

NEWS RELEASE

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COLLEGE OF MARIN TO SET ASIDE \$8.6 MILLION FOR RETIREE HEALTH BENEFITS

KENTFIELD, Calif., May 31, 2005—College of Marin needs to set aside 8.6 million dollars to pay for promised retirement health benefits for its employees, according to a new report.

The College now must determine over how many years it will spread out the payments. The retiree health liability totals almost 20 percent of the College's annual operating budget of approximately 45 million dollars. The College could fund the liability over the course of one to 20 years.

"Faculty and staff benefits each account for about 45 percent of the total liability," said Philip Kranenburg, College of Marin trustee and chair of the board's ad hoc committee on budget, facilities and modernization. "A large number of faculty are expected to retire in the next 10 years, so we have to act now to ensure we can provide them with health benefits at that time." Benefits for administrators account for the remaining 10 percent of the liability.

The liability covers current health care benefits for retired employees and expected benefit costs for current employees when they retire.

The College's board of trustees hired Total Compensation Systems, Inc. in March to perform the analysis. All government organizations are required to determine unfunded retirement liabilities by January, 2007, according to recent Government Accounting Standards Board (GASB) rulings. Additionally, the Western Associations of Schools and Colleges recommended College of Marin do so by June 30 of this year.

The report does not make specific recommendations the College should take "to manage the substantial liability created by the current retiree health program." However, the report states that complying with accounting and regulatory requirements "will effectively require...setting aside funds that are earmarked for retiree health benefits."

The results of the study will be presented at the June 14, 2005, board of trustees meeting. An action plan for funding the liability obligation will be created with input from employee groups and trustees to be approved by the board.

About College of Marin

College of Marin has been providing exceptional educational opportunities for students of all ages since 1926. Each semester, nearly 8,000 students are enrolled in over 1,100 credit classes. An additional 6,000 students take advantage of the College's many outstanding community education and community services classes. The College administration is located in Kentfield, CA. The College also operates the Indian Valley campus in Novato, CA.