



## PUBLIC EMPLOYEE POST-EMPLOYMENT BENEFITS COMMISSION

### Public Employee Retiree Health Care Benefits Survey Frequently Asked Questions

- Q: What is the total liability for (non-pension) Other Post-Employment Benefits (OPEB) for California State and Local Governments?
- A: At least \$118 billion is owed for OPEB benefits. This number is a point-in-time snapshot of OPEB liabilities as self-reported by California's state and local government employers. (Some smaller agencies did not respond. Only self-reported information is reflected in the survey results.)

Although the survey identified an initial liability of at least \$118 billion, assumptions regarding the rate of health care inflation are prone to change and can have a critical impact on the amount of an agency's unfunded liability. Because of the volatility of this key assumption, ongoing reporting and evaluation of this assumption will be an important part of understanding the total OPEB liability of California's public employers.

- Q: What is the universe of this survey?
- A: This survey contains information as self-reported by state and local government entities throughout California. The number includes almost 1200 public agencies: the State of California (including the CSU system), the University of California system, all 58 counties, California's larger cities and the largest special districts and school districts in the state. When weighted by revenue, the responding agencies represent 78% of combined revenues for all cities, 100% of county revenues, 73% of special district revenues, 66% of state-provided revenue to school districts, and 67% of all state revenue to community college districts. The information is a snapshot of the entities' total unfunded OPEB liability. (Visit [www.pebc.ca.gov](http://www.pebc.ca.gov) for full survey report.)

- Q: Who was left out of the survey? (Who did not respond?)
- A: Surveys were distributed to public agencies throughout California, including cities, counties, special districts, school districts, and community college districts. The majority of agencies that did not respond tended to be smaller agencies with annual revenues below \$100 million. Under GASB guidelines, many of these agencies are not required to conduct OPEB valuations until the fiscal year beginning after December 2007 or December 2008. Agencies who do not offer OPEB benefits also may have been less inclined to complete the survey.

- Q: How much did each entity report?
- A: Each local government entity who participated in this survey was promised confidentiality. To obtain specific information for various local government entities, please contact the individual agency directly.



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- Q: Do you have a timeframe over which the \$118 billion OPEB liability is owed?
- A: The projection of a \$118 billion unfunded OPEB liability reflects the total liability of California public agencies. The normal amortization period under GASB is no more than 30 years.
- Q: How many, and which entities have started to pre-fund and at what levels?
- A: Approximately 22% of agencies reported that they have started to pre-fund. The survey did not collect data on the length of time that these agencies have been pre-funding and whether they are fully or partially pre-funding. The percentage of agencies that are pre-funding was fairly consistent between all agency types, with the exception of community college districts. Forty-nine percent (49%) of community college districts responding to the survey indicate that they have begun to pre-fund.
- Q: Why didn't you extrapolate the others who did not provide the information?
- A: There are a number of factors that influence the amount of an agency's unfunded liability (whether an agency offers OPEB benefits, number of retirees receiving OPEB benefits, the amount of any employer contribution, funding approach, etc.). Given the potential combinations of these factors, and in the interest of presenting a reliable number, we did not estimate unfunded liability for non-respondents to the survey. It is important to note that the survey does include the larger agencies in each category. These agencies will have the biggest overall impact on the amount of unfunded OPEB obligations.

The Commission's survey represents an initial effort to collect data on OPEB liabilities. We recognize the need for an ongoing reporting mechanism to collect data and make this information available to the public. The Commission has recommended that the State Controller's Office develop a simple and inexpensive procedure to collect OPEB data from public agencies on an ongoing basis.

- Q: The survey reports that the "top ten" in each category make up most of the liabilities: \$108 billion. What entities are included in this number?
- A: The \$108 billion includes the State of California (including CSU), UC system, and the "top 10" agencies as listed in each category below.

### Cities

Los Angeles  
San Diego  
San Jose  
San Francisco  
Long Beach  
Fresno  
Sacramento  
Oakland  
Santa Ana  
Anaheim



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### **Counties**

Los Angeles County  
San Diego County  
Orange County  
Riverside County  
San Bernardino County  
Santa Clara County  
Alameda County  
Sacramento County  
Contra Costa County  
Fresno County

### **Special Districts**

Sacramento Municipal Utility District  
Metropolitan Water District of Southern California  
Los Angeles County Consolidated Fire Protection District  
San Francisco Bay Area Rapid Transit District  
Imperial Irrigation District  
Palomar Pomerado Health Care District  
East Bay Municipal Utility District  
Kaweah Delta Health Care District  
Alameda Contra Costa Transit  
Salinas Valley Memorial Health Care System, Inc.

### **School Districts**

Los Angeles Unified  
San Diego Unified  
Long Beach Unified  
Fresno Unified  
Santa Ana Unified  
San Bernardino City Unified  
Elk Grove Unified  
San Francisco Unified  
Sacramento City Unified  
Capistrano Unified

### **Community College Districts**

Los Angeles Community College District  
San Diego Community College District  
Los Rios Community College District  
Rancho Santiago Community College District  
San Francisco Community College District

State of California



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North Orange County Community College District  
Foothill-DeAnza Community College District  
Coast Community College District  
Contra Costa Community College District  
Mount San Antonio Community College District