Mission Valley ROP

Wednesday, November 20, 2013

4 p.m. Governing Council Meeting

MVROP Board Room

(510) 657-1865 Ext. 15141

Agenda

Regular Meeting of the Governing Council
Mission Valley Regional Occupational Center/ Program
ROP Board Room
Wednesday, November 20, 2013
Regular Meeting (Open Session) – 4p.m.

Call to order ______p.m.

Pledge of Allegiance

Roll Call:
_____ Jonas Dino, President
_____ Larry Sweeney, Vice President
_____ Nancy Thomas, Clerk
_____ Other

Approval of Agenda:

Motion: ______________________________
Second: ______________________________
Vote: ______________________________

Communication:

a. Items from the Staff
b. Written Communication
   - *"Mission Valley ROP Open House", The Tri-City Voice, October 15, 2013*
   - *"Lehua Lee Named Teacher of the Year", The Tri-City Voice, October 29, 2013*
c. Items from the Board
d. Public Comment
   - Blue Speaker Card – Items on the agenda
   - Green Speaker Card – Items not on the agenda

Consent Calendar:

a. Minutes:
Approve minutes from the Governing Council meeting on October 17, 2013.

b. Business and Finance:
B&F#1 Approve Purchase Orders over $5,000
B&F#2 Approve Warrants $5,000 and above
B&F#3 Approve Actuarial Study of Retiree Health Liabilities
B&F#4 Adopt Resolution No. 7-1314
Accept Donations to Mission Valley ROP

c. Curriculum and Instruction:
C&I#1 Approve DECA Fieldtrip, San Ramon

d. Employment and Personnel:
E&P#1 Approve Report of Classified Personnel Actions
E&P#2 Approve Report of Certificated Personnel Actions

End of Consent Calendar:

Motion: ______________________
Second: ______________________
Vote: ______________________

Board comments on Consent Calendar:
____
____

Business and Finance #1 **Information/Action**

Review and Approve MVROP Budget Modification Plan

Motion: ______________________
Second: ______________________
Vote: ______________________

Board Requests
____
____

Meeting adjourned: ______pm

Communication

Mission Valley ROP Open House

SUBMITTED BY ALLISON ALDINGER

For over 40 years Mission Valley ROP has been preparing students for successful business, medical, and technical careers. Partnering with Fremont, New Haven, and Newark Unified School Districts, over 5,000 students participate each year in ROP's exemplary educational programs.

The community is invited to visit the campus and learn about the many available opportunities at MVROP's Open House event on Thursday, October 24. Offering courses for high school students and adult learners alike, MVROP just might be the way to creating a brighter future.

MVROP Open House
Thursday, Oct 24
6:30 p.m. - 8 p.m.
MVROP Campus
5019 Stevenson Blvd., Fremont
(510) 657-1865
www.mvrop.org

Tri-City Voice Newspaper
October 15, 2013
Page 14

Lehua Lee named Teacher of the Year

SUBMITTED BY ALLISON ALDINGER

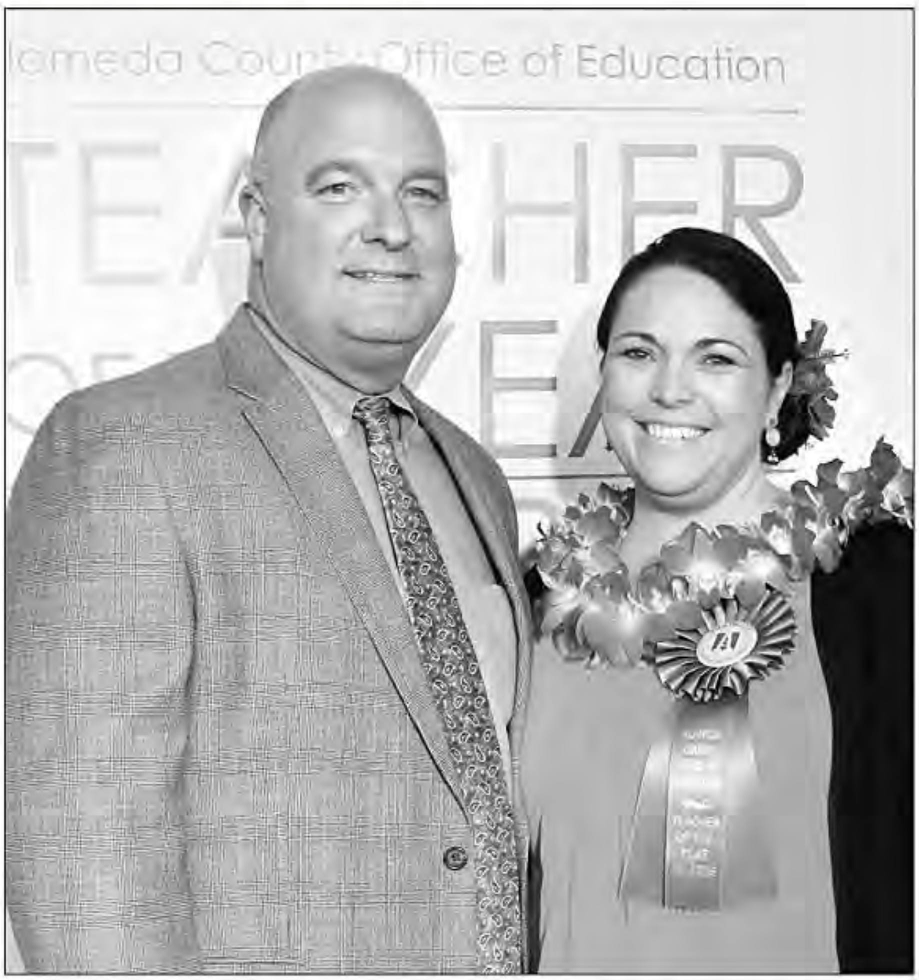
Mission Valley Regional Occupational Program (MVROP) Sports Therapy instructor Lehua Lee exercises a simple teaching philosophy in her classrooms daily: be passionate about what you teach, cultivate a relationship with each student, develop high expectations for all students, and most importantly, have fun teaching so students have fun learning. This focused dedication towards student learning is one of the many reasons Lehua Lee has been named the 2013 MVROP Teacher of the Year.

Ms. Lee's vast experience and passion for Sports Therapy and Career Technical Education (CTE) adds a unique element to this popular health and science career pathway. Her ability to connect, challenge, and engage each student, through relevant industry specific presentations, videos, and hands-on assessments enables students to confidently perform during internships in local physical therapy clinics and athletic training rooms. Extensive relationships with professionals in the community serve as additional sources of support measuring student internship performance referencing work ethics, initiative, professionalism, communication, basic knowledge and employability-skills that model the purpose of Career Technical Education and echo the MVROP mission statement.

Mission Valley ROP Superintendent Thomas Hanson recognizes Ms. Lee as "a well-respected veteran MVROP teacher who has worked hard and is deserving of this great honor."

Ms. Lee was honored at the MVROP Governing Council meeting on October 17 at the Mission Valley ROP Center Campus.

For information about MVROP, visit www.mvrop.org.



MVROP Superintendent Tom Hanson with Teacher of the Year Lehua Lee

Consent Calendar

Minutes

Regular Meeting of the Governing Council
Mission Valley Regional Occupational Center/ Program
Thursday, October 17, 2013

Member Sweeney called the meeting to order at 4:08 p.m.

Present:

Larry Sweeney, Vice President
Nancy Thomas, Clerk

Approval of Agenda:

Member Thomas made a motion to approve all items on the October 17, 2013 agenda. Member Sweeney made a second to approve the motion. Members voted 2-0 to approve all items on the October 17, 2013 agenda.

Member Dino arrived at 4:09 p.m.

Communication:

b. **Oral Communication:**

MVROP Superintendent Hanson presented the 2013 Mission Valley ROP Teacher of the Year Award to MVROP Sports Therapy Instructor, Lehua Lee.

Margie Trujillo, MVROP Director of Educational Services, and Mimi Van Kirk, MVROP Engineering and Architecture Instructor, gave a presentation updating the Governing Council on the Project Lead the Way Program Pathway and the MVROP Engineering and Architecture Course.

a. **Items from Staff:**

MVROP Superintendent Hanson shared that he has held meetings with all JPA District superintendents and all high school principals to clearly communicate MVROP program priorities on each campus. The goal is to have common ground with all campus sites served by Mission Valley ROP Career Technical Education (CTE). An upcoming November 5 meeting with the high school principals and their master schedulers will open a dialogue to identify areas for potential growth and collaboration with Mission Valley ROP. This is one step in the process.

b. **Written Communication:**

MVROP PR Administrator, Allison Aldinger, shared the following item with the Governing Council:

- *"Pharmacy Program Returns to ROP" MercuryNews.com, October 3, 2013*
- *"Adult Pharmacy Technology Program Returns to Mission Valley ROP", The Tri-City Voice, October 8, 2013*

d. **Items from the Board:**

Member Dino shared information about a pilot program for middle school students. He also shared if MVROP has any STEM related program needs, such as speakers and field trips, to have Ms. Aldinger contact him so he can submit a request.

e. **Public Comment:**

None

<u>Consent Calendar:</u>

Member Thomas made a motion to approve all items in the Consent Calendar. Member Sweeney made a second to approve the motion. Members voted 3-0 to approve all items in the Consent Calendar.

Business and Finance #1 **Review Budget Modification Plan**

Marie dela Cruz, MVROP Business Services Director, reviewed Business and Finance Item #1 and answered subsequent Board inquiries regarding the preliminary reserve allocation plan resulting from excess property tax funding. More information will be provided to the Governing Council as the plan continues to develop.

Member Sweeney requested for a link to be provided for the Governing Council members to learn about excess property taxes and how they are calculated. In addition, Member Thomas suggested MVROP create a reverse contingency plan to have on hand to reference for program spending priorities as the educational funding landscape continues to change.

This item is information only.

Board of Education #1 **Review Paperless Governing Council Packets**

Allison Aldinger, MVROP Public Relations Administrator, reviewed Board of Education Item #1 and answered subsequent Board inquiries.

The decision was made to have the MVROP Governing Council Packet delivered electronically to all MVROP Governing Council Members and JPA District Superintendents for the November 2013 meeting. Hard copies of the MVROP Governing Council Agenda will be provided at the meeting and Governing Council Members will bring their personal laptops. All Governing Council Members will be sent a reminder by Ms. Aldinger to bring their personal electronics. If this new approach is successful, it will become the newly adopted delivery method.

The meeting was adjourned at 5:41 p.m.

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Jonas Dino, President

____
Larry Sweeney, Vice President

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Nancy Thomas, Clerk

Business and Finance

MISSION VALLEY ROP

PURCHASE ORDER REPORT
PURCHASE ORDERS OVER $5,000
BOARD MEETING - NOVEMBER 20, 2013
PO PERIOD: OCTOBER 8, 2013-NOVEMBER 8, 2013
AGENDA ITEM - B&F #1

PO NUMBER	VENDOR NAME & ACCOUNT CODE	DESCRIPTION	AMOUNT
143018	Palace Office Interiors	Classroom Furniture	$ 12,019.57
	81-1100-0-6701-1001-4410-660-6998	Auto Body/Auto Tech	
	81-6300-0-6701-1001-4310-660-6998		
	81-6300-0-6703-1001-4310-660-6998		

Mission Valley ROP
Warrants $5,000 and above
From 10/9/13 - 11/11/13
Fiscal Year 13/14

B&F #2
November 20, 2013

Date	Warrant #	Vendor	Purpose	Amount	PO number
10/15/13	50299761	Computer Pro	Computers for administration (12 total)	$ 11,142.71	142210
10/15/13	50299761	Computer Pro	Return of duplicate order, Procurve switches	$ (8,256.75)	136410
10/15/13	50299866	Delta Dental	Monthly dental premiums	$ 5,748.87	
10/22/13	50300002	Computer Pro	2 computer labs, center	$ 65,395.12	142213
10/22/13	50299957	Klein Educational	Site licenses and kits for Auto Tech bldg 2	$ 16,609.42	141231
10/22/13	50300341	PG&E	Electricity 9/27/13 - 10/25/13	$ 10,383.08	
10/25/13	50300238	New Haven USD	Transportation	$ 5,937.79	140137

__X__ Information
__X__ Action
______Presentation

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION

AGENDA ITEM
B&F #3

DATE OF BOARD MEETING: November 20, 2013

TITLE: Approve Actuarial Study of Retiree Health Liabilities

Background:
Governmental Accounting Standards Board (GASB) Statement Number 45 requires employers to report Other Post Employment Benefits (OPEB) costs and obligations using the full accrual basis of accounting. Historically, retiree health benefits were accounted for on "Cash Basis". Under cash basis, OPEB costs were expensed as benefits were paid. Under the accrual basis, costs of retiree benefits must be expensed when the obligation takes place. For retiree benefits, the transaction creating the obligation is the year of employment.

Mission Valley ROP was required to implement GASB 45 in fiscal year 2009-10. An Actuarial Study of Retiree Health Liabilities for Mission Valley ROP was completed by Total Compensation Systems, Inc. on February 5, 2010.

Current Status:
The actuarial study needs to be updated every 3 years. Total Compensation Systems, Inc. has completed the Actuarial Study of Retiree Health Liabilities as of September 1, 2013.

The cost of benefits for current retirees is estimated to be $12,791. It was $16,300. This is also known as the "pay-as-you-go" amount.

The annual accounting entry for OPEB cost under GASB 45 accrual basis is $70,355. This is also known as the Annual Required Contribution (ARC). The difference between the actual/pay-as-you-go cost and the ARC is $57,564. This is the added liability that must be accounted for under GASB 45.

The Actuarial Accrued Liability is $554,593. Our reserves for retiree benefits is $160,000.

Recommendation:
Staff recommends approval of the Actuarial Study of Retiree Health Liabilities as of September 1, 2013 dated October 31, 2013.

Marie dela Cruz, 657-1865 X15145	ROP Center	Business Services	Thomas Hanson
Staff/Contact Person	**Location**	**Division**	**Superintendent**

Mission Valley ROP

Actuarial Study of Retiree Health Liabilities As of September 1, 2013

Prepared by:
Total Compensation Systems, Inc.

Date: October 31, 2013

Table of Contents

Mission Valley ROP
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Mission Valley ROP engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of September 1, 2013 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2013. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- ➢ To provide information to enable Mission Valley ROP to manage the costs and liabilities associated with its retiree health benefits.
- ➢ To provide information to enable Mission Valley ROP to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- ➢ To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, Mission Valley ROP should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for Mission Valley ROP's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Mission Valley ROP in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Certificated, Certificated Management, Classified and Classified Management. We estimated the following:

- ➢ the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- ➢ the ten year "pay-as-you-go" cost to provide these benefits.
- ➢ the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB attributable to employees' service prior to the valuation date.)

- the amount necessary to amortize the UAAL over a period of 30 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning September 1, 2013 to be $12,791 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning September 1, 2013 (the normal cost) is $43,418. This normal cost would increase each year based on covered payroll. Had Mission Valley ROP begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be $554,593. This amount is called the "actuarial accrued liability" (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is $474,514. This leaves a "residual" AAL of $80,079.

We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 4.75% discount rate. We used an open 30 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is $3,549.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of $70,355. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of August, 2013. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

The only benefits provided by the ROP are statutory minimum benefits pursuant to Government Code Section 22892.

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Mission Valley ROP should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the ROP to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Mission Valley ROP's practices, it is possible that Mission Valley ROP is already complying with some or all of our recommendations.

- We recommend that Mission Valley ROP inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Mission Valley ROP should determine whether the benefit is material and subject to GASB 43 and/or 45.

- We recommend that Mission Valley ROP conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no <u>less</u> frequently than every three years, as required under GASB 43/45.

- We recommend that the ROP communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.

- Under GASB 45, it is important to isolate the cost of retiree health benefits. Mission Valley ROP should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Mission Valley ROP should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.

- Mission Valley ROP should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for ROP-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Mission Valley ROP's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Mission Valley ROP should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Mission Valley ROP to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an "actuarial cost method."

Under most actuarial cost methods, there are two components of actuarial cost - a "normal cost" and amortization of something called the "unfunded actuarial accrued liability." Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method that will be permitted under GASB 43 and 45. This actuarial cost method is called the "entry age normal" method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.

- The ***"trend" rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A "cap" on ROP contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.

- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.

- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.

- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits.

While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- ***Retirement rates*** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.

- ***Participation rates*** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.

- The ***discount rate*** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that <u>would have</u> accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the ***actuarial value of plan assets*** is called the *unfunded* actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)

- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.

- The employer may elect a “closed” or “open” amortization period.

- The employer may choose to amortize on a level dollar or level percentage of payroll method.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Mission Valley ROP. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan’s benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Mission Valley ROP uses contribution caps, the influence of the trend factor is further reduced.

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date September 1, 2013 at 4.75% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on September 1, 2013 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

Actuarial Present Value of Total Projected Benefits at September 1, 2013

	Total	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
Active: Pre-65	$99,123	$58,507	$2,969	$30,396	$7,251
Post-65	$552,316	$328,164	$43,239	$141,278	$39,635
Subtotal	$651,439	$386,671	$46,208	$171,674	$46,886
Retiree: Pre-65	$2,194	$2,194	$0	$0	$0
Post-65	$212,511	$116,818	$20,568	$56,926	$18,199
Subtotal	$214,705	$119,012	$20,568	$56,926	$18,199
Grand Total	$866,144	$505,683	$66,776	$228,600	$65,085
Subtotal Pre-65	$101,317	$60,701	$2,969	$30,396	$7,251
Subtotal Post-65	$764,827	$444,982	$63,807	$198,204	$57,834

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTFB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

D. Cost to Prefund Retiree Benefits

1. Normal Cost

The average hire age for eligible employees is 42. To accrue the liability by retirement, the ROP would accrue the retiree liability over a period of about 18 years (assuming an average retirement age of 60). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

Normal Cost Year Beginning September 1, 2013

	Total	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
# of Employees	47	28	4	12	3
Per Capita Normal Cost					
Pre-65 Benefit	N/A	$144	$101	$162	$188
Post-65 Benefit	N/A	$850	$935	$568	$706
First Year Normal Cost					
Pre-65 Benefit	$6,944	$4,032	$404	$1,944	$564
Post-65 Benefit	$36,474	$23,800	$3,740	$6,816	$2,118
Total	$43,418	$27,832	$4,144	$8,760	$2,682

Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the ROP will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs.

The initial UAAL was amortized using a closed amortization period of 30 years. The ROP can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 30 years at 4.75% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 will allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect the level percentage of payroll method.

Actuarial Accrued Liability as of September 1, 2013

	Total	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
Active: Pre-65	$48,496	$28,579	$1,098	$15,294	$3,525
Post-65	$291,393	$151,506	$25,919	$88,327	$25,641
Subtotal	$339,889	$180,085	$27,017	$103,621	$29,166
Retiree: Pre-65	$2,194	$2,194	$0	$0	$0
Post-65	$212,511	$116,818	$20,568	$56,926	$18,199
Subtotal	$214,705	$119,012	$20,568	$56,926	$18,199
Subtot Pre-65	$50,690	$30,773	$1,098	$15,294	$3,525
Subtot Post-65	$503,904	$268,324	$46,487	$145,253	$43,840
Grand Total	$554,593	$299,097	$47,585	$160,546	$47,365
Unamortized Initial UAAL	$474,514				
Plan assets at 8/31/13	$0				
Residual UAAL	$80,079				
Residual UAAL Amortization at 4.75% over 30 Years	$3,549				

3. Annual Required Contributions (ARC)

If the ROP determines retiree health plan expenses in accordance with GASB 43 and 45, costs will include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

Annual Required Contribution (ARC) Year Beginning September 1, 2013

	Total
Normal Cost	$43,418
Initial UAAL Amortization	$23,388
Residual UAAL Amortization	$3,549
ARC	$70,355

The normal cost remains as long as there are active employees who may some day qualify for ROP-paid retiree health benefits. This normal cost would increase each year based on covered payroll.

4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This will apply to employers that don't fully fund the Annual Required Cost (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) will include assumed interest on the net OPEB obligation (NOO). The annual OPEB cost will also include an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)

- The net OPEB obligation will equal the accumulated differences between the (AOC) and qualifying "plan" contributions.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be ***in***accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the ROP share of retiree health premiums.

Year Beginning September 1	*Total*	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
2013	$12,791	$6,802	$1,231	$3,572	$1,186
2014	$13,791	$7,181	$1,391	$3,921	$1,298
2015	$15,652	$7,776	$1,692	$4,598	$1,586
2016	$17,424	$8,343	$1,956	$5,279	$1,846
2017	$19,206	$9,073	$2,176	$5,890	$2,067
2018	$21,360	$10,193	$2,430	$6,444	$2,293
2019	$23,250	$11,129	$2,672	$6,958	$2,491
2020	$25,195	$12,144	$2,883	$7,487	$2,681
2021	$27,752	$13,703	$3,096	$8,075	$2,878
2022	$30,575	$15,562	$3,280	$8,639	$3,094

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require triennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend Mission Valley ROP take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the ROP should review the actuarial assumptions in Appendix C carefully. If the ROP has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the ROP should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the ROP personnel records.
- We used relevant sections of collective bargaining agreements provided by the ROP.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the ROP wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The ROP may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.

2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB allows this as one of several permissible methods under GASB45. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The ROP should carefully review these assumptions and methods to make sure they reflect the ROP's assessment of its underlying experience. It is important for Mission Valley ROP to understand that the appropriateness of all selected actuarial assumptions and methods are Mission Valley ROP's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, Mission Valley ROP's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

AMORTIZATION METHODS: We used a level percent, closed 30 year amortization period for the initial UAAL. We used a level percent, open 30 year amortization period for any residual UAAL.

SUBSTANTIVE PLAN: As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Mission Valley ROP regarding practices with respect to employer and employee contributions and other relevant factors.

ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 4.75% per year. This is based on assumed long-term return on employer assets.. We used the “Building Block Method” as described in ASOP 27 Paragraph 3.6.2. Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL VALUE OF PLAN ASSETS (AVA): There were no plan assets on the valuation date.

NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY

Employee Type	*Mortality Tables*
Certificated	2009 CalSTRS Mortality
Miscellaneous	2009 CalPERS Mortality for Miscellaneous Employees

RETIREMENT RATES

Employee Type	*Retirement Rate Tables*
Certificated	2009 CalSTRS Retirement Rates
Miscellaneous	2009 CalPERS Retirement Rates for School Employees

VESTING RATES

Employee Type	*Vesting Rate Tables*
Certificated	100% at 5 Years of Service
Miscellaneous	100% at 5 Years of Service

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any ROP contribution caps.

Employee Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
Certificated	$1,380	$1,380
Certificated Management	$1,380	$1,380
Classified	$1,380	$1,380
Classified Management	$1,380	$1,380

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Certificated	80%	80%
Miscellaneous	80%	80%

TURNOVER

Employee Type	*Turnover Rate Tables*
Certificated	2009 CalSTRS Termination Rates
Miscellaneous	2009 CalPERS Termination Rates for School Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

Age	*Total*	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
Under 25	0	0	0	0	0
25-29	1	1	0	0	0
30-34	3	1	0	1	1
35-39	5	2	0	3	0
40-44	9	5	1	3	0
45-49	6	5	1	0	0
50-54	8	5	0	2	1
55-59	5	3	0	2	0
60-64	7	4	1	1	1
65 and older	3	2	1	0	0
Total	47	28	4	12	3

ELIGIBLE RETIREES

Age	*Total*	*Certificated*	*Certificated Management*	*Classified*	*Classified Management*
Under 50	0	0	0	0	0
50-54	0	0	0	0	0
55-59	0	0	0	0	0
60-64	1	1	0	0	0
65-69	6	2	1	2	1
70-74	4	3	0	1	0
75-79	0	0	0	0	0
80-84	0	0	0	0	0
85-89	0	0	0	0	0
90 and older	0	0	0	0	0
Total	11	6	1	3	1

APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

1) The amount of prior accounting entries;

2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;

3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;

4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;

2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;

3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in me knowing the appropriate covered payroll number to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer's responsibility even if TCS assists the employer in calculating it.

APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Accrued Liability:	The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.
Actuarial Cost Method:	A mathematical model for allocating OPEB costs by year of service.
Actuarial Present Value of Total Projected Benefits:	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.
Actuarial Value of Assets:	Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.
Annual OPEB Cost:	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.
Annual Required Contribution:	The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.
Closed Amortization Period:	An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.
Discount Rate:	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.
Implicit Rate Subsidy:	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.
Mortality Rate:	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
Net OPEB Obligation:	The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.
Normal Cost:	The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

OPEB Benefits: Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.

Open Amortization Period: Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.

Participation Rate: The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.

Retirement Rate: The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.

Transition Obligation: The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.

Trend Rate: The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.

Turnover Rate: The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.

Unfunded Actuarial Accrued Liability: This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.

Valuation Date: The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.

Vesting Rate: The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.

____	Information
X	Action
____	Presentation

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION

A G E N D A I T E M
B&F #4

DATE OF BOARD MEETING: November 20, 2013

TITLE: Adopt Resolution No. 7-1314
Accept Donations to Mission Valley ROP

Background:

Education Code 635160 authorizes governing boards of any school district to initiate and carry on any program, activity or to act otherwise in any manner that is not in conflict with or inconsistent with or preempted by any law and that is not in conflict with the purpose for which school districts are established. Acceptance of gifts to the school district is within the permissive authority granted Boards of Education in the permissive code embodied in Education Code 35160.

Current Status:

Donated to	Donated by	Item
Computer Graphics	Students	$15.00
Culinary AHS	Students	$160.00
Culinary JLHS	Students	$110.00

Recommendation:

Staff recommends acceptance of the aforementioned donations to Mission Valley Regional Occupational Program.

Marie dela Cruz, 657-1865	ROP Center	Bus. Svcs.	Thomas Hanson
Staff Contact Person	Department	Division	Superintendent

Based on Form J-62
State Department of Education

District Request No.7-1314
B&F #4

FOR MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

Sheila Jordan
County Superintendent of Schools
313 West Winton Avenue
Hayward, CA 94544-1198

Fremont, California

Date: November 20, 2013

Pursuant to the provision of the Education Code Section 42600, we, the undersigned, constituting a majority of the members of the governing board of the above-named district, do hereby transmit this resolution requesting an increase in income of said school district for the following reasons:

Local Income

INCOME APPROPRIATION	ACCOUNT NO.	AMOUNT
Local Income	81-0635-0-xxxx-0000-8699-xxx-0000	285

EXPENDITURE APPROPRIATION	ACCOUNT NO.	AMOUNT
Computer Graphics - McDonell	81-0635-0-6101-1001-4310-662-6998	15
Culinary American - Rosen	81-0635-0-6621-1001-4310-656-6998	160
Culinary James Logan - LeBiavant	81-0635-0-6621-1001-4310-667-6998	110
		285

Respectfully submitted,

____

Clerk of the Governing Council
Mission Valley ROP
Alameda County, State of California

_________ Request Approved

_________ Not Approved

Posted by:______________________________

Curriculum & Instruction

MISSION VALLEY REGIONAL OCCUPATIONAL CENTER/PROGRAM

__x__ Information

BOARD OF EDUCATION

__x__ Action

AGENDA ITEM

______ Presentation

C&I#1

Date of Board Meeting: **November 20, 2013**

TITLE: **Mission Valley ROP/ Marketing and DECA Class**
DECA Northern California Career Development Conference
San Ramon, CA – January 17-19, 2014

Background:

Each year students who are interested in pursuing leadership roles within the DECA student organization attend the DECA Leadership Conference Students will learn more about marketing strategies in business and teambuilding by attending workshops at the DECA Northern California Career Development Conference. This year, the regional conference will be held at the San Ramon Marriott in San Ramon, CA. Students from other DECA chapters throughout the region will be in attendance at this conference.

Current Status:

Seven students total from Newark Memorial High will attend this conference. Students will depart on Friday, January 17, 2014 at 4pm and will check into the San Ramon Marriott. Students will return Sunday, January 19, 2014 at 1pm. Parents are responsible for transporting their own student to and from the event. While at the conference, students will be required to attend workshops. There will be a total of two chaperones for this trip. Students will not miss any instructional days due to this trip. There will be no swimming during this trip. All funds for this trip were raised through student fundraisers and parent donations. No student will be denied access to this activity due to inability to pay. There will be no cost to the district.

Recommendation:

Approve the trip.

Jim Omlid, 657-1865 x 15120	MVROP	Instruction	Thomas Hanson
Name/Phone # of Staff Contact Person	Department	Division	Superintendent

Employment & Personnel

MISSION VALLEY REGIONAL OCCUPATIONAL CENTER/PROGRAM
GOVERNING COUNCIL

AGENDA ITEM

_________ Information

Date: November 20, 2013 **__X____ Action**

Title: REPORT OF CLASSIFIED PERSONNEL ACTIONS

Background:

The Governing Council has delegated authority to the ROP staff to take certain actions on its behalf related to Classified Personnel activities such as appointments, changes of status, resignations, requests for leaves, and retirements.

ROP staff are authorized to take personnel actions in the interest of operational necessity. Following those actions, staff reports to the Governing Council and recommends they approve prior actions.

Current Status:

A report of Classified Personnel actions is submitted, recommending approval of prior actions taken by ROP staff.

Recommendation:

Approve Classified Personnel recommendations for: *Leave of Absence.*

Marie dela Cruz	**Classified Personnel**	**Thomas Hanson**
(510) 657-1865	**Division**	**Superintendent**

ECL 1

CONSENT ITEMS
MISSION VALLEY ROP

Classified Personnel

Leave of Absence

NAME	POSITION	HOURS	SUPERVISOR	EFFECTIVE DATE	OTHER
Ghazal Yousofy	Accounting Technician	8 hrs/day	Marie dela Cruz	11/12/13 – 1/3/14	Maternity Leave

(con4nov13.14)

MISSION VALLEY REGIONAL OCCUPATIONAL CENTER/PROGRAM
GOVERNING COUNCIL

AGENDA ITEM

_________ Information

Date: November 20, 2013 **___X_____ Action**

Title: REPORT OF CERTIFICATED PERSONNEL ACTIONS

Background:

The Governing Council has delegated authority to the ROP staff to take certain actions on its behalf related to Certificated Personnel activities such as appointments, changes of status, resignations, requests for leaves, and retirements.

ROP staff are authorized to take personnel actions in the interest of operational necessity. Following those actions, staff reports to the Governing Council and recommends they approve prior actions.

Current Status:

A report of Certificated Personnel actions is submitted, recommending approval of prior actions taken by ROP staff.

Recommendation:

Approve Certificated Personnel recommendations for: *Employment*.

Margie Trujillo	**Certificated Personnel**	**Thomas Hanson**
(510) 657-1865	**Division**	**Superintendent**

ECL 1

CONSENT ITEMS
MISSION VALLEY ROP

Certificated Personnel

Hourly

NAME	HOURS	SUBJECT	EFFECTIVE DATE	OTHER
Ngan Ha	6 hrs/week	Health Science and Medical Technology	11/1/13 – 6/12/14	Fee based adult class

(con5nov13.14)

End of Consent

Business and Finance

Business and Finance #1

MISSION VALLEY ROP
BOARD OF EDUCATION

__X__Information
__X__Action
_____Presentation

AGENDA ITEM
BUSINESS & FINANCE #1

Date of Board Meeting: **November 20, 2013**

TITLE: **Review and Approve Budget Modification Plan**

Background:

The budget act in February 2009 included two budget years (2008-09 and 2009-10). MVROP received a 15.4% midyear cut to 2008-09 revenues and an additional 4.5% cut to 2009-10 revenues. The cost of living adjustment was not funded in either year (a loss of 5.66% for 2008-09 and another 4.25% for 2009-10), and due to declining enrollment statewide, ROCPs had a negative adjustment of .63% in 2008-09. In addition to these tremendous cuts, ROCPs became part of the flexibility provisions in categorical program funding effective 2008-09 through 2014-15.

The Governor signed the 2013-14 State Budget Act (AB 110) on June 27, 2013 and on July 1, he signed education trailer bill AB 97 (and clean-up bill SB 91) which establishes the Local Control Funding formula (LCFF) as the new funding model for public schools.

The enacted budget includes a requirement for school districts to spend no less in 2013-14 and 2014-15 than they did in 2012-13 on Regional Occupational Centers and Programs (ROCPs). If funds were received through a joint powers authority (JPA), such as Mission Valley ROP, districts must continue to pass through those funds to the JPA in 2013-14 and 2014-15.

Current Status:

MVROP has been working closely with member districts to assess program needs and to develop a budget plan to support Career Technical Education (CTE). A 4-year budget plan (Exhibit A – Reserves Allocation Budget Plan) has been developed for the Governing Council's review and approval. The plan includes budget items for facility improvements, additional CTE course offerings, instructional materials, supplies and equipment. The items outlined in the modified budget plan will be covered by reserves designated as local income (excess property tax) carryover.

Recommendation:

Staff recommends approval of the budget modification plan, Exhibit A-Reserves Allocation Budget Plan.

Marie dela Cruz, 657-1865 x15145	ROP Center	Business Services	Thomas Hanson
Staff/Contact Person	**Location**	**Division**	**Superintendent**

EXHIBIT A-RESERVES ALLOCATION BUDGET PLAN

District		**% contribution**	**4 yr Plan Target**	**District Share**				
Fremont USD		65%	3,000,000	1,950,000				
JPA Shared Costs (MVROP Center)								
Item	**Code**	**Estimated Cost**	**13 - 14**	**14 - 15**	**15 - 16**	**16-17**		**Subtotal**
2% salary increase ongoing	1000-3000	100,000	100,000	100,000	100,000	100,000		400,000
Lab upgrades	4410	65,000	65,000					65,000
Paint Booth Install	6000	450,000	450,000					450,000
.8 FTE for PTLW & Law 2 sections	1000/3000	60,000		60,000	60,000	60,000		180,000
Law Enforcement Driving Simulator Upgrade	6410	20,000	20,000					20,000
Cluster Budgets 20Kx9	4000-6000	180,000	180,000					180,000
Total shared costs			815,000	160,000	160,000	160,000		1,295,000
Total District Share/Contribution		0.65	529,750	104,000	104,000	104,000		**841,750**
American High School	**656**							
Kitchen Facility- 601	6000	50,000	50,000					50,000
Equipment- 601	4410	25,000	25,000					25,000
Material budget- 601	4310	10,000		10,000				10,000
Tables - 401	4310	8,000	8,000					8,000
Power - 401	5675	17,500	17,500					17,500
Network Upgrade - 401	5675	5,000	5,000					5,000
Computer Hardware additions - 401	4410	15,000	15,000					15,000
Washington High School - Auto	**654**							
Remodel office/tool room	6000	25,000	25,000					25,000
Lighting	5675	7,500	7,500					7,500
Projection or TV Displays	4410	3,500	3,500					3,500
Needs clean up and throw away	5675	5,000	5,000					5,000
Canopy outside doors	6000	25,000	25,000					25,000
Networking upgrades	5675	5,000	5,000					5,000
No-slip flooring	5675	17,500	17,500					17,500
Interior Paint	5675	2,500	2,500					2,500
Mission San Jose High School - E7	**653**							
.4 FTE for PLTW additional sections	1000/3000	30,000		30,000	30,000	30,000		90,000
Tables and Chairs	4310	8,000	8,000					8,000
Electrical	5675	10,000	10,000					10,000
Networking upgrade to fiber from IDF	5675	7,500	7,500					7,500
Mount projector in ceiling	4410/5675	3,000	3,000					3,000
Robertson High School	**657**							
.8 FTE for Workplace Prep	1000/3000	60,000		60,000	60,000	60,000		180,000
Lab Equipment	4410	40,000	40,000					40,000
Tables	4310	8,000	8,000					8,000
Power/Electrical Upgrade	5675	10,000	17,500					17,500
Network Upgrade	5675	5,000	5,000					5,000
Projector Mounting	4410/5675	3,000	3,000					3,000
Totals			**843,250**	**204,000**	**194,000**	**194,000**		**1,435,250**

EXHIBIT A- RESERVES ALLOCATION BUDGET PLAN

District		**% contribution**	**4 yr Plan Target**	**District Share**				
Newark USD		15%	3,000,000	450,000				
JPA Shared Costs (MVROP Center)								
Item	**Code**	**Estimated Cost**	**13 - 14**	**14 - 15**	**15 - 16**	**16-17**		**Subtotal**
2% salary increase ongoing	1000-3000	100,000	100,000	100,000	100,000	100,000		400,000
Lab upgrades	4410	65,000	65,000					65,000
Paint Booth Install	6000	450,000	450,000					450,000
.8 FTE for PTLW & Law 2 sections	1000/3000	60,000		60,000	60,000	60,000		180,000
Law Enforcement Driving Simulator	6410	20,000	20,000					20,000
Cluster Budgets 20Kx9	4000-6000	180,000	180,000					180,000
Total Shared Costs			815,000	160,000	160,000	160,000		1,295,000
Total District Share/Contribution		0.15	122,250	24,000	24,000	24,000		**194,250**
Newark Memorial High School	**664**							
Kitchen Equipment and Facility Repair	6000	80,000	80,000					80,000
301 needs furniture	4310	8,000	8,000					8,000
353 needs plumbing repairs	5675	2,500	2,500					2,500
353 needs electrical repairs	5675	2,500	2,500					2,500
Bridgepoint High School	**665**							
.4 FTE for Chef	1000/3000	30,000		30,000	30,000	30,000		90,000
.4 FTE for Workplace Prep	1000/3000	30,000		30,000	30,000	30,000		90,000
Kitchen to code - fire supression	5675	15,000	15,000					15,000
Kitchen to code - ventilation	5675	15,000	15,000					15,000
Kitchen counter tops	5675	15,000	15,000					15,000
Material Support/Lab	4310/4410	40,000	40,000					40,000
Totals			**300,250**	**84,000**	**84,000**	**84,000**	**Grand Total**	**552,250**

EXHIBIT A- RESERVES ALLOCATION BUDGET PLAN

District		**% contribution**	**4 yr Plan Target**	**District Share**				
New Haven USD		20%	3,000,000	600,000				
JPA Shared Costs (MVROP Center)								
Item	**Code**	**Estimated Cost**	**13 - 14**	**14 - 15**	**15 - 16**	**16-17**		**Subtotal**
2% salary increase ongoing	1000-3000	100,000	100,000	100,000	100,000	100,000		400,000
Lab upgrades	4410	65,000	65,000					65,000
Paint Booth Install	6000	450,000	450,000					450,000
.8 FTE for PTLW & Law 2 sections	1000/3000	60,000		60,000	60,000	60,000		180,000
Law Enforcement Driving Simulator	6410	20,000	20,000					20,000
Cluster Budgets 20Kx9	4000-6000	180,000	180,000					180,000
Total Shared Costs			815,000	160,000	160,000	160,000		1,295,000
Total District Share/Contribution		0.20	163,000	32,000	32,000	32,000		**259,000**
James Logan High School	**667**							
.2 FTE PLTW additional	1000/3000	15,000		15,000	15,000	15,000		45,000
kitchen update	6000	50,000	50,000					50,000
STEM program material support	4310	40,000	10,000	10,000	10,000	10,000		40,000
Conley Carabello High School	**668**							
.4 FTE for Chef	1000/3000	30,000		30,000	30,000	30,000		90,000
.4 FTE for Workplace Prep	1000/3000	30,000		30,000	30,000	30,000		90,000
Material Support/Lab	4310/4410	40,000	40,000					40,000
Totals			**263,000**	**117,000**	**117,000**	**117,000**	**Grand Total**	**614,000**

EXHIBIT A- RESERVES ALLOCATION BUDGET PLAN

TOTAL ALL DISTRICTS						
		4 Year Plan				
	% Share	**13-14**	**14-15**	**15-16**	**16-17**	**Totals**
FREMONT						
Facility Improvements						511,500
Staffing FTE Increases						647,000
Instructional Materials						279,350
TOTAL FREMONT	65	843,250	204,000	194,000	194,000	**1,435,250**
NEWARK						
Facility Improvements						200,500
Staffing FTE Increases						267,000
Instructional Materials						85,350
TOTAL NEWARK	15	300,250	84,000	84,000	84,000	**552,250**
NEW HAVEN						
Facility Improvements						94,000
Staffing FTE Increases						341,000
Instructional Materials						169,800
TOTAL NEW HAVEN	20	263,000	117,000	117,000	117,000	**614,000**
TOTALS	100	1,406,500	405,000	395,000	395,000	**2,601,500**

MISSION VALLEY ROP

EXHIBIT A - RESERVES ALLOCATION BUDGET PLAN

FUND BALANCE/RESERVES

Beginning Balance	7,038,598
Less: Reserves Allocation Budget Plan 2013-14 thru 2016-17	2,601,500
Ending Fund Balance	4,437,098

COMPONENTS OF ENDING FUND BALANCE

Capital Outlay	1,665,000
Restricted Designations (Lottery, DSP, Retiree Benefits)	805,201
General Reserve	634,000
Local Income (Excess Property Tax)*	447,711
Reserves for Economic Uncertainties	885,186
Ending Fund Balance	4,437,098

(The Ending Fund Balance is based on the assumption that all other expenditures remain the same.)

***LOCAL INCOME (EXCESS PROPERTY TAX)**

Local Income (Excess Property Tax) Beginning Balance	3,049,211
Less: Reserves Allocation Budget Plan	2,601,500
Ending Balance - Local Income (Excess Property Tax)	447,711

Note: Excess Property Tax is included in the 2013-14 and 2014-15 base funding but not guaranteed in future years thereafter.

End of Board Packet