



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: District Strategic Planning & Budget Council
FROM: Budget Allocation Taskforce
DATE: September 9, 2013
SUBJECT: Recommendation Regarding an OPEB Plan

Establish an OPEB Plan

The Governmental Accounting Standards Board (GASB), Statement 45, establishes accounting and reporting standards for *Other Post Retirement Benefits* (OPEB). OPEB are employee benefits for retirees other than pensions, this includes medical, dental, and vision benefits. Although the District complies with requirements regarding actuarials and reporting, the funds set aside are not recognized by the State Chancellor's Office or ACCJC. To be considered funded in accordance with GASB 45, employers must irrevocably transfer assets to a qualifying trust that is exclusively for the benefit of the plan. Currently, \$2.5 million is set aside in a separate dedicated fund at the San Diego County Office of Education to partially fund the Actuarial Accrued Liability (AAL) of \$14.9 million for OPEB. The Budget Allocation Taskforce (BAT) has concluded an analysis of the OPEB requirements, GCCCD status and other impacts, and is making the following recommendation:

Establish an OPEB Plan, including an irrevocable trust exclusively for OPEB funds and moving OPEB funds currently held at the SDCOE to the trust. In addition, establish a funding mechanism to include increasing the reserve by 10% of unrestricted site ending balances each year until the trust equals the Actuarial Accrued Liability (AAL) (\$14.9 million as of 11/2011), as established by the independent actuary.