Fresno Unified School District

Achieving our Greatest Potential!

BOARD COMMUNICATIONS – OCTOBER 20, 2023

TO: Members of the Board of Education
FROM: Superintendent, Robert G. Nelson, Ed.D.

SUPERINTENDENT – Robert G. Nelson, Ed.D.

S-1	Robert G. Nelson	Superintendent Calendar Highlights

BUSINESS AND FINANCIAL SERVICES – Patrick Jensen, Chief Financial Officer

BFS-1	Kim Kelstrom	School Services Weekly Update Reports for October 12, 2023.
BFS-2	Steven Shubin	Other Post Employment Benefits Actuarial

Fresno Unified School District
Board Communication

BC Number S-1

From the Office of the Superintendent — Date: October 20, 2023
To the Members of the Board of Education
Prepared by: Robert G. Nelson, Superintendent — Phone Number: 457-3884
Cabinet Approval:

Regarding: Superintendent Calendar Highlights

The purpose of this communication is to inform the Board of notable calendar items:

- Held principal interviews
- Held negotiations with Fresno Teachers Association
- Attended the Marjaree Mason Center 40^{th} Anniversary Top Ten Professional Women event
- Gave interview with Vincent Ibarra, ABC30, regarding potential strike
- Gave interview with Sharabeth Galindo, Univision, regarding potential strike
- Attended Cradle to Career Partnership Table Meeting
- Gave interview with Broeske and Musson, KMJ, regarding potential strike
- Attended the Equity Centered Pipeline Initiative Superintendent's Meeting

Approved by Superintendent
Robert G. Nelson Ed.D. ___________________________________ Date:_________________

Fresno Unified School District
Board Communication

BC Number BFS-1

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Kim Kelstrom, Chief Executive
Cabinet Approval:

Date: October 20, 2023

Phone Number: 457-3907

Regarding: School Services Weekly Update Reports for October 12, 2023

The purpose of this board communication is to provide the Board a copy of School Services of California's (SSC) Weekly Updates. Each week SSC provides an update and commentary on different educational fiscal issues. In addition, they include different articles related to education issues. The SSC Weekly Updates for October 12, 2023 are attached and include the following articles:

- Governor Newsom Vetoes Key Education Bills – October 11, 2023
- Newsom Vetoes Bill That Would Allow Condoms to Be Freely Distributed to Public High School Students – October 08, 2023
- A Fix California's Teacher Shortage? Pull Back the Retirees Who've Already Left – October 07, 2023

If you have any questions pertaining to the information in this communication, or require additional information, please contact Kim Kelstrom at 457-3907.

Approved by Superintendent
Robert G. Nelson Ed.D. ___________________________________ Date:_________________

School Services of California INC.
An Employee-Owned Company

1121 L Street
•
Suite 1060
•
Sacramento
•
California 95814
•
TEL: 916 . 446 . 7517
•
FAX: 916 . 446 . 2011
•
www.sscal.com

DATE: October 12, 2023

TO: Robert G. Nelson
Superintendent

AT: Fresno Unified School District

FROM: Your SSC Governmental Relations Team

RE: ***SSC's Sacramento Weekly Update***

Bill Signing Update

The biggest news coming out of Sacramento continues to be the bills that Governor Gavin Newsom has signed into law or vetoed and sent back to the Legislature without his signature.

Governor Newsom has until the end of Saturday, October 14, 2023, to act on the bills sent to him by the Legislature at the end of session. With this deadline rapidly approaching, we have seen Governor Newsom act on legislation at a much quicker pace. Last weekend, the Governor took action on 470 bills and vetoed 143 of these measures, an astounding 30% rate.

Perhaps the most significant veto of the weekend was Assembly Bill (AB) 1699 (McCarty, D-Sacramento), which is a measure that K-14 management rallied to defeat. As a reminder, AB 1699 would have provided current nonprobationary school and community college employees the right of first refusal for any new classified position at their education employer. In his veto message, the Governor states that while he is supportive of the author's intent, he worries that this bill could lead to unintended consequences that are not in the best interest of students. He concludes that employers and classified staff already have the ability to bargain this issue locally.

While we are still waiting for the Governor to act on several more significant education bills, he did sign a number of bills over this past week that will have implications for local educational agencies (LEAs), including the following that we have been tracking throughout the legislative process:

- AB 230 (Reyes, Statutes of 2023) expands the requirement that schools serving students in grades 6-12 stock specified restrooms with menstrual products to include schools serving students in grades 3-5 beginning with the 2024-25 school year.

- AB 472 (Wicks, Statutes of 2023) requires nonmerit K-14 districts to pay a classified employee their full compensation upon returning to service from a period of involuntary leave of absence following a finding in favor of the employee.

- AB 483 (Muratsuchi, Statutes of 2023) modifies and imposes new requirements related to timelines, reporting, technical assistance, stakeholder engagement, and guidance for the LEA Medi-Cal Billing Option Program.

- AB 579 (Ting, Statutes of 2023) requires, by January 1, 2035, 100% of all newly purchased or contracted school buses of an LEA to be zero-emission vehicles.

- AB 897 (McCarty, Statutes of 2023) requires, beginning July 1, 2024, adult education teachers to attain permanent employee status after completing a probationary period akin to general education teachers.

- AB 1273 (Bonta, Statutes of 2023) requires the California Department of Education to convene the Classified Employee Staffing Ratio Workgroup by December 31, 2024, which will recommend staffing ratios per identified grouping of classified assignments in a report to the Legislature by December 31, 2025.

- Senate Bill (SB) 88 (Skinner, Statutes of 2023) establishes, beginning July 1, 2025, or upon the expiration of an LEA's transportation contract, whichever is later, new requirements for drivers who are compensated to provide school-related transportation services to students, whether they are employed or contracted by an LEA.

- SB 274 (Skinner, Statutes of 2023) extends the prohibition against the suspension of pupils enrolled in grades 6-8 for willful defiance to July 1, 2029, and prohibits the suspension of pupils enrolled in grades 9-12 for willful defiance until July 1, 2029.

- SB 531 (Ochoa Bogh, Statutes of 2023) is an urgency measure that exempts contracts for work-based learning from current requirements related to fingerprinting but preserves student safety by ensuring that at least one adult employee at the workplace that supervises the student is fingerprinted and that school staff visit the workplace at least once every three weeks.

As stated above, the Governor also vetoed a number of bills over the weekend, including some measures that would have had a significant impact on LEAs. Below, we provide the *Fiscal Report* article "Governor Newsom Vetoes Key Education Bills," which provides a summary of what these bills would have done had they not been rejected by the Governor.

We will report on the Governor's final actions in next week's *Sacramento Update*.

Republicans Nominate Scalise for Speaker

In last week's *Update*, we reported that Kevin McCarthy (R-CA) was ousted as Speaker of the House when eight Republicans joined 208 Democrats to unseat the speaker for the first time in U.S. history. The effort was spearheaded by GOP Congressman Matt Gaetz (R-FL), who claimed that McCarthy did not live up to the promises he made to members that ultimately earned him the speakership after a record 15 rounds of voting back in January.

While we know that Democrats plan to throw their support for speaker behind House Minority Leader Hakeem Jeffries (D-NY), their party does not have the majority in the chamber and thus would need a handful of GOP members to vote with them, which is unlikely to happen.

The first real big question was who the Republican Conference was going to nominate to the speakership. On Wednesday, the GOP caucus, in a closed-door meeting, voted to nominate Steve Scalise (R-LA) to be the next Speaker of the House. However, the next question is if Scalise can convince at least 217 of the 221 members of the GOP conference to vote for him. As of this writing, we do not know if a vote has taken place and if Scalise was successful.

If the search for a new speaker drags on, it could have significant implications for approving the fiscal year (FY) 2024 budget or passing another continuing resolution before the federal government shuts down on November 18. Without a House Speaker to negotiate with, the Senate and White House are effectively paralyzed in approving the FY 2024 budget or passing another stopgap measure to keep the government funded.

Leilani Aguinaldo

Governor Newsom Vetoes Key Education Bills

By Kyle Hyland
School Services of California Inc.'s *Fiscal Report*
October 11, 2023

The big news over the weekend was that Governor Gavin Newsom vetoed Assembly Bill (AB) 1699 (McCarty, D-Sacramento), which we reported on this past Saturday, October 7, 2023 (see "Governor Newsom Vetoes AB 1699" in the October 2023 *Fiscal Report*).

However, in addition to AB 1699, Governor Newsom vetoed nearly 150 other measures, including a number of bills that would have had significant implications for local educational agency (LEA) operations.

Below, we summarize the other significant education bills that the Governor vetoed and provide an excerpt of the Governor's veto message, which provides the rationale for rejecting those measures.

Education Bills Vetoed by Governor Newsom

AB 249 (Holden, D-Pasadena)—Water: Schoolsites: Lead Testing. This bill would have required a community water system that serves a schoolsite receiving federal Title I funds to test for lead in each of the schoolsite's potable water system outlets and would have required LEAs to perform specified actions if lead levels exceeded five parts per billion.

> *The Governor's veto message states, in part:*
>
> *"While I support the author's commitment to ensure safe drinking water in schools, this bill contains several problematic provisions and cannot be implemented as drafted. The bill constitutes an entirely new enforcement role for the State Water Board, requires the creation of a costly database for tracking compliance and enforcement, and contains an infeasible implementation timeline."*

AB 504 (Reyes, D-Colton)—State and Local Public Employees: Labor Relations: Strikes. This bill would have prohibited public employers from disciplining or taking other adverse action against public employees for refusing to enter property of, or perform work for, a public employer involved in a primary strike, or for refusing to cross a primary strike line.

> *The Governor's veto message states, in part:*
>
> *"Unfortunately, this bill is overly broad in scope and impact . . . This could have significant, negative impacts on a variety of government functions including academic operations for students, provision of services in rural communities where co-location of government agencies is common, and accessibility of a variety of safety net programs for millions of Californians."*

AB 575 (Papan, D-San Mateo)—Paid Family Leave. This bill would have expanded eligibility for the Paid Family Leave program to provide benefits to workers who take time off work to bond with a minor child within one year of assuming the responsibilities of a child in loco parentis.

> *The Governor's veto message states, in part:*

> *"This bill, however, would create pressure on the Disability Insurance Trust Fund's solvency and adequacy resulting in higher disability contributions paid by employees. In addition, it contains implementation costs not accounted for in the annual budget process."*

AB 1517 (Gallagher, R-Yuba City)—Special Education Local Plan Areas: Local Plans. This bill would have required a Special Education Local Plan Area administrator to be included in their LEA's differentiated assistance team and be consulted in their LEA's Local Control and Accountability Plan (LCAP) development process.

> *The Governor's veto message states, in part:*

> *"This bill does not account for the important changes to California's school support and accountability system that my Administration worked in partnership with the Legislature to include in the 2023 State Budget requiring districts to specifically address low performance of any student group, including special education students, at the school and district levels in their LCAP. These improvements also provide for related targeted support and assistance from county offices of education and applicable lead agencies in the Statewide System of Support. Therefore, this bill is unnecessary."*

Senate Bill (SB) 354 (Ochoa Bogh, R-Yucaipa)—Inclusive Education: Universal Design for Learning: Inclusive Practices. This bill would have required the Commission on Teacher Credentialing to revise its administrative services credential standards and performance expectations to include and strengthen preparation for inclusion, with a focus on universal design for learning.

> *The Governor's veto message states, in part:*

> *"Serving students with disabilities in inclusive settings is an essential strategy for improving the academic achievement of these and all students, and one that my Administration, like the author, is committed to advancing. However, this bill is substantially similar to SB 1113 of 2022, which I vetoed, and several of the same concerns remain. In particular, portions of this bill are subject to an appropriation and should be considered as part of the annual budget process."*

SB 433 (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Appeals: Impartial Third-Party Hearing Officers. This bill would have authorized a permanent classified employee in a non-merit K-14 district to appeal disciplinary action to an impartial third-party hearing officer, paid for by the district and jointly selected by the district and the employee union.

> *The Governor's veto message states, in part:*

> *"This bill for classified employees requires districts to bear the full costs of a disciplinary hearing before an arbitrator, no matter the outcome. This could increase the number of appeals and would create significant costs for the State and must be considered in the annual budget in the context of all state funding priorities."*

SB 486 (Hurtado, D-Bakersfield)—Interscholastic Athletics: California Interscholastic Federation: State Football Championships: Neutral Locations. This bill would have required the California

Interscholastic Federation (CIF) to hold all state football championship games at a neutral location that is comparable to the location of all other state championship games.

> *The Governor's veto message states, in part:*
>
> *"The CIF has already begun taking steps to hold state football championship games for all divisions at comparable neutral locations as called for in this bill. Once fully implemented later this year, these changes will provide equal opportunities for all participating schools, regardless of their division or financial resources. Therefore, this bill is unnecessary."*

SB 541 (Menjivar, D-San Fernando Valley)—Sexual Health: Contraceptives. This bill would have required all public high schools to make condoms available to students by the start of the 2024-25 school year.

> *The Governor's veto message states, in part:*
>
> *"While evidence-based strategies, like increasing access to condoms, are important to supporting improved adolescent sexual health, this bill would create an unfunded mandate to public schools that should be considered in the annual budget process."*

SB 596 (Portantino, D-Burbank)—School Employees: Protection. This bill would have made it a misdemeanor to cause substantial disorder at any meeting of the governing board of a school district, the governing body of a charter school, a county board of education, or the State Board of Education. This bill would have also specified that a person who subjects a school employee to threats or harassment while the employee is away from a schoolsite or after school hours for reasons related to the employee's course of duties would be guilty of a misdemeanor.

> *The Governor's veto message states, in part:*
>
> *"Credible threats of violence and acts of harassment—whether directed against school officials, elected officials, or members of the general public—can already be prosecuted as crimes. As such, creating a new crime is unnecessary."*

Veto Message Theme

In the veto messages for measures with potential cost implications, we see a similar cautious refrain from the Governor citing the $30 billion shortfall that lawmakers had to close via various budget solutions in the 2023-24 Enacted Budget.

In these veto messages, Governor Newsom underscores that the Legislature has sent him bills that, in aggregate, would add nearly $19 billion ($8 billion one-time and $11 billion ongoing) of unaccounted costs in the 2023-24 State Budget, and thus he cannot sign those measures into law.

This is a nearly identical message that the Governor used in his veto messages last year, which signals that the Governor will continue to reject measures with significant fiscal costs that have not been accounted for in the State Budget.

Note: Governor Newsom vetoed SB 541 (Menjivar, D-San Fernando Valley) because it would have created an unfunded mandate for public schools that he said should be considered during the State Budget process.

Newsom Vetoes Bill That Would Allow Condoms to Be Freely Distributed to Public High School Students

By Anabel Sosa
Los Angeles Times
October 8, 2023

California Gov. Gavin Newsom on Sunday vetoed legislation that would have provided teenagers attending public high school with access to free condoms and prohibited retailers from refusing to sell them to youths.

Newsom said that although he agreed that providing condoms are "important to supporting improved adolescent sexual health," the bill would have created an unfunded program that was not included in the state's annual budget.

"With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure," Newsom said in his veto statement.

The governor and state lawmakers this year were forced to address a $30-billion shortfall to avoid cutting essential state programs. Still, Newsom said, the state Legislature approved a batch of bills outside this budget process that, if all enacted, would add nearly $19 billion of unaccounted costs.

Senate Bill 541, written by Sen. Caroline Menjivar (D-Panorama City), would have required all public schools to make condoms easily accessible to all students in an effort to reduce the spread of sexually transmitted diseases and curb teen pregnancy rates. As part of the law, retailers would have been prohibited from asking for proof of age or identification when minors buy condoms or nonprescription contraception.

Menjivar called the veto a "set back" in the fight for sexual health equity.

"We spend millions of dollars on [sexually transmitted infection] health care every year when prevention costs far less than treatment," she said. "This is a youth-led bill, and we need to meet high school students where they are to properly address the STI crisis in California."

"When barriers remain, youth with low incomes are often left without the option to regularly utilize condoms to help protect their health and prevent an unintended pregnancy from occurring," the nonprofit organization California School-Based Health Alliance, a supporter of the bill, said. There are also risks of youths passing unwanted sexually transmitted diseases, according to the bill's analysis, which cited that 5 in 10 chlamydia cases in California are young people, disproportionately affecting people of color.

The bill raised some concerns for conservative groups, including the California Policy Council, that argued that "handing out free condoms perpetuates" a hook-up culture in which "sex is meaningless and done for fun with multiple partners."

Sex education in California schools has long stirred controversy, particularly in 2016 when lawmakers enacted the California Healthy Youth Act, creating comprehensive sexual education and HIV prevention education.

The revamped curriculum was intended to be all-encompassing and to include the use of gender-inclusive language, as well as educational material on sex trafficking, HIV prevention nutrition, alcohol and skin care.

Meanwhile, states across the U.S. have their own guidelines and approaches to sex education.

Only half of adolescents will receive a school lesson about contraception before they first have sex, according to a study from the National Institutes of Health. Only 20 states require information on condoms or contraception.

According to a 2018 report on teen pregnancy prevention, 27 states have curriculums that stress abstinence and 18 states require lessons that encourage students to engage in sexual activity only when married.

Note: If signed into law, SB 765 (Portantino, D-Burbank) would make it easier for retired educators to come back into the classroom to teach.

A Fix for California's Teacher Shortage? Pull Back the Retirees Who've Already Left

By Elissa Miolene
Bay Area News Group
October 7, 2023

Exactly six months after Susan Gonyo retired, the calls began coming in. She had spent two-and-a-half decades teaching at a Santa Rosa elementary school, and as soon as the mandatory 180-day separation period set by the state's teacher pension agency had passed, her former principal was already asking her to return.

It was right after pandemic-era school closures. The teacher shortage was just getting worse. And so, 67-year-old Gonyo went back to the classroom — first as a substitute, and then as a part-time teacher.

"School districts love to call on retired teachers because one, they're teachers, and two, they trust them," Gonyo said. "Some teachers don't want to go back at all. But others like myself really miss it."

For years, retirees like Gonyo have become the first line of defense for schools battling ever-increasing teaching vacancies, with many taking on part-time or substitute roles to fill the gaps. Now, California is trying to make it even easier for retirees to return to the classroom.

Senate Bill 765 would remove the waiting period to hire a recently retired teacher, and boost the post-retirement compensation limit — which is set by the state teachers pension agency, CalSTRS — from 50% to 70% of the median teacher income across the state. The state Legislature passed the bill and Gov. Gavin Newsom has until Oct. 14 to sign or veto it.

Nearly 13,600 teachers retired during the 2020-21 school year, followed by more than 12,900 in 2022, and 11,200 in 2023.

“That’s a major hit, by any stretch of the imagination, to a profession that was already down on teachers even before the pandemic,” said State Superintendent of Public Instruction Tony Thurmond, who sponsored the new legislation.

But even after they finish their full-time career, retired teachers often come back to the classroom. From 15% at Dublin Unified to 24% at San Ramon Valley to 8% at San Jose Unified, schools rely on retirees to fill critical shortages.

“Over the years we, like many school districts, have had a very active retiree community that wants to help serve the students in our classrooms. Unfortunately, due to earning limitations, this has been limited,” said Ryan Sheehy, the director of human resources at Mt. Diablo Unified School District in Contra Costa County.

Today, 15% of Mt. Diablo’s substitute teacher pool is made up of retirees. One of them is Kathy Young, who retired in 2021 from teaching at Highlands Elementary School in Concord. Within months of her retirement, she got a letter from the district urging her and other retirees to consider coming back, and as soon as her six-month separation period had ended, Young — like Gonyo — did just that. She now spends five to 10 days a month subbing for both special and general elementary education classes.

“(My pension) is enough to make the bills, but subbing pays for the extras,” said Young, who mentioned that teaching summer school helped her pay for an upcoming trip to Ireland. “I knew I wanted to be a teacher ever since I was a little girl … so (even when I retired), there was a pull back. Teaching is just what I do.”

During the 2020-21 academic year, nearly 40% of schools in California had teaching vacancies they found either very difficult or impossible to fill, according to the Learning Policy Institute, a research organization that focuses on K-12 education. Though that statistic is lower than the national average of nearly 47%, those vacancies still hurt.

“We’ve heard stories of people who are filling in that do not have a teaching background, or who make really poor choices,” said Thurmond. “Classes have to double up, and we know the impact that has on the quality of education our kids get.”

Across California, 10% of teachers were not fully certified for their jobs during the 2020-21 academic year, according to a Learning Policy Institute analysis. That meant 27,475 people were teaching a class without any credential or license, still working to complete those certifications, on an emergency or temporary credential, or teaching a subject or grade level not covered by their certifications.

Though the new legislation is seen by many as a solution to that problem, some say it’s little more than a band-aid on a gushing wound.

“I feel that most retired teachers want to remain retired,” said Georgia Moore, who ended her career at the San Ramon Valley Unified School District in 2012. “I applaud the attempt to rectify the teacher shortage, but I don’t feel this is the main reason (for it).”

Moore polled 10 retired teachers in her network, asking them if they’d return to the profession if the retiree income cap was removed. She got 10 “no’s” in return.

"Teaching is a hell of a lot of work, even under the best of circumstances," said Lanny Lowery, a former English teacher in Sonoma County's Cotati Rohnert Park Unified School District. "And right now, the circumstances are not the best."

After retiring in 2018, Lowery did substitute teach for a time — when money flooded his former school district to provide support for kids during the pandemic. The 76-year-old even filled in as an elementary school librarian for a year and loved it. But little by little, the job became more difficult to manage. Behavior problems were on the rise; politics had entered the classroom. Neither he nor his wife, Janet, could earn up to their former teaching salaries while still pocketing a pension.

Though Lowery and Janet had applied for a number of teaching jobs this summer, a few weeks ago, they looked at each other and shook their heads. There was no way they were going back.

Still, not all teachers agree. Dennis Dowling, who taught high school biology for 43 years before retiring from the Santa Clara Unified School District in 2012, received similar calls for help during the COVID-19 pandemic. By the time schools had shut down, Dowling and his wife had relocated to Austin, Texas — but Santa Clara Unified still wanted him back.

Dowling, then age 78, felt he couldn't say no. The extra money couldn't hurt, and it was clear the district needed support, so Dowling set himself up on a laptop and live-streamed any lesson he was called in to sub. And despite being more than 1,700 miles away, he made it work. In the thick of the pandemic, Dowling plunged head-first into virtual learning, witnessing things he'd never seen before — including a 12th-grade student spinning pizzas at Domino's while tuning into his calculus class remotely.

"I can really see the value of having someone experienced in the classroom, especially now," said Dowling, who now splits his time between Texas and the Bay Area. "I just tell them: I'm 81, so be nice to me now … and if your family has always lived in this area, I might have taught your grandmother or grandfather."

Two years later, Dowling has kept it going, now in person. In September, he subbed across the Santa Clara Unified district for more than 20 days in one month, earning a $500 bonus for doing so. He says he's going to tone it down in the months to come.

But still, he likes having something to do.

"My wife says, you already retired," Dowling said. "So why aren't you retiring?"

Fresno Unified School District
Board Communication

BC Number BFS-2

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Steven Shubin, Deputy Executive
Cabinet Approval:

Date: October 20, 2023

Phone Number: 457-6227

Regarding: Other Post Employment Benefits Actuarial

The district's Other Post Employment Benefits (OPEB) Liabilities actuarial has been completed for June 30, 2023. Public employers must perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements and set aside to pre-fund them under Governmental Standards Statement 75 (GASB 75).

The actuarial looks at the long-term expected return on plan investments and a set rate of return of 5.5%. The present value of all benefits for the current and future retirees is $714 million as of June 30, 2023, a decrease of $293 million from the last actuarial on July 01, 2022. Three main factors caused the OPEB Liability to change in 2023 and can be seen on page five of the backup document:

- The Joint Health Management Board (JHMB) authorized all retirees to move towards a fully insured Medicare Advantage Program (MAPPO), which went into effect July 01, 2023. A fully insured plan is where an employer purchases insurance from an insurance company and pays Aetna a fixed premium, covering all medical claims. JHMB made this decision as the plan was created to resemble our self-funded plan, in which active employees are provided. The liability recognizes a decrease of approximately $348 million.
- The population experience also changes the numbers tied to retirements, terminations, and mortality. People are retiring later because of pension regulations, and employees are waiting later to retire. The liability recognizes a decrease of approximately $66 million.
- The long-term rate of investments decreases to 5.5% from the previously projected 6.0%. The current economic environment drives the decrease. The liability recognizes an increase of approximately $40 million.

The district currently contributes $2.0 million from the JHMB Health Fund and another $1.5 million through the General Fund. As of June 30, 2023, the net position of the fund balance is over $69 million. Which then reduces the OPEB Liability to $645 million. A consistent amount put into the fund yearly is one of the main factors for the district's stable credit rating and a higher long-term investment rate.

If you have any questions pertaining to the information in this communication, or require additional information, please contact Steven Shubin at 457-6227.

Approved by Superintendent
Robert G. Nelson Ed.D. ___________________________________ Date:_________________

GASB Statement No. 75

Actuarial Valuation Report – Retiree Health Insurance Program
Fresno Unified School District

Valuation Date:	*June 30, 2023*
Measurement Date:	*June 30, 2023*

September 27, 2023

September 27, 2023

Steven Shubin
Deputy Executive, Administrative Services
Fresno Unified School District
2309 Tulare Street
Fresno, CA 93721

Re: Fresno Unified School District ("District") GASB 75 Valuation

Dear Steven:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of June 30, 2023.

GASB 74 and GASB 75 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities.

The District selected DFA, LLC (DFA) to perform an actuarial valuation of the retiree health insurance program as of June 30, 2023. This report may be compared with the valuation performed by DFA, LLC as of July 1, 2021, to see how the liabilities have changed since the last valuation.

Basis for Actuarial Valuation

To perform the valuation, we relied on the following information provided by the District:

- Census data for active employees and retirees
- Claims, premium, expense, and enrollment data
- Copies of relevant sections of healthcare documents, and
- (If applicable) trust statements prepared by the trustee

We also made certain assumptions regarding rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions used for similar valuations, modified as appropriate for the District. A complete description of the actuarial assumptions used in the valuation is set forth in the Actuarial Assumptions section.

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the Actuarial Certification section.

We have enjoyed working with the District on this project and are available to answer any questions you may have concerning any information contained herein.

Disclosure of Risk

It is important to call attention to external risk factors associated with actuarial projections. Certain trends and events have the potential to affect future measurements that would deviate from current long-term expectations. The following is a list of specific factors that impact OPEB liabilities:

- Census – retirement, turnover, and mortality experience different than expected.
- Medical coverage – premiums, participation, and level of coverage different than expected.
- Municipal bond rates – changes in applicable rates (rates are currently declining and may result in increased liabilities). Under GASB 75, the municipal rate may affect the discount rate. The quantitative effect of changes in the discount rate can be seen in the sensitivity results.
- Investment performance – (for funded plans) investment performance different than the long-term expected return. Investment performance may also affect the discount rate.

The current environment's impact on these factors will continue to unfold. We are available to discuss both the short-term and long-term impact upon request.

*****

Sincerely,
DFA, LLC

Carlos Diaz, ASA, EA, MAAA
Actuary

Financial Results

In this section, we present financial results based on a long-term expected return on plan investments of 5.50%. This rate is based on our best estimate of expected long-term plan experience for funded plans such as the District's. The results are intended to help (1) in comparing financial results from the previous valuation and (2) in long-term budget and strategic planning (without regard to short-term volatility in municipal bond indices). Results specific to GASB 75 reporting are presented in the next section.

We have determined that the present value of all benefits expected to be paid by the District for its current and future retirees is $860,513,457 as of June 30, 2023. If the District were to place this amount in a fund earning interest at the rate of 5.50% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits.

When we apportion the $860,513,457 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the Total OPEB Liability is $713,779,842 as of June 30, 2023. This represents the present value of all benefits accrued through the valuation date if each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The $713,779,842 is comprised of liabilities of $311,712,721 for active employees and $402,067,121 for retirees.

The District has adopted an irrevocable trust for the pre-funding of retiree healthcare benefits. As of June 30, 2023, the trust balance, or Plan Fiduciary's Net Position (GASB 75) is $69,772,872.

The Net OPEB Liability (Asset), equal to the Total OPEB Liability over the Plan Fiduciary's Net Position, is $644,006,970.

This valuation includes benefits for 5,444 retirees and 8,574 active employees who may become eligible to retire and receive benefits in the future. It excludes employees hired after the valuation date.

Financial Results (continued)

ASOP 6 – Age-Specific Costs

The District provides medical and prescription drug plans on a self-insured basis for its active employees and retirees not eligible or enrolled in Medicare Parts A and B. The valuation reflects age-specific claim costs based on the actual claims experience for retirees under age 65 and retirees ages 65 and over. For each of the two groups, aging factors are used to fit the age-specific costs to the expected aggregate costs for the group. The aging factors were based on 2010 commercial factors published by the Society of Actuaries. Adjustments were also then made to account for the possible inclusion of under-age 65 spouses in the over-age 65 retiree claims report, and vice versa.

Financial Results (continued)

Differences from Prior Valuation

The most recent prior valuation was completed as of July 1, 2021 by DFA, LLC. The Total OPEB Liability as of that date was $1,006,640,827, compared to $713,779,842 as of June 30, 2023 (determined using a discount rate of 5.50%).

Several factors have caused the Total OPEB Liability to change since 2021:

- An increase as employees accrue more service and get closer to receiving benefits.
- A decrease from a release of benefits.
- Changes in the plan census from new employees and differences between actual and expected retirement, terminations, and deaths.
- Changes in healthcare costs from differences between actual and expected healthcare trend; and
- Changes in actuarial assumptions and methodology for the current valuation.

To summarize, the most important changes were as follows:

1. An increase of $86,776,906 from the passage of time (service and interest costs less benefits paid).
2. A decrease of $66,851,016 resulting from population experience (terminations, retirements, and mortality) different than expected.
3. An increase of $26,889,992 from changes in healthcare claims different than expected.
4. A decrease of $348,654,869 from adoption of Medicare Advantage Plan for retirees enrolled in Medicare Parts A and B.
5. A decrease of $2,494,786 from changes in the healthcare trend rate.
6. An increase of $10,697,274 from change in assumed termination of employment rates.
7. A decrease of $40,182,128 from changes in assumed retirement rates.
8. An increase of $40,957,642 from a change in the long-term discount rate from 6.00% to 5.50%.

These changes from July 1, 2021 to June 30, 2023 are combined as follows:

Total OPEB Liability as of July 1, 2021	$1,006,640,827
Passage of time	86,776,906
Difference between expected/actual experience	(39,961,024)
Changes in assumptions or other inputs	(339,676,867)
Changes in plan provisions	0
Total OPEB Liability as of June 30, 2023	$713,779,842

GASB 75 Results

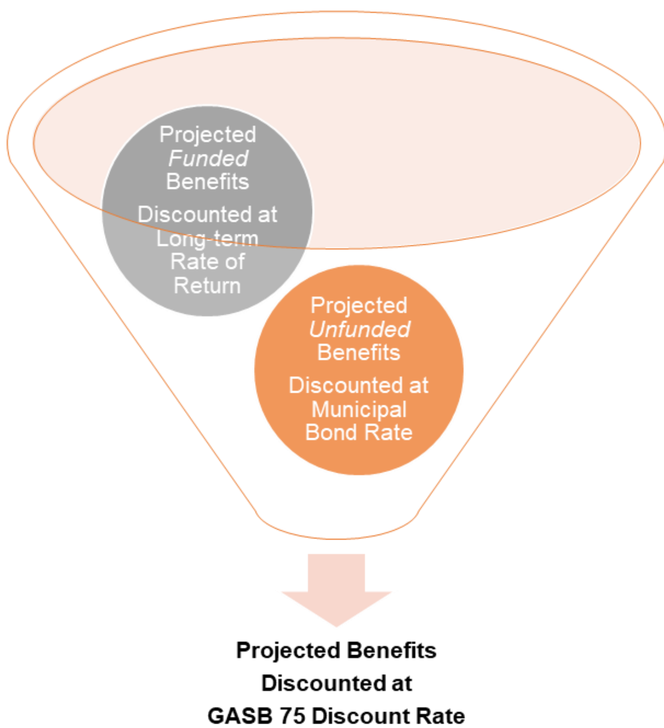
For financial reporting purposes, GASB 75 requires a discount rate that reflects the following:

a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The amount of the plan's projected fiduciary net position and the amount of projected benefit payments should be compared in each period of projected benefit payments.

Based on these requirements and the following information, we have determined a discount rate of 5.50% for GASB 75 reporting purposes:

Long-Term Expected Return on Assets	5.50%
Fidelity General Obligations AA - 20 Years Index on June 30, 2023	3.86%
GASB 75 Discount Rate	5.50%



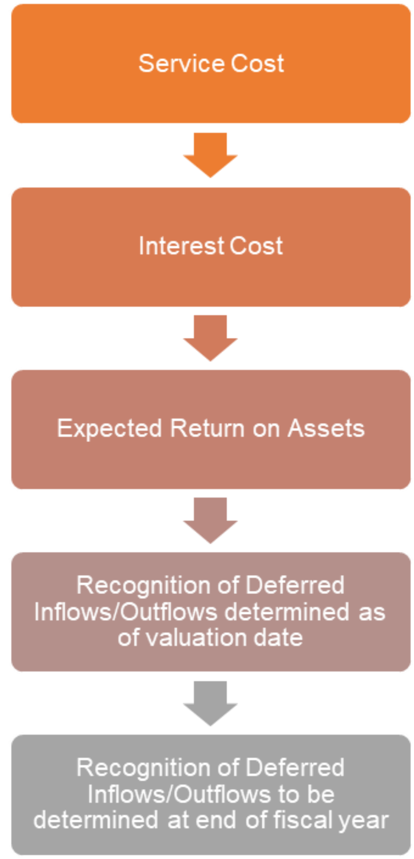
GASB 75 Results (continued)

Fresno Unified School District
Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard

	June 30, 2023[1]		
	Long-Term Return	**Municipal Bond Index**	**GASB 75 Rate**
Discount Rate	5.50%	3.86%	5.50%
Present Value of Future Benefits			
Active	$458,446,336	$650,143,449	$458,446,336
Retired	402,067,121	480,662,174	402,067,121
Total	$860,513,457	$1,130,805,623	$860,513,457
Total OPEB Liability			
Active	$311,712,721	$397,347,962	$311,712,721
Retired	402,067,121	480,662,174	402,067,121
Total	$713,779,842	$878,010,136	$713,779,842
Plan Fiduciary Net Position	$69,772,872	$69,772,872	$69,772,872
Net OPEB Liability (Asset)	$644,006,970	$808,237,264	$644,006,970
Sensitivity Analysis			
1% Decrease in Discount Rate	4.50%	2.86%	4.50%
Total OPEB Liability	$807,819,024	$1,006,980,917	$807,819,024
Net OPEB Liability (Asset)	$738,046,152	$937,208,045	$738,046,152
1% Increase in Discount Rate	6.50%	4.86%	6.50%
Total OPEB Liability	$635,339,769	$771,936,938	$635,339,769
Net OPEB Liability (Asset)	$565,566,897	$702,164,066	$565,566,897
1% Decrease in Trend Rate[2]			
Total OPEB Liability	$626,257,562	$758,753,494	$626,257,562
Net OPEB Liability (Asset)	$556,484,690	$688,980,622	$556,484,690
1% Increase in Trend Rate[3]			
Total OPEB Liability	$820,923,588	$1,026,543,033	$820,923,588
Net OPEB Liability (Asset)	$751,150,716	$956,770,161	$751,150,716

[1] For the District's financial statements, DFA will provide separate schedules with supplemental GASB 75 information.
[2] Trend rate for each future year reduced by 1.00%.
[3] Trend rate for each future year increased by 1.00%.

GASB 75 Results (continued)



<u>OPEB Expense</u>

We have determined the following components of the District's OPEB Expense for the measurement year ending June 30, 2024: Service Cost, Interest Cost, Expected Return on Assets, and Deferred Outflows and Inflows (determined as of the valuation date).

- Service Cost represents the present value of benefits accruing in the current year.
- Interest Cost represents the interest on the Total OPEB Obligation and interest on the Service Cost.
- Expected Return on Assets is the expected return based on a 5.50% investment rate of return.
- Deferred Outflows and Inflows of Resources (determined as of the valuation date) are changes in the Net OPEB Liability resulting from differences between projected and actual plan experience, from differences between projected and actual OPEB plan investments, and from changes in assumptions.

The OPEB Expense will reflect additional Deferred Outflows and Inflows that will be determined based on the Net OPEB Obligation as of June 30, 2024.

We summarize results in the table on the next page. For comparative purposes, we provide service cost and interest cost at three discount rates (the expected return on assets, the municipal bond index, and the GASB 75 rate, discussed above). We determine Deferred Outflows and Inflows solely on the applicable GASB 75 rate. All amounts are net of expected future retiree contributions, if any.

DFA will be available to assist the District and its auditors in preparing the footnotes and required supplemental information for compliance with GASB 75 (and GASB 74, if applicable). In the meantime, we are available to answer any questions the District may have concerning the report.

GASB 75 Results (continued)

Actuarially Determined Contribution and Pay-As-You-Go with Implied Subsidy

We have calculated an actuarially determined contribution representing the Service Cost and a 15-year amortization (as a level percent of pay) of the Net OPEB Liability. We include the results in the table on the next page. We provide results at three discount rates (the expected long-term expected return on assets, the municipal bond index, and the GASB 75 rate).

An actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure. It is not a required contribution, but a measurement commonly used to prefund OPEB benefits. We provide the amounts for illustrative purposes.

The actuarially determined contribution may be compared to the pay-as-you-go payment. The table shows the pay-as-you-go payment along with the projected implied subsidy payment.

The Funding Schedules section provides additional prefunding alternatives.

Fresno Unified School District
Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard

	July 1, 2023		
	Long-Term Return	Municipal Bond Index	GASB 75 Rate
Discount Rate	5.50%	3.86%	5.50%
Components of OPEB Expense for 2023-24			
Service Cost (beginning of year)	$12,706,041	$19,088,120	$12,706,041
Interest Cost	39,038,761	33,981,193	39,038,761
Expected Return on Assets	(3,837,508)	(3,837,508)	(3,837,508)
Total[4]	$47,907,294	$49,231,805	$47,907,294
Actuarially Determined Contribution			
Service Cost (mid-year)	$13,050,780	$19,453,033	$13,050,780
Amortization of Net OPEB Liability[5]	51,880,400	58,165,982	51,880,400
Total for 2023-24	$64,931,180	$77,619,015	$64,931,180
Total for 2024-25 [6]	$66,879,115	$79,947,585	$66,879,115
Pay-As-You-Go Payment with Implied Subsidy for 2023-24			
Projected Pay-As-You-Go	$33,833,294	$33,833,294	$33,833,294
Projected Implied Subsidy	0	0	0
Total	$33,833,294	$33,833,294	$33,833,294
Projected Implied Subsidy Credit			
2023-24	$0	$0	$0
2024-25	0	$0	$0

[4] Additional components are shown on the following pages. Deferred Outflows/Inflows of Resources will also include changes determined based on the Total OPEB Obligation and Plan Fiduciary Net Position on June 30, 2024.
[5] 15-year amortization (as a level percent of pay).
[6] Level percent of pay.
[7] Adjustment for implicit subsidy. N/A.

GASB 75 Results (continued)

Schedule of Changes in Net OPEB Liability (July 1, 2022 to June 30, 2023)

1. Total OPEB Liability	
a. Total OPEB Liability on July 1, 2022[8]	$1,051,184,852
b. Service Cost[9]	16,833,050
c. Interest Cost	62,970,376
d. Benefit Payments[10]	(37,570,546)
e. Changes in plan provisions[11]	0
f. Difference between expected and actual experience[12]	(39,961,024)
g. Changes in assumptions and other inputs[12]	(339,676,866)
h. Total OPEB Liability on June 30, 2023	$713,779,842
2. Plan Fiduciary Net Position	
a. Plan Fiduciary Net Position on July 1, 2022[8]	$63,880,407
b. Contributions[10]	41,070,546
c. Expected Investment Income	3,831,181
d. Administrative Expenses	(55,575)
e. Benefit Payments[10]	(37,570,546)
f. Net Transfers	0
g. Difference between actual and expected return on assets[12]	(1,383,141)
h. Plan Fiduciary Net Position on June 30, 2023	$69,772,872
3. Net OPEB Liability: (1h) - (2h)	$644,006,970
4. Discount Rate	
a. July 1, 2022	6.00%
b. June 30, 2023	5.50%

[8] From June 30, 2023 disclosure report, based on the July 1, 2021 actuarial valuation.
[9] Discounted from June 30, 2023 valuation.
[10] Includes credit toward implicit subsidy (if applicable).
[11] Included in OPEB Expense.
[12] Deferred (Outflow)/Inflow of Resources to be established during fiscal year end June 30, 2023.

GASB 75 Results (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Type	Initial Amount	Fiscal Year Established	Period (Years)	Annual Recognition[13]
Difference between expected/actual experience	0	2018	0.0	0
Difference between expected/actual return on assets	23,987	2018	5.0	0
Changes in assumptions or other inputs	0	2018	0.0	0
Difference between expected/actual experience	0	2019	0.0	0
Difference between expected/actual return on assets	(558,581)	2019	5.0	(111,717)
Changes in assumptions or other inputs	0	2019	0.0	0
Difference between expected/actual experience	82,504,316	2020	6.4	12,891,299
Difference between expected/actual return on assets	331,882	2020	5.0	66,376
Changes in assumptions or other inputs	(120,311,404)	2020	6.4	(18,798,657)
Difference between expected/actual experience	0	2021	0.0	0
Difference between expected/actual return on assets	(7,676,981)	2021	5.0	(1,535,396)
Changes in assumptions or other inputs	0	2021	0.0	0
Difference between expected/actual experience	20,924,804	2022	6.4	3,269,501
Difference between expected/actual return on assets	13,312,622	2022	5.0	2,662,524
Changes in assumptions or other inputs	(133,956,614)	2022	6.4	(20,930,721)
Difference between expected/actual experience	(39,961,024)	2023	6.9	(5,791,453)
Difference between expected/actual return on assets	1,383,141	2023	5.0	276,628
Changes in assumptions or other inputs	(339,676,866)	2023	6.9	(49,228,531)
			Total	*(77,230,147)*

[13] Charge/(Credit) included in OPEB Expense.

Funding Schedules

There are many ways to approach the pre-funding of retiree healthcare benefits. In the sections above, we determined the annual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

The table on the next page provides the District with three alternative schedules for funding (as contrasted with expensing) retiree healthcare benefits. The schedules all assume that the retiree fund earns, or is otherwise credited with, 5.50% per annum on its investments, a starting Trust value of $69,772,872 as of June 30, 2023, and that contributions and benefits are paid mid-year.

The schedules are:

1. A level contribution amount for the next 20 years.
2. A level contribution amount for the next 30 years.
3. A constant percentage (3.00%) increase for the next 20 years.

We provide these funding schedules to give the District a sense of the various alternatives available to it to pre-fund its retiree healthcare obligation. The three funding schedules are simply three different examples of how the District may choose to spread its costs.

By comparing the schedules, you can see the effect that early pre-funding has on the total amount the District will eventually have to pay. Because of investment earnings on fund assets, the earlier contributions are made, the less the District will have to pay in the long run. Of course, the advantages of pre-funding will have to be weighed against other uses of the money.

The table on the following page shows the required annual outlay under the pay-as-you-go method and each of the above schedules. **The three funding schedules include the "pay-as-you-go" costs; therefore, the amount of pre-funding is the excess over the "pay-as-you-go" amount.**

Funding Schedules (continued)

Sample Funding Schedules (Closed Group)
Starting Trust Value of $69,772,872 as of June 30, 2023

Year Beginning	Pay-as-you-go	Level Contribution for 20 years	Level Contribution for 30 years	Constant Percentage Increase for 20 years
2023	$33,833,294	$64,502,390	$53,037,138	$50,580,161
2024	35,086,433	64,502,390	53,037,138	52,097,566
2025	36,125,324	64,502,390	53,037,138	53,660,493
2026	37,295,213	64,502,390	53,037,138	55,270,308
2027	38,696,807	64,502,390	53,037,138	56,928,417
2028	40,277,022	64,502,390	53,037,138	58,636,270
2029	41,614,038	64,502,390	53,037,138	60,395,358
2030	43,191,534	64,502,390	53,037,138	62,207,219
2031	45,567,143	64,502,390	53,037,138	64,073,435
2032	48,061,507	64,502,390	53,037,138	65,995,638
2033	49,908,154	64,502,390	53,037,138	67,975,507
2034	51,442,345	64,502,390	53,037,138	70,014,773
2035	53,126,517	64,502,390	53,037,138	72,115,216
2036	55,085,835	64,502,390	53,037,138	74,278,672
2037	56,568,392	64,502,390	53,037,138	76,507,032
2038	58,061,252	64,502,390	53,037,138	78,802,243
2039	60,363,128	64,502,390	53,037,138	81,166,311
2040	62,361,027	64,502,390	53,037,138	83,601,300
2041	63,446,682	64,502,390	53,037,138	86,109,339
2042	65,818,275	64,502,390	53,037,138	88,692,619
2043	67,625,378	0	53,037,138	0
2044	69,938,164	0	53,037,138	0
2045	71,873,743	0	53,037,138	0
2046	71,602,281	0	53,037,138	0
2047	71,778,204	0	53,037,138	0
2048	72,489,079	0	53,037,138	0
2049	70,835,460	0	53,037,138	0
2050	69,635,272	0	53,037,138	0
2055	61,946,518	0	0	0
2060	46,252,586	0	0	0
2065	26,721,103	0	0	0
2070	18,965,031	0	0	0
2075	12,559,458	0	0	0
2080	7,221,785	0	0	0
2085	3,400,834	0	0	0
2090	1,203,849	0	0	0
2095	281,324	0	0	0

Funding Schedules (continued)

The table below provides an alternative comparison of the funding schedules. The present value (or time-value) of payments for each alternative is $790,740,585 and is equal to the excess of the present value of projected pay-as-you-go payments over any current trust/fund.

The difference between the sum of the contributions and the present value of contributions is the total interest cost associated with each alternative. As discussed above, the advantages of pre-funding should be weighed against other financial considerations.

	Pay-as-you-go	**Level Contribution for 20 years**	**Level Contribution for 30 years**	**Constant Percentage Increase for 20 years**
Present value of contributions[a]	$790,740,585	$790,740,585	$790,740,585	$790,740,585
Total interest cost	1,702,434,360	499,307,215	800,373,555	568,367,292
Total contributions[b]	2,493,174,945	1,290,047,800	1,591,114,140	1,359,107,877

[a] Based on a discount rate of 5.50%.
[b] Reflects no prefunding of implicit subsidy.

Plan Provisions

Plan administration. The District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education.

Benefits provided. District employees hired before July 1, 2005, who retire after attaining age 57½ and completing a requisite period of service, may receive District-paid medical and prescription drug coverage for life (with continuation to the surviving spouse, if any), and subject to retiree contributions shown in the table below. The requisite service is 10 years if hired before January 1, 1982 (July 1, 1982 for Classified), 16 years if hired between January 1, 1982 and July 1, 1994 (but 10 years if a rehire with a pre-1982 original date of hire), and 16 years for those hired or re-hired after July 1, 1994 (but before July 1, 2005). District employees hired on or after July 1, 2005, who retire after attaining age 60 and completing at least 25 years of service, receive District-paid coverage for the earlier of 5 years or until age 65. These benefits are also subject to retiree contributions, described below.

The District began collecting retiree contributions in July 2006. Retiree contributions will be charged only to individuals retiring after August 31, 2006.

Retiree Age	**Retiree**	**Spouse <65**	**Spouse 65-74**	**Spouse 75+**	**Child(ren)**	**Family**
Under age 65 (Option A)	$160	$60	$60	$60	$15	$70
Ages 65 through 74	$10	$10	$10	$0	$10 ea.	N/A
Age 75 or older	$0	$10	$10	$0	$10	N/A

Effective July 1, 2023, retirees who enroll in Medicare Parts A and B will be covered under the Aetna Medicare Advantage Plan. Retirees over age 65 who are not enrolled in Medicare remain on the self-insured plan.

Contributions. California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. The District's contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR.

Valuation Data

Retiree Census - Age distribution of retirees included in the valuation

Age	Total
Under 55	26
55-59	103
60-64	579
65-69	929
70-74	1,229
75-79	1,115
80-84	680
85+	783
All Ages	5,444
Average Age	74.5

Active Census - Age/service distribution of active employees included in the valuation

	Years of Service								
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<25	171	1	0	0	0	0	0	0	172
25-29	703	83	0	0	0	0	0	0	786
30-34	674	386	37	1	0	0	0	0	1,098
35-39	487	404	148	72	0	0	0	0	1,111
40-44	421	369	137	246	56	0	0	0	1,229
45-49	259	240	118	215	233	71	2	0	1,138
50-54	195	218	79	174	223	259	67	3	1,218
55-59	116	130	81	128	186	188	151	59	1,039
60-64	61	74	50	102	110	76	66	41	580
65+	16	34	22	38	31	23	21	18	203
All Ages	3,103	1,939	672	976	839	617	307	121	8,574

Average Age: 44.7
Average Service: 11.4

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date:	June 30, 2023
Actuarial Cost Method:	Entry Age, Level Percent of Pay
Discount Rate:	
Long-term Expected Return	5.50%
Municipal Bond Index	3.86%
GASB 75	5.50%
Salary Increases:	3.00%
Withdrawal:	
Certificated	Withdrawal Rates from CalSTRS Experience Analysis (2015-2018)
Classified	Terminated Refund and Terminated Vested Rates for School Districts from CalPERS Experience Study (2000-2019)
Pre-retirement Mortality:	
Certificated	Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018).
Classified	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality:	
Certificated	Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018).
Classified	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Retirement:	
Certificated – Hired before 01/01/2013	Service Retirement – 2% at 60 – from CalSTRS Experience Analysis (2015-2018).
Certificated – Hired on or after 01/01/2013	Service Retirement – 2% at 62 – from CalSTRS Experience Analysis (2015-2018).
Classified - Classic	Service Retirement Rates for Public Agency Miscellaneous—2.00% at 55—from CalPERS Experience Study (2000-2019).
Classified - PEPRA	Service Retirement Rates for Public Agency Miscellaneous—2.00% at 62—from CalPERS Experience Study (2000-2019).

Actuarial Assumptions (continued)

Medical Claim Cost: Annual Per Retiree or Spouse

Age	Self-Insured
50	$10,032
55	12,060
60	14,424
64	17,040
65	4,020
70	3,876
75	4,176

Medicare Advantage Premiums: $2,741 (annual).

Percent Electing Coverage: 100%

Spouse Coverage:

Future retirees: Under Age 65: 67%; Ages 65+: 50%
Current retirees: Actual dependent data used.
Female spouses are assumed to be three years younger than male spouses.

Medical Trend:

Year	Self-Insured	Medicare Advantage
2023	6.00%	4.50%
2024	5.50%	4.50%
2025-2029	5.25%	4.50%
2030-2039	5.00%	4.00%
2040-2049	4.75%	4.00%
2050-2069	4.50%	4.00%
2070+	4.00%	4.00%

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Fresno Unified School District ("District") as of June 30, 2023.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, and (when applicable) trust statements prepared by the trustee and provided to us by the District.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

Each undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:

Carlos Diaz, ASA, EA, MAAA
Actuary