



Hotsheet

February 2010

PARS will assist your district to determine whether an early retirement incentive is feasible based on an in-depth analysis of your district's financial needs and census/demographic data.

The specific benefits and design features of your plan will be based on that analysis.

Planning and analyzing should start soon to afford your district sufficient time to properly implement an incentive by June 2010.

SCHOOL DISTRICTS TURN TO PARS AT THE START OF A DIFFICULT BUDGET YEAR

2010 is looking to districts just like the start of 2009 with gloomy budget forecasts on the horizon. Here's a look back at what three districts did this time last year when faced with budgetary pressures and possible layoffs. Compton Unified School District, Montebello Unified School District, and William S. Hart Union High School District turned to PARS in the beginning of 2009 to design and implement early retirement incentive programs to help save jobs while cutting costs. One size does not fit all when it comes to early retirement incentives. Each district took a slightly different but effective approach tailored to their local needs.

COMPTON UNIFIED SCHOOL DISTRICT

"Compton used PARS to establish an early retirement program that saves us \$1.5 million over the next 5 years. It proved to be a win-win for the employees and for the district. The district received savings and accomplished some necessary streamlining."

- Dr. Kaye E. Burnside, Superintendent

Compton sought to reduce a projected multi-year budget deficit and avoid the layoff of 114 employees through various fiscal measures, including an early retirement incentive designed with the help of PARS.

The district offered an incentive of 70% of final pay to both certificated and classified employees. The employees had to retire by June 30th concurrent with STRS or PERS. The plan could have been withdrawn if fiscal targets were not met at end of the enrollment window period. The district ended up meeting its target with 72 employees accepting the incentive offer.

The \$1.5 million in savings over 5 years came primarily from credentialed non-management based employee group on 90% replacement of most credentialed positions and approximately 80% replacement of classified positions.

MONTEBELLO UNIFIED SCHOOL DISTRICT

"It's the humane way to manage our workforce. We're living in tough economic times. Actually, if you think about it, encouraging and supporting some employees' retirement gives us the opportunity to keep other employees working."

- Arthur P. Revueltas, Associate Superintendent

The district approached PARS to analyze and design an incentive to avoid layoffs and alleviate budget pressures in a district that was looking to cut more than \$50 million from its budget for the next three years. The district offered an incentive of 60% of final

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pay to certificated non-management over the age of 55 with 10 or more years of district service if they retired by June 30th or December 31st.

The plan was approved in February, 2009 and an enrollment window was quickly opened. Information packets were sent out and orientations were held in March. For the incentive to move forward, 119 teachers had to decide by May 1st whether or not to accept the offer. The district also offered an early notification incentive of \$1,000 for those submitting enrollment materials by March 2nd.

The incentive resulted in 132 retirements from an eligible group of 486 teachers (27.16% of group). This represented a significant retirement increase from the averaged 48 retirements over the previous three years. First year net savings of \$769,421 are projected with cumulative savings of \$956,116 over 10 years based on full replacement of vacated positions.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT

“The SRP helped us save dollars in a very difficult year. Classrooms left by teachers retiring under the incentive were filled by newer teachers at lower pay, with the salary differential creating the necessary cost savings for us.”

-Dr. Darryl S. Adams, Director of Human Resources

At the start of the year, the district was struggling with a budget shortfall and wanted to stay in good financial standing with cost saving initiatives. After careful analysis by PARS, the district decided to offer an early retirement incentive of 85% of final pay to certificated employees who retired by June 30th. Participants had to enroll by April 30th and the district had until May 6th to determine whether fiscal savings targets were met.

47 teachers accepted the incentive offer from the eligible group of 169 teachers (27.81% of eligible group). The district had been averaging 13 retirements a year prior to the incentive. The net savings was \$382, 654 for first year and \$642,147 over 3 years with full replacement of the employees.

Call PARS today to see whether a customized retirement incentive can help you meet District goals.

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The contents of this publication reflect PARS' understanding of the facts.

Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.

DISTRICTS THAT HAVE RECENTLY IMPLEMENTED A PARS SRP:

- Anaheim City SD
- Apple Valley USD
- Calaveras County Office of Ed.
- Chaffey Joint Union High SD
- Chino Valley USD
- Clovis USD
- Compton USD
- Corona-Norco USD
- Covina-Valley USD
- El Monte Union High SD
- Etiwanda SD
- Glendale CCD
- Hesperia USD
- Inglewood USD
- Irvine USD
- Kern High SD
- La Mesa-Spring Valley SD
- Lompoc USD
- Los Angeles USD
- Madera USD
- Manteca USD
- Montebello USD
- Moreno Valley USD
- North Orange County CCD
- Orange USD
- Palos Verdes Peninsula USD
- Panama-Buena Vista Union SD
- Paramount USD
- Pasadena USD
- Placentia-Yorba Linda USD
- Rialto USD
- Sacramento City USD
- Saddleback Valley USD
- San Diego USD
- Santa Ana USD
- Santa Clarita CCD
- Santa Maria-Bonita SD
- Saugus Union SD
- Shasta County Office of Ed.
- Snowline Joint USD
- Stockton USD
- Sweetwater Union High SD
- Tracy USD
- Twin Rivers USD
- Upland USD
- Vacaville USD
- Visalia USD
- William S. Hart Union High SD
- Woodland Joint USD



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