



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 10.6

Meeting Date: November 3, 2016

Subject: Health Benefits and Pension Cost Update

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)
- Conference/Action
- Action
- Public Hearing

Division: Business Services

Recommendation: N/A

Background/Rationale: At the last Board Meeting of October 20, 2016, we presented that the District has an unfunded Other Post-Employment Benefits (OPEB) Liability of \$618.8 Million. In addition to this unfunded liability, the District is seeing 10% increases in health benefits per year. These health benefit increases are not experienced by most districts, as many of them have health benefit caps or employees contribute to them. Another ongoing cost that all LEAS are incurring is ongoing pension cost. The Local Control Funding Formula (LCFF) needs to cover these ongoing increases in pensions that LEAs did not have to cover prior to LCFF. These increases in pensions are equivalent to \$26.9 million in next five years.

Financial Considerations: Health benefits and pension cost increases in the next five years are estimated to cost the District \$83.5 million.

LCAP Goal(s): Family and Community Empowerment; Operational Excellence

Documents Attached:

1. N/A – Power Point will be presented at the Board Meeting

<p>Estimated Time of Presentation: 5 Minutes Submitted by: Gerardo Castillo, CPA, Chief Business Officer Approved by: José L. Banda, Superintendent</p>
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