

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Impacts of GASB 74/75 on CalSTRS and Employers

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GASB Implementation

- **Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)***
 - Effective for CalSTRS FY 2016-17
- **Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***
 - Effective for Employers FY 2017-18

Applicability of Statement GASB 74

- Establishes new financial reporting standards for state and local governmental OPEB plans
- Applies to the CalSTRS Medicare Premium Payment Program (MPP Program)

Applicability of Statement GASB 75

- Establishes new standards for employers who provide OPEB to retirees
 - CalSTRS employers for retirees receiving MPP Program benefits
 - CalSTRS itself for OPEB benefits provided to retirees under CalPERS

MPP Program Background

- Pays Medicare Part A premiums for eligible DB members who do not qualify for premium-free Medicare coverage
- Pays late enrollment Medicare Part A and Part B surcharges for program participants
- Eligibility for the program is complex and based on members' Medicare coverage election and/or retirement date

MPP Program Background (continued)

- MPP Program closed – must have retired before July 1, 2012
- Number of retired members who will participate in the program in the future is indeterminable
- MPP Program is funded on a pay-as-you-go basis

Purpose of Changes

- Similar to GASB 67/68
- Intended to improve reporting:
 - Transparency
 - Consistency
 - Comparability amongst systems
- Separates funding and financial reporting
 - Requires actuarial valuation for funding and another for financial reporting

Reporting Changes

- Adds Net OPEB Liability (NOL) – similar to the unfunded liability
- Recasts OPEB expense to reflect changes in the NOL from the prior year
- Requires more extensive footnote disclosures

New Disclosures

OPEB Liability of the MPP Program Employers as of 6/30/2017

<i>Total OPEB</i>	\$	<i>420,749,000</i>
<i>Less Plan Fiduciary Net Position</i>		<i>41,000</i>
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<i>Employers OPEB Liability</i>	\$	<i>420,708,000</i>

Impact to Employers

- GASB 75 requires employers to report a proportionate share of MPP Program NOL, OPEB expense and deferred inflow and outflow of resources
- Requires more extensive footnote disclosures

Schedules of Proportionate Share and other report

- Contributions for Employers
 - *Based on STRP employer contributions, without the State*
- Premiums and Surcharges Paid for Employers
 - *Based on allocation of Medicare premiums and surcharges paid for participants to last employer of record*
- Each employer's method of determining the proportionate share is an accounting policy decision

Schedules of Proportionate Share and other reports (continued)

- Report of Other Post Employment Benefits Information Report
 - Schedule of Aggregate Other Postemployment
- OPEB footnote disclosures in the CalSTRS financial statements as of June 30, 2017



Contributions for Employers

Medicare Premiums Payment Program Schedule of Proportionate Share of Contributions for Employers of the State Teachers' Retirement Plan

For the Year Ended June 30, 2017

Schedule C

Employer Reporting Number	Employer Name	CaSTRS-Calculated Employer Contribution	Employer Proportionate Share of Total CaSTRS-Calculated Employer Contribution
01001	Alameda County Office of Education	\$1,026,539	0.025%
01010	Alameda City Unified School District	5,657,757	0.135%
01012	Albany City Unified School District	2,452,245	0.059%
01014	Berkeley Unified	6,879,584	0.164%
01016	Castro Valley Unified School District	5,838,534	0.139%
01017	Dublin Unified School District	6,631,532	0.158%
01018	Emery Unified School District	561,202	0.013%
01020	Fremont Unified	23,681,640	0.565%
01022	Hayward Unified School District	15,258,431	0.364%
01024	Livermore Valley Joint Unified School District	7,619,118	0.182%
01026	Newark Unified Unified School District	3,973,824	0.095%
01028	New Haven Unified School District	8,501,910	0.203%
01030	Oakland Unified School District	25,327,824	0.605%
01032	Piedmont City Unified School District	2,261,300	0.054%
01033	Pleasanton Unified School District	10,014,491	0.239%
01034	San Leandro Unified School District	5,997,636	0.143%
01036	San Lorenzo Unified School District	7,027,722	0.168%
01038	Sunol Glen Unified School District	163,890	0.004%
01042	Mountain House Elementary	8,083	0.000%
01061	Ohlone Community College District	2,265,967	0.054%
01063	Peralta Community College District	5,621,880	0.134%
01065	Chabot-Las Positas Community College District	5,237,135	0.125%
01073	Eden Regional Occupational Program	367,488	0.009%
01079	Tri-Valley Regional Occupation Program	201,383	0.005%
01081	Aspire Public Schools	1,900,515	0.045%
01082	Oakland Military Institute	336,123	0.008%
01083	Oakland School for the Arts	278,143	0.007%
01086	North Oakland Community Charter	105,176	0.003%
01087	Oakland Unity High	220,772	0.005%
01088	Kipp Summit Academy	251,504	0.006%
01092	Leadership Public Schools Hayward	300,953	0.007%
01095	Bay Area Technology School	145,772	0.003%
01096	Livermore Valley Charter	417,269	0.010%

Premiums and Surcharges Paid for Employers

Medicare Premium Payment Program Schedule of Proportionate Share of Medicare Premiums and Surcharges Paid for Employers

For the Fiscal Year Ended June 30, 2017

Schedule D

Employer Reporting Number	Employer Name	Medicare Premiums and Surcharges Paid	Employer Proportionate Share of Total Medicare Premiums and Surcharges Paid
01001	Alameda County Office of Education	\$20,390	0.070%
01010	Alameda City Unified School District	38,559	0.133%
01012	Albany City Unified School District	15,940	0.055%
01014	Berkeley Unified School District	94,921	0.328%
01016	Castro Valley Unified School District	29,270	0.101%
01017	Dublin Unified School District	4,944	0.017%
01020	Fremont Unified School District	92,162	0.319%
01022	Hayward Unified School District	107,910	0.373%
01024	Livermore Valley Joint Unified School District	65,500	0.226%
01026	Newark Unified Unified School District	17,620	0.061%
01028	New Haven Unified School District	43,585	0.151%
01030	Oakland Unified School District	336,890	1.165%
01032	Piedmont City Unified School District	12,606	0.044%
01033	Pleasanton Unified School District	4,944	0.017%
01034	San Leandro Unified School District	35,971	0.124%
01036	San Lorenzo Unified School District	62,243	0.215%
01061	Ohlone Community College District	9,888	0.034%
01063	Peralta Community College District	48,135	0.166%
01065	Chabot-Las Positas Community College District	8,095	0.028%

Schedule of Aggregate Other Postemployment Benefit Amounts

Medicare Premium Payment Program Schedule of Aggregate Other Postemployment Benefits (OPEB) Amounts for Employers	
As of and for the Year Ending June 30, 2017	
	Schedule
Total Net OPEB Liability, as of June 30, 2017	\$420,707,887
Total Net OPEB Liability, as of June 30, 2016	468,021,094
Increase (decrease) in Net OPEB Liability (NOL)	\$(47,313,207)
Less current year amounts subject to deferral	
Differences between expected and actual experience	\$(41,252)
Changes of assumptions	(31,240,253)
Differences between projected and actual earnings on plan investments	(11,075)
Change in NOL recognized immediately in OPEB expense	\$(16,020,627)
Current year reduction of deferred outflows of resources	
Differences between expected and actual experience	\$-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments	-
Total current year reduction of deferred outflows of resources	\$-
Current year reduction of deferred inflows of resources	
Differences between expected and actual experience ²	\$41,252
Changes of assumptions ²	31,240,253
Differences between projected and actual earnings on plan investments ³	2,215
Total current year reduction of deferred inflows of resources	\$31,283,720
Deferred outflows of resources	
Differences between expected and actual experience	\$-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments	-
Total deferred outflows of resources	\$-
Deferred inflows of resources	
Differences between expected and actual experience	\$-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments	8,860
Total deferred inflows of resources	\$8,860

Preparation & Outreach

- CalSTRS will hold meetings with stakeholders and employers.
- Resource materials will be available on our website.

Key Take Away

- GASB 75 will add additional reporting requirements
- CalSTRS will provide certain information to assist employers meet the reporting requirement

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