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MALAIKA BILLUPS
GENERAL MANAGER

April 22, 2025

Budget and Finance Committee
Los Angeles City Council
Room 340, City Hall
Los Angeles, CA 90012

Re: PERSONNEL DEPARTMENT PROPOSED FISCAL YEAR 2025-26 BUDGET

Dear Honorable Members:

The Personnel Department appreciates the Mayor's 2025-26 proposed budget and the challenging fiscal constraints the City must currently consider. With the resources in the Mayor's 2025-26 budget, many of the Personnel Department's critical core areas of work will be significantly impacted because of the proposed layoffs of 72 filled positions, deletion of 50 vacant positions, and elimination of nearly \$4 million from expense accounts that pay for as needed staffing, software licenses, and citywide employee training.

Personnel Department Core Services

- Civil service candidate recruitment, testing, background investigations, health examinations, and eligible list certifications for all City departments;
- Human resources services to City departments;
- Managing employee benefits programs and maintaining employee files;
- Managing Workers' Compensation and Occupational Safety Programs;
- Operating medical clinics functioning within the City jails;
- Performing employment related medical examinations of future and present City workers to ensure a safe and healthy workforce;
- Providing psychological assessments and administering the City's Equal Employment Opportunity Program; and
- Training and developing City employees

The elimination of the vacant and filled positions will reduce the department down to 523 positions, an almost 19% reduction in positions. This is just 21 more positions than the 502 the Personnel Department had during the last City layoffs in FY 2009/2010 when we did not provide consolidated HR services to 27 departments. The Personnel Department has since increased staffing to support the human resources work necessary for managing employment and workplace liability throughout the City.

While the proposed layoffs are identified in certain divisions of Personnel, once layoffs begin, most of the employees will displace to nearly all of Personnel's 16 divisions, causing major disruption in services relied upon by all City departments, particularly the 27 departments supported by Client Services. Please see attachment for the Personnel Department Organizational Chart, which also notes contractual and expense account budget impacts. Much of the work in Personnel's divisions require specialized training that displaced employees may

not have, and divisions will also lose trained employees who are displaced, causing time sensitive and legally mandated services to be delayed even further.

Impacts of the Proposed Budget on the Personnel Department

The following includes a summary of the major impacts the proposed reductions will cause in the Personnel Department's various divisions:

Public Safety and Civilian Hiring

- Greatly increase examination completion period for sworn, public safety, and health job classifications causing delays in establishing eligible lists. [There are 246 (224 civilian and 22 sworn) exams in progress with 112 department requested, but unassigned exams backlog.]
- Decrease in vital research needed to leverage the latest technology to innovate exam administration (the City is currently a leader in online testing approaches, applying advance statistics, and customer service)
- Increase examination completion backlog due to training gap because it takes 6-8 months to develop exam staff
- Significant delays in background reviews for sworn and civilian candidates
- Decreased support for Targeted Local Hire, Bridge to Jobs, and other equity hiring pathways
- End of recruitment support for hard to fill and executive positions

Client Services and Human Resources and Payroll (HRP)

- Severe increase in compensation processing times (cost of living adjustments, bonuses, compensation corrections, step progression changes, etc.)
- Severe increase in non-compensation transaction times (e.g., leaves/returns, terminations, etc.)
- Severe increase in service times for core functions such as discipline cases, MOU grievances, OWE investigations as staff to employee ratios are one staff person to hundreds of employees
- Degradation of the HRP timeliness of accuracy and system support; delay of progress toward addressing core HRP system issues

Employee Benefits

- End of Flexible Spending Account Contracts/Administration for sworn and civilian
- End of Catastrophic Illness Program administration
- End of Self-Funded Dental & Vision initiatives
- End of all benefit procurements until further notice and contract extensions through City Council only
- End of Transit Reimbursement Program (Transit Subsidy Accounts remain only)
- Severe reduction in parking permit processing timing and accuracy
- End of the LIVEwell Wellness Program entirely

Employee Training and Engagement

- Not enough employee resources or Cornerstone platform to support the 2 state and 10 City mandated trainings (nearly 72,000 and over 36,000 non-mandatory trainings completed last fiscal year)
- Elimination of live training, such as main supervisor training (for nearly 600 new supervisors each year), executive training, the Women's Management Academy with CD 6, and LAPMA manager training support and MOU reimbursements
- This team is working on developing a series of revenue generating trainings for City exams to cover their program costs

Administrative

- An immediate delay of special fund and proprietary departmental invoice preparation impacting timely recognition of revenue and cost recovery to the City
- Instant cessation of SART (Sexual Assault Response Team) invoice processing and reimbursements which will cost the City an estimated loss of at least \$1 million in reimbursements from the State of CA

Systems

- Inability to provide critical equipment support for: the 900 work laptops and desktops in the Personnel Department; exam testing; custodial care services in 3 jails; and, maintenance of over 500 cell phones
- Significant decrease in preventing cybersecurity threats to the Personnel Department's sensitive data resulting in increased City liability

Medical Services

- Closing of custodial care services for 1 of 3 jails and decreased support for remaining 2 jails
- Significant delays in sworn and civilian pre-hire medical exams

Workers' Compensation

- Inability to timely administer state-mandated benefits with deleted vacant positions

Layoff Employee Job History Processing

The Personnel Department is tasked with calculating layoffs for the rest of the City. To perform this task, a layoff team must be created by reassigning staff from various Personnel Department divisions to perform the calculations. Most divisions will be impacted, including Systems, which will be necessary to develop a calculation software. These divisions are already strained at their current staffing levels. In 2009, 461 layoffs required a team of 50 Personnel Department employees and took 8 months to calculate. The current proposed number of layoffs across the City is three and a half times higher. With the complication of employee job and leave histories housed in 2 different payroll systems, Workday and PaySR, coupled with the fact there is no existing calculation software like in 2009, the Personnel Department anticipates this layoff work would require significantly more Personnel employees to process over 1,600 layoffs within the 4 months anticipated by the budget. This staffing pull for layoff work will severely reduce regular day-to-day services and program administration in the Personnel Department.

Requested Alterations to the Mayor's Proposed Budget
(Prioritized Positions for Reinstatement)

We ask that the Personnel Department's unique and integral position in the City be considered by reinstating the following prioritized positions:

1. Assistant General Manager (1) - Public Safety	\$284,113
2. Personnel Director II (2) - Client Services	\$289,060
3. Personnel Director I (3) - Client Services	\$410,968
4. Senior Benefits Analyst II (1) - LAwell	\$118,679
5. Senior Benefits Analyst I* (1) - LAwell	\$ 83,740
6. Benefits Specialist (1) - LAwell	\$ 61,941
7. Benefits Analyst** (1) - Wellness	\$ 73,242
8. Accountant (1) - Administrative Services	\$ 59,208
9. Senior Systems Analyst II (1) - Systems	\$111,728
10. Senior Systems Analyst I (1) - Systems	\$139,527
11. Graphic Designer (1) - Public Safety	\$ 55,361
12. Medical Assistant (1) - Medical Services	\$ 43,459
Total 15 Positions	\$1,731,026

*100% reimbursed by the Employee Benefits Trust Fund.

**100% reimbursed by wellness funding provided by health plan providers deposited into the Employee Benefits Trust Fund.

Proposed Offsets

The total savings to the general fund of the 72 filled positions is approximately \$4.9 million in the proposed budget, but with the anticipated displacements within the Personnel Department, the actual savings is more likely closer to \$3.5 million. In order to save all filled and critical vacant positions and expenses, the Personnel Department proposes the following alternatives that can generate savings for multiple fiscal years:

In Lieu Salary Savings **\$2,000,000**

The Personnel Department has 93 employees in lieu of other positions, which generates at least \$2,000,000 in salary savings.

Dependent Eligibility Verification (DEV) Audit Savings **\$5,000,000**

For employee benefits, the most recent DEV audit was completed in FY 2014-15 and removed more than 2,000 ineligible dependents from the City's health care plans, resulting in over \$5 million dollars in immediate savings for plan year 2015 and beyond. The cost of the City's maximum subsidy has increased approximately 51% since 2015, and the employee enrollment increased about 14%. We estimate the removal of a similar number of ineligible dependents next fiscal year would result in approximately \$7.5 million dollars in savings. The cost of the vendor is anticipated to be \$500,000, which is available in next year's budget, and if engaged soon, the cost savings would be realized around March/April of 2026 and the following fiscal years. The Personnel Employee Benefits Division is already preparing the Request for Proposals. This savings would also be for multiple years.

Savings from Attrition **\$2,560,000**

Our vacancy rate over the last fiscal year was 11%. If we were to increase our salary savings rate an additional 4% to 10% next fiscal year (6% is already accounted for in the budget), we would have approximately \$2,560,000 in savings, which combined with the other identified savings would preserve all 72 filled positions identified for layoffs and could be held for multiple years. It should be noted that the Personnel Department avoided any layoffs in FY 2009/2010 in large part by increasing our salary savings rate to 10%, which was approximately 51 positions saved.

Recommendation

We respectfully request the Committee to favorably consider the Personnel Department's proposals and to instruct the Personnel Department to work with the Chief Legislative Analyst to identify specific alternatives to position eliminations and restorations.

We look forward to continuing the discussion during our departmental budget hearing.

Respectfully,



MALAIKA BILLUPS
General Manager

cc:

Honorable Katy Yaroslavsky, Chair
Honorable Bob Blumenfield
Honorable Heather Hutt
Honorable Tim McOsker
Honorable Eunisses Hernandez
Carolyn Webb de Macias, Chief of Staff and Senior Advisor, Mayor's Office
Zach Seidl, Communications Director and Senior Advisor, Mayor's Office
Matt Hale, Deputy Mayor of Finance, Operations and Innovation, Mayor's Office
Sharon Tso, Chief Legislative Analyst
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