

POLICY

BOARD OF EDUCATION OF MONTGOMERY COUNTY

Related Entries: GIG
Responsible Office: Chief Operating Officer

Funding Other Postemployment Benefits

A. PURPOSE

To set forth the priorities of the Montgomery County Public Schools (MCPS) Other Postemployment Benefit (OPEB) Trust

B. ISSUE

The MCPS OPEB Trust will provide postemployment health benefits for eligible employees and retirees.

C. POSITION

1. In 2007, the Board of Education created a Board of Investment Trustees to oversee the investment of other postretirement assets, based on an Investment Policy approved by the Board of Investment Trustees.
2. The Board of Investment Trustees shall review the Investment Policy annually and update as necessary to reflect prudent investment practice.
3. The results of an actuarial study conducted by a credentialed actuary at least biannually will be made available to establish funding requirements for the Board of Education's next annual operating budget request based on the actuarial unit cost method. Assumptions used in developing the actuarial valuation are determined by the Board of Education and will be kept current and adjusted as economic and demographic conditions change.
4. The study also will contain a funding amount known as the "annual required contribution" that will be an amount sufficient to liquidate the remaining liabilities. Actuarial gains and losses will cause the "annual required contribution" to be adjusted to amortize any changes to the accrued liability over a period of no less than 15 years from the date of the actuarial valuation reducing such gain or loss.

5. The study also will determine the Actuarial Accrued Liability that will estimate the amount of the liability for future postemployment benefits for current employees and retirees.
6. During an initial phase-in period that began with Fiscal Year 2008, MCPS will include “phase-in” OPEB contribution amounts in the fixed charges category of the superintendent of schools’ annual recommended operating budget. After the phase-in period, full OPEB contribution amounts will be included in the superintendent of schools’ annual recommended operating budget.
7. MCPS will have as a funding goal each year the improvement of the asset to accrued liability ratio toward the 100 percent funded level by the end of the amortization period.
8. Any modifications to plan benefits will be announced in a timely manner prior to Board of Education action allowing opportunities to receive input from active/retired employees, and all employee organizations.

D. DESIRED OUTCOME

The MCPS OPEB Trust will maintain a plan of postemployment health benefits for eligible employees and retirees that is adequately funded and will ensure eligible employees access to medical coverage during their retirement years.

E. IMPLEMENTATION STRATEGIES

1. Every three to five years a credentialed actuarial firm will be contracted to evaluate the plan in terms of goals and objectives and this report will be made available to the Board of Education’s Fiscal Management Committee. .
2. Staff will meet with the Fiscal Management Committee to review the actuarial report on the actuarial valuation of the OPEB plan from the actuary, plan assumptions, rate of return, and budget recommendations for the coming fiscal years.

F. REVIEW AND REPORTING

This policy will be reviewed in accordance with the Board of Education policy review process.

Policy History: New policy adopted by Resolution No. 450-09, October 26, 2009.