



**ASSOCIATION OF  
CALIFORNIA SCHOOL  
ADMINISTRATORS**

**OFFICERS**

Alice Petrossian  
President

David Gomez, Ph.D.  
President-Elect

Marc Ecker, Ph.D.  
Vice President

Lisa Gonzales, Ed.D.  
Vice President  
Legislative Action

Bob Noyes  
Past President

**EXECUTIVE DIRECTOR**

Bob Wells

**OFFICE LOCATIONS**

**Sacramento**

1029 J Street, Suite 500  
Sacramento, CA 95814  
tel 916.444.3216 • 800.608.2272  
fax 916.444.3739

**Burlingame**

1575 Bayshore Highway  
Burlingame, CA 94010  
tel 650.692.4300 • 800.608.2272

Executive Office  
fax 650.692.1508

Educational Services  
fax 650.692.6858

Financial Services  
fax 650.259.1029

Member Services  
fax 650.692.7297

**Ontario**

3602 Inland Empire Blvd., Suite A-230  
Ontario, CA 91764  
tel 909.484.7503 • 800.608.2272  
fax 909.484.7504

<http://www.acsa.org>

Letter of Comment No. 87

File Reference: 34-E

Date Received: 10/5/11

October 3, 2011

Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Subject: Response to GASB Exposure Draft for Amendments to  
Statements No. 25 and 27

To Whom It May Concern:

The Association of California School Administrators (ACSA), which represents over 15,000 public school administrators, is writing in opposition to the proposed transfer of the California State Teachers' Retirement System (CalSTRS) unfunded pension obligation from the State of California's financial statements to that of the Local Education Agencies (LEAs).

The exposure draft's net pension liabilities provisions include the requirement that school districts recognize on their balance sheets each employer's proportional share of the CalSTRS total pension liability. It's estimated that the debt transfer would be approximately \$8,000 per student. This is a debt that would be on school districts' balance sheets and a debt that is not within their ability to control.

California school districts are already subject to \$9.3 billion in annual state funding deferrals from one year to the next. In addition to the inter-year deferrals, the schools have up to \$4.5 billion in intra-year state aid deferrals. Schools need borrowing ability to maintain programs until the deferrals are paid. The exposure draft's proposals will increase borrowing costs at a time when schools cannot afford new costs. The transfer from the state's balance sheets to LEA balance sheets will increase the school district's assumed debt. The probable effect of that debt increase will be to increase the cost of borrowing for making payroll.

The State of California is the plan sponsor for CalSTRS and as such should be responsible for the financial outcomes and results of those decisions. The proper designation of fiscal responsibility to the appropriate entity is an important governmental accounting principle that should be maintained and emphasized in the development of any changes to Statements 25 and 27. ACSA believes that principle would be violated if a school district's balance sheets had to include debts over which they have no control.

We request that California school districts not be required to include recognition of any California State Teachers' Retirement System unfunded actuarial liability on school districts' balance sheets.

Sincerely,

Sal Villasenor,  
Legislative Advocate