

Side Letter
Between the San Diego Unified School District and
San Diego Education Association
March 18, 2013

2012-2013 Retirement Incentive Program Expansion

Parties agree that this agreement clarifies Section H of the June 19, 2012 Tentative Agreement. Parties agree that it was the intent of the parties to implement a retirement incentive that would incentivize bargaining unit attrition without resulting in an increased cost to the District. Parties agree that expanding the eligibility criteria is a means contemplated by and consistent with the June 19, 2012 Tentative Agreement. This agreement has been crafted and will be interpreted consistent with this intent.

Parties acknowledge that there were no net savings from the 2011/2012 implementation of the program and that, based on the expansion agreed to below, net savings will not result from the 2012/2013 retirement incentives set forth below.

1. Extension of the Current Retirement Incentive Program

Agreement dated June 19, 2012 is in effect for 2012/2013 year in a total of up to 300 individuals. To date, 167 SDEA bargaining unit members who are age 55 with 25 years or more of district seniority have expressed their intent to participate in the retirement incentive. Parties agreed on February 28, 2013, that any eligible unit members may still participate in the incentive if they notify the District by April 15, 2013 and then complete the necessary CalSTRS paperwork and resignation for purposes of retirement by June 30, 2013. None of those bargaining unit members eligible for the current retirement incentive are eligible for the new and expanded program set forth in Section B below.

2. Expansion of Retirement Incentive for Unit Members

Parties agree that expanding the current retirement incentive program to bargaining unit members with less than 25 years in the bargaining unit is consistent with Section H of the June 19, 2012 Tentative Agreement, if such expansion can occur at no financial loss to the District.

Parties agreed to offer a \$25,000 incentive to newly eligible full time bargaining unit members if the incentive results in no less than 100 full time eligible bargaining unit members retiring. If less than 100 unit members participate in the program, the District retains complete discretion to cancel the expanded incentive program and not provide incentives to those bargaining unit members who express intent to retire under the expanded incentive or those 24 members set forth in Section 4. Similarly, if the incentive program is cancelled for lack of participation, eligible employees who have expressed irrevocable intent to participate in the incentive and retire, may

revoke their documentation. The Parties will meet 2011 or about May 1, 2013 to discuss the status of the expanded incentive program.

Should the threshold be satisfied, the District will provide each of those eligible full-time bargaining unit members a one-time payment of \$25,000 before December 31, 2013 on or before the schedule set forth below.

Part time employees:

Based on the parties' intent set forth above, part time bargaining unit employees will be entitled to a prorated incentive equivalent to their current FTE status (For example a .75 FTE would receive a \$18,750 incentive payment). For the purpose of this agreement only, a bargaining unit member will be considered full-time even if they are working in a part time status during the 2012-2013 school year if they were 100% FTE for more than 80% of their career at the District or if they are working under the reduced workload program.

Should the threshold of full-time employees be satisfied, part time employees who qualify for the program may receive a prorated incentive, but will not count towards the 100 member participation threshold.

a. **Eligibility for new incentive payment**

To be eligible to participate in the expanded program, a bargaining unit member must:

- Have from 20 years up to 24.99 years of service at the District in the bargaining unit or have 20 or more years of STRS credit.
- Be age fifty five or above as of June 30, 2013.
- Reside at the top step of the salary schedule as of June 30, 2013.
- Submit completed documentation to Human Resources by May 1, 2013 of irrevocable intent to retire by June 30, 2013 if the incentive is offered.
- Complete the necessary CalSTRS paperwork and resignation for purposes of retirement by June 30, 2013.

b. **Retroactive Payment**

Should the threshold of full time eligible employees be satisfied, twenty-four (24) 2011-12 retired unit members (Appendix A) will receive the \$25,000 incentive payment no later than December 31, 2013. No other recent retirees will be eligible for the incentive.

3. Timeframe for Payment

Based on the intent of the parties set forth above, payments will be made consistent with available District cash-flow. All participants in the current retirement incentive set forth in Section 1, will receive their retirement incentives by September 30, 2013.

Should the threshold be satisfied, participants under Section 2 will receive their incentive payments based on the date of submission of their irrevocable intent to retire documentation. (Those unit members who submitted their paperwork prior to March 1, 2013 will retain their

current submission date if the District receives their irrevocable intent to retire documentation by April 1, 2013).

- The first 33 eligible bargaining unit members will be provided payment by October 30, 2013.
- The second 33 eligible bargaining unit members will be provided payment by November 30, 2013.
- The rest of the eligible bargaining unit members and the final third of the first employees and any remaining employees eligible and the 34 employees set forth in Section 2(b) will be provided the incentive payment by December 31, 2013.

Consistent with current practice, bargaining unit members can continue to have their incentive payment deposited into any of the District's existing Defined Benefit plans to the maximum extend allowable under the law.

4. California Public Employees' Pension Reform Act of 2013 (PEPRA)

Both parties acknowledge that the retirement incentive is to be paid in exchange for severance of employment and is not intended to constitute a retirement benefit subject to PEPRA. If, however, it is determined that as set forth above the new incentive is subject to PEPRA it is the intent of the parties to implement this incentive in a manner consistent with PEPRA. In that case, following the threshold in Section 2 being met, all eligible employees will have their incentive contributed to one or both of the District's 403(b) or 457 plans to the maximum extend allowable under the law. If the amount permitted to be continued is less than the full amount of the retirement incentive to be paid, Parties agree to meet to determine how to make the impacted recipient whole in a manner consistent with the law.

Should the threshold be met on May 1, 2013, all bargaining unit members who are determined by Human Resources to be eligible for participation in the Incentive Program may be required to meet with Fiscal Control staff to establish a 403(b) and/or 457 plan to ensure a contribution can be made.

FOR THE DISTRICT:

FOR THE ASSOCIATION:

Jennifer Carbuccia
Executive Director of Labor Relations
and Special Labor Counsel

Tim Hill
Executive Director

DATE: 3/18/13

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