



C H A B O T - L A S P O S I T A S

Community College District

**BUDGET UPDATE (FY 2016-17/FY 2017-18) and
OTHER POST EMPLOYMENT BENEFIT (OPEB)**

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OTHER POST EMPLOYMENT BENEFIT (OPEB)



OPEB and GASB 45

Primer (Definitions and District Numbers)

- OPEB refers to “other post-employment benefits”, meaning other than pension benefits
- GASB 45 requires districts to account for OPEB liabilities
- Actuarial Valuation: \$138 Million (at 4.5% discount rate)
- Annual Required Contribution: \$13,053,241
- Pay-As-You-Go \$6.0 Million 2017-18
\$8.0 Million 2023-24
- RUMBL Fund (Retiree Unfunded Medical Benefit Liability)
District set-aside of \$4.6 million



OPEB and GASB 45

The Challenge

- Pay-As-You-Go retiree health costs are expected to consume a greater percentage of the General Fund Budget
- Rising Medical Costs
- Longer Life Expectancy
- The district offers post-employment benefits (lifetime medical benefits) to employees hired before January 1, 2013 who meet certain eligibility requirements.



OPEB and GASB 45

Setting up an Irrevocable Trust for OPEB (October 18, 2016)

- With an irrevocable trust for OPEB, the district may use a higher discount rate in calculating the OPEB liability. The higher the discount rate, the lower the liability.
- The discount rate is the expected return over the long term. The reduction in OPEB liability ranges from 15%-30% for those districts that establish and fund an irrevocable trust.
- The district currently pays the annual cost of OPEB from the operating budget
- Trust assets are restricted to pay for OPEB obligations
- Other reasons to set up an irrevocable trust:
 - Accreditation
 - Rating agencies



OPEB and GASB 45

Where We Are

- Completed Draft OPEB Trust Program
- Completed Draft Request for Proposal (RFP) for Management Service
- Discussed with Shared Governance body, Planning and Budget Committee (PBC)
- Selected PBC members to serve on committee
- Goal is to have an OPEB Trust in place in 2017 or 2018
- Set up Trust with dollars from RUMBL Fund



BUDGET UPDATE FY 2016-17



Budget Update FY 2016-17

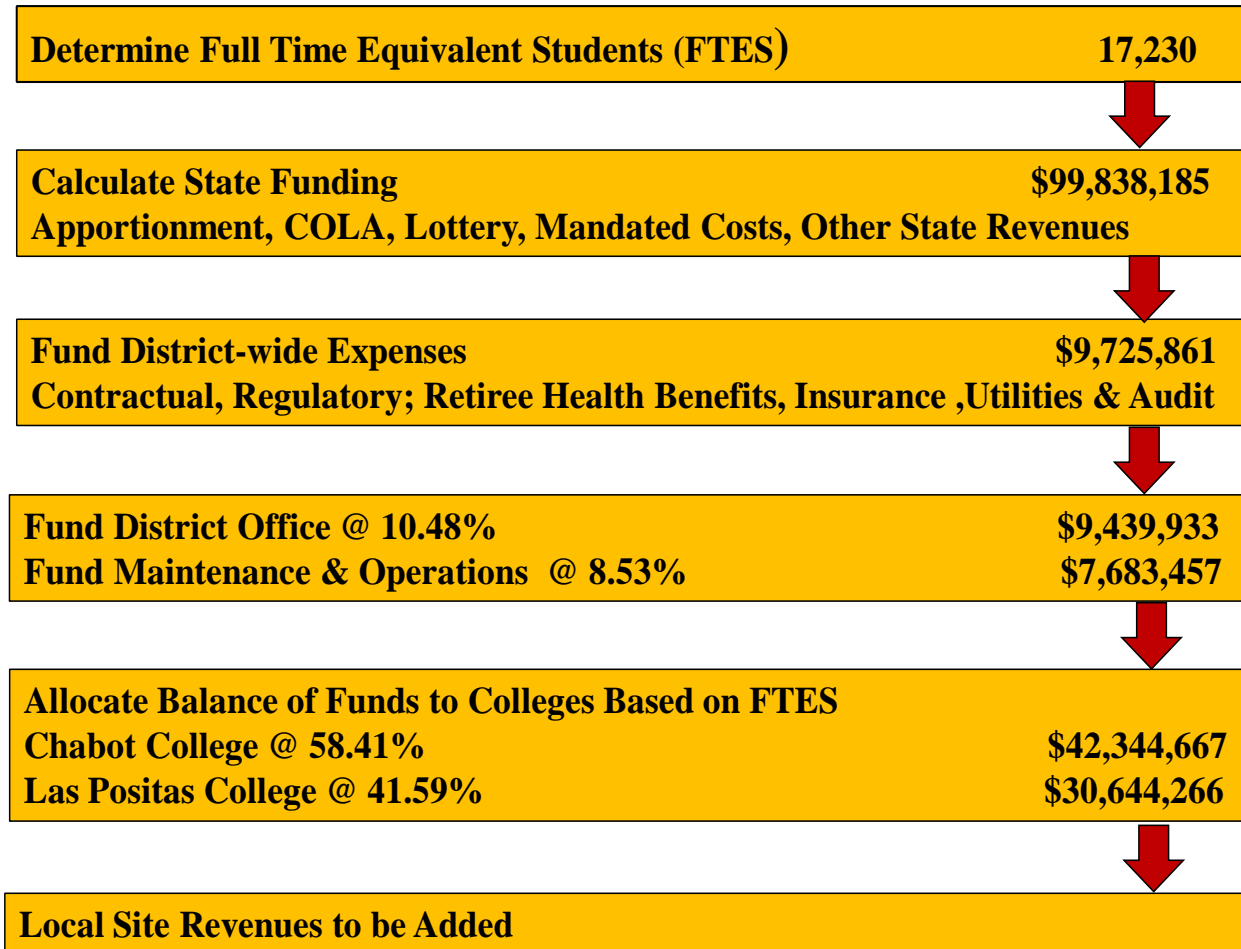
Some Background Information:

- On March 19, 2013, the Board of Trustees approved the new Budget Allocation Model recommended by the District Budget Study group and the Chancellor
- The new Budget Allocation Model provides the district with a financial tool that gives the following:
 - Treats all employees fairly
 - Simple to understand
 - It is Revenue Based
 - Puts money out to Colleges
 - The College Budget Committees are empowered to make decisions
 - We are all responsible to live within our means
 - Promotes accountability and transparency district-wide
 - Incorporates a process to build back our RUMBL and Reserves
 - Addresses ACCJC Accreditation Recommendation



Some Background Information:

BUDGET ALLOCATION





Budget Update FY 2016-17

	2015-16	Adoption 2016-17	Projection 2016-17
Total Revenue and Transfers In	\$130,221,105	\$119,160,814	\$119,051,014
Total Expenditures and Transfers Out	<u>(120,223,745)</u>	<u>(117,660,484)</u>	<u>\$(117,272,684)</u>
Increase/(Decrease) in Fund Balance	\$9,997,360	\$1,500,330	\$1,778,330
Beginning Balance	\$16,319,604	\$26,316,964	\$26,316,964
Ending Fund Balance	\$26,316,964	\$27,817,295	\$28,095,294
Ending Balance as % of Total Expenditures	22.78%	23.99%	24.34%



BUDGET UPDATE FY 2017-18



Budget Update FY 2017-18

- Budget development based on Governor's January Proposal
 - 1.48% Cost of Living Adjustment (COLA)
 - \$23.6 million increase in base allocation funding
 - \$79.3 million for 1.34% growth funding
 - \$150 million of one-time money for Guided Pathways
 - Same level of funding for Student Success and Support Programs; Student Equity, Strong Workforce and Basic Skills



Budget Update FY 2017-18

District Budget Assumptions

- 1.48% Cost of Living Adjustment (COLA)
- 1% Growth
- Base Allocation Increase
- Serving 17,400 Full Time Equivalent Students (FTES)
 - Chabot College 10,200; Las Positas College 7,200
- Step and Column Increases
- STRS/PERS Rate Increases
- 3% COLA for Faculty; Other Employee Groups to be Determined
- Retiree Medical Increases of 6.88%
- Insurance; Utilities @ 5.0%
- Stability Year of 2016-17
- Restoration Year 2017-18 first year of Restoration