



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

April 10, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

RESUMPTION OF COUNTY-RUN SAVINGS BONDS PROGRAM (ITEM NO. 13, AGENDA OF MARCH 22, 2011)

On March 22, 2011, on motion of Supervisors Michael D. Antonovich and Mark Ridley-Thomas, your Board directed the Chief Executive Office (CEO) to assess the impact of the transition from paper to electronic purchase of U.S. Savings Bonds by County employees.

On October 18, 2011, this Office reported to your Board the employee survey results indicating a high percentage of interest in re-establishing a County-run payroll deduction program for purchase of the new electronic U.S. Savings Bonds (see attached).

My staff met with the Auditor-Controller to determine estimated start-up costs, software requirements, maintenance needs, and staff support expenses to reestablish the program. The Auditor-Controller does not anticipate any additional costs or staffing for program start up or maintenance. The CEO would manage the program through the Office of Workplace Programs. The administrative staff costs will be offset by charging an annual administrative fee for employees enrolling in the program.

BACKGROUND

For many years, the County of Los Angeles offered a U.S. Savings Bonds program in which employees were able to purchase paper bonds through payroll deduction. In 2010, the Department of the Treasury notified the County that it would no longer offer a paper Savings Bonds program to local governments, conducted through payroll deduction, effective January 1, 2011.

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On December 6, 2010, a memorandum prepared by this Office about suspending the paper Savings Bonds payroll deduction program was sent to all department heads directing them to distribute the memorandum to employees. Flyers with information on how employees could continue to purchase Savings Bonds were created and distributed.

Currently, County employees have two options for purchasing U.S. Savings Bonds. They may buy bonds by signing up on-line at www.treasurydirect.gov or they may buy them from a local banking institution. However, the U.S. Treasury advised that they are phasing out the paper Savings Bonds at banks as well.

Approximately 5,000 employees purchased paper Savings Bonds through payroll deduction as of December 2010. We expect at least 3,500 to 5,000 employees will participate in the new electronic payroll deduction program. To enroll, employees must first establish an automatic direct deposit account with U.S. Treasury Direct. The Auditor-Controller would then transfer the employee payroll deduction to Treasury Direct. The Auditor will set up account codes, monitor data files and accounts, and train CEO staff on how to start, stop, and cancel each employee's County payroll deductions. The CEO Office of Workplace Programs would have overall responsibility for program administration including employee enrollment, user service, data entry, report monitoring, and ongoing employee support. Based on the expected number of employees participating, we determined an annual administrative fee of \$21 per enrollee would offset the staff costs needed for program support.

We believe this is the most cost-effective and responsive approach to resuming a County Savings Bond program. However, should there be interest by your Board in continuing to explore options for contracting with an outside entity to perform these services, we will conduct a competitive solicitation.

CONCLUSION

We will be including recommendations to implement a new, fee-based, County-run Savings Bond program as part of final changes for the 2012-13 budget process unless otherwise instructed.

If you have any questions regarding this matter, please have your staff contact Martin Zimmerman at (213) 974-1326, or mzimmerman@ceo.lacounty.gov

WTF:EFS:MKZ
RAW:ib

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 18, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
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ASSESSMENT OF COUNTY EMPLOYEE RESPONSE TO CHANGE IN SAVINGS BOND PROGRAM (ITEM NO. 13, AGENDA OF MARCH 22, 2011)

On March 22, 2011, on motion of Mayor Michael D. Antonovich and Supervisor Mark Ridley-Thomas, your Board directed the Chief Executive Office (CEO) to survey employees about the U.S. Savings Bonds program previously offered through payroll deduction. The Board specifically directed that the review determine whether or not employees felt the transition to on-line or other means of purchasing U.S. Savings Bonds has been successful.

As further outlined below, the survey results indicate a high percentage of interest in re-establishing a County-run payroll deduction program for purchase of the new electronic Savings Bonds. Unless otherwise directed by your Board, we will work with the Auditor-Controller to identify the one-time and ongoing costs of such a program and return to your Board with recommendations.

Background

For many years, the County of Los Angeles offered a U.S. Savings Bonds program in which employees were able to purchase paper bonds through payroll deduction. In 2010, the Department of the Treasury notified the County that it would no longer offer a paper Savings Bonds program to local governments, conducted through payroll deduction, effective January 1, 2011.

On December 6, 2010, a memorandum prepared by this Office regarding discontinuation of the paper Savings Bonds payroll deduction program was sent to all department heads directing them to distribute the memorandum to employees via an

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e-mail blast. Flyers with information on how employees could continue to purchase Savings Bonds also were created and distributed to all departments. The flyers were posted on County bulletin boards accessible to employees.

At present, County employees have two options for purchasing U.S. Savings Bonds. They may purchase bonds by signing up on-line at www.treasurydirect.gov, or they may purchase them from a local banking institution. However, the U.S. Treasury had advised that they are phasing out the paper Savings Bonds at banks as well.

Employee Survey

As directed by your Board, this Office conducted a survey of employees who previously purchased Savings Bonds through payroll deduction using the County's Enterprise Survey Solution, jointly operated by CEO-Information Technology Section and the Chief Information Office. Approximately 5,000 employees purchased Savings Bonds through payroll deduction as of December, 2010; the survey was sent to 2,062 of these employees (roughly 40 percent) to ascertain their experience with the new Savings Bonds purchase procedures.

We have summarized the results below; the attached Executive Summary provides charts depicting these results in greater detail:

- The survey included seven questions and garnered a response rate of more than 50 percent, significantly better than the conventional survey response rate of between 20 and 25 percent.
- More than 75 percent of the employees who responded to the survey were in favor of the County re-establishing a payroll deduction program to purchase U.S. Savings Bonds.
- In comparing different options for purchase of Savings Bonds, employees who completed the survey clearly preferred that the County re-establish a payroll deduction Savings Bonds program (75 percent), rather than use an outside vendor (less than 100 employees).

In other survey results, nearly 300 employees felt that the Treasury Direct website was too difficult and/or too much trouble to use; and 100 employees indicated they did not have access to a computer to use Treasury Direct, and other options were not viewed as convenient. Approximately 400 employees have not had a chance to purchase any Savings Bonds since the County program was discontinued.

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Conclusion

Based on the employee survey, and unless otherwise directed by your Board, we will work with the Auditor-Controller to determine estimated start-up and ongoing costs for re-establishing a self-funded payroll deduction program for the purchase of U.S. Savings Bonds and return to your Board with recommendations.

Please let me know if you have any questions, or your staff may contact Martin Zimmerman or Victoria Pipkin-Lane at (213) 974-1326 or (213) 974-2495, or at mzimmerman@ceo.lacounty.gov or vpipkin@ceo.lacounty.gov, respectively.

WTF:EFS:MKZ
VPL:dmt

Attachment

c: Executive Office, Board of Supervisors
Auditor-Controller

Savings Bond Status Report 10-2011

Countywide U.S. Savings Bonds Survey

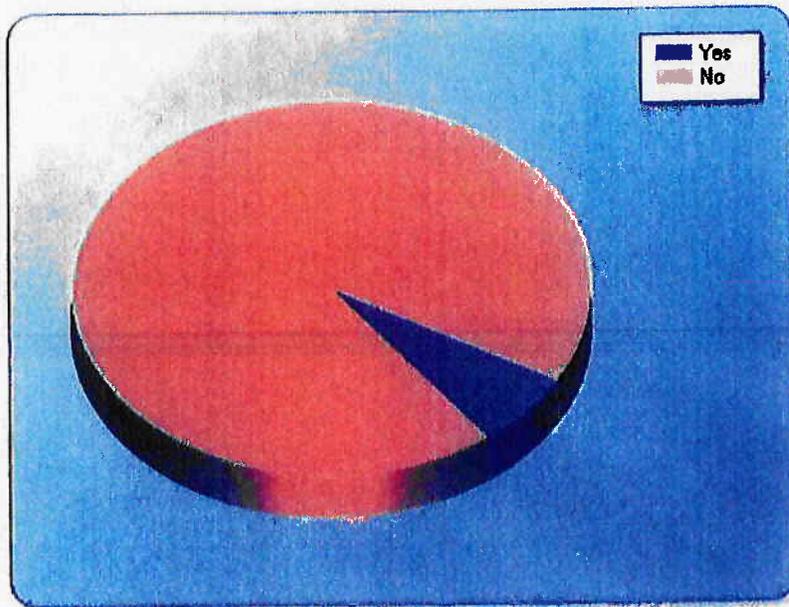
Type: Executive Summary Report

Date: 9/8/2011

Total number of responses collected: 1128

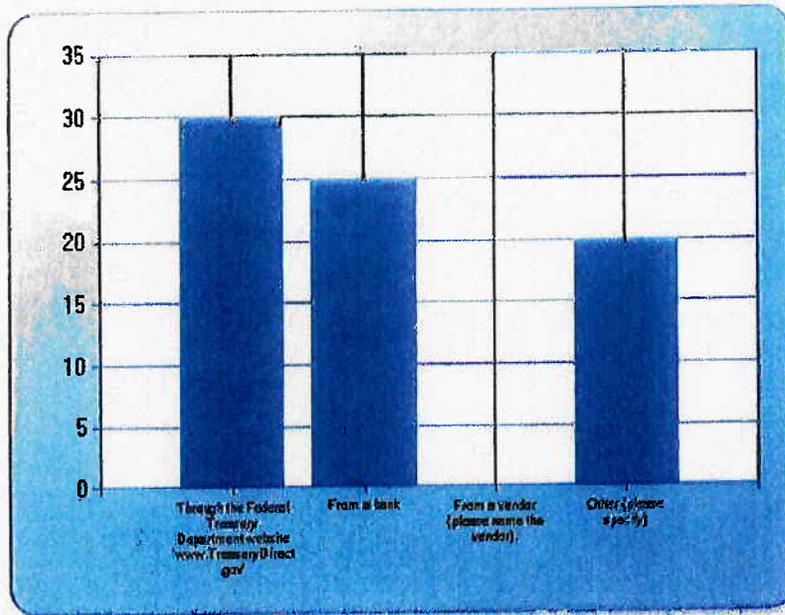
Additional Bonds: According to our records, you previously participated in the County's savings bond program. Have you purchased additional bonds since the program terminated in December 2010?

(Respondents could only choose a **single** response)



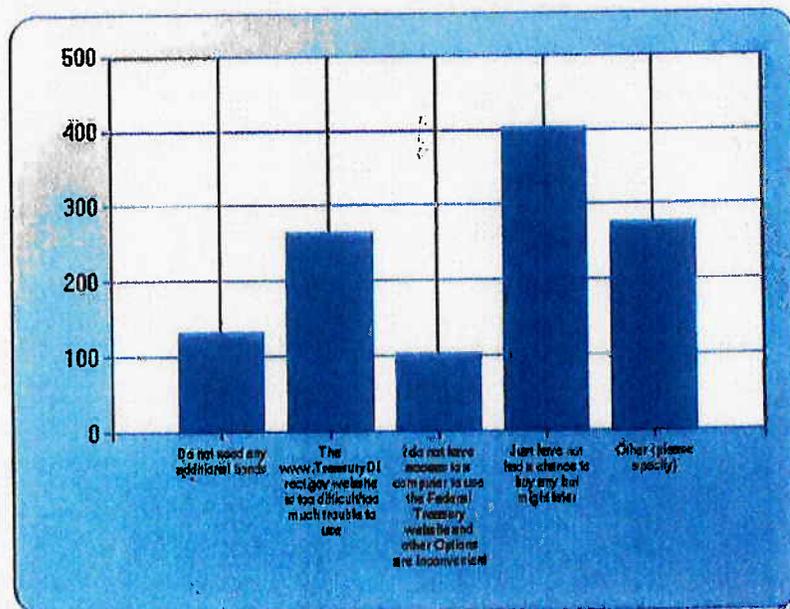
How Purchases: How have you purchased bonds (select all that apply):

(Respondents were allowed to choose **multiple** responses)



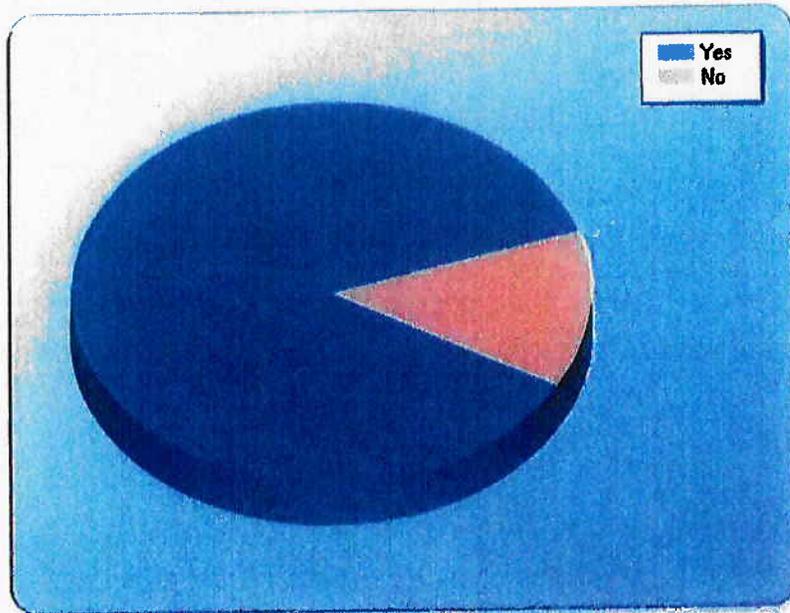
Why Not: Why have you not purchased any additional bonds (select all that apply)?

(Respondents were allowed to choose **multiple** responses)



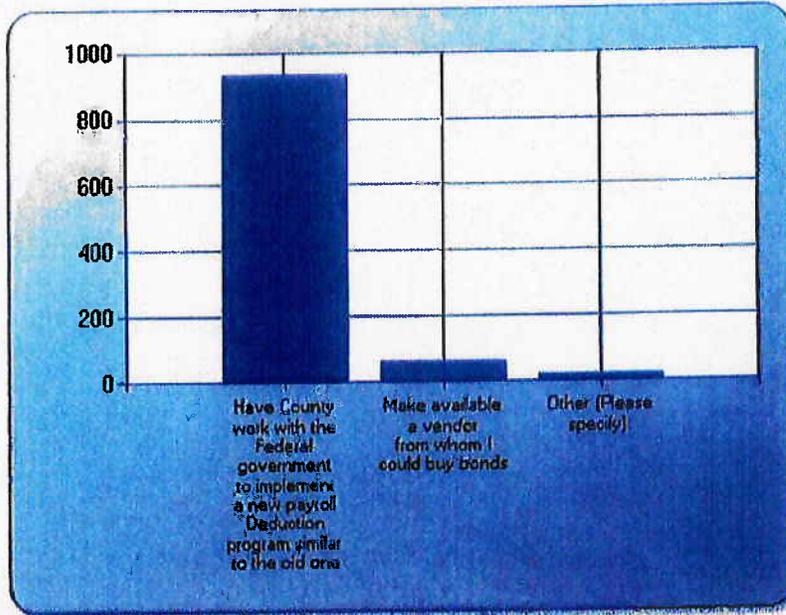
Interested: If the County were to reestablish a savings bond program, would you be interested?

(Respondents could only choose a **single** response)



Operate: How would you like it to operate:

(Respondents were allowed to choose **multiple** responses)



Comments: Do you have any comments about the old savings bond program or any new program which might be developed that you would like to share?

Response

- If we want to save, we can use payroll deduction into a credit union. Bonds are interesting, but unnecessary.
- Former savings bond program was a convenient method of participating in a government that benefited both the feds and individual purchasing bond. It also was an easy, little impact, long term way to save money and at the same time support our national government.
- The availability of a vendor to purchase bonds, answer questions, and solve concerns would be a great asset.
- The program helps to save funds for kids' education. However, not too many financial firms are interested to participate the program. So it makes the redemption process kind of difficult.
- I moved but the savings bonds kept going to the old address.
- Payroll deduction is a simple, easy process. The savings bonds are a convenient savings method to save for a child's college education.
- I prefer to receive the paper savings bond in the mail and the new program does not allow that.
- no I don't have any comments
- It is a good investment, and you know your money is in a safe place. It also encouraged you to save for the future. I hope you will think of putting it into effect a new payroll deduction program. Savings bond really help us.
- Payroll Deduction savings bonds made it so easy for me to save. I use the bonds for emergency issues.

Valid Responses 530

Total Responses 1128

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