

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 previously 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 wanted agreement with the unions before implementing its funding. The Budget Committee recently amended the plan 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 or \$50,000 whichever is greater.
- 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 is currently being 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 agreement at the table has not been able to implement it. Budget constraints requiring staff to take pay cuts and furloughs have delayed the implementation. In an effort to bring resolution at the table and to begin funding its long term employee liability, the Budget Committee has amended the plan and it is being presented again to both unions.

Additional Plans

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