

REPORT
FROM



THE PERSONNEL
DEPARTMENT

TO: City Council	DATE September 3, 2026
REFERENCE: Los Angeles Administrative Code Division 5, Chapter 95	COUNCIL FILE

SUBJECT: **LAwell Program Employee Benefits Trust Fund Review Fiscal Year (FY) 2025-26**

RECOMMENDATION:

That the City Council note and file the LAwell Program Employee Benefits Trust Fund review for Fiscal Year (FY) 2025-26.

SUMMARY:

The Personnel Department administers the City's LAwell Civilian Benefits Program (LAwell Program) for active City civilian employees and their qualified dependents in conjunction with the City's Joint Labor Management Benefits Committee (JLMBC). The JLMBC is composed of five management and five labor representatives. The JLMBC was created in 1990 by action of the City Council and Mayor for the purpose of determining what plans were to be included in the Civilian Benefits Program, defining the structure of benefit plans, and recommending service providers to the General Manager Personnel Department.

The mission of the LAwell Program is to promote employee health and wellness with competitive benefits at a reasonable level relative to the City's financial capacity. Currently, the LAwell Program covers approximately 27,000 employees and 33,000 dependents.

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

Chapter 95, Sec. 5.495 (g) provides that "The Chairperson of the Joint Labor-Management Benefits Committee shall report to the City Council and the Mayor regarding and identifying all receipts into, and all expenditures out of, the Fund, as well as the purposes for which the expenditures were made. Each report shall cover a fiscal year and shall be submitted within 90 days after the close of said fiscal year." This report provides a review of Trust Fund activity and expenditures for FY 2025-26.

A. BENEFIT PLANS OVERVIEW

The LAwell Program contains an array of benefit plans with multiple contracted service providers. Collectively, these plans and providers create opportunities for employees to customize their benefit needs and support the health and well-being of themselves and their dependents. Current benefit plans, services, and service providers include the following:



The JLMBC completed its FY 2025-26 review and reconciliation of the Trust Fund. **Attachment A** provides a summary description of the activity items as indicated in the following:

Revenues

- *Employer Contributions* – General Fund transfers for payment of benefit program premiums.
- *Reimbursements from Other Funds* – Proprietary fund transfers for payment of benefit program premiums.
- *Employee Contributions* – Employee payments for required premium cost-sharing or optional supplemental coverage.

Payments

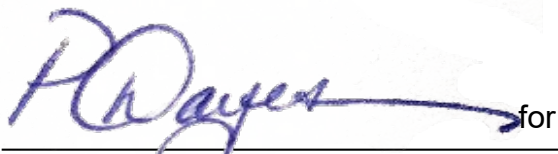
- *Printing and Binding* – Printing costs for LAwell Program communication materials.
- *Cash-in-Lieu (CIL) Reimbursements* – Reimbursements to City departments for CIL payments made to employees who opt out of City health coverage.
- *Personnel Department Staffing* – Reimbursement of Personnel Department/Employee Benefits Division positions approved to be funded by the Trust Fund.
- *Refunds of Employee Contributions* – Refunds of over-contributions of premium payments to employees.
- *Carrier Payments* – Payments made to LAwell Program providers.
- *Wellness Program Expenditures* – All Wellness Program expenditures for staffing, licenses, promotional materials, and communications.
- *Travel* – Travel to the International Foundation of Employee Benefit Plans annual conference.
- *Contractual Services* – Payments for consulting services.
- *Office Expenses* – Incidental office and administrative expenses.

In addition, Attachment A further reflects certain revenue and payment items accrued but not yet recorded in FY 2025-26. Net of all recorded and accrued items, assets in the Trust Fund totaled **\$6,763,150** as of June 30, 2026.

During its Trust Fund review, the independent auditor also observed that the Trust Fund's cash flow was sound relative to incoming transfers and its capacity to make timely payments to benefit service providers. The Trust Fund has a reserve target of 12.5% of monthly benefit service provider premium payments, which presently equates to approximately \$5.4 million.

C. CONCLUSION

The Trust Fund provides an important vehicle for the City to fund and process payments for the LAwell Program. The JLMBC recommends that the City Council note and file this report regarding and identifying all FY 2025-26 Trust Fund receipts and expenditures and purposes for which expenditures were made.

 for
MALAILA BILLUPS, CHAIRPERSON

JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

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JENITA IGWEALOR, VICE-CHAIRPERSON

City of Los Angeles
Employee Benefits Trust Fund
Review of Trust Activity
June 30, 2026

FY 2026 Activity per FMS

July 1, 2025 Opening Balance per FMS \$ 14,063,164

Revenues

Employer Contributions	406,126,887	
Reimbursement from Other Funds	84,571,570	
Employee Contributions	40,689,384	
Interest Income	708,818	
		532,096,659

Payments

Personnel Department Staffing	2,280,718	
CIL Reimbursements to Departments	960,613	
Refunds of Employee Contributions	5,672	
Contractual Services	518,113	
Carrier Payments	518,806,959	
Printing and Binding	94,732	
Office Expenses	20,615	
Wellness Program Expenditures	951,104	
Wellness Program Salaries	388,473	
		524,026,998

June 30, 2026 Closing Balance per FMS \$ 22,132,825

Post June 30, 2026 Activity

Revenues

Reimbursement from Other Funds (Received from 07/01/26-07/31/2026)	149,189	
Reimbursements Pending from Other Funds (FY2026)	17,822,594	
		17,971,783

Payments (Estimate)

Carrier Payments (June 2026)	19,988,202	
Personnel Department Staffing (Q4: Apr 2026 to June 2026)	747,120	
Wellness Program Salaries (Q4: April 2026 to June 2026)	106,778	
Contractual Services	165,706	
		21,007,806

Outstanding Liabilities and Reserve Requirement

Liabilities

Employee Refunds	287,500	
Wellness Program_All Years (Estimate)	5,621,363	
Wellness Interest Income_All Years (Estimate)	1,038,764	
		6,947,627
Reserve Requirement (12.5% of June 2024 carrier payments)	5,386,025	
		5,386,025

June 30, 2026 Available Balance, net of Liabilities & Reserved Capital \$ 6,763,150