026 are as follows:

As in previous budgets, the assumption for cost-of-living adjustments (COLAs), step increases, and an average of 5% merit increase based on performance for eligible deep-class positions. We continually apply a 5% reduction across-the-board to reflect unanticipated staff vacancies throughout the year. The net increase in staffing for 2026, compared to the 2025 approved budget is $1.3 million, or a net increase of 6.7%. This increase incorporates the 5% COLA granted by the County, the 5% step increases for eligible employees, and the implementation of the County granted longevity pay. Additionally, in accordance with Governmental Accounting Standards Board (GASB) 101 reporting requirements, we have included a provision equal to 5% of the compensated unused leave liability in the proposed budget.

Staff Development

There is no change in Staff Development costs for 2026 compared to the 2025 budget. Staff Development costs remain in a Contingency Fund for additional training during the year.

Professional Fees

The 2026 budget reflects an increase of $0.04 million, or 3.4%, in Professional Fees. This rise is mainly attributed to consultant fees for new projects planned for the year.

Depreciation

The net increase in depreciation for 2026, compared to 2025 approved budget is $1.0 million or 101.1%. The costs for Pension Administration System (PAS) project are capitalized, and depreciation costs are being reported in accordance with GASB reporting requirements. This cost will be recognized over the asset's useful life of 7 years.

The senior managers and I look forward to presenting our proposed 2026 operating expense budget to the committee and to the Board of Retirement.

Respectfully submitted,

Dave Nelsen
Chief Executive Officer

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Section II

Budget Policies and Process

Section II

Budget Policies and Process

Budget Policies

ACERA's budget policy, practices, and guidelines are based on the County Employees Retirement Law of 1937 and the ACERA Board of Retirement's Charter.

Legal Requirements

The California Constitution and Statute Section 31580.2(a) of the 1937 Act specifies that the Board of Retirement "shall annually adopt a budget covering the entire expense of administration of the retirement system which expense shall be charged against the earning of the retirement fund..."

As applied to ACERA, § 31580.2(a) also imposes a cap on administrative expenses. Administrative expenses incorporate the limits of § 31580.2(a) (1) of the County Employees Act of 1937; whereby, administrative expenses are capped at "Twenty-one hundredths of one percent (0.21%) of accrued actuarial liabilities of the retirement system". Pursuant to the applicable code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with Business Continuity Planning (BCP), the Supplemental Retiree Benefits Reserve (SRBR) used to pay Other Postretirement Benefits (OPEB and non-OPEB), technology, actuarial, legal related expenses, and investment-related expenses. Excludable expenses also include the pro rata portion of overhead expense attributable to excludable activities.

ACERA prepares the budget on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP), a methodology consistent with ACERA's audited financial statements.

Budget Amendments

Budget line item amounts may be amended, i.e., reallocated from one department to another or moved between categories at the discretion of the Chief Executive Officer, if such action does not increase the overall proposed budget. Conversely, increases to the overall proposed budget are only permitted with the approval of the Board of Retirement (the Board). There are two ways in which the budget can be increased: The first way is through committee action and board approval. And the second way is with a contingency budget that is accepted when the budget is put forth for approval during the annual budget cycle. A contingency budget is useful for current unknown expenses that arise from an event such as legislation, natural disasters, an action by the Board of Supervisors, or a release of new project; where the event may or will occur but the timing is in question.

Budget Process

ACERA's budget is developed with Adaptive Insights budget software. This flexible budgeting software is a cloud-based program that enables department management and staff to access organizational expense forecasts from any location. It also enables users to view current year actuals, as well as expense forecasts; moreover, users can input and change expense forecast variables to easily prepare "what if" scenarios. These user-friendly features reduce,

and in some cases eliminates, time previously spent converting department provided information into the budget format and circulating the information for review and approval.

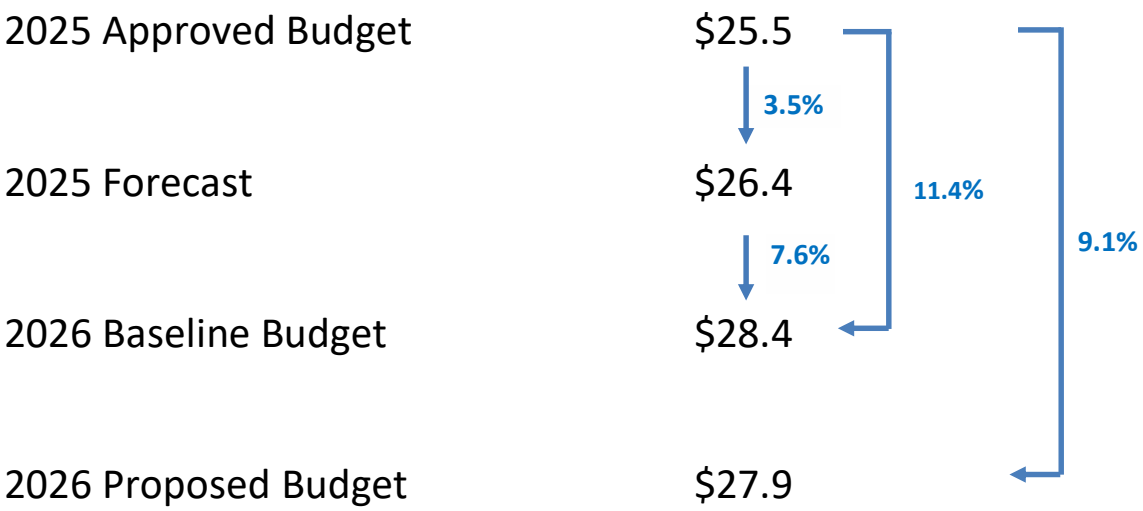
While the Fiscal Services Department Budget Team (budget team) is responsible for the preparation of the budget timeline, ACERA's Senior Leadership Team (SLT) is responsible for establishing business plan initiatives, in detail as to time and cost before the budget process begins, and is responsible for setting budget assumptions for the various expense categories.

It is the responsibility of the budget team to develop the baseline budget once the forecast has been completed. Upon completion of the baseline, department staff and management begin entering information into the budget worksheets. When that step is completed, the budget team prepares the administrative budget based upon SLT prepared time allocations. Throughout the budget preparation process, the budget team now has the ability to monitor the budget progress by using the process tracker and workflows developed in Adaptive Insights. Nevertheless, the budget team continues to be available to meet with department staff and management to answer questions or to strategize the best way to present budget items or develop costs.

Once the proposed budget and the administrative budget are complete, the budget team pulls the information from Adaptive through Office Connect software into InDesign (the budget publishing software). The budget team is responsible for preparing the variance analyses, updating changes to the budget, and for reviewing the budget document for submission to the Board of Retirement.

The Chief Executive Officer present the proposed budget to committee and at a future date to the Board. If committee members request changes to the budget, those changes are made and re-presented at the discretion of the committee. The Board's feedback is incorporated into the budget for final approval.

2026 Budget Process[1]



1. The starting point for the 2026 proposed expenses budget was to develop a "baseline" budget that reflected the anticipated costs of maintaining the same level of services approved by ACERA's Board of Retirement in the 2025 budget. To that end, the 2026 baseline budget is $28.4 million, an increase of 11.4% from the approved 2025 budget.

2. Key to developing the 2026 proposed budget was more accurately estimating the forecast by including only incremental expenditures needed to achieve business objectives. But more importantly, it was setting assumptions that guided and prioritized expenditures yet achieved the following objectives: a) allowed the necessary vacant staff positions to be filled; b) funded projects that directly support strategic goals and business plan initiatives; and c) funded new programs or projects mandated by state legislation, the Board of Retirement, or management. Following the agreed criteria resulted in a 2026 Proposed Budget of $27.9 million which is $2.4 million or 9.1% increase from the approved 2025 budget.

[1] Rounding to tenths of millions may impact percentages. Percentages in this document are based on rounding to nearest dollar, as is done in the budget document.

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Section III

Operating Expense Budget

Section III

Operating Expense Budget

The annual Operating Expense Budget (OEB) is designed to forecast and document the resources needed to cover ACERA's operating costs. It provides a detailed breakdown of the expected expenditures on staffing, staff development, professional fees, office expenses, insurance, member services, systems, board of retirement related costs, uncollectible benefit payments, and capital costs and is contingent on approval by ACERA's Board of Retirement. The OEB does not include estimated expenditures for payment of portfolio management investment expenses reported in Section VII or payment of member benefits such as Pension and Other Post-Employment Benefits (OPEB). In addition to serving as a financial planning tool, the OEB is also an essential decision-making resource that helps monitor and assess ACERA's business performance throughout the year.

The baseline budgeting methodology used for the annual proposed Operating Expenditure Budget (OEB) starts with the current spending levels as the baseline. This approach assumes that future funding requirements will be based on the previous year's budget, with adjustments for factors such as growth, inflation, increased costs, and any new expenditures. Essentially, it projects that the upcoming budget will be similar to the current one, with added increments to account for changes in these areas.

The following is a review of the 2026 budget assumptions for each major expense category and the corresponding results:

Staffing and Salary Assumptions

- Merit increase of 5% for eligible deep class employees;
- Cost of living adjustment and associated fringe benefit increase of 5%;
- 5% reduction for unexpected vacancies;
- Filling all current vacancies with:
  - Hire deep-class employees at 80% of the top salary range; and,
  - Hire step-class employees at an average salary of Step 3.

Result: Staffing expenses realized a 6.7% net increase compared to the 2025 budget; and a 6.3% net increase compared to the 2025 forecast.

Staff Development Assumptions

- Training, conferences and certifications experience a (2.4%) decrease over the 2025 budget;
- Professional dues and subscriptions experience a 6.0% increase over the 2025 budget.

Result: Staff development realized no change compared to the 2025 budget; and no change compared to the 2025 forecast.

Professional Fees Assumptions

- Actuarial Fees—Actuarial valuations, SRBR valuations, GASB 67/68 and GASB 74/75, and reporting requirement for ASOP #51 were calculated using the actual contracts price, and other actuarial consulting services were estimated at contracted hourly rate;
- Auditor Fees—Annual audit, GASB 67/68 and GASB 74/75 schedules were calculated using the actual contracts price, other auditing services were estimated at contracted hourly rate;

- Other Consultant Fees—Consultant services were calculated using the actual contract price or estimated cost.

Result: Professional fees realized a 3.4% net increase compared to the 2025 budget; and a 4.3% net increase compared to the 2025 forecast.

Office Expenses Assumptions

- Banking expenses experience no change over the 2025 budget;
- Miscellaneous Administrative expenses experience a (40.0%) decrease over the 2025 budget;
- Building Operation expenses experience a 181.0% increase over the 2025 budget;
- Communication expenses experience a 34.0% increase over the 2025 budget;
- Equipment Lease and Maintenance expenses experience a (10.4%) decrease over the 2025 budget;
- Minor Furniture and Equipment expenses experience a (58.3%) decrease over the 2025 budget;
- Office Supplies and Maintenance expenses experience no change over the 2025 budget;
- Printing and Postage expenses would experience a 23.8% increase over the 2025 budget.

Result: Office expenses realized a 25.5% net increase compared to the 2025 budget; and a 23.6% net increase compared to the 2025 forecast.

Insurance Assumption

- Commercial Insurance expense experience no change over the 2025 budget;
- Cyber Liability Insurance expense experience no change over the 2025 budget;
- Fiduciary Liability Insurance expense experience a 1.1% increase over the 2025 budget;
- The County risk management and worker's compensation insurance expense experience a 0.3% increase over the 2025 budget.

Result: Insurance expenses realized a 0.5% net increase compared to the 2025 budget; and a (6.1%) net decrease compared to the 2025 forecast.

Member Services Assumptions

- Benefit Verification expense experience no change over the 2025 budget;
- Disability Arbitration and Transcript expenses experience a (36.8%) decrease over the 2025 budget;
- Disability Medical and Claim Management expenses experience a (29.9%) decrease over the 2025 budget;
- Health Reimbursement Accounts (HRA) expense experience a 2.1% increase over the 2025 budget;
- Member Training and Education expenses experience a 75.0% increase over the 2025 budget;
- Printing and Postage expenses experience a 12.9% increase over the 2025 budget;
- Virtual Call Center expenses experience a (4.5%) decrease over the 2025 budget.

Result: Member Services expenses realized a (14.1%) net decrease compared to the 2025 budget; and a (9.4%) net decrease compared to the 2025 forecast.

Systems Assumptions

- Business Continuity expense experience a 6.5% increase over the 2025 budget;
- County Data Processing expense experience a 12.9% increase over the 2025 budget;
- Minor Computer Hardware expenses experience a 38.9% increase over the 2025 budget;
- Software License and Maintenance expenses experience a 3.9% increase over the 2025 budget.

Result: Systems expenses realized a 6.4% net increase compared to the 2025 budget; and a 6.7% net increase compared to the 2025 forecast.

Board of Retirement Assumptions

- Training and conferences expenses changed as outlined in the Board's policy;
- Voluntary Employer Reimbursement changed as outlined in the Board's policy;
- Trustee stipend is $100 /meeting based on committee and board meetings.

Result: Board of Retirement expenses realized a (6.9%) net decrease compared to the 2025 budget; and a (3.4%) net decrease compared to the 2025 forecast.

Uncollectible Benefit Payments Assumption

- Uncollectible Benefit Payments expenses were based on the accounts receivable write-off.

Result: Uncollectible Benefit Payments expenses realized a (67.9%) decrease compared to the 2025 budget; and a (7.4%) decrease compared to the 2025 forecast.

Depreciation Assumption

- Depreciation expenses are based on the current capitalized assets.

Result: Depreciation expense realized a 101.1% net increase compared to the 2025 budget; and a 7.7% net increase compared to the 2025 forecast.

Proposed 2026 BUDGET SUMMARY AND COMPARISON

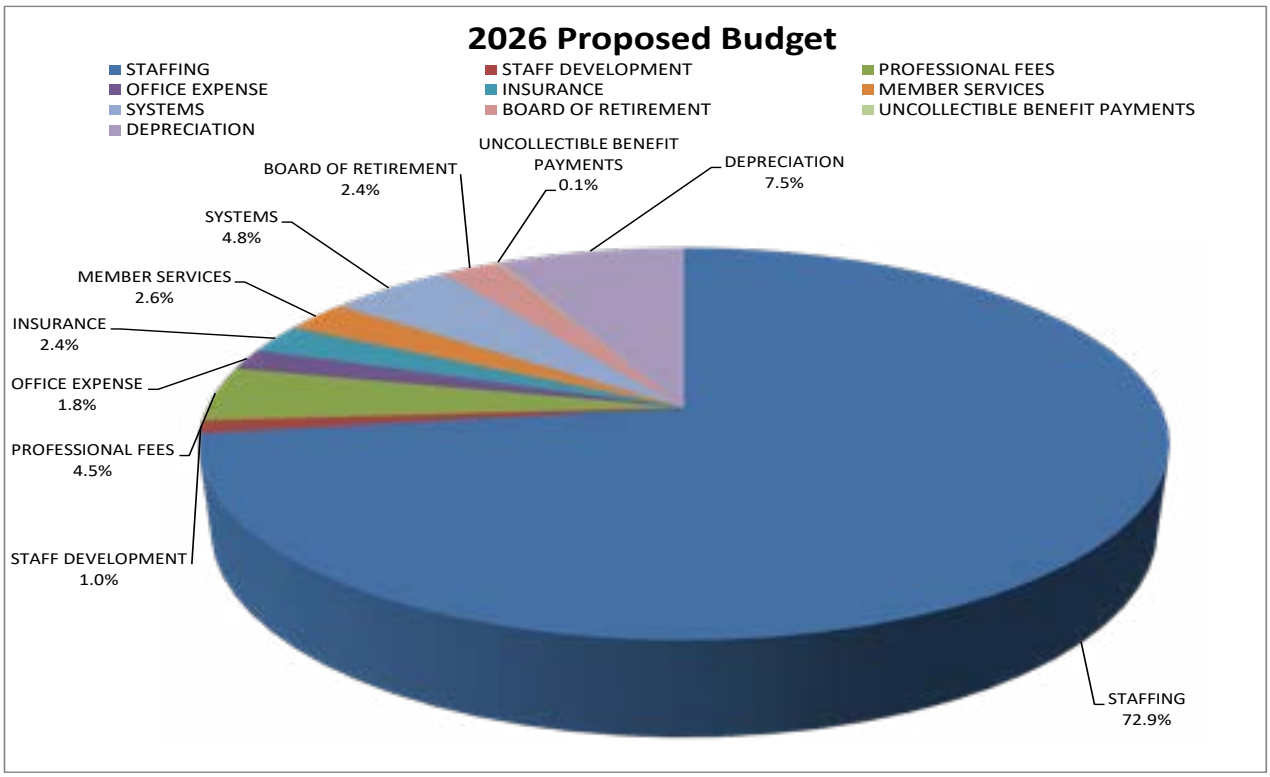
Staff recommends a proposed 2026 budget of $27.9 million which is:

- $2.4 million or 9.1% higher than the approved 2025 budget of $25.5 million;
- $0.5 million or (1.9%) less than the 2026 baseline budget of $28.4 million; and,
- $1.5 million or 5.5% higher than the 2025 forecast of $26.4 million.

The 2026 administrative budget of $15.7 million, which is $13.1 million below the administrative cap of $28.8 million. A year-over-year comparison reveals that the 2026 administrative budget is $0.8 million higher than the 2025 administrative budget of $14.9 million. Additionally, approximately $12.2 million was excluded from the annual operating expense budget of $27.9 million (see Section V for administrative budget and allocation schedules).

2026 Proposed Operating Expense Budget ($ in thousands)

	2025 Forecast	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	$ 19,111	$ 20,313	$ 1,202	6.3%	72.9%
Staff Development	290	290	-	0.0%	1.0%
Professional Fees	1,203	1,255	52	4.3%	4.5%
Office Expense	402	497	95	23.6%	1.8%
Insurance	701	658	(43)	-6.1%	2.4%
Member Services	795	720	(75)	-9.4%	2.6%
Systems	1,292	1,379	87	6.7%	4.8%
Board Of Retirement	681	658	(23)	-3.4%	2.4%
Uncollectible Benefit Payments	27	25	(2)	-7.4%	0.1%
Depreciation	1,930	2,079	149	7.7%	7.5%
OPERATING EXPENSES Total	**$ 26,432**	**$ 27,874**	**$ 1,442**	**5.5%**	**100.0%**



Operating Expense Budget[1]	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING (p#20)						
Salaries	$ 12,930,000	$ 13,093,000	$ 163,000	$ 14,006,000	$ 913,000	7.0%
Fringe Benefits	6,811,000	6,531,000	(280,000)	7,097,000	566,000	8.7%
Temporary Staff	275,000	470,000	195,000	260,000	(210,000)	-44.7%
5% Adjustment for unexpected vacancies	(983,000)	(983,000)	-	(1,050,000)	(67,000)	6.8%
Staffing Total	**19,033,000**	**19,111,000**	**78,000**	**20,313,000**	**1,202,000**	**6.3%**
STAFF DEVELOPMENT (p#21)	**290,000**	**290,000**	**-**	**290,000**	**-**	**0.0%**
PROFESSIONAL FEES (p#25)						
Actuarial Fees	496,000	474,000	(22,000)	550,000	76,000	16.0%
Audit Fees	145,000	145,000	-	147,000	2,000	1.4%
Consultant Fees	448,000	460,000	12,000	458,000	(2,000)	-0.4%
Legal Fees	125,000	124,000	(1,000)	100,000	(24,000)	-19.4%
Professional Fees Total	**1,214,000**	**1,203,000**	**(11,000)**	**1,255,000**	**52,000**	**4.3%**
OFFICE EXPENSE (p#27)						
Bank Charges	72,000	70,000	(2,000)	72,000	2,000	2.9%
Misc. Administrative Expenses	5,000	4,000	(1,000)	3,000	(1,000)	-25.0%
Building Expenses	58,000	64,000	6,000	163,000	99,000	154.7%
Communications	53,000	62,000	9,000	71,000	9,000	14.5%
Equipment Lease & Maint.	106,000	112,000	6,000	95,000	(17,000)	-15.2%
Minor Furniture & Equip.	24,000	11,000	(13,000)	10,000	(1,000)	-9.1%
Office Supplies & Maint.	57,000	54,000	(3,000)	57,000	3,000	5.6%
Printing & Postage	21,000	25,000	4,000	26,000	1,000	4.0%
Office Expense Total	**396,000**	**402,000**	**6,000**	**497,000**	**95,000**	**23.6%**
INSURANCE (p#28)	**655,000**	**701,000**	**46,000**	**658,000**	**(43,000)**	**-6.1%**
MEMBER SERVICES (p#29)						
Benefit Verification	7,000	7,000	-	7,000	-	0.0%
Disability - Arbitration & Transcripts	95,000	95,000	-	60,000	(35,000)	-36.8%
Disability - Medical Expense	342,000	278,000	(64,000)	225,000	(53,000)	-19.1%
Disability Claims Management	46,000	46,000	-	47,000	1,000	2.2%
Health Reimbursement Account	95,000	97,000	2,000	97,000	-	0.0%
Member Training & Education	16,000	23,000	7,000	28,000	5,000	21.7%
Printing & Postage - Members	171,000	180,000	9,000	193,000	13,000	7.2%
Virtual Call Center	66,000	69,000	3,000	63,000	(6,000)	-8.7%
Member Services Total	**838,000**	**795,000**	**(43,000)**	**720,000**	**(75,000)**	**-9.4%**
SYSTEMS (p#30)						
Business Continuity Expenses	278,000	278,000	-	296,000	18,000	6.5%
County Data Processing	139,000	150,000	11,000	157,000	7,000	4.7%
Minor Computer Hardware	36,000	42,000	6,000	50,000	8,000	19.0%
Software License & Maintenance	843,000	822,000	(21,000)	876,000	54,000	6.6%
Systems Total	**1,296,000**	**1,292,000**	**(4,000)**	**1,379,000**	**87,000**	**6.7%**
BOARD OF RETIREMENT (p#31)						
Board Conferences & Misc. Activities	**707,000**	**681,000**	**(26,000)**	**658,000**	**(23,000)**	**-3.4%**
UNCOLLECTIBLE BENEFITS PAYMENTS (p#33)	**78,000**	**27,000**	**(51,000)**	**25,000**	**(2,000)**	**-7.4%**
Total Operating Expenses Before Depreciation	**24,507,000**	**24,502,000**	**(5,000)**	**25,795,000**	**1,293,000**	**5.3%**
DEPRECIATION (p#32)	**1,034,000**	**1,930,000**	**896,000**	**2,079,000**	**149,000**	**7.7%**
TOTAL OPERATING EXPENSE	**25,541,000**	**26,432,000**	**891,000**	**27,874,000**	**1,442,000**	**5.5%**
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	**70,594,000**	**83,616,000**	**13,022,000**	**87,156,000**	**3,540,000**	**4.2%**
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	**96,135,000**	**110,048,000**	**13,913,000**	**115,030,000**	**4,982,000**	**4.5%**

[1] Budget schedules amounts are rounded to the nearest thousand.

CONTINGENCY FUND	**$ 473,000**	**$ 239,000**	**$ (234,000)**	**$ 260,000**	**$ 21,000**	**8.8%**

Operating Expense Budget 2026 Baseline vs. 2026 Increments ($ in thousands)	2025 Forecast	2026 Baseline	2026 Baseline vs. 2025 Forecast Over/ (Under)	2026 Baseline vs. 2025 Forecast % Of Change	2026 Proposed Increments	2026 Proposed Budget (Baseline + Increments)	2026 Proposed Budget (Baseline + Increments) vs. 2025 Forecast Over/ (Under)	% Change
STAFFING								
Salaries	$ 13,093	$ 13,878	$ 785	6.0%	$ 128	$ 14,006	$ 913	7.0%
Fringe Benefits	6,531	7,083	552	8.5%	14	7,097	566	8.7%
Temporary Staff	470	-	(470)	-100.0%	260	260	(210)	-44.7%
5% Adjustment for unexpected vacancies	(983)	-	983	0.0%	(1,050)	(1,050)	(67)	6.8%
Staffing Total	**19,111**	**20,961**	**1,850**	**9.7%**	**(648)**	**20,313**	**1,202**	**6.3%**
STAFF DEVELOPMENT	**290**	**395**	**105**	**36.2%**	**(105)**	**290**	**-**	**0.0%**
PROFESSIONAL FEES								
Actuarial Fees	474	506	32	6.8%	44	550	76	16.0%
Audit Fees	145	147	2	1.4%	-	147	2	1.4%
Consultant Fees	460	419	(41)	-8.9%	39	458	(2)	-0.4%
Legal Fees	124	100	(24)	-19.4%	-	100	(24)	-19.4%
Professional Fees Total	**1,203**	**1,172**	**(31)**	**-2.6%**	**83**	**1,255**	**52**	**4.3%**
OFFICE EXPENSE								
Bank Charges	70	72	2	2.9%	-	72	2	2.9%
Miscellaneous Administrative Expenses	4	3	(1)	-25.0%	-	3	(1)	-25.0%
Building Expenses	64	92	28	43.8%	71	163	99	154.7%
Communications	62	36	(26)	-41.9%	35	71	9	14.5%
Equipment Lease & Maint.	112	95	(17)	-15.2%	-	95	(17)	-15.2%
Minor Furniture & Equipment	11	10	(1)	-9.1%	-	10	(1)	-9.1%
Office Supplies & Maint.	54	57	3	5.6%	-	57	3	5.6%
Printing & Postage	25	26	1	4.0%	-	26	1	4.0%
Office Expense Total	**402**	**391**	**(11)**	**-2.7%**	**106**	**497**	**95**	**23.6%**
INSURANCE	**701**	**715**	**14**	**2.0%**	**(57)**	**658**	**(43)**	**-6.1%**
MEMBER SERVICES								
Benefit Verification	7	7	-	0.0%	-	7	-	0.0%
Disability Arbitr. & Transcripts	95	60	(35)	-36.8%	-	60	(35)	-36.8%
Disability - Medical Expense	278	225	(53)	-19.1%	-	225	(53)	-19.1%
Disability - Managed Medical Review Organization (MMRO)	46	47	1	2.2%	-	47	1	2.2%
Health Reimb. Account (HRA)	97	97	-	0.0%	-	97	-	0.0%
Member Training & Education	23	28	5	21.7%	-	28	5	21.7%
Printing & Postage - Members	180	193	13	7.2%	-	193	13	7.2%
Virtual Call Center	69	63	(6)	-8.7%	-	63	(6)	-8.7%
Member Services Total	**795**	**720**	**(75)**	**-9.4%**	**-**	**720**	**(75)**	**-9.4%**
SYSTEMS								
Business Continuity Expenses	278	296	18	6.5%	-	296	18	6.5%
County Data Processing	150	157	7	4.7%	-	157	7	4.7%
Minor Computer Hardware	42	50	8	19.0%	-	50	8	19.0%
Software License & Maint.	822	853	31	3.8%	23	876	54	6.6%
Systems Total	**1,292**	**1,356**	**64**	**5.0%**	**23**	**1,379**	**87**	**6.7%**
BOARD OF RETIREMENT								
Board Conferences & Misc. Activities	**681**	**657**	**(24)**	**-3.5%**	**1**	**658**	**(23)**	**-3.4%**
UNCOLLECTIBLE BENEFIT PAYMENTS	**27**	**25**	**(2)**	**-7.4%**	**-**	**25**	**(2)**	**-7.4%**
Total Operating Expenses Before Depreciation	**24,502**	**26,392**	**1,890**	**7.7%**	**(597)**	**25,795**	**1,293**	**5.3%**
DEPRECIATION	**1,930**	**2,031**	**101**	**5.2%**	**48**	**2,079**	**149**	**7.7%**
TOTAL OPERATING EXPENSE	**26,432**	**28,423**	**1,991**	**7.5%**	**(549)**	**27,874**	**1,442**	**5.5%**
TOTAL PORTFOLIO MANAGE-MENT INVESTMENT EXPENSE	**83,616**	**87,156**	**3,540**	**4.2%**	**-**	**87,156**	**3,540**	**4.2%**
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	**$ 110,048**	**$ 115,579**	**$ 5,531**	**5.0%**	**$ (549)**	**$ 115,030**	**$ 4,982**	**4.5%**

STAFFING

Staffing expense includes salaries, fringe benefits, and temporary services[1].

Headcount by Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Administration	6	6	-	7	1
Benefits	42	42	-	42	-
Fiscal Services	12	12	-	12	-
Human Resources	3	3	-	3	-
Internal Audit	3	3	-	3	-
Investments	9	9	-	9	-
Legal	4	4	-	4	-
PRISM	8	8	-	8	-
HEADCOUNT TOTAL	**87**	**87**	**-**	**88**	**1**

[1] Headcount does not include temporary Retirement Technician to cover fluctuations in headcount.

Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Administration	$ 1,218,000	$ 1,239,000	$ 21,000	$ 1,350,000	$ 111,000	9.0%
Benefits	5,124,000	5,126,000	2,000	5,534,000	408,000	8.0%
Fiscal Services	1,580,000	1,620,000	40,000	1,698,000	78,000	4.8%
Human Resources	476,000	494,000	18,000	521,000	27,000	5.5%
Internal Audit	547,000	564,000	17,000	586,000	22,000	3.9%
Investments	1,730,000	1,745,000	15,000	1,908,000	163,000	9.3%
Legal	857,000	877,000	20,000	918,000	41,000	4.7%
PRISM	1,318,000	1,333,000	15,000	1,403,000	70,000	5.3%
Total Salaries	**12,850,000**	**12,998,000**	**148,000**	**13,918,000**	**920,000**	**7.1%**
Health and Dental	2,118,000	2,031,000	(87,000)	2,361,000	330,000	16.2%
Retirement Contributions	3,288,000	3,152,000	(136,000)	3,219,000	67,000	2.1%
Medicare and SDI	267,000	256,000	(11,000)	290,000	34,000	13.3%
Social Security	811,000	778,000	(33,000)	815,000	37,000	4.8%
Other Benefits (Cafeteria Benefit, Life Insurance, Def. Comp. and Auto Allowance)	327,000	314,000	(13,000)	412,000	98,000	31.2%
Total Fringe Benefits	**6,811,000**	**6,531,000**	**(280,000)**	**7,097,000**	**566,000**	**8.7%**
Overtime	**80,000**	**95,000**	**15,000**	**88,000**	**(7,000)**	**-7.4%**
Temporary Staffing	**275,000**	**470,000**	**195,000**	**260,000**	**(210,000)**	**-44.7%**
5% Adjustment for unexpected vacancies	**(983,000)**	**(983,000)**	**-**	**(1,050,000)**	**(67,000)**	**6.8%**
STAFFING EXPENSES Total	**$ 19,033,000**	**$ 19,111,000**	**$ 78,000**	**$ 20,313,000**	**$ 1,202,000**	**6.3%**

Staffing - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 920,000
• Increase in 2026 projected fringe benefits rate	566,000
• Decrease in 2026 overtime expense	(7,000)
• Decrease in 2026 temporary staff expense	(210,000)
• 5% adjustment for unexpected staff vacancies	(67,000)
Total Over/(Under)	**$ 1,202,000**

Staffing - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
• Increase from GASB 101 compensated unused leave liability	$ 148,000
• Decrease in 2025 projected fringe benefits rate	(280,000)
• Increase in overtime expense	15,000
• Increase in 2026 temporary staff expense	195,000
Total Over/(Under)	**$ 78,000**

STAFF DEVELOPMENT

Staff Development includes education, training, professional dues, recruitment, and subscription expenses.

Staff Development	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
Adaptive	$ 4,000	$ 4,000	$ -	$ 4,000	$ -	0.0%
American Management Association (AMA)	4,000	3,000	(1,000)	2,000	(1,000)	-33.3%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	33,000	26,000	(7,000)	24,000	(2,000)	-7.7%
CALPERLA	4,000	4,000	-	2,000	(2,000)	-50.0%
Cyber-Security	6,000	3,000	(3,000)	3,000	-	0.0%
GFOA	13,000	12,000	(1,000)	12,000	-	0.0%
IFEBP	3,000	5,000	2,000	14,000	9,000	180.0%
ILPA	6,000	7,000	1,000	6,000	(1,000)	-14.3%
NAPPA	7,000	5,000	(2,000)	8,000	3,000	60.0%
PG User and Onbase Conference	25,000	30,000	5,000	31,000	1,000	3.3%
SACRS	36,000	36,000	-	26,000	(10,000)	-27.8%
Technology Related Trainings	3,000	4,000	1,000	3,000	(1,000)	-25.0%
Miscellaneous	63,000	57,000	(6,000)	67,000	10,000	17.5%
Subtotal	**207,000**	**196,000**	**(11,000)**	**202,000**	**6,000**	**3.1%**
PROFESSIONAL DUES & SUBSCRIPTIONS	**83,000**	**93,000**	**10,000**	**88,000**	**(5,000)**	**-5.4%**
RECRUITMENT EXPENSES	**-**	**1,000**	**1,000**	**-**	**(1,000)**	**-100.0%**
STAFF DEVELOPMENT EXPENSES TOTAL	**$ 290,000**	**$ 290,000**	**$ -**	**$ 290,000**	**$ -**	**0.0%**

Staff Development - Variance Narrative
2026 Proposed Budget vs. 2025 Forecast

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Increase in conference and training	$ 6,000
Subtotal	**6,000**
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Decrease in professional dues and subscriptions	(5,000)
Subtotal	**(5,000)**
RECRUITMENT	
• Decrease in recruitment expenses	(1,000)
Subtotal	**(1,000)**
Total Over/(Under)	**$ -**

Staff Development - Variance Narrative
2025 Forecast vs. 2025 Budget

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Decrease in conference and training	$ (11,000)
Subtotal	**(11,000)**
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Increase due to timing of vendor payment	10,000
Subtotal	**10,000**
RECRUITMENT	
• Increase in recruitment expense	1,000
Subtotal	**1,000**
Total Over/(Under)	**$ -**

2026 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences

	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit
Association of Certified Fraud Examiners (ACFE)	$ -	$ -	$ -	$ -	$ 3,000
Association OF Public Pension Fund Auditors (APPFA)	-	-	-	-	3,000
Computer Training/County	-	2,000	1,000	-	-
CSDA Conference	3,000	-	-	-	-
Disaster Recovery Journal Conference (DRJ)	-	-	-	-	-
IDEA Training	-	-	-	-	5,000
LMS (Alameda County HRS)	-	-	-	2,000	-
NASRA Winter & Annual Conference	4,000	-	-	-	-
Miscellaneous Trainings/Conferences	4,000	13,000	2,000	3,000	8,000
Total Other Trainings/Conferences	**11,000**	**15,000**	**3,000**	**5,000**	**19,000**
Adaptive	-	-	4,000	-	-
American Management Association (AMA)	-	2,000	-	-	-
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	3,000	16,000	1,000	-	-
CALPERLA	-	-	-	2,000	-
Cybersecurity	-	-	-	-	-
GFOA	-	-	12,000	-	
IFEBP	2,000	12,000	-	-	-
ILPA	-	-	-	-	-
NAPPA	-	-	-	-	-
PG User and Onbase Conference	4,000	10,000	4,000	-	-
SACRS	6,000	4,000	2,000		3,000
Technology Related Trainings	-	-	-	-	-
Other Trainings/Conferences (from above)	11,000	15,000	3,000	5,000	19,000
Total Trainings/Conferences	**26,000**	**59,000**	**26,000**	**7,000**	**22,000**
Professional Dues & Subscriptions	**29,000**	**4,000**	**3,000**	**2,000**	**6,000**
TOTAL	**$ 55,000**	**$ 63,000**	**$ 29,000**	**$ 9,000**	**$ 28,000**

2026 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences

	Investments	Legal	PRISM	Total
American Institute of Certified Public Accountants (AICPA)	$ -	$ -	$ -	$ 3,000
Association of Certified Fraud Examiners (ACFE)	-	-	-	3,000
Association OF Public Pension Fund Auditors (APPFA)	-	-	-	3,000
Computer Training/County	3,000	-	-	6,000
CSDA Conference			3,000	3,000
IDEA Training	-	-	-	5,000
Investment Related	-	-	-	2,000
LMS (Alameda County HRS)	-	-	-	4,000
NASRA Winter & Annual Conference	2,000	3,000	3,000	38,000
Total Other Trainings/Conferences	**5,000**	**3,000**	**6,000**	**67,000**
Adaptive	-	-	-	4,000
American Management Association (AMA)	-	-	-	2,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	1,000	2,000	1,000	24,000
CALPERLA	-	-	-	2,000
Cybersecurity	-	-	3,000	3,000
GFOA	-	-	-	12,000
IFEBP	-	-	-	14,000
ILPA	3,000	3,000	-	6,000
NAPPA	-	8,000	-	8,000
PG User and Onbase Conference	-	-	13,000	31,000
SACRS	4,000	4,000	3,000	26,000
Technology Related Trainings	-	-	3,000	3,000
Other Trainings/Conferences (from above)	5,000	3,000	6,000	67,000
Total Trainings/Conferences	**13,000**	**20,000**	**29,000**	**202,000**
Professional Dues & Subscriptions	**22,000**	**22,000**	**-**	**88,000**
TOTAL	**$ 35,000**	**$ 42,000**	**$ 29,000**	**$ 290,000**

PROFESSIONAL FEES

This category excludes investment professional consultant and advisor expenses.

Professional Fees	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
Actuarial Fees	$ 496,000	$ 474,000	$ (22,000)	$ 550,000	$ 76,000	16.0%
Audit Fees	145,000	145,000	-	147,000	2,000	1.4%
Consultant Fees	448,000	460,000	12,000	458,000	(2,000)	-0.4%
Legal Fees	125,000	124,000	(1,000)	100,000	(24,000)	-19.4%
Total Professional Fees	**1,214,000**	**1,203,000**	**(11,000)**	**1,255,000**	**52,000**	**4.3%**
Actuarial Fees						
Actuarial Valuation	90,000	90,000	-	92,500	2,500	2.8%
ASOP #51, Risk Report	30,000	30,000	-	35,000	5,000	16.7%
GASB 67 & 68	55,000	55,000	-	56,500	1,500	2.7%
GASB 74 & 75	17,000	17,000	-	17,000	-	0.0%
SRBR Valuation	46,000	46,000	-	47,000	1,000	2.2%
Supplemental Consulting	258,000	236,000	(22,000)	258,000	22,000	9.3%
Triennial Experience Study	-	-	-	44,000	44,000	100.0%
Total Actuarial Fees	**496,000**	**474,000**	**(22,000)**	**550,000**	**76,000**	**16.0%**
Audit Fees						
Audit Fees	122,000	121,000	-	123,000	2,000	1.7%
GASB 67 & 68	11,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Total Audit Fees	**145,000**	**145,000**	**-**	**147,000**	**2,000**	**1.4%**
Consultant Fees						
Administration						
CEM Benchmark	-	-	-	35,000	35,000	100.0%
Total Administration	**-**	**-**	**-**	**35,000**	**35,000**	**100.0%**
Benefits						
Benefit Cons./Open Enroll.	137,000	137,000	-	144,000	7,000	5.1%
County Retirees Medical	126,000	126,000	-	126,000	-	0.0%
Dental and Vision RFP	50,000	50,000	-	-	(50,000)	-100.0%
Total Benefits	**313,000**	**313,000**	**-**	**270,000**	**(43,000)**	**-13.7%**
Human Resources						
Lakeside Group (County Personnel)	135,000	147,000	12,000	153,000	6,000	4.1%
Total Human Resources	**135,000**	**147,000**	**12,000**	**153,000**	**6,000**	**4.1%**
Total Consultant Fees	**448,000**	**460,000**	**12,000**	**458,000**	**(2,000)**	**-0.4%**
Legal Fees						
Fiduciary, Tax and Benefit Issues, and Misc. Legal Advice	125,000	124,000	(1,000)	100,000	(24,000)	-19.4%
Total Legal Fees	**$ 125,000**	**$ 124,000**	**$ (1,000)**	**$ 100,000**	**$ (24,000)**	**-19.4%**

Professional Fees - Variance Narrative
2026 Proposed Budget vs. 2025 Forecast

		Variance Over/(Under)
ACTUARIAL		
• Increase in actuarial valuation, GASB, and SRBR valuation costs	$	10,000
• Increase in supplemental consulting fees		22,000
• Triennial Experience Study for 2026		44,000
	Subtotal	**76,000**
AUDIT		
• Increase in external audit fees		2,000
	Subtotal	**2,000**
CONSULTANTS		
• CEM Benchmark project		35,000
• Decrease due to completion of RFP for dental/vision		(43,000)
• Increase in contract fees		6,000
	Subtotal	**(2,000)**
LEGAL		
• Decrease in consulting fees		(24,000)
	Subtotal	**(24,000)**
	Total Over/(Under)	**$ 52,000**

Professional Fees - Variance Narrative
2025 Forecast vs. 2025 Budget

		Variance Over/(Under)
ACTUARIAL		
• Decrease in supplemental consulting fees	$	(22,000)
	Subtotal	**(22,000)**
CONSULTANTS		
• Increase in contract fees		12,000
	Subtotal	**12,000**
LEGAL		
• Decrease in legal consulting expenses		(1,000)
	Subtotal	**(1,000)**
	Total Over/(Under)	**$ (11,000)**

OFFICE EXPENSE

This category covers expenses such as building expenses, banking fees, telecommunications, and office equipment.

Office Expense	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
Bank Charges	$ 72,000	$ 70,000	$ (2,000)	$ 72,000	$ 2,000	2.9%
Misc. Administrative Expenses	5,000	4,000	(1,000)	3,000	(1,000)	-25.0%
Building Expenses	58,000	64,000	6,000	163,000	99,000	154.7%
Communications	53,000	62,000	9,000	71,000	9,000	14.5%
Equip. Leasing & Maint.	106,000	112,000	6,000	95,000	(17,000)	-15.2%
Minor Furniture & Equipment	24,000	11,000	(13,000)	10,000	(1,000)	-9.1%
Office Supplies & Maint.	57,000	54,000	(3,000)	57,000	3,000	5.6%
Printing & Postage	21,000	25,000	4,000	26,000	1,000	4.0%
OFFICE EXPENSE Total	**$ 396,000**	**$ 402,000**	**$ 6,000**	**$ 497,000**	**$ 95,000**	**23.6%**

Office Expense - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast

	Variance Over/(Under)
EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE	
• Decrease in equipment and maintenance services	$ (15,000)
Subtotal	**(15,000)**
MISCELLANEOUS ADMINISTRATIVE EXPENSES	
• Decrease in miscellaneous administrative expenses	(1,000)
Subtotal	**(1,000)**
PRINTING & POSTAGE	
• Increase in printing & postage costs	1,000
Subtotal	**1,000**
BUILDING, BANK CHARGES, AND COMMUNICATIONS	
• Increase due to change in communication system	9,000
• Increase from 2025 escalation fees for building expenses	99,000
• Increase in bank fees	2,000
Subtotal	**110,000**
Total Over/(Under)	**$ 95,000**

Office Expense - Variance Narrative 2025 Forecast vs. 2025 Budget

	Variance Over/(Under)
EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE	
• Decrease in minor furniture purchases	$ (10,000)
Subtotal	**(10,000)**
MISCELLANEOUS ADMINISTRATIVE EXPENSES	
• Decrease in miscellaneous administrative expenses	(1,000)
Subtotal	**(1,000)**
PRINTING & POSTAGE	
• Increase in postage costs	4,000
Subtotal	**4,000**
BUILDING, BANK CHARGES, AND COMMUNICATIONS	
• Increase in escalation fees for building expenses	6,000
• Decrease in bank fees	(2,000)
• Increase in communication systems cost	9,000
Subtotal	**13,000**
Total Over/(Under)	**$ 6,000**

INSURANCE

This category includes insurance premiums for business automobile, commercial, earthquake, fiduciary, criminal and cyber liability, employer liability, umbrella, and workers' compensation.

Insurance	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Commercial Package	$ 96,000	$ 94,000	$ (2,000)	$ 96,000	$ 2,000	3.2%
Cyber Liability	41,000	41,000	-	41,000	-	0.0%
Fiduciary Liability	175,000	172,000	(3,000)	177,000	5,000	4.3%
Risk Management	159,000	228,000	69,000	205,000	(23,000)	-15.4%
Worker's Compensation	184,000	166,000	(18,000)	139,000	(27,000)	-24.8%
INSURANCE Total	**$ 655,000**	**$ 701,000**	**$ 46,000**	**$ 658,000**	**$ (43,000)**	**-6.1%**

Insurance - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
• Increase in fiduciary liability insurance premiums	$ 5,000
• Increase in cyber liability and commercial package insurance premiums	2,000
• Decrease in Alameda County worker's compensation and risk management insurance premiums	(50,000)
Total Over/(Under)	**$ (43,000)**

Insurance - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
• Decrease in fiduciary liability insurance premiums	$ (3,000)
• Increase in Alameda County worker's compensation and risk management insurance premiums	51,000
• Decrease in commercial package insurance premiums	(2,000)
Total Over/(Under)	**$ 46,000**

MEMBER SERVICES

This category includes expenses for services provided to members, including healthcare plans, enrollments, wellness seminars, communications, disability hearings and evaluations.

Member Services	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Benefit Verification	$ 7,000	$ 7,000	$ -	$ 7,000	$ -	0.0%
Disability - Legal Arbitration & Transcripts	95,000	95,000	-	60,000	(35,000)	-36.8%
Disability - Medical	342,000	278,000	(64,000)	225,000	(53,000)	-19.1%
Disability Claims Management	46,000	46,000	-	47,000	1,000	2.2%
Health Reimbursement Account (HRA)	95,000	97,000	2,000	97,000	-	0.0%
Member Training & Education	16,000	23,000	7,000	28,000	5,000	21.7%
Printing and Postage - Members	171,000	180,000	9,000	193,000	13,000	7.2%
Virtual Call Center	66,000	69,000	3,000	63,000	(6,000)	-8.7%
MEMBER SERVICES Total	**$ 838,000**	**$ 795,000**	**$ (43,000)**	**$ 720,000**	**$ (75,000)**	**-9.4%**

Member Services - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
DISABILITY	
• Decrease in number of disability cases	$ (87,000)
Subtotal	**(87,000)**
PRINTING AND POSTAGE BENEFITS	
• Increase in printing and postage for open enrollment	13,000
Subtotal	**13,000**
MEMBER TRAINING AND EDUCATION	
• Increase in training and education	5,000
Subtotal	**5,000**
VIRTUAL CALL CENTER	
• Decrease in virtual call cost	(6,000)
Subtotal	**(6,000)**
Total Over/(Under)	**$ (75,000)**

Member Services - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
DISABILITY	
• Decrease in number of disability cases	$ (64,000)
Subtotal	**(64,000)**
HEALTH REIMBURSEMENT ACCOUNT AND BENEFIT VERIFICATION	
• Increase in health reimbursement account and benefit verification	2,000
Subtotal	**2,000**
MEMBER TRAINING AND EDUCATION	
• Increase in training and education	7,000
Subtotal	**7,000**
PRINTING AND POSTAGE BENEFITS	
• Increase in printing and postage	9,000
Subtotal	**9,000**
VIRTUAL CALL CENTER	
• Increase in virtual call cost	3,000
Subtotal	**3,000**
Total Over/(Under)	**$ (43,000)**

SYSTEMS

This category includes the costs of business continuity planning, county data processing, software maintenance and support, and uncapitalized computer hardware and software.

System Expenses	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Business Continuity Expenses	$ 278,000	$ 278,000	$ -	$ 296,000	$ 18,000	6.5%
County Data Processing	139,000	150,000	11,000	157,000	7,000	4.7%
Minor Computer Hardware	36,000	42,000	6,000	50,000	8,000	19.0%
Software License & Maintenance	843,000	822,000	(21,000)	876,000	54,000	6.6%
SYSTEMS Total	**$ 1,296,000**	**$ 1,292,000**	**$ (4,000)**	**$ 1,379,000**	**$ 87,000**	**6.7%**

Systems - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
BUSINESS CONTINUITY EXPENSES	
• Increase in business continuity	18,000
Subtotal	**18,000**
COMPUTER HARDWARE & COUNTY DATA PROCESSING	
• Increase in minor computer hardware	8,000
• Increase in county data processing	7,000
Subtotal	**15,000**
SOFTWARE, MAINTENANCE & SUPPORT	
• Increase in costs for the pension administration and general ledger systems	54,000
Subtotal	**54,000**
Total Over/(Under)	**87,000**

Systems - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
BUSINESS CONTINUITY & COUNTY DATA PROCESSING	
• Increase in county data processing	11,000
Subtotal	**11,000**
MINOR COMPUTER HARDWARE	
• Increase in computer hardware purchases	6,000
Subtotal	**6,000**
SOFTWARE, MAINTENANCE & SUPPORT	
• Decrease in software licenses and maintenance	(21,000)
Subtotal	(21,000)
Total Over/(Under)	**$ (4,000)**

BOARD OF RETIREMENT

This category covers Board compensation and expenses for meetings, conferences and trainings, employer reimbursement (elected members only), and election expenses.

Board of Retirement	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Board Compensation	$ 28,000	$ 23,000	$ (5,000)	$ 29,000	$ 6,000	26.1%
Board Conference and Training	202,000	202,000	-	204,000	2,000	1.0%
Board Elections	49,000	49,000	-	-	(49,000)	-100.0%
Board Employer Reimbursement	391,000	371,000	(20,000)	389,000	18,000	4.9%
Board Miscellaneous Activities	13,000	12,000	(1,000)	11,000	(1,000)	-8.3%
Board Software Maint. & Support	16,000	16,000	-	17,000	1,000	6.3%
Board Strategic Planning	8,000	8,000	-	8,000	-	0.0%
BOARD OF RETIREMENT Total	**$ 707,000**	**$ 681,000**	**$ (26,000)**	**$ 658,000**	**$ (23,000)**	**-3.4%**

Board of Retirement - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
• Increase in board compensation expense	$ 6,000
• Increase in board conference and training expense	2,000
• No board election in 2026	(49,000)
• Increase in employer reimbursements	18,000
Total Over/(Under)	**$ (23,000)**

Board of Retirement - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
• Decrease in board compensation expense	$ (5,000)
• Decrease in board employer reimbursement	(20,000)
• Decrease in board miscellaneous activities expense	(1,000)
Total Over/(Under)	**$ (26,000)**

DEPRECIATION

Depreciation expense is the allocation of a capital asset cost over the asset's useful life.

Depreciation	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
Computer Hardware	$ 3,000	$ 3,000	$ -	$ 3,000	$ -	0.0%
EDMS Admin. Share	1,000	1,000	-	-	(1,000)	-100.0%
Equipment	4,000	4,000	-	2,000	(2,000)	-50.0%
Information system	931,000	1,827,000	896,000	1,979,000	152,000	8.3%
Leasehold Improvements	95,000	95,000	-	95,000	-	0.0%
Total Depreciation	**$ 1,034,000**	**$ 1,930,000**	**$ 896,000**	**$ 2,079,000**	**$ 149,000**	**7.7%**

Depreciation is computed using the straight-line method for most assets over the following estimated useful lives:

- Computer Hardware 5 years
- Computer Software 3 years
- Equipment 5 years
- Furniture 7 years
- Information System-Retirement 7 years
- Information System-Accounting 3 years
- Disaster Recovery 5 years
- Leasehold Improvements 27.5 years
- EDMS 5 years

Depreciation - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
INFORMATION SYSTEM	
• Pension adminstration system and general ledger projects capitalization in 2026	$ 149,000
Total Over/(Under)	**$ 149,000**

Depreciation - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
INFORMATION SYSTEM	
• Pension adminstration system capitalization in 2025	$ 896,000
Total Over/(Under)	**$ 896,000**

UNCOLLECTIBLE BENEFIT PAYMENTS

After the adoption of the discharge of uncollectible accounts receivable policy and Board of Retirement authorization, the annual uncollectible accounts receivable balance to be discharged is approximately $25,000. This balance is comprised of benefit overpayments, healthcare premium, payroll deductions, and taxes. Discharges of uncollectible balances normally include one year's worth of transactions, after passage of a one-year period from which collection efforts have been exhausted and the receivable has been declared uncollectible.

Uncollectible Benefit Payments	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
Uncollectible Benefit Payments	$ 78,000	$ 27,000	$ (51,000)	$ 25,000	$ (2,000)	-7.4%
Total	**$ 78,000**	**$ 27,000**	**$ (51,000)**	**$ 25,000**	**$ (2,000)**	**-7.4%**

Uncollectible Benefit Payments - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
• Decrease in uncollectible benefit payments	$ (2,000)
Total Over/(Under)	**$ (2,000)**

Uncollectible Benefit Payments - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
• Decrease in uncollectible benefit payments	$ (51,000)
Total Over/(Under)	**$ (51,000)**

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Section IV

Departmental Operating Expense Budgets

Section IV

Departmental Operating Expense Budgets

ACERA operations are organized into eight departments: Administration, Benefits, Fiscal Services, Human Resources, Internal Audit, Investments, Legal, and Project and Information Services Management (PRISM).

Departments	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
Administration (p#37)	$ 5,250,000	$ 6,100,000	$ 850,000	$ 6,570,000	$ 470,000	7.7%
Benefits (p#41)	8,994,000	8,977,000	(17,000)	9,417,000	440,000	4.9%
Fiscal Services (p#44)	2,620,000	2,663,000	43,000	2,792,000	129,000	4.8%
Human Resources (p#46)	847,000	878,000	31,000	913,000	35,000	4.0%
Internal Audit (p#48)	835,000	842,000	7,000	878,000	36,000	4.3%
Investment (p#50)	2,540,000	2,554,000	14,000	2,763,000	209,000	8.2%
Legal (p#52)	1,435,000	1,426,000	(9,000)	1,420,000	(6,000)	-0.4%
PRISM (p#54)	3,020,000	2,992,000	(28,000)	3,121,000	129,000	4.3%
Total Depart. Expenses	**$ 25,541,000**	**$ 26,432,000**	**$ 891,000**	**$ 27,874,000**	**$ 1,442,000**	**5.5%**

ADMINISTRATION DEPARTMENT

The Administration Department is led by the Chief Executive Officer who plans, manages, and administers the business of the retirement system and coordinates external outreach with legislators and member organizations.

Administration Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,218,000	$ 1,239,000	$ 21,000	$ 1,350,000	$ 111,000	9.0%
Fringe Benefits	604,000	567,000	(37,000)	683,000	116,000	20.5%
Temporary Staff	36,000	38,000	2,000	-	(38,000)	-100.0%
5% Adjustment for Unexpected Vacancies	(91,000)	(91,000)	-	(101,000)	(10,000)	11.0%
Staffing Total	**1,767,000**	**1,753,000**	**(14,000)**	**1,932,000**	**179,000**	**10.2%**
STAFF DEVELOPMENT	**58,000**	**55,000**	**(3,000)**	**55,000**	**-**	**0.0%**
PROFESSIONAL FEES						
Actuarial Fees	496,000	474,000	(22,000)	550,000	76,000	16.0%
Consultant Fees	-	-	-	35,000	35,000	100.0%
Professional Fees Total	**496,000**	**474,000**	**(22,000)**	**585,000**	**111,000**	**23.4%**
OFFICE EXPENSE						
Miscellaneous Administrative	5,000	4,000	(1,000)	3,000	(1,000)	-25.0%
Building Expenses	58,000	64,000	6,000	163,000	99,000	154.7%
Communications	53,000	62,000	9,000	71,000	9,000	14.5%
Equipment Lease & Maintenance	106,000	112,000	6,000	95,000	(17,000)	-15.2%
Minor Furniture & Equipment	12,000	4,000	(8,000)	2,000	(2,000)	-50.0%
Office Supplies & Maintenance	57,000	54,000	(3,000)	57,000	3,000	5.6%
Printing & Postage	21,000	25,000	4,000	26,000	1,000	4.0%
Office Expense Total	**312,000**	**325,000**	**13,000**	**417,000**	**92,000**	**28.3%**
INSURANCE	**655,000**	**701,000**	**46,000**	**658,000**	**(43,000)**	**-6.1%**
SYSTEMS						
County Data Processing	139,000	150,000	11,000	157,000	7,000	4.7%
Software Maintenance & Support	4,000	4,000	-	4,000	-	0.0%
Systems Total	**143,000**	**154,000**	**11,000**	**161,000**	**7,000**	**4.5%**
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activities	**707,000**	**681,000**	**(26,000)**	**658,000**	**(23,000)**	**-3.4%**
UNCOLLECTIBLE BENEFIT PAYMENTS	**78,000**	**27,000**	**(51,000)**	**25,000**	**(2,000)**	**-7.4%**
DEPRECIATION						
Depreciation Expense	**1,034,000**	**1,930,000**	**896,000**	**2,079,000**	**149,000**	**7.7%**
GRAND TOTAL	**$ 5,250,000**	**$ 6,100,000**	**$ 850,000**	**$ 6,570,000**	**$ 470,000**	**7.7%**

Administration Department - Variance Narrative
2026 Proposed Budget vs. 2025 Forecast

		Variance Over/(Under)
STAFFING		
• Increase in salaries from COLA, merit increase, longevity pay, and vacation sellbacks	$	111,000
• Increase in 2026 projected fringe benefits rate		116,000
• Decrease in temporary staff expense		(38,000)
• 5% adjustment for unexpected staff vacancies		(10,000)
Subtotal		**179,000**
PROFESSIONAL FEES		
• Increase in actuarial fees		76,000
• CEM Benchmark project in 2026		35,000
Subtotal		**111,000**
OFFICE EXPENSE		
• Increase from 2025 escalation fees for building expenses		99,000
• Increase due to change in communication system		9,000
• Decrease in equipment and maintenance services		(17,000)
• Increase in printing and postage		1,000
Subtotal		**92,000**
INSURANCE		
• Decrease in Alameda County worker's compensation and risk management insurance premiums		(43,000)
Subtotal		**(43,000)**
SYSTEMS		
• Increase in county data processing		7,000
Subtotal		**7,000**
BOARD OF RETIREMENT		
• Decrease in board of retirement due to no election in 2026		(23,000)
Subtotal		**(23,000)**
UNCOLLECTIBLE BENEFIT PAYMENTS		
• Decrease in uncollectible benefit payments		(2,000)
Subtotal		**(2,000)**
DEPRECIATION EXPENSE		
• Pension adminstration system and general ledger projects capitalization in 2026		149,000
Subtotal		**149,000**
Total Over/(Under)	**$**	**470,000**

Administration Department - Variance Narrative
2025 Forecast vs. 2025 Budget

		Variance Over/(Under)
STAFFING		
• Increase from GASB 101 compensated unused leave liability	$	21,000
• Decrease in 2025 projected fringe benefits rate		(37,000)
• Increase in temporary staff expense		2,000
	Subtotal	**(14,000)**
STAFF DEVELOPMENT		
• Decrease in conference and training		(3,000)
	Subtotal	**(3,000)**
PROFESSIONAL FEES		
• Decrease in actuarial supplemental consulting fees		(22,000)
	Subtotal	**(22,000)**
OFFICE EXPENSE		
• Increase in escalation fees for building expenses		6,000
• Increase in equipment lease and maintenance		6,000
• Decease in office supplies and maintenance		(3,000)
• Increase in postage costs		4,000
	Subtotal	**13,000**
INSURANCE		
• Increase in insurance premiums		46,000
	Subtotal	**46,000**
SYSTEMS		
• Increase in county data processing		11,000
	Subtotal	**11,000**
BOARD OF RETIREMENT		
• Decrease in board of retirement expenses		(26,000)
	Subtotal	**(26,000)**
UNCOLLECTIBLE BENEFIT PAYMENTS		
• Decrease in uncollectible benefit payments		(51,000)
	Subtotal	**(51,000)**
DEPRECIATION		
• Pension adminstration system capitalization in 2025		896,000
	Subtotal	**896,000**
	Total Over/(Under)	**$ 850,000**

Administration Department Professional Fees	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Consultant Fees						
CEM Benchmark	$ -	$ -	$ -	$ 35,000	$ 35,000	100.0%
Subtotal	**-**	**-**	**-**	**35,000**	**35,000**	**100.0%**
Actuarial Fees						
Actuarial Valuation	90,000	90,000	-	92,500	2,500	2.8%
ASOP #51, Risk Report	30,000	30,000	-	35,000	5,000	16.7%
GASB 67 & 68	55,000	55,000	-	56,500	1,500	2.7%
GASB 74 & 75	17,000	17,000	-	17,000	-	0.0%
SRBR Valuation	46,000	46,000	-	47,000	1,000	2.2%
Supplemental Consulting	258,000	236,000	(22,000)	258,000	22,000	9.3%
Triennial Experience Study	-	-	-	44,000	44,000	100.0%
Subtotal	**496,000**	**474,000**	**(22,000)**	**550,000**	**76,000**	**16.0%**
Administration Total	**$ 496,000**	**$ 474,000**	**$ (22,000)**	**$ 585,000**	**$ 111,000**	**23.4%**

Administration Department Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Chief Executive Officer	$ 377,000	$ 379,000	$ 2,000	$ 394,000	$ 15,000
Assistant CEO	282,000	282,000	-	312,000	30,000
Administrative Support Specialist	92,000	92,000	-	95,000	3,000
Administrative Support Specialist	-	35,000	35,000	88,000	53,000
Administrative Specialist II	114,000	85,000	(29,000)	78,000	(7,000)
Cybersecurity Analyst	212,000	212,000	-	221,000	9,000
Executive Secretary	141,000	141,000	-	147,000	6,000
Subtotal Salaries[1]	**1,218,000**	**1,226,000**	**8,000**	**1,335,000**	**109,000**
Fringe Benefits	604,000	567,000	(37,000)	683,000	116,000
Temporary Staff	36,000	38,000	2,000	-	(38,000)
GASB 101 Compensated Leave Liability	-	13,000	13,000	15,000	2,000
5% Adjustment for Unexpected Vacancies	(91,000)	(91,000)	-	(101,000)	(10,000)
Administration Total	**$ 1,767,000**	**$ 1,753,000**	**$ (14,000)**	**$ 1,932,000**	**$ 179,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

BENEFITS DEPARTMENT

The Benefits Department administers all benefit programs and provides multiple services to active, deferred and retired ACERA members.

Benefits Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 5,184,000	$ 5,206,000	$ 22,000	$ 5,597,000	$ 391,000	7.5%
Fringe Benefits	2,827,000	2,663,000	(164,000)	2,945,000	282,000	10.6%
Temporary Staff	239,000	424,000	185,000	260,000	(164,000)	-38.7%
5% Adjustment for Unexpected Vacancies	(397,000)	(397,000)	-	(424,000)	(27,000)	6.8%
Staffing Total	**7,853,000**	**7,896,000**	**43,000**	**8,378,000**	**482,000**	**6.1%**
STAFF DEVELOPMENT	**55,000**	**47,000**	**(8,000)**	**63,000**	**16,000**	**34.0%**
PROFESSIONAL FEES	**313,000**	**313,000**	**-**	**270,000**	**(43,000)**	**-13.7%**
MEMBER SERVICES						
Benefit Verification	7,000	7,000	-	7,000	-	0.0%
Disability - Medical Expense	342,000	278,000	(64,000)	225,000	(53,000)	-19.1%
Disability - Managed Medical Review Organization (MMRO)	46,000	46,000	-	47,000	1,000	2.2%
Health Reimbursement Account (HRA)	95,000	97,000	2,000	97,000	-	0.0%
Member Training & Education	16,000	23,000	7,000	28,000	5,000	21.7%
Printing & Postage - Members	171,000	180,000	9,000	193,000	13,000	7.2%
Virtual Call Center	66,000	69,000	3,000	63,000	(6,000)	-8.7%
Member Services Total	**743,000**	**700,000**	**(43,000)**	**660,000**	**(40,000)**	**-5.7%**
SYSTEMS						
Software Maintenance/Support	30,000	21,000	(9,000)	46,000	25,000	119.0%
Systems Total	**30,000**	**21,000**	**(9,000)**	**46,000**	**25,000**	**119.0%**
GRAND TOTAL	**$ 8,994,000**	**$ 8,977,000**	**$ (17,000)**	**$ 9,417,000**	**$ 440,000**	**4.9%**

Benefits Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 391,000
• Increase in 2026 projected fringe benefits rate	282,000
• Decrease in 2026 temporary staff expense	(164,000)
• 5% adjustment for unexpected staff vacancies	(27,000)
Subtotal	**482,000**
STAFF DEVELOPMENT	
• Increase in conference and training	16,000
Subtotal	**16,000**
PROFESSIONAL FEES	
• Decrease due to completion of RFP for dental and vision	(43,000)
Subtotal	**(43,000)**
MEMBER SERVICES	
• Decrease in number of disability cases	(52,000)
• Increase in training and education	5,000
• Increase in printing and postage for open enrollment	13,000
• Decrease in virtual call center	(6,000)
Subtotal	**(40,000)**
SYSTEMS	
• Increase due to pension adminstration system modifications	25,000
Subtotal	**25,000**
Total Over/(Under)	**$ 440,000**

Benefits Department - Variance Narrative 2025 Forecast vs. 2025 Budget

		Variance Over/(Under)
STAFFING		
• Saving due to employees on leave		$ (130,000)
• Increase from GASB 101 compensated unused leave liability		132,000
• Increase in overtime		20,000
• Decrease in 2025 projected fringe benefits rate		(164,000)
• Increase in temporary staff expense		185,000
	Subtotal	**43,000**
STAFF DEVELOPMENT		
• Decrease in conference and training		(8,000)
	Subtotal	**(8,000)**
MEMBER SERVICES		
• Decrease in number of disability cases		(64,000)
• Increase in health reimbursement account (HRA)		2,000
• Increase in training and education		7,000
• Increase in printing and postage		9,000
• Increase in virtual call center		3,000
	Subtotal	**(43,000)**
SYSTEMS		
• Decrease in software licenses and maintenance		(9,000)
	Subtotal	**(9,000)**
	Total Over/(Under)	**$ (17,000)**

Benefits Department Professional Fees

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	$ 137,000	$ 137,000	$ -	$ 144,000	$ 7,000	5.1%
County Retirees Medical (Benefit Consultant)	126,000	126,000	-	126,000	-	0.0%
Dental and Vision RFP	50,000	50,000	-	-	(50,000)	-100.0%
Benefits Total	**$ 313,000**	**$ 313,000**	**$ -**	**$ 270,000**	**$ (43,000)**	**-13.7%**

Benefits Department Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
Assistant CEO	$ 284,000	$ 284,000	$ -	$ 296,000	$ 12,000
Administrative Specialist II	117,000	117,000	-	124,000	7,000
Administrative Support Specialist	91,000	60,000	(31,000)	94,000	34,000
Communications Manager	131,000	131,000	-	136,000	5,000
Graphic Designer	104,000	104,000	-	108,000	4,000
Management Analyst	128,000	128,000	-	134,000	6,000
Retirement Assistant Benefits Manager	138,000	139,000	1,000	158,000	19,000
Retirement Assistant Benefits Manager	184,000	184,000	-	192,000	8,000
Retirement Benefits Manager	205,000	205,000	-	213,000	8,000
Retirement Benefits Manager	217,000	217,000	-	225,000	8,000
Retirement Benefits Specialist	123,000	123,000	-	129,000	6,000
Retirement Benefits Specialist	121,000	121,000	-	127,000	6,000
Retirement Benefits Specialist	121,000	121,000	-	127,000	6,000
Retirement Benefits Specialist	110,000	111,000	1,000	122,000	11,000
Retirement Benefits Specialist	123,000	122,000	(1,000)	129,000	7,000
Retirement Benefits Specialist	130,000	131,000	1,000	136,000	5,000
Retirement Benefits Specialist	121,000	121,000	-	127,000	6,000
Retirement Benefits Specialist	110,000	102,000	(8,000)	127,000	25,000
Retirement Technician	86,000	81,000	(5,000)	91,000	10,000
Retirement Technician	97,000	80,000	(17,000)	101,000	21,000
Retirement Technician	96,000	96,000	-	100,000	4,000
Retirement Technician	95,000	81,000	(14,000)	100,000	19,000
Retirement Technician	86,000	81,000	(5,000)	91,000	10,000
Retirement Technician	111,000	59,000	(52,000)	97,000	38,000
Senior Retirement Technician	113,000	113,000	-	118,000	5,000
Senior Retirement Technician	102,000	102,000	-	112,000	10,000
Senior Retirement Technician	102,000	102,000	-	111,000	9,000
Senior Retirement Technician	99,000	98,000	(1,000)	111,000	13,000
Senior Retirement Technician	102,000	102,000	-	112,000	10,000
Senior Retirement Technician	113,000	113,000	-	119,000	6,000
Senior Retirement Technician	114,000	115,000	1,000	119,000	4,000
Senior Retirement Technician	113,000	113,000	-	118,000	5,000
Senior Retirement Technician	114,000	114,000	-	119,000	5,000
Senior Retirement Technician	113,000	113,000	-	118,000	5,000
Senior Retirement Technician	114,000	114,000	-	119,000	5,000
Senior Retirement Technician	113,000	113,000	-	118,000	5,000
Senior Retirement Technician	113,000	114,000	1,000	119,000	5,000
Senior Retirement Technician	122,000	122,000	-	127,000	5,000
Senior Retirement Technician	114,000	114,000	-	119,000	5,000
Senior Retirement Technician	107,000	105,000	(2,000)	115,000	10,000
Senior Retirement Technician	115,000	115,000	-	120,000	5,000
Senior Retirement Technician	112,000	113,000	1,000	118,000	5,000
Subtotal Salaries[1]	**5,124,000**	**4,994,000**	**(130,000)**	**5,396,000**	**402,000**
Fringe Benefits	2,827,000	2,663,000	(164,000)	2,945,000	282,000
Temporary Staff	239,000	424,000	185,000	260,000	(164,000)
Overtime	60,000	80,000	20,000	63,000	(17,000)
GASB 101 Compensated Leave Liability	-	132,000	132,000	138,000	6,000
5% Adjustment for Unexpected Vacancies	(397,000)	(397,000)	-	(424,000)	(27,000)
Benefits Total	**$ 7,853,000**	**$ 7,896,000**	**$ 43,000**	**$ 8,378,000**	**$ 482,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

FISCAL SERVICES DEPARTMENT

The Fiscal Services Department prepares Board reports, the Annual Comprehensive Financial Report (ACFR), and the annual budget. The Department accounts for cash management, retiree and vendor payrolls, capital assets, and operating expenditures.

Fiscal Services Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,600,000	$ 1,636,000	$ 36,000	$ 1,723,000	$ 87,000	5.3%
Fringe Benefits	828,000	838,000	10,000	872,000	34,000	4.1%
5% Adjustment for Unexpected Vacancies	(120,000)	(120,000)	-	(129,000)	(9,000)	7.5%
Staffing Total	**2,308,000**	**2,354,000**	**46,000**	**2,466,000**	**112,000**	**4.8%**
STAFF DEVELOPMENT	**29,000**	**29,000**	**-**	**29,000**	**-**	**0.0%**
PROFESSIONAL FEES						
External Audit	145,000	145,000	-	147,000	2,000	1.4%
Professional Fees Total	**145,000**	**145,000**	**-**	**147,000**	**2,000**	**1.4%**
OFFICE EXPENSE						
Bank Charges	72,000	70,000	(2,000)	72,000	2,000	2.9%
Office Expense Total	**72,000**	**70,000**	**(2,000)**	**72,000**	**2,000**	**2.9%**
SYSTEMS						
Software Maintenance/Support	66,000	65,000	(1,000)	78,000	13,000	20.0%
Systems Total	**66,000**	**65,000**	**(1,000)**	**78,000**	**13,000**	**20.0%**
GRAND TOTAL	**$ 2,620,000**	**$ 2,663,000**	**$ 43,000**	**$ 2,792,000**	**$ 129,000**	**4.8%**

Fiscal Services Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 87,000
• Increase in 2026 projected fringe benefits rate	34,000
• 5% adjustment for unexpected staff vacancies	(9,000)
Subtotal	**112,000**
PROFESSIONAL FEES	
• Increase in external audit fees	2,000
Subtotal	**2,000**
OFFICE EXPENSE	
• Increase in bank fees	2,000
Subtotal	**2,000**
SYSTEMS	
• Increase in software cost for new general ledger system	13,000
Subtotal	**13,000**
Total Over/(Under)	**$ 129,000**

Fiscal Services Department - Variance Narrative 2025 Forecast vs. 2025 Budget

	Variance Over/(Under)
STAFFING	
• Increase from GASB 101 compensated unused leave liability	$ 36,000
• Increase in 2025 projected fringe benefits rate	10,000
Subtotal	**46,000**
OFFICE EXPENSE	
• Decrease in bank fees	(2,000)
Subtotal	**(2,000)**
SYSTEMS	
• Decrease in software licenses and maintenance	(1,000)
Subtotal	**(1,000)**
Total Over/(Under)	**$ 43,000**

Fiscal Services Department Professional Fees

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
External Audit	$ 121,000	$ 121,000	$ -	$ 123,000	$ 2,000	1.7%
GASB 67 & 68	12,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Fiscal Services Total	**$ 145,000**	**$ 145,000**	**$ -**	**$ 147,000**	**$ 2,000**	**1.4%**

Fiscal Services Department Staffing

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Fiscal Services Officer	$ 225,000	$ 225,000	$ -	$ 235,000	$ 10,000
Administrative Assistant	94,000	94,000	-	98,000	4,000
Financial Services Specialist II	121,000	121,000	-	125,000	4,000
Retirement Accountant III	141,000	141,000	-	147,000	6,000
Retirement Accountant III	141,000	141,000	-	147,000	6,000
Retirement Accountant II	111,000	112,000	1,000	123,000	11,000
Retirement Accountant II	129,000	129,000	-	135,000	6,000
Retirement Accountant II	132,000	132,000	-	138,000	6,000
Retirement Accountant II	132,000	132,000	-	138,000	6,000
Retirement Accountant II	125,000	125,000	-	131,000	6,000
Retirement Budget Analyst	155,000	155,000	-	162,000	7,000
Retirement Support Specialist	74,000	74,000	-	77,000	3,000
Subtotal Salaries[1]	**1,580,000**	**1,581,000**	**1,000**	**1,656,000**	**75,000**
Fringe Benefits	828,000	838,000	10,000	872,000	34,000
Overtime	20,000	15,000	(5,000)	25,000	10,000
GASB 101 Compensated Leave Liability	-	40,000	40,000	42,000	2,000
5% Adjustment for Unexpected Vacancies	(120,000)	(120,000)	-	(129,000)	(9,000)
Fiscal Services Total	**$ 2,308,000**	**$ 2,354,000**	**$ 46,000**	**$ 2,466,000**	**$ 112,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

HUMAN RESOURCES DEPARTMENT

The Human Resource Department handles personnel issues, training programs and management consultation.

Human Resources Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 476,000	$ 494,000	$ 18,000	$ 521,000	$ 27,000	5.5%
Fringe Benefits	244,000	252,000	8,000	261,000	9,000	3.6%
5% Adjustment for Unexpected Vacancies	(36,000)	(36,000)	-	(39,000)	(3,000)	8.3%
Staffing Total	**684,000**	**710,000**	**26,000**	**743,000**	**33,000**	**4.6%**
STAFF DEVELOPMENT	**16,000**	**14,000**	**(2,000)**	**9,000**	**(5,000)**	**-35.7%**
PROFESSIONAL FEES	**135,000**	**147,000**	**12,000**	**153,000**	**6,000**	**4.1%**
OFFICE EXPENSE						
Ergonomic Furniture & Equipment	12,000	7,000	(5,000)	8,000	1,000	14.3%
Office Expense Total	**12,000**	**7,000**	**(5,000)**	**8,000**	**1,000**	**14.3%**
GRAND TOTAL	**$ 847,000**	**$ 878,000**	**$ 31,000**	**$ 913,000**	**$ 35,000**	**4.0%**

Human Resources Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 27,000
• Increase in 2026 projected fringe benefits rate	9,000
• 5% adjustment for unexpected staff vacancies	(3,000)
Subtotal	**33,000**
STAFF DEVELOPMENT	
• Decrease in conference and training	(5,000)
Subtotal	**(5,000)**
PROFESSIONAL FEES	
• Increase in contract fees	6,000
Subtotal	**6,000**
OFFICE EXPENSE	
• Increase in minor furniture and equipment costs	1,000
Subtotal	**1,000**
Total Over/(Under)	**$ 35,000**

Human Resources Department - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
STAFFING	
• Increase from GASB 101 compensated unused leave liability	$ 18,000
• Increase in 2025 projected fringe benefits rate	8,000
Subtotal	**26,000**
STAFF DEVELOPMENT	
• Decrease in conference and training	(2,000)
Subtotal	**(2,000)**
PROFESSIONAL FEES	
• Increase in contract fees	12,000
Subtotal	**12,000**
OFFICE EXPENSE	
• Decrease in minor furniture and equipment costs	(5,000)
Subtotal	**(5,000)**
Total Over/(Under)	**$ 31,000**

Human Resources Department Professional Fees	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Consultant Fees - Lakeside Group	$ 135,000	$ 147,000	$ 12,000	$ 153,000	$ 6,000	4.1%
Human Resources Total	**$ 135,000**	**$ 147,000**	**$ 12,000**	**$ 153,000**	**$ 6,000**	**4.1%**

Human Resources Department Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Human Resources Officer	$ 217,000	$ 217,000	$ -	$ 225,000	$ 8,000
Human Resources Specialist	146,000	150,000	4,000	163,000	13,000
Administrative Specialist II	113,000	113,000	-	118,000	5,000
Subtotal Salaries[1]	**476,000**	**480,000**	**4,000**	**506,000**	**26,000**
Fringe Benefits	244,000	252,000	8,000	261,000	9,000
GASB 101 Compensated Leave Liability	-	14,000	14,000	15,000	1,000
5% Adjustment for Unexpected Vacancies	(36,000)	(36,000)	-	(39,000)	(3,000)
Human Resources Total	**$ 684,000**	**$ 710,000**	**$ 26,000**	**$ 743,000**	**$ 33,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department prepares an annual internal audit plan, conducts internal operational audits and employer audits, and provides periodic reports to the Board of Retirement Audit Committee.

Internal Audit Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)	% Change
STAFFING						
Salaries	$ 547,000	$ 564,000	$ 17,000	$ 586,000	$ 22,000	3.9%
Fringe Benefits	296,000	288,000	(8,000)	305,000	17,000	5.9%
5% Adjustment for Unexpected Vacancies	(42,000)	(42,000)	-	(44,000)	(2,000)	4.8%
Staffing Total	**801,000**	**810,000**	**9,000**	**847,000**	**37,000**	**4.6%**
STAFF DEVELOPMENT	**31,000**	**29,000**	**(2,000)**	**28,000**	**(1,000)**	**-3.4%**
SYSTEMS	**3,000**	**3,000**	**-**	**3,000**	**-**	**0.0%**
GRAND TOTAL	**$ 835,000**	**$ 842,000**	**$ 7,000**	**$ 878,000**	**$ 36,000**	**4.3%**

Internal Audit Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 22,000
• Increase in 2026 projected fringe benefits rate	17,000
• 5% adjustment for unexpected staff vacancies	(2,000)
Subtotal	**37,000**
STAFF DEVELOPMENT	
• Decrease in conference and training	(1,000)
Subtotal	**(1,000)**
Total Over/(Under)	**$ 36,000**

Internal Audit Department - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
STAFFING	
• Increase from GASB 101 compensated unused leave liability	$ 17,000
• Decrease in 2025 projected fringe benefits rate	(8,000)
Subtotal	**9,000**
STAFF DEVELOPMENT	
• Decrease in conference and training	(2,000)
Subtotal	**(2,000)**
Total Over/(Under)	**$ 7,000**

Internal Audit Department Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Chief Internal Auditor	$ 215,000	$ 215,000	$ -	$ 223,000	$ 8,000
Internal Auditor	148,000	148,000	-	154,000	6,000
Retirement Assistant Accounting Manager	184,000	184,000	-	191,000	7,000
Subtotal Salaries[1]	**547,000**	**547,000**	**-**	**568,000**	**21,000**
Fringe Benefits	296,000	288,000	(8,000)	305,000	17,000
GASB 101 Compensated Leave Liability	-	17,000	17,000	18,000	1,000
5% Adjustment for Unexpected Vacancies	(42,000)	(42,000)	-	(44,000)	(2,000)
Internal Audit Total	**$ 801,000**	**$ 810,000**	**$ 9,000**	**$ 847,000**	**$ 37,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

INVESTMENT DEPARTMENT

The Investment Department oversees ACERA's investment program, recommending and implementing Board of Retirement investment decisions.

Investment Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,730,000	$ 1,745,000	$ 15,000	$ 1,908,000	$ 163,000	9.3%
Fringe Benefits	910,000	890,000	(20,000)	964,000	74,000	8.3%
Temporary Staff	-	7,000	7,000	-	(7,000)	-100.0%
5% Adjustment for Unexpected Vacancies	(133,000)	(133,000)	-	(144,000)	(11,000)	8.3%
Staffing Total	**2,507,000**	**2,509,000**	**2,000**	**2,728,000**	**219,000**	**8.7%**
STAFF DEVELOPMENT	**33,000**	**45,000**	**12,000**	**35,000**	**(10,000)**	**-22.2%**
GRAND TOTAL	**$ 2,540,000**	**$ 2,554,000**	**$ 14,000**	**$ 2,763,000**	**$ 209,000**	**8.2%**

Investment Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, and vacation sellbacks	$ 163,000
• Increase in 2026 projected fringe benefits rate	74,000
• Decrease in temporary staffing costs	(7,000)
• 5% adjustment for unexpected staff vacancies	(11,000)
Subtotal	**219,000**
STAFF DEVELOPMENT	
• Decrease due to timing of vendor payment	(10,000)
Subtotal	**(10,000)**
Total Over/(Under)	**$ 209,000**

Investment Department - Variance Narrative 2025 Forecast vs. 2025 Budget	Variance Over/(Under)
STAFFING	
• Increase from GASB 101 compensated unused leave liability	$ 15,000
• Decrease in 2025 projected fringe benefits rate	(20,000)
• Increase in temporary staff expense	7,000
Subtotal	**2,000**
STAFF DEVELOPMENT	
• Increase in conference and training	12,000
Subtotal	**12,000**
Total Over/(Under)	**$ 14,000**

Investment Department Staffing	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
Chief Investment Officer	$ 410,000	$ 410,000	$ -	$ 426,000	$ 16,000
Administrative Specialist II	118,000	91,000	(27,000)	123,000	32,000
Administrative Support Specialist	85,000	89,000	4,000	94,000	5,000
Investment Analyst	147,000	144,000	(3,000)	165,000	21,000
Investment Analyst	135,000	134,000	(1,000)	148,000	14,000
Senior Investment Officer	212,000	213,000	1,000	236,000	23,000
Senior Investment Officer	216,000	215,000	(1,000)	238,000	23,000
Investment Officer	187,000	187,000	-	205,000	18,000
Investment Operations Officer	220,000	220,000	-	229,000	9,000
Subtotal Salaries[1]	**1,730,000**	**1,703,000**	**(27,000)**	**1,864,000**	**161,000**
Fringe Benefits	910,000	890,000	(20,000)	964,000	74,000
Temporary Staff	-	7,000	7,000	-	(7,000)
GASB 101 Compensated Leave Liability	-	42,000	42,000	44,000	2,000
5% Adjustment for Unexpected Vacancies	(133,000)	(133,000)	-	(144,000)	(11,000)
Investment Total	**$ 2,507,000**	**$ 2,509,000**	**$ 2,000**	**$ 2,728,000**	**$ 219,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

LEGAL DEPARTMENT

The Legal Department provides legal advice and assistance to the ACERA Board of Retirement and staff.

Legal Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 857,000	$ 877,000	$ 20,000	$ 918,000	$ 41,000	4.7%
Fringe Benefits	376,000	350,000	(26,000)	364,000	14,000	4.0%
5% Adjustment for Unexpected Vacancies	(62,000)	(62,000)	-	(64,000)	(2,000)	3.2%
Staffing Total	**1,171,000**	**1,165,000**	**(6,000)**	**1,218,000**	**53,000**	**4.5%**
STAFF DEVELOPMENT	**44,000**	**42,000**	**(2,000)**	**42,000**	**-**	**0.0%**
PROFESSIONAL FEES	**125,000**	**124,000**	**(1,000)**	**100,000**	**(24,000)**	**-19.4%**
DISABILITY-ARBITRATION & TRANSCRIPTS	**95,000**	**95,000**	**-**	**60,000**	**(35,000)**	**-36.8%**
GRAND TOTAL	**$ 1,435,000**	**$ 1,426,000**	**$ (9,000)**	**$ 1,420,000**	**$ (6,000)**	**-0.4%**

Legal Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast		Variance Over/(Under)
STAFFING		
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks		$ 41,000
• Increase in 2026 projected fringe benefits rate		14,000
• 5% adjustment for unexpected staff vacancies		(2,000)
	Subtotal	**53,000**
PROFESSIONAL FEES		
• Decrease in consulting fees		(24,000)
	Subtotal	**(24,000)**
DISABILITY-LEGAL TRANSCRIPTS		
• Decrease in number of disability cases		(35,000)
	Subtotal	**(35,000)**
	Total Over/(Under)	**$ (6,000)**

Legal Department - Variance Narrative 2025 Forecast vs. 2025 Budget

	Variance Over/(Under)
STAFFING	
• Increase from GASB 101 compensated unused leave liability	$ 20,000
• Decrease in 2025 projected fringe benefits rate	(26,000)
Subtotal	**(6,000)**
STAFF DEVELOPMENT	
• Decrease in conference and training	(2,000)
Subtotal	**(2,000)**
PROFESSIONAL FEES	
• Decrease in consulting fees	(1,000)
Subtotal	**(1,000)**
Total Over/(Under)	**$ (9,000)**

Legal Department Professional Fees

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Fiduciary, Tax and Benefit Issues, and Misc. Legal Advice	$ 125,000	$ 124,000	$ (1,000)	$ 100,000	$ (24,000)	-19.4%
Legal Total	**$ 125,000**	**$ 124,000**	**$ (1,000)**	**$ 100,000**	**$ (24,000)**	**-19.4%**

Legal Department Staffing

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Chief Counsel	$ 348,000	$ 348,000	$ -	$ 366,000	$ 18,000
Administrative Specialist II	113,000	113,000	-	117,000	4,000
Administrative Support Specialist	92,000	90,000	(2,000)	94,000	4,000
Associate Counsel	304,000	304,000	-	318,000	14,000
Subtotal Salaries[1]	**857,000**	**855,000**	**(2,000)**	**895,000**	**40,000**
Fringe Benefits	376,000	350,000	(26,000)	364,000	14,000
GASB 101 Compensated Leave Liability	-	22,000	22,000	23,000	1,000
5% Adjustment for Unexpected Vacancies	(62,000)	(62,000)	-	(64,000)	(2,000)
Legal Total	**$ 1,171,000**	**$ 1,165,000**	**$ (6,000)**	**$ 1,218,000**	**$ 53,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

PRISM DEPARTMENT

The PRISM Department assesses and resolves operational problems in existing and new technology systems.

PRISM Department	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,318,000	$ 1,333,000	$ 15,000	$ 1,403,000	$ 70,000	5.3%
Fringe Benefits	726,000	683,000	(43,000)	703,000	20,000	2.9%
5% Adjustment for Unexpected Vacancies	(102,000)	(102,000)	-	(105,000)	(3,000)	2.9%
Staffing Total	**1,942,000**	**1,914,000**	**(28,000)**	**2,001,000**	**87,000**	**4.5%**
STAFF DEVELOPMENT	**24,000**	**29,000**	**5,000**	**29,000**	**-**	**0.0%**
SYSTEMS						
Business Continuity Expenses	278,000	278,000	-	296,000	18,000	6.5%
Minor Computer Hardware	36,000	42,000	6,000	50,000	8,000	19.0%
Software Maint. & Support	740,000	729,000	(11,000)	745,000	16,000	2.2%
Systems Total	**1,054,000**	**1,049,000**	**(5,000)**	**1,091,000**	**42,000**	**4.0%**
GRAND TOTAL	**$ 3,020,000**	**$ 2,992,000**	**$ (28,000)**	**$ 3,121,000**	**$ 129,000**	**4.3%**

PRISM Department - Variance Narrative 2026 Proposed Budget vs. 2025 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 70,000
• Increase in 2026 projected fringe benefits rate	20,000
• 5% adjustment for unexpected staff vacancies	(3,000)
Subtotal	**87,000**
SYSTEMS	
• Increase in business continuity	18,000
• Increase in minor computer hardware	8,000
• Increase in software licenses and maintenance	16,000
Subtotal	**42,000**
Total Over/(Under)	**$ 129,000**

PRISM Department - Variance Narrative 2025 Forecast vs. 2025 Budget

		Variance Over/(Under)
STAFFING		
• Increase from GASB 101 compensated unused leave liability		$ 15,000
• Decrease in 2025 projected fringe benefits rate		(43,000)
	Subtotal	**(28,000)**
STAFF DEVELOPMENT		
• Increase in conference and training		5,000
	Subtotal	**5,000**
SYSTEMS		
• Increase in computer hardware purchases		6,000
• Decrease in software licenses and maintenance		(11,000)
	Subtotal	**(5,000)**
	Total Over/(Under)	**$ (28,000)**

PRISM Department Staffing

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)
Retirement Tech Officer	$ 229,000	$ 229,000	$ -	$ 238,000	$ 9,000
Computer and Network System Specialist	139,000	139,000	-	145,000	6,000
Computer and Network System Specialist	100,000	92,000	(8,000)	110,000	18,000
Computer and Network System Analyst	193,000	193,000	-	201,000	8,000
Computer and Network System Analyst	182,000	183,000	1,000	193,000	10,000
Retirement System Program Analyst	165,000	166,000	1,000	172,000	6,000
Retirement System Program Analyst	160,000	160,000	-	166,000	6,000
Security Analyst	150,000	150,000	-	156,000	6,000
Subtotal Salaries[1]	**1,318,000**	**1,312,000**	**(6,000)**	**1,381,000**	**69,000**
Fringe Benefits	726,000	683,000	(43,000)	703,000	20,000
GASB 101 Compensated Leave Liability	-	21,000	21,000	22,000	1,000
5% Adjustment for Unexpected Vacancies	(102,000)	(102,000)	-	(105,000)	(3,000)
PRISM Total	**$ 1,942,000**	**$ 1,914,000**	**$ (28,000)**	**$ 2,001,000**	**$ 87,000**

[1]Subtotal salaries include base salary, work out of class, footnotes and vacation sellback.

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Section V

Administrative Budget

Section V

Administrative Budget

The Administrative Budget incorporates the limits of Section 31580.2 of the County Employees Act of 1937; whereby administrative expenses are "capped" at 0.21% of actuarial accrued liabilities. Pursuant to the relevant code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with actuarial fees, business continuity planning (BCP), investments, legal, SRBR, and technology. Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities. The administrative cap is based on the actuarial accrued liabilities of $13,723 million. In 2026, the administrative budget of $15.7 million is $13.1 million under the administrative cap of $28.8 million. Approximately $12.2 million was excluded from the annual operating expense budget of $27.9 million.

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
STAFFING	$ 12,683,000	$ 12,718,000	$ 35,000	$ 13,517,000	$ 799,000
STAFF DEVELOPMENT	163,000	155,000	(8,000)	163,000	8,000
PROFESSIONAL FEES					
Consultant Fees - Operations	103,000	113,000	10,000	145,000	32,000
External Audit	109,000	109,000	-	110,000	1,000
Professional Fees Total	212,000	222,000	10,000	255,000	33,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	59,000	57,000	(2,000)	57,000	-
Building Expenses	44,000	49,000	5,000	125,000	76,000
Communications	40,000	48,000	8,000	54,000	6,000
Equipment Lease/Maintenance	81,000	85,000	4,000	73,000	(12,000)
Minor Furniture and Equipment	18,000	8,000	(10,000)	7,000	(1,000)
Office Supplies and Maint.	44,000	42,000	(2,000)	44,000	2,000
Printing & Postage	16,000	19,000	3,000	20,000	1,000
Office Expense Total	302,000	308,000	6,000	380,000	72,000
INSURANCE	501,000	536,000	35,000	504,000	(32,000)
MEMBER SERVICES					
Benefit Verification	7,000	7,000	-	7,000	-
Members Medical Expense	342,000	278,000	(64,000)	225,000	(53,000)
Disability Claims Management	46,000	46,000	-	47,000	1,000
Member Training & Education	16,000	23,000	7,000	28,000	5,000
Printing & Postage - Members	86,000	90,000	4,000	97,000	7,000
Virtual Call Center	66,000	69,000	3,000	63,000	(6,000)
Member Services Total	563,000	513,000	(50,000)	467,000	(46,000)
DEPRECIATION	76,000	75,000	(1,000)	74,000	(1,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	283,000	272,000	(11,000)	263,000	(9,000)
UNCOLLECTIBLE BENEFIT PAYMENTS	78,000	27,000	(51,000)	25,000	(2,000)
GRAND TOTAL	$ 14,861,000	$ 14,826,000	$ (35,000)	$ 15,648,000	$ 822,000

BCP EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
STAFFING	$ 410,000	$ 408,000	$ (2,000)	$ 435,000	$ 27,000
STAFF DEVELOPMENT	5,000	5,000	-	5,000	-
PROFESSIONAL FEES					
Consultant Fees - Operations	3,000	3,000	-	4,000	1,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	2,000	2,000	-	2,000	-
Building Expenses	1,000	1,000	-	3,000	2,000
Communications	1,000	1,000	-	2,000	1,000
Equipment Lease/Maintenance	2,000	3,000	1,000	2,000	(1,000)
Minor Furniture and Equipment	1,000	-	(1,000)	-	-
Office Supplies and Maint.	1,000	1,000	-	1,000	-
Printing & Postage	-	1,000	1,000	-	(1,000)
Office Expense Total	8,000	9,000	1,000	10,000	1,000
INSURANCE	14,000	15,000	1,000	14,000	(1,000)
SYSTEMS					
Disaster Recovery & Business Continuity	278,000	278,000	-	296,000	18,000
DEPRECIATION					
Depreciation Expense - Other	2,000	3,000	1,000	2,000	(1,000)
Depreciation Total	2,000	3,000	1,000	2,000	(1,000)
GRAND TOTAL	$ 720,000	$ 721,000	$ 1,000	$ 766,000	$ 45,000

INVESTMENT EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
STAFFING					
Staffing - Direct	$ 2,445,000	$ 2,449,000	$ 4,000	$ 2,658,000	$ 209,000
Staffing - Indirect	936,000	937,000	1,000	994,000	57,000
Staffing Total	3,381,000	3,386,000	5,000	3,652,000	266,000
STAFF DEVELOPMENT	71,000	81,000	10,000	73,000	(8,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	24,000	26,000	2,000	33,000	7,000
External Audit	36,000	36,000	-	37,000	1,000
Professional Fees Total	60,000	62,000	2,000	70,000	8,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	14,000	13,000	(1,000)	14,000	1,000
Building Expenses	11,000	12,000	1,000	30,000	18,000
Communications	10,000	11,000	1,000	13,000	2,000
Equipment Lease & Maintenance	19,000	20,000	1,000	17,000	(3,000)
Minor Furniture and Equipment	4,000	2,000	(2,000)	2,000	-
Office Supplies & Maintenance	10,000	9,000	(1,000)	10,000	1,000
Printing & Postage	4,000	4,000	-	5,000	1,000
Office Expense Total	72,000	71,000	(1,000)	91,000	20,000
INSURANCE	118,000	126,000	8,000	119,000	(7,000)
DEPRECIATION					
Depreciation Expense - Other	18,000	18,000	-	18,000	-
Depreciation Total	18,000	18,000	-	18,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	177,000	170,000	(7,000)	165,000	(5,000)
GRAND TOTAL	$ 3,897,000	$ 3,914,000	$ 17,000	$ 4,188,000	$ 274,000

LEGAL EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
STAFFING	$ 633,000	$ 630,000	$ (3,000)	$ 656,000	$ 26,000
STAFF DEVELOPMENT	51,000	49,000	(2,000)	49,000	-
PROFESSIONAL FEES					
Consultant Fees - Operations	5,000	5,000	-	6,000	1,000
Consultant Fees - Legal	125,000	124,000	(1,000)	100,000	(24,000)
Professional Fees Total	**130,000**	**129,000**	**(1,000)**	**106,000**	**(23,000)**
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	2,000	2,000	-	2,000	-
Building Expenses	2,000	2,000	-	5,000	3,000
Communications	2,000	2,000	-	2,000	-
Equipment Lease & Maintenance	4,000	4,000	-	3,000	(1,000)
Minor Furniture and Equipment	1,000	1,000	-	1,000	-
Office Supplies & Maintenance	2,000	2,000	-	2,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	**14,000**	**14,000**	**-**	**16,000**	**2,000**
INSURANCE	**22,000**	**24,000**	**2,000**	**21,000**	**(3,000)**
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	**95,000**	**95,000**	**-**	**60,000**	**(35,000)**
DEPRECIATION	**3,000**	**3,000**	**-**	**3,000**	**-**
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	**71,000**	**69,000**	**(2,000)**	**66,000**	**(3,000)**
GRAND TOTAL	**$ 1,019,000**	**$ 1,013,000**	**$ (6,000)**	**$ 977,000**	**$ (36,000)**

SRBR EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
STAFFING	$ 1,926,000	$ 1,969,000	$ 43,000	$ 2,053,000	$ 84,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	46,000	46,000	-	47,000	1,000
Consultant Fees - SRBR	313,000	313,000	-	270,000	(43,000)
Professional Fees Total	**359,000**	**359,000**	**-**	**317,000**	**(42,000)**
MEMBER SERVICES					
Health Reimbursement Account (HRA)	95,000	97,000	2,000	97,000	-
Printing & Postage - Members	85,000	90,000	5,000	96,000	6,000
Member Services Total	**180,000**	**187,000**	**7,000**	**193,000**	**6,000**
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	**176,000**	**170,000**	**(6,000)**	**164,000**	**(6,000)**
GRAND TOTAL	**$ 2,641,000**	**$ 2,685,000**	**$ 44,000**	**$ 2,727,000**	**$ 42,000**

TECHNOLOGY EXPENSES BUDGET ALLOCATION	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
SYSTEMS					
Computer Hardware & Maintenance	$ 36,000	$ 42,000	$ 6,000	$ 50,000	$ 8,000
County Data Processing	139,000	150,000	11,000	157,000	7,000
Software Maintenance & Support	843,000	822,000	(21,000)	876,000	54,000
Systems Total	**1,018,000**	**1,014,000**	**(4,000)**	**1,083,000**	**69,000**
DEPRECIATION	**935,000**	**1,831,000**	**896,000**	**1,982,000**	**151,000**
GRAND TOTAL	**$ 1,953,000**	**$ 2,845,000**	**$ 892,000**	**$ 3,065,000**	**$ 220,000**

Administrative Expense Budget Overview [1] ($ in thousands)	2026 Proposed Budget	2026 Actuarial Budget	2026 Business Continuity Budget	2026 Investment Budget	2026 Legal Budget	2026 SRBR Budget	2026 Technology Budget	2026 Administrative Budget
STAFFING	$ 20,313	$ -	$ (435)	$ (3,652)	$ (656)	$ (2,053)	$ -	$ 13,517
STAFF DEVELOPMENT	290	-	(5)	(73)	(49)	-	-	163
PROFESSIONAL FEES								
Actuarial Fees	550	(503)	-	-	-	(47)	-	-
Audit Fees	147	-	-	(37)	-	-	-	110
Consultant Fees	458	-	(4)	(33)	(6)	(270)	-	145
Legal Fees	100	-	-	-	(100)	-	-	-
Professional Fees Total	1,255	(503)	(4)	(70)	(106)	(317)	-	255
OFFICE EXPENSE								
Bank Charges & Miscellaneous Admin	75	-	(2)	(14)	(2)	-	-	57
Building Expenses	163	-	(3)	(30)	(5)	-	-	125
Communications	71	-	(2)	(13)	(2)	-	-	54
Equipment Lease & Maint.	95	-	(2)	(17)	(3)	-	-	73
Minor Furniture & Equipment	10	-	-	(2)	(1)	-	-	7
Office Supplies & Maintenance	57	-	(1)	(10)	(2)	-	-	44
Printing & Postage	26	-	-	(5)	(1)	-	-	20
Office Expense Total	497	-	(10)	(91)	(16)	-	-	380
INSURANCE	658	-	(14)	(119)	(21)	-	-	504
MEMBER SERVICES								
Benefit Verification	7	-	-	-	-	-	-	7
Disability - Legal Arbitration & Transcripts	60	-	-	-	(60)	-	-	-
Disability Claimed Management	47	-	-	-	-	-	-	47
Disability Medical Expense	225	-	-	-	-	-	-	225
Health Reimbursement Account (HRA)	97	-	-	-	-	(97)	-	-
Member Training & Education	28	-	-	-	-	-	-	28
Printing & Postage - Members	193	-	-	-	-	(96)	-	97
Virtual Call Center	63	-	-	-	-	-	-	63
Member Services Total	720	-	-	-	(60)	(193)	-	467
SYSTEMS								
Business Continuity Expenses	296	-	(296)	-	-	-	-	-
County Data Processing	157	-	-	-	-	-	(157)	-
Computer Hardware & Maintenance	50	-	-	-	-	-	(50)	-
Software Maintenance & Support	876	-	-	-	-	-	(876)	-
Systems Total	1,379	-	(296)	-	-	-	(1,083)	-
BOARD OF RETIREMENT	658	-	-	(165)	(66)	(164)	-	263
UNCOLLECTIBLE BENEFIT PAYMENTS	25	-	-	-	-	-	-	25
DEPRECIATION	2,079	-	(2)	(18)	(3)	-	(1,982)	74
TOTAL OPERATING EXPENSE	$ 27,874	$ (503)	$ (766)	$ (4,188)	$ (977)	$ (2,727)	$ (3,065)	$ 15,648

[1] All ACERA budget schedules with dollar amounts are rounded to the nearest thousand dollars. This may result in some rounding differences.

OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses ($ in Thousands)	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
EXPENSE CATEGORY					
Staffing	$ 19,033	$ 19,111	$ 78	$ 20,313	$ 1,202
Staff Development	290	290	-	290	-
Professional Fees	1,214	1,203	(11)	1,255	52
Office Expense	396	402	6	497	95
Insurance	655	701	46	658	(43)
Member Services	838	795	(43)	720	(75)
Systems	1,296	1,292	(4)	1,379	87
Board of Retirement	707	681	(26)	658	(23)
Uncollectible Benefit Payments	78	27	(51)	25	(2)
Depreciation	1,034	1,930	896	2,079	149
Operating Expenses	**$ 25,541**	**$ 26,432**	**$ 891**	**$ 27,874**	**$ 1,442**

Administrative Expenses ($ in Thousands)	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	$ 25,541	$ 26,432	$ 891	$ 27,874	$ 1,442
Actuarial	(450)	(428)	22	(503)	(75)
Business Continuity[1]	(720)	(721)	(1)	(766)	(45)
Investment- Related[2]	(3,897)	(3,914)	(17)	(4,188)	(274)
Legal- Related[3]	(1,019)	(1,013)	6	(977)	36
SRBR[4]	(2,641)	(2,685)	(44)	(2,727)	(42)
Technology[5]	(1,953)	(2,845)	(892)	(3,065)	(220)
Administrative Expense	**$ 14,861**	**$ 14,826**	**$ (35)**	**$ 15,648**	**$ 822**

[1] Business Continuity – 2026 related costs include total direct costs ($296K) for software support; 2.2% is added for both allocated staffing and other overhead expenses ($470K).

[2] Investment – 2026 related expenses are composed of direct costs of Investment staff ($2,658K), allocated staffing costs ($994K), 25% of Board expenses ($165K), 25% of audit expenses ($37K) and 18.0% of other overhead costs ($334K).

[3] Legal – 2026 related expenses include direct costs of Staffing ($656K), Professional Legal fees ($100K), Disability Arbitration Expenses ($60K), 10% of Board expenses ($66K), and 3.2% of other overhead costs ($95K).

[4] SRBR – 2026 related expenses are composed of allocated staffing costs ($2,053K), direct costs of Professional Fees ($317K), Member Services ($193K), and 25% of Board expenses ($164K).

[5] Technology – 2026 related expenses include computer hardware, computer software, computer depreciation, and computer technology consulting services in support of these computer products.

Comparison of Administrative Expense to Limits (Section 31580.2) ($ in thousands)	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/ (Under)
Total Actuarial Accrued Liabilities [6]	$ 13,095,428	$ 13,095,428	$ -	$ 13,722,714	$ 627,286
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	27,500	27,500	-	28,818	1,317
Administrative Expense	14,861	14,826	(35)	15,648	822
Over/(Under) Maximum	**$ (12,639)**	**$ (12,674)**	**$ (35)**	**$ (13,170)**	**$ (495)**

[6] Based on total actuarial accrued liabilities for pension as of December 31, 2024; OPEB and non-OPEB as of December 31, 2023 for 2026 Budget.

2026 DEPARTMENT WEIGHTED AVERAGE

2026 Allocation Percentages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	8.3%	0.0%	2.9%	0.0%	0.0%	88.8%
STAFFING	Benefits	0.3%	0.0%	0.4%	22.0%	0.0%	77.3%
SALARIES	Fiscal Services	9.2%	0.0%	0.3%	8.4%	0.0%	82.1%
FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	97.4%	0.0%	2.6%	0.0%	0.0%	0.0%
	Legal	46.1%	53.9%	0.0%	0.0%	0.0%	0.0%
	PRISM	1.1%	0.0%	12.9%	0.0%	0.0%	86.0%
Total Staffing Factors		**18.0%**	**3.2%**	**2.2%**	**10.1%**	**0.0%**	**66.5%**

2025 DEPARTMENT WEIGHTED AVERAGE

2025 Allocation Percentages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	8.7%	0.0%	2.9%	0.0%	0.0%	88.4%
STAFFING	Benefits	0.3%	0.0%	0.4%	22.3%	0.0%	77.0%
SALARIES	Fiscal Services	8.8%	0.0%	0.6%	8.7%	0.0%	81.9%
FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	97.5%	0.0%	2.5%	0.0%	0.0%	0.0%
	Legal	45.9%	54.1%	0.0%	0.0%	0.0%	0.0%
	PRISM	1.0%	0.0%	12.3%	0.0%	0.0%	86.7%
Total Staffing Factors		**18.0%**	**3.4%**	**2.2%**	**10.1%**	**0.0%**	**66.3%**

APPLIED FACTORS

2026 Applied Allocation Factors

Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
PROFESSIONAL FEES	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations Consulting	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Miscellaneous Admin.	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Building Expenses	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Communications	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Equipment Lease & Maintenance	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Minor Furniture & Equipment	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Office Maintenance & Supplies	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Printing & Postage	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
INSURANCE	Insurance	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
	Virtual Call Center	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
UNCOLLECTIBLE BENEFIT PAYMENTS	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
DEPRECIATION	Depreciation - Other	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2025 Applied Allocation Factors

Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
PROFESSIONAL FEES	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations Consulting	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Miscellaneous Admin.	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Building Expenses	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Communications	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Equipment Lease & Maintenance	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Minor Furniture & Equipment	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Office Maintenance & Supplies	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Printing & Postage	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
INSURANCE	Insurance	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
	Virtual Call Center	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
UNCOLLECTIBLE BENEFIT PAYMENTS	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
DEPRECIATION	Depreciation - Other	18.0%	3.4%	2.2%	0.0%	0.0%	76.4%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2026 Proposed Staffing Allocation Matrix

	INVESTMENTS	LEGAL	BCP	SRBR	ADMIN
ADMINISTRATION					
CEO	20%	-	2%	-	78%
Assistant CEO - Operations	10%	-	10%	-	80%
BENEFITS					
Assistant CEO	3%	-	1%	50%	46%
Administrative Specialist II	-	-	2%	-	98%
Administrative Support Specialist	-	-	-	50%	50%
Communications Manager	5%	-	-	50%	45%
Graphic Designer	-	-	-	50%	50%
Management Analyst	-	-	-	50%	50%
Retirement Benefits Assistant Manager	-	-	2%	50%	48%
Retirement Benefits Assistant Manager	-	-	2%	-	98%
Retirement Benefits Manager	-	-	2%	-	98%
Retirement Benefits Manager	-	-	2%	70%	28%
Retirement Benefits Specialist	-	-	-	70%	30%
Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
FISCAL SERVICES					
Fiscal Services Officer	5%	-	2%	-	93%
Finance Services Specialist II	-	-	-	70%	30%
Retirement Accountant II	90%	-	-	-	10%
Retirement Accountant III	-	-	-	25%	75%
Retirement Accountant III	25%	-	-	-	75%
HUMAN RESOURCES					
Human Resources Officer	-	-	2%	-	98%
Administrative Specialist II	-	-	1%	-	99%
Human Resources Specialist	-	-	1%	-	99%
INVESTMENTS					
Chief Investment Officer	99%	-	1%	-	-
Administrative Specialist II	98%	-	2%	-	-
Investment Operations Officer	95%	-	5%	-	-
Investment Officer	99%	-	1%	-	-
Senior Investment Officer	99%	-	1%	-	-
All Other Investment Staff	95%	-	5%	-	-
LEGAL					
Chief Counsel	10%	90%	-	-	-
Administrative Specialist II	50%	50%	-	-	-
Administrative Support Specialist	15%	85%	-	-	-
Associate Counsel	95%	5%	-	-	-
PRISM					
Retirement Tech Officer	-	-	10%	-	90%
Computer Network System Analyst	5%	-	20%	-	75%
Computer and Network System Specialist	1%	-	10%	-	89%
Computer and Network System Specialist	2%	-	15%	-	83%
Security Analyst	-	-	30%	-	70%
All Other PRISM Staff	-	-	5%	-	95%

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Section VI

Capital Assets Outlay Budget

Section VI

Capital Assets Outlay Budget

The Capital Assets Outlay Budget develops anticipated funding needs for items or projects that exceed a purchase cost of $10,000.

Capital Assets Outlay 2025 - 2026

Statement of Capital Assets Outlay - 2025 Forecast and 2026 Proposed Budget

	2025 Budget	2025 Forecast	2025 Forecast vs. 2025Budget Over/(Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025Forecast Over/(Under)	% Change
System						
Pension Gold System Upgrade	$ 980,000	$ 980,000	$ -	$ -	$ (980,000)	-100.0%
Post PAS Implementation Project	495,000	464,000	(31,000)	-	(464,000)	-100.0%
Accounting Information System	-	-	-	285,000	285,000	100.0%
Subtotal	**1,475,000**	**1,444,000**	**(31,000)**	**285,000**	**(1,159,000)**	**-80.3%**
Capital Assets Outlay Total	**$ 1,475,000**	**$ 1,444,000**	**$ (31,000)**	**$ 285,000**	**$ (1,159,000)**	**-80.3%**

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Section VII

Portfolio Management Investment Expenses

Section VII

Portfolio Management Investment Expenses

Portfolio Management Investment Expenses include the cost of independent professionals whose contractual fees are negotiated based on the value of assets under management. Known contractual fees are listed and a 5% annual increase is assumed for all other terms.

Portfolio Management Investment Expenses	2025 Budget	2025 Forecast	2025 Forecast vs. 2025 Budget Over/ (Under)	2026 Proposed Budget	2026 Proposed Budget vs. 2025 Forecast Over/(Under)	% Change
Consultant Fees	$ 1,770,000	$ 1,807,000	$ 37,000	$ 1,927,000	$ 120,000	6.6%
Custodian Bank Fees	648,000	630,000	(18,000)	662,000	32,000	5.1%
Investment Manager Fees	67,525,000	80,514,000	12,989,000	83,885,000	3,371,000	4.2%
Other Investment Expenses	651,000	665,000	14,000	682,000	17,000	2.6%
Total Portfolio Management Investment Expenses	**$ 70,594,000**	**$ 83,616,000**	**$ 13,022,000**	**$ 87,156,000**	**$ 3,540,000**	**4.2%**

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Appendix

2026 Budget Change Proposals (BCP)

2026 Contingency Fund

Appendix

2026 BUDGET CHANGE PROPOSALS (BCP)

Expense Type	BCP Description		Totals
CAPITAL	General Ledger Project	$	300,000
PROFESSIONAL FEES	Professional Legal Fees Reserve Fund		100,000
SYSTEM	FreshDesk System - tracking for new non-member email submissions		2,000
SYSTEM	Various IT Projects Reserve Fund		50,000
BCP Total		**$**	**452,000**

2026 CONTINGENCY FUND

Expense Type	Description		Totals
PROFESSIONAL FEES	Professional Legal Fees Reserve Fund	$	100,000
STAFF DEVELOPMENT	Trainings/Conferences Reserve Fund		110,000
SYSTEM	Various IT Projects Reserve Fund		50,000
Contingency Fund Total		**$**	**260,000**

2026 Proposed Budget Contingency Fund

Contingency Reserve for Professional Legal Fees - $100,000

This reserve fund is for anticipated disability litigation and other legal advice expenses. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Training and Conference Expenses - $110,000

This reserve fund is associated with trainings and conference attendance. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Various IT Projects - $50,000

This reserve fund is for anticipated new or ongoing system projects. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.