

# Deferred Compensation Plan BOARD REPORT 15-58

Date: December 5, 2015  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Deferred Compensation Plan Calculations of Indirect Costs

Board of Deferred  
Compensation Administration

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### **Recommendation:**

That the Board of Deferred Compensation receive and file this update regarding staff's ongoing review of the reimbursement methodology for the calculation of indirect salary costs for the Deferred Compensation Plan.

### **Summary**

As the Board is aware, staff has been in the process of reviewing the methodology used in calculating indirect salary costs for the Deferred Compensation Plan. This review was prompted by a sharp escalation in the applied Cost Allocation Plan, or "CAP" rates, that have been used for these calculations in recent years.

The report has been under development for some time due to the substantial degree of complexity and research required. Staff has been involved in an extensive series of meetings involving the City Controller and the Personnel Department's internal administrative staff. A preliminary report has been drafted and is in the final stages of review for presentation to the Board at its January 19, 2016 meeting. The report will include an overview of the Controller's generation of "Cost Allocation Plan (CAP) Rates" and "Special Rates;" a historical review of the Deferred Compensation Plan's calculations of indirect costs; and staff's findings and recommendations relative to future policy.

Resolving how and under what methodology indirect costs will be calculated is a critical threshold step for addressing not only pending quarterly reimbursements but also immediate and long-term budget planning. Staff recognizes the importance of proceeding expeditiously and thoroughly in resolving these issues.

Submitted by:

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Steven Montagna