



BOARD OF EDUCATION

Special Meeting & Budget Workshop

Public Session

March 6, 2008

5:30 p.m.

***Location: Colton JUSD Student Services Center
Board Room
851 South Mt. Vernon Avenue
Colton, California***

AGENDA

I. CALL TO ORDER

Roll Call

- Mr. Robert D. Armenta, Jr. (President) _____
- Mrs. Marge Mendoza-Ware (Vice President) _____
- Mr. Mel Albiso (Clerk) _____
- Mr. Mark Hoover _____
- Mr. Frank A. Ibarra _____
- Mr. Kent Taylor _____
- Mr. David R. Zamora _____

- Mr. James A. Downs _____
- Mr. Casey Cridelich _____
- Mr. Jerry Almendarez _____
- Mrs. Yolanda Cabrera _____
- Mr. Rick Dischinger _____
- Mrs. Bertha Arreguín _____
- Dr. Diane D'Agostino _____
- Mrs. Mollie Gainey-Stanley _____
- Mrs. Alice Grundman _____
- Mr. Roger Kowalski _____
- Mrs. Ingrid Munsterman _____
- Mrs. Julia Nichols _____
- Ms. Sosan Schaller _____
- Dr. Patrick Traynor _____
- Ms. Katie Orloff _____
- Mrs. Chris Estrada _____
- Mr. Michael Townsend _____

II. PUBLIC SESSION – 5:30 p.m.

Renewal of the Pledge of Allegiance

The President calls for public comments regarding items on the agenda or not on the agenda and requests that the appropriate “Public Comment Card” be filled out completely.

Blue card: List the *specific* agendized item number and subject.

White Card: List the non-agendized item / other topic.

Each speaker should state his or her name and address. *No more than three minutes will be allotted to any speaker and no more than fifteen minutes per subject unless authorized by the Board President* (BP 1245).

1. Public Comment—Specific Agendized Item (*blue card*)
2. Public Comment—Non-Agendized Item / Other Topics (*white card*)
3. Budget Workshop / Update -- Casey Cridelich

III ACTION SESSION

1. Adoption of Resolution 08-03, California State Teachers Retirement System (CalSTRS) Golden Handshake Retirement Incentive Program (2007-08)

IV. STUDY, INFORMATION & REVIEW SESSION

1. Explanation of the California Public Employees’ Retirement System (CalPERS) Golden Handshake Retirement Incentive Program (2007-08)

V. CLOSED SESSION Following action item: Board Room, Student Services Center, 851 So. Mt. Vernon Ave., Colton, California (Government Code 54950 et seq.)

1. **Personnel**
 - ◆ Public Employee: Discipline / Dismissal / Release / Reassignment (Gov. Code 54957)
2. **Conference with Labor Negotiator & Legal Counsel**
 - Agency: Jerry Almendarez Assistant Superintendent, Human Resources
Ingrid Munsterman, Director, Human Resources
Atkinson, Andelson, Loya, Ruud & Romo
 - Employee Organizations: Association of Colton Educators (ACE)
California School Employees’ Assoc. (CSEA)
Management Association of Colton (MAC)

VI. PUBLIC SESSION -- ACTION REPORTED FROM CLOSED SESSION

VII. ADJOURNMENT

BOARD AGENDA

SPECIAL MEETING
March 6, 2008

ACTION ITEM

TO: Board of Education

PRESENTED BY: Casey Cridelich, Assistant Superintendent, Business Services

SUBJECT: *Adoption of Resolution Number 08-03 California State Teachers Retirement System (CalSTRS) Golden Handshake Retirement Incentive Program (2007-08)*

GOAL: Budget Planning

BACKGROUND: The District has a voluntary opportunity to offer its veteran certificated staff an additional (i.e. retiree health & welfare) early retirement incentive of two years of STRS service credit if they retire within the ninety-day window set by this resolution. The retirement window is from June 1, 2008 through August 31, 2008. This program is authorized by Education Code sections 22714, 22714.5, 44929, 44929.1, and 87488.1.

The requirements of the District would be:

- Demonstrate a net cost savings over a specified period of time and certified by the SBCSS.
- Pay for the entire cost in one lump sum (includes \$290 administrative fee) OR over eight years (includes \$360 administrative fee and accrued interest at about 7% per year) with no early payment penalty.
- Offer the incentive program within a designated period of time.

The requirements of the candidates would be:

- They be at least age 55 with at least 5 years of service credit OR age 50 with at least 30 years of service credit.
- Once the resolution is adopted, it is each candidate's responsibility to determine the impact of the program on his or her retirement before they inform the District they commit to accepting the incentive.
- File a retirement application with CalSTRS.
- Retire within the specified window period.
- To realize this benefit would be forfeited if they were to: reinstate to active CalSTRS member status; return to work in California public education within a year of retirement; return to work for the District within 5 years of retirement; or received unemployment insurance within a year of retirement. Also, if the benefit is forfeited, the District must still pay the whole cost.

To implement the program the District would:

- Adopt the resolution as above.
- Offer it to all certificated employees that have met the eligibility requirements.

- Set a deadline for employees to turn in their request to be considered for the Golden Handshake.
- At the requests come in, the Business Office would perform the calculations in order to determine there will be an overall net cost savings.
- Once the forms are completed, send them to the SBCSS to certify and they will forward to CalSTRS to process.
- Once processed, then CalSTRS will send an invoice for payment.

A sample calculation for how three certificated employees (assuming they requested) would be calculated over 4 years:

<u>Name</u>	<u>Age</u>	<u>Svc Yrs</u>	<u>Vet Cost</u>	<u>- Cost</u>	<u>- Rplcmt Cost</u>	<u>= Net Savings</u>
Tchr 1	58	23	\$361,183	\$50,249	\$282,947	\$ 27,987
Admin 1	58	15	618,910	94,350	594,188	(69,628)
Tchr 2	58	25	<u>464,545</u>	<u>66,189</u>	<u>286,980</u>	<u>111,375</u>
Totals			<u>\$ 1,444,638</u>	<u>\$210,788</u>	<u>\$1,164,115</u>	<u>\$69,734</u>

Observations:

1. The program must be offered to ALL certificated employees.
2. The net savings can also include net costs.
3. If the plan does not show a net savings, then the Program cannot occur.
4. The \$210,788 would be due to CalSTRS sometime during the 2008 Summer with interest OR can be paid over eight years plus at least 7% interest.
5. In order to realize the \$69,734 over 4 years, the District would have to adhere to the replacement hiring assumptions.
6. If a significant number of staff accept the Program, then the retiree health & welfare premiums would significantly increase beyond what the actuarial report is predicting; which requires the District to retain the cash on hand to pay these premiums.

**BUDGET
IMPLICATIONS:**

The Business Office did a test calculation of 164 veteran staff at the age of 58 years old and found the following:

The cost of the veteran staff over 4 years was	\$ 63,932,556
The of the replacement staff over 4 years was	\$ 46,969,541
The one-time CalSTRS cost of the Program is	<u>\$ 9,236,951</u>
The net savings over 4 years is	<u>\$ 7,726,064</u>

It is unlikely that 164 staff will accept this incentive. If the participation were this great; then the District would have to make significantly more reductions. Because the Cost of the Program is considered an extraordinary cost, it would not be chargeable to categorical programs; thus the unrestricted general fund would pay.

RECOMMENDATION:

That the Board adopt Resolution Number 08-03 California State Teachers Retirement System (CalSTRS) Golden Handshake Retirement Incentive Program (2007-08).

ACTION:

On motion of Board Member _____ and _____, the Board adopted Resolution Number 08-03 California State Teachers Retirement System (CalSTRS) Golden Handshake Retirement Incentive Program (2007-08).

**COLTON JOINT UNIFIED SCHOOL DISTRICT
COLTON, CA**

Resolution Number 08-03

CalSTRS Golden Handshake Retirement Incentive Program

On motion by Member _____, seconded by Member _____, the following resolution is adopted.

BE IT RESOLVED by the governing Board of the Colton Joint Unified School District, and hereby ordered that:

WHEREAS Education Code section 22714, 22714.5, 44929, 44929.1, 87488, and 87488.1 provides that a school district may permit members of the California State Teachers' Retirement System who retire to receive up to two years of additional service credit at the time of retirement; and

WHEREAS the employing school district shall pay to the California State Teachers' Retirement Fund an amount equal to the actuarial present value cost of the additional service credit, and a fee to cover administrative costs; and

WHEREAS the Colton Joint Unified School District wishes to make this program available to members eligible for retirement.

NOW, THEREFORE, BE IT RESOLVED that this program is hereby adopted, and

BE IT FURTHER RESOLVED that the 90 day period during which eligible employees may retire under this program is designated from June 1, 2008 through August 31, 2008.

PASSED AND ADOPTED THIS 6th day of March, 2008, by the Governing Board of the Colton Joint Unified School District of San Bernardino County, California.

STATE OF CALIFORNIA }
 }
COUNTY OF SAN BERNARDINO }

DULY APPROVED AND ADOPTED by the governing board of the Colton Joint Unified School District of San Bernardino County, State of California, this 6th day of March, 2008.
Attest:

Secretary, Board of Education

President, Board of Education

I, Mel Albiso, Clerk of the Governing Board, Colton Joint Unified School District, County of San Bernardino do hereby certify the foregoing to be a full, true, and correct copy of a resolution adopted by the said Board at a regular meeting hereof held at its regular meeting place on March 6, 2008, which action is contained in the minutes of the meeting of said Board.

Clerk: _____
 (Signature)
Date: _____
 (Date Signed)

BOARD AGENDA

SPECIAL MEETING March 6, 2008 STUDY, INFORMATION AND REVIEW

- TO:** Board of Education
- PRESENTED BY:** Casey Cridelich, Assistant Superintendent, Business Services
- SUBJECT:** Explanation of California Public Employees Retirement System (CalPERS) Golden Handshake Retirement Incentive Program (2007-08)
- GOAL:** Budget Planning
- BACKGROUND:** The District has a voluntary opportunity to offer its veteran classified staff an additional (i.e. retiree health & welfare) early retirement incentive of two years of PERS service credit if they retire within the ninety-day window set by this resolution. The retirement window is from June 1, 2008 through August 31, 2008. This program is authorized by Government Code section 20904.

The requirements of the District would be:

- Demonstrate a net cost savings over a specified period of time and certified by the SBCSS for the specific employees and their classifications they work within.
- The cost and respective savings must be certified by the District's Board per Government Code 7507.
- Once certified by the Board, then the District can pass a resolution offering the Program to all classified staff.
- Because of this sequence, it will give the Business Office and the Human Resources departments time to: take a general poll to see who would like to be participate, collect the names and prepare the calculations for the Board to certify.
- Once this is complete, two weeks later the Board can adopt the resolution that looks much like the CalSTRS Resolution within this Board agenda.
- Once the window period expires, the District will turn in the completed calculations (based on actual data from the final paychecks) to the SBCSS and CALPERS to certify and send the District a bill.
- The additional service credit will be credited to each eligible member AFTER he or she is receiving a monthly retirement allowance.
- Pay for the entire cost in one lump sum (includes \$100 valuation fee) within 2 years of the retirements.
- Offer the incentive program within a designated period of time.

The requirements of the candidates would be:

- They meet the minimum eligibility for retirement by being at least age 55 with at least 5 years of service credit – subject to the 2% at 55 formula.
- Before the poll is taken, it is each candidate’s responsibility to determine the impact of the program on his or her retirement before they inform the District they commit to accepting the incentive.
- File a retirement application with CalPERS.
- Retire within the specified window period.
- To realize that they cannot receive unemployment insurance during the window period.

Observations:

1. The program must be offered to ALL classified employees.
2. For the individual classifications of positions, there must be a net savings OR the Program cannot be offered in that particular classification.
3. The reason why this Program appears that it will work is because as part of the settlement from a year ago; the existing classified staff have larger compensation aspects. For example:
 - a. Existing staff still receive the fully paid medical in the form of either Kaiser or Blue Shield HMOs. Staff hired after July 1, 2006, receive only the lowest cost HMO health benefits package.
 - b. All staff receive a 2.5% longevity increment beginning with the 10th year and every 5th year thereafter. Any new staff hired would take the 10 years to begin their longevity increment.
 - c. Existing staff participating in the professional growth program are grandfathered into either receiving the ongoing percentage (5%, 10% or 15%) or the ongoing stipend (\$1,500, \$3,000 or \$4,500). Existing staff entering the program or hired after June 1, 2005 receive a one-time \$1,000 stipend.

**BUDGET
IMPLICATIONS:**

If the participation were large, then the District would have to make more reductions. Because the Cost of the Program is considered an extraordinary cost, it would not be chargeable to categorical programs; thus the unrestricted general fund would pay.

Using the 2% at age 55 formula; the cost factor would be multiplied by the last year’s full time salary to determine the amount to pay to CalPERS. The cost factors are:

<u>Age Range</u>	<u>Cost Factor</u>
55-54	0.42
55-59	0.57
60-64	0.59
65+	0.54