



Date: June 10, 2008  
To: Dr. J. Brian Sarvis, Superintendent  
From: Eric D. Smith, Deputy Superintendent  
Subject: Approval of Resolution No. 2007/08-41 Public Employees' Retirement System Golden Handshake

Action Item (10 Min.)

Background

The California Public Employees' Retirement System (CalPERS) Golden Handshake is a retirement incentive that provides for two additional years of CalPERS service credit to qualified classified employees wishing to retire. The plan is authorized under Government Code Section 20904. In order for the PERS Golden Handshake to be offered, the governing board must determine that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency would be served by reducing staff.
2. Any vacancies created shall remain unfilled, thereby resulting in an overall reduction in the workforce of the department or organizational unit.
3. The amount of additional service credit for those qualified retirees must be two years regardless of credited service.
4. An employee wishing to retire under the PERS Golden Handshake must have five or more years of service credit.

Issue

The districts, in collaboration with California School Employee Association (CSEA), circulated a survey to classified employees to determine if there is sufficient interest to participate in a CalPERS Golden Handshake retirement incentive. Because we cannot be certain of who will or will not retire, the calculations we performed on the cost effectiveness of offering the retirement incentive are based on the worst case scenario (i.e. presuming that everyone who responded to the survey would retire). As a result, the costs we are disclosing at this point are probably overstated, and will be adjusted when the list of retirees is actually known. Nonetheless, based on the response, and subsequent negotiations regarding the attrition of certain positions with CSEA, we believe that offering the PERS Golden Handshake will ultimately result in a cost savings to the districts.

In the event that the board approves the CalPERS Golden Handshake, the Santa Barbara County Board of Education must pass a resolution opening the window (i.e. not less than 90 days and not more than 180 days) in which eligible employees can retire, certifying compliance with Government Code

Adams Elementary School Cesar Chavez Charter School Cleveland Elementary School Franklin Elementary School	Harding Elementary School McKinley Elementary School Monroe Elementary School Open Alternative School	Peabody Charter School Roosevelt Elementary School Santa Barbara Charter School Santa Barbara Community Academy Washington Elementary School	Goleta Valley Junior High School La Colina Junior High School La Cumbre Junior High School Santa Barbara Junior High School	Los Pueblos High School La Cuesta Continuation High School San Marcos High School Santa Barbara High School
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Section 7507 requiring the future annualized cost of the Golden Handshake being made at a public meeting, certifying compliance with Government Code Section 20904 (see above). We are requesting that window period be ninety days and that the Santa Barbara County Board of Education agenda the matter for action at their next regular scheduled board meeting on July 3, 2008.

Fiscal Impact

Factoring in the cost savings from replacing positions at a lower scale on the salary schedule and the attrition of certain positions, the worst case fiscal impact is \$174,988 per year for two years. However, after the two years of service credit is paid to CalPERS, the ongoing savings, resulting from the replacement of various positions and the attrition of certain positions, is \$276,837.

Recommendation

That the board approve resolution number 2007/08-41 Public Employees' Retirement System Golden Handshake.

**Santa Barbara School Districts  
Resolution Number 2007/08-41  
Public Employees' Retirement System Golden Handshake**

WHEREAS, Government Code §20904 allows a district board to grant eligible employees who are members of the California Public Employees' Retirement System (CalPERS) additional service credit not to exceed two years,

WHEREAS, the Santa Barbara School Districts desire to take advantage of Government Code §20904,

THEREFORE, the Santa Barbara School Districts hereby take the following actions:

1. Determine that because of an impending curtailment of, or change in the manner of, performing service, the best interests of the Santa Barbara School Districts would be served by granting such additional service credit.
2. Certifies its intent that once Government Code §20904 becomes operative, the retirements under this section will either: (a) result in a net savings to the districts, or (b) result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the job classification, as designated by the districts, resulting from the curtailment of, or change in the manner of, performing its services.
3. Elects to provide the benefits of Government Code Section 20904 to members who retire within the designated period of July 5, 2008 through October 5, 2008 in the job classification(s) or organizational unit(s) of the Santa Barbara School Districts.
4. Determines that the potential cost to provide the Golden Handshake is \$903,651.48.
5. Shall make payment of the amount equal to the actuarial equivalent of the difference between the allowance the member receives after receipt of such service credit and the amount the member would have received without such service credit with respect to all eligible employees who retire during the specified period.
6. Agrees to pay the costs, including applicable CalPERS interest charges, of providing eligible California Public Employees' Retirement System (CalPERS) members with two years additional service credit (Golden Handshake) under Government Code Section 20904.
7. Authorizes the Santa Barbara County Education Office, when billed by CalPERS, to transfer funds by journal voucher from the districts in an amount equal to the total cost (including applicable CalPERS interest charges), in accordance with the following method (select one).

\_\_\_\_\_ Payment in full (to be remitted within 30 days of billing)

  X   Installment payments: (four payments, including interest charges, scheduled by CalPERS, within a two-year period from the date of billing).

Certified by the Board of Education of the Santa Barbara School District on this \_\_\_\_ day of \_\_\_\_\_, 2008 by the following vote: Ayes: \_\_\_\_\_ Noes: \_\_\_\_\_ Absent: \_\_\_\_\_ Abstain: \_\_\_\_\_

\_\_\_\_\_  
Signature of the Board Secretary/Clerk



**2008-2009 CSEA NEGOTIATIONS**

. POSITIONS IDENTIFIED BY PERS GH SURVEY

. POSITIONS IDENTIFIED THRU NEGOTIATIONS FOR ATTRITION

**POSITIONS NOT FILLED/COST SAVINGS**

	<b>1ST YR</b>	<b>2ND YEAR</b>	<b>3rd YEAR</b>	<b>4th YEAR</b>	<b>5th YEAR</b>
Secty La Col	\$ 43,294.12	\$ 86,588.24	\$ 129,882.36	\$ 173,176.48	\$ 216,470.60
IASped SBJH	\$ 32,612.44	\$ 65,224.88	\$ 97,837.32	\$ 130,449.76	\$ 163,062.20
IASped SBJH	\$ 28,924.95	\$ 57,849.90	\$ 86,774.85	\$ 115,699.80	\$ 144,624.75
Custodian SBHS	\$ 45,237.42	\$ 90,474.84	\$ 135,712.26	\$ 180,949.68	\$ 226,187.10
IASped TBD	\$ 28,924.95	\$ 57,849.90	\$ 86,774.85	\$ 115,699.80	\$ 144,624.75
Equip Optr	\$ 54,268.05	\$ 108,536.10	\$ 162,804.15	\$ 217,072.20	\$ 271,340.25
<b>TOTALS:</b>	<b>\$ 233,261.93</b>	<b>\$ 466,523.86</b>	<b>\$ 699,785.79</b>	<b>\$ 933,047.72</b>	<b>\$ 1,166,309.65</b>

**POSITIONS TO BE REPLACED W/ COST SAVINGS**

	<b>1ST YR</b>	<b>2ND YEAR</b>	<b>3rd YEAR</b>	<b>4th YEAR</b>	<b>5th YEAR</b>
Replacement Costs	\$ 43,575.36	\$ 87,150.72	\$ 130,726.08	\$ 174,301.44	\$ 217,876.80

**TOTALS OF ATTRITION AND REPLACEMENT:**

	<b>1ST YR</b>	<b>2ND YEAR</b>	<b>3rd YEAR</b>	<b>4th YEAR</b>	<b>5th YEAR</b>
	\$ 276,837.29	\$ 553,674.58	\$ 830,511.87	\$ 1,107,349.16	\$ 1,384,186.45

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
 Actuarial and Employer Services Division  
 Public Agency Contract Services  
 (888) CalPERS (225-7377)

**TWO YEARS ADDITIONAL SERVICE CREDIT**  
 Section 20904

**PROCEDURES FOR CALCULATION OF ESTIMATED EMPLOYER COST**

For County School members, the cost of providing the two years additional service credit is calculated based on the member's annual reportable compensation and the appropriate cost factor based on the member's age at retirement date.

The employer cost may be *estimated* as follows:

1. Determine all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification or organizational unit.
2. Determine the annual pay rate for each person. "Pay Rate" indicates that amount of compensation a member is paid for a full unit of time. *Always use the member's FULL-TIME pay rate.*
3. Determine the age at retirement date for each person and locate the appropriate cost factor.
4. Multiply the annual pay rate by the cost factor.

2% @ 55 formula

Ages	Cost Factor
50-54	0.42
55-59	0.57
60-64	0.59
65+	0.54

**NOTE:** In addition, there is a \$10 valuation fee for each member who retires during the designated period and receives the additional service credit.