



Peralta Community College District

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OFFICE OF FINANCE AND ADMINISTRATION

Memorandum

To: All Peralta Managers

From: Ronald Gerhard, Vice Chancellor of Finance and Administration

Date: September 7, 2010

Subject: Budget Development Changes

The purpose of this memorandum is to communicate two significant budget development changes specific to benefits that will be incorporated into the District's 2010-11 budget.

In the past, the District provided fringe benefit percentage rates for the various types of employee classifications. These rates appear to be based upon averages and were initially budgeted for in centralized budgets. Then periodically during the fiscal year these expenses were allocated to the campuses and departments.

Beginning this year, benefits are budgeted in the same fund, department code, activity suffix and project as the salary of the employee. The amounts in the budget reflect the actual cost of the benefits for that employee and therefore, will fluctuate based on the type of benefit package the employee selects. This change will provide for more meaningful data and cost analysis for budget managers such as the personnel costs for that department, division, and college.

The second significant change is that two new object codes have been established to directly charge Other Post-Employment Benefits for current employees to department budgets. These charges are based upon an actuarial valuation commissioned by the District which is a percentage of salary for current employees. It is also important to note that this practice will apply to categorical and grant programs in addition to general fund unrestricted programs and is consistent with guidance and clarification provided by the State Chancellor's Office.