Subject: From the President's Desk
Date: Fri, 19 Jan 2007 15:37:18 -0800
From: "Raul Rodriguez" <rrodriguez@deltacollege.edu>
To: "Campus Wide Business" <campusbusiness@sjdccd.cc.ca.us>

Good Afternoon! I hope that everyone had a restful and pleasurable holiday season and that your semester is off to a good start. One thing that I can attest to that didn't change with the transition to the new year is that the good ole Delta rumor mill is still alive and well (not necessarily in a positive sense). Yesterday I was off campus to attend an all-day team chair training in Oakland. I am scheduled to chair the accreditation evaluation team that will visit the Los Angeles County College of Nursing and Allied Health in March. Even though this will be the eighth time that I have chaired an accreditation team, the team chair training is mandatory every time that you accept the assignment to chair a team (or to be a member of a team as well). The rumor part comes in as I was greeted by someone on campus this morning who asked where I was yesterday and then, to my surprise, told me that there was a rumor going around campus that I was off campus for the purpose of interviewing for another position yesterday! I am not going to deny that I am regularly called by search consultants asking me to apply for other positions. However, I have never applied for any of those positions. I realize that there are persons on campus who probably *want* me to apply for other positions and would probably even be gracious enough to *drive* me to the job interviews or pay for my gas! Those folks, whoever they are, are most likely the source of such wishful thinking. I am sorry to disappoint them, but I have no plans to apply for any job out there anytime soon. There is plenty of work to be done here at Delta and I want to see it through!

In Memory

Once again, we have lost another member of the Delta family. If you have read any of the e-mails sent out by our Financial Aid Director, **Denise Donn**, you know that **Corkey Boheman**, who was a Senior Office Assistant in the Financial Aid Department, passed away last Friday. Obviously, it was a sudden and unexpected loss that is difficult to comprehend. I'm sure you all join me in sending condolences to Corkey's husband and the other members of her family.

Retiree Health Benefits Liability

I am attaching two articles to this message. One article details the terrible plight of San Diego County in regard to their retiree health benefits liability, which is massive. It is a wake up call to all public agencies and we are doing our best to respond to this issue here at Delta. The other article concerns one community college district, the Foothill-De Anza Community College District, and the recent actions taken by their Board of Trustees to respond to their retiree health benefits liability. I hope that you all take the time to read these two articles.

Many people have become aware of the retiree health benefits liability issue because of the impending GASB regulations, which have to do with accounting standards that colleges and other agencies must follow. However, GASB is not the only reason to be concerned about the retiree health benefits issue. Having chaired an accreditation team under the new accreditation standards, I can testify to the fact that the Accrediting Commission is concerned about this issue and, in their view, it is covered under the parts of the resources standard that deals with the long-term financial planning and viability of a college. In the team chair training yesterday, this issue was emphasized as an issue about which the Commission expects college evaluation teams to be vigilant. Colleges can be sanctioned if they have not adequately implemented a plan and corresponding measures to fund such liabilities. As we are nearing our own accreditation visit in March of 2008, it behooves us to take this issue seriously and craft a strategy that will start whittling down our own long-term liability.

Kudos

It is always great to learn about the extracurricular accompishments of our faculty and staff. I was pleasantly surprised a week or so ago when I received a signed copy of English Instructor **Phil Hutcheon's** first novel. It is entitled *Nobody Roots for Goliath* and was printed by Willowgate Press in Massachusetts. My wife and I are both looking forward to reading Phil's first printed novel (let's hope there are many more).

Vice President John Williams recently received a letter from Jessica Anderson, the Acting Principal at Stagg High School, expressing her appreciation to **Dr. Jose Michel,** Director of EOPS**,** and **Clarence Louie,** EOPS Counselor**,** for their presentation to Stagg's mid-term graduates. Ms. Anderson indicated that "the presentation was informative and will make our student's transitioning from high school to college smooth". It is this kind of outreach that spreads the word about Delta and I applaud Dr. Michel and Clarence for their efforts.

Today is the last day at Delta for **B.R. Brown**, the Director of Public Information and Marketing. He has accepted a position at the General Douglas MacArthur Memorial in Norfolk, Virginia. In his short time here, B.R. made a number of accomplishments and established a strong base for public information and marketing on which we can continue to build. I certainly wish B.R. and his family well in this new phase of their lives.

Articles Below

This story is taken from Sacbee / Opinion / Daniel Weintraub.

Daniel Weintraub: In San Diego, a sneak peek at a fiscal horror show

By Daniel Weintraub - Bee Columnist
Published 12:00 am PST Thursday, December 14, 2006

San Diego County has just become the first big government agency in California to confront an issue that most have chosen to ignore for years, if not decades: the long-term cost of providing health insurance for retired public employees. This unpleasant experience will soon be coming to a town near you.

Starting next year, state and local governments will be required to come clean on the promises, implied or direct, that they have made to their employees -- and the cost to taxpayers of making good on those obligations.

The biggest of the obligations -- pensions -- have always been tracked publicly, and most governments set aside money every year from employees and taxpayers to pay for the estimated future cost of retirement checks.

Although not every local pension system is fully funded, most are within shouting distance of getting the job done.

But unlike pensions, the cost of providing health insurance for retirees has been an accounting afterthought. Although the bill is large and growing bigger every year, hardly anyone ever bothered to add it all up and contemplate how those costs would eventually be paid for.

Now they are, and the numbers are staggering. Experts say the obligation, once tallied, will reach into the hundreds of billions of dollars in California alone.

San Diego County is leading the way on this voyage of fiscal discovery, if only by a few months. Its experience is instructive. And sobering.

The process starts with an accurate accounting of the obligation.

Since 1974, the county has been paying the health care premiums for its retirees from money in the county pension fund. When the benefit began, the cost was pegged at no more than $20 a month. But the amount has grown steadily over time. Currently, that payment comes to between $300 and $400 a month for each retired worker.

If that benefit were to continue and cover not only current retirees but everyone now on the county work force, the bill over a 20-year period would come to about $1.8 billion. If the county wanted to treat the health benefit like a pension obligation and set aside money now to cover all those retirees and current workers who assume they'll be getting the insurance, the investment this year would have to total $640 million. That's the unfunded liability that would have to be shown on the county's books starting next year if nothing is done.

Neither option -- waiting until the time bomb goes off down the road or covering it all now in one lump sum -- is viable. The county's entire budget is about $4 billion a year.

A third approach, making annual payments to catch up with the unfunded liability over time, would cost an estimated $70 million a year for 20 years.

But the Board of Supervisors has decided that the benefits as they now exist are not sustainable.

"Taxpayers simply could not afford to pay that bill," Supervisor Dianne Jacob, who also serves on the retirement board, told me this week.

Jacob this month urged the county board to revise its health care benefit. The board voted to eliminate the stipend for employees who retired after March 2002, when the county increased pensions by between 35 percent and 60 percent. That cut will affect about 2,600 recent retirees and all current employees who have yet to retire.

For those who retired earlier, the county will leave the benefit in place but freeze the amount at its current level. Retirees will have to cover future cost increases themselves.

These changes will result in an estimated $1.2 billion savings for taxpayers over the next 20 years. The unfunded liability will shrink from $640 million to less than $300 million. And the annual obligation will be cut from about $70 million to less than $30 million.

From now on, San Diego County employees who plan to retire before they are eligible for Medicare will have to set money aside themselves to pay for their insurance until they are covered by the federal program. The same will be true if they want a better benefit package than Medicare provides. The county will still provide the insurance, but future retirees who want the coverage will have to pay their share of the premium themselves.

Although employee groups have said that the county is overreacting to a change in accounting rules, Jacob says the situation is dire.

"These are real dollars projected that would have to be paid out by taxpayers over 20 years," she said. "The new accounting rules have just shined a very bright light on what this liability is."

If the county does not attack the problem now, she added, its credit rating will suffer, making it more expensive to borrow money. And future taxpayers will see service cuts as elected officials look for money to pay for health insurance.

In the next year, the state government, as well as cities, counties and school districts all across California, will be facing the same bleak alternatives San Diego County confronted this month. And it looks as if nobody is going to be very happy with the results.

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Board Approves Plan to Fully Fund Retiree Medical Benefits Liability

At its meeting of November 6, 2006, the Board of Trustees of the Foothill-De Anza Community College District approved a plan to fully fund the district's retiree medical benefits liability over the 30-year period recommended by the Government Accounting Standards Board (GASB). Under new accounting rules enacted by GASB, public agencies such as cities, local school districts and community college districts are required to adopt plans to fund future anticipated costs for retiree health benefits.

The board adopted five recommendations for complying with GASB and preparing a funding plan based on the actuarial study completed in August 2006 by Total Compensation Systems, Inc. "This action demonstrates the board's continuing commitment to fiscal responsibility," said board president Betsy Bechtel.

The actuarial study estimated the district's total accrued liability at $153,676,330 as of June 1, 2006. The board approved a $975,905 increased contribution to the annual cost of retiree medical benefits. This increased contribution will be set aside for future retiree benefits. Augmenting that contribution are funds totaling $1.14 million that the board set aside during the past two years in an initial effort to begin funding the liability. All funds will be deposited in the Community College Retiree Trust, a Joint Powers Authority irrevocable trust sponsored by the Community College League of California. With these actions, the district will be in complete compliance with the new GASB regulations.

"Accountability and sustainability are two of the district's master plan goals," said Martha Kanter, the district's chancellor. "The board's action meets these goals and ensures that this longstanding obligation will be fully funded and not left for future leaders of the district to address."

"I am pleased that the board demonstrated its commitment to the employees by taking this action to ensure that their retiree benefits will be fully funded similar to their pension benefits," said Mike Brandy, vice chancellor of business services.

The Foothill-De Anza Community College District (www.fhda.edu) has provided educational programs and services to the residents of Silicon Valley for almost 50 years, preparing students for careers and for transfer to four-year colleges and universities, serving the communities of Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Sunnyvale and portions of San Jose, Santa Clara and Saratoga. The district educates more than 44,000 students each quarter.