

Recommendation 9: The team recommends that the college develop and implement a plan for funding its long-term employee liability under Government Accounting Standards Board (GASB) 45 (Standard IIID.1.c).

Resolution

The College has established a plan for funding its long-term employee liability under GASB 45. However, GASB 45 has no requirement for funding and the College has met resistance with its unions from implementing its funding plan without negotiations and agreement at the table. The plan is as follows:

- 1) A retirement benefit account shall be established for all **new** College employees, including categorical programs and grants, calculated at 2% of annual salary. This account shall be budgeted and expensed based on a 2% calculation of salary for each subsequent year.
- 2) All **new** categorical programs and grants shall have benefits calculated to include the 2% of annual salary.
- 3) 50% of all mandated cost reimbursement funds received (excluding Health Center reimbursements) shall be set aside towards funding the existing liability for current employees.
- 4) Unrestricted Ending balances in excess of 6%, but not more than \$200,000, shall be set aside towards funding the existing liability for current employees.
- 5) Funds shall be held by the District for five years at which time the decision to deposit these funds in an irrevocable trust will be revisited.

This plan was developed by the Budget Committee and is currently being assessed for revisions which can be presented to both unions at the table.

Analysis

The College has tried to address the GASB 45 liability with the development of its plan but without a funding requirement in GASB 45 and union opposition has not been able to implement it. This resistance has increased during tough budget times when employees have been required to take pay cuts and furloughs. In an effort to bring resolution at the table and to begin funding its long term employee liability, the Budget Committee is assessing the plan for appropriate revisions.

Additional Plans

The College plans to present an amended GASB 45 funding plan to both the Guild and CSEA for implementation.