

## **Bargaining Update**

**October 16, 2009**

Members of the District Bargaining Team: John Niederkorn, Randy Henry, Ed Santopadre, Bill Hausler, Tom Davis, Kim Forrest.

Members of the VTA Bargaining Team: Tim Yearshaw, Gary Masterson, Tim Sisson, Kent Puddy.

The District and the Association met to continue discussion on a 2009-10 Retirement Incentive Plan.

The District presented the following plan proposal:

### **Concerning the establishment of a Mid-Year and Year-End Retirement Incentive Plan.**

The Vacaville Teachers Association and the Vacaville Unified School District hereby do mutually agree to the following language which describes the practice and process for the establishment of a Retirement Incentive Plan. This agreement includes the areas of plan goals, description, time frame, eligibility, retirement incentive components, Unit Member Emeritus definition and compensation, and Participation.

#### Plan Goals:

This Retirement Incentive Plan is structured to enable the District:

- 1) to reduce certificated staffing through voluntary retirement, and
- 2) to reduce the District's obligation for contracted personnel expenses for the current year and subsequent years.

In addition, the Retirement Incentive Plan enables the Association:

- 1) to save member jobs, and
- 2) to financially assist the District in these difficult economic times and in years to come.

#### Plan Description:

The Retirement Incentive Plan establishes two times when an eligible unit member may receive an incentive for retirement: Mid-Year or Year-End.

For the Mid-Year option, the retirement eligible unit member would begin retirement status on January 16, 2010. The unit member would agree to working as a "Unit Member Emeritus" for the rest of the contractual year in their current work assignment. Daily compensation would be earned. The unit member would receive an annuity, funded by the District, reflective of a fixed percentage of the final contracted salary. The unit member, consistent with STRS policies and practices, would receive retirement benefits after January 16<sup>th</sup>.

For the Year-End option, the retirement eligible unit member would begin retirement upon completion of their contractual year. The unit member would receive their full contracted salary for the remainder of the 2009-10 year. The unit member would receive an annuity, funded by the District, reflective of a fixed percentage of the final contracted salary. The unit member, consistent with STRS policies and practices, would receive retirement benefits after their contractual year.

#### Time Frame:

1. The Retirement Incentive Plan is offered for 2009-2010 only. There is no expectation that this or any other Retirement Incentive Program is to be offered next year or other foreseeable years.
2. Dates for Participation: Application Period is for the Mid-Year or Year-End options is November 1, 2009 through December 11, 2009. The Retirement Incentive Application and an irrevocable Retirement Letter effective January 16, 2010 must be submitted to the Human Resources Department no later than December 11, 2009 at 5:00 p.m.

#### Eligibility:

The Retirement Incentive Plan is only available to unit members who:

- a) are permanently employed by the District as of November 1, 2009 for the entire 2009-2010 contract year,
- b) submit their application and their retirement letter during the application period,
- c) have 5 years of District service as of January 31, 2010, and
- d) are eligible to retire under STRS (age 55 with 5 years of STRS service or age 50 with 30 years of STRS service) as of January 31, 2010.

#### Incentive components:

1. Annuity provision:

##### Mid-Year Retirement

The District shall fund a Fixed Payment Annuity with a payout schedule, selected by the participant, from various payout options. The annuity value shall be ninety percent (90%) of the participant's annual contacted salary, as reflected by their current salary schedule placement. Non-contracted income, extra-duty earnings, stipends, etc. shall not be included in the annuity calculation. If a unit member is contracted on a part-time basis for 2009-10, the annuity calculation shall be pro-rated by the value of their current contract terms. (For example, a .6 FTE would receive a funded annuity equal to 60% of their current salary schedule placement.)

##### Year-End Retirement

The District shall fund a Fixed Payment Annuity with a payout schedule, selected by the participant, from various payout options. The annuity value shall be fifty percent (50%) of the participant's annual contacted salary, as reflected by their current salary schedule placement. Non-contracted income, extra-duty earnings, stipends, etc. shall not be included in the annuity calculation. If a unit member is contracted on a part-time basis for the 2009-2010, the annuity calculation shall be pro-rated by the value of their current contract terms. (For example, a .6 FTE would receive a funded annuity equal to 60% of their current salary schedule placement.)

2. Health Benefit Coverage – For the purposes of this Retirement Incentive Plan, the participant shall retain their current health benefit status through the remainder of the current contract year.
3. Post-Employment Health Benefits:

If a unit member has at least eighteen years of District service, they may choose one of the following:

- a) Maintain the current contractual health benefit retirement provisions. (covered by Article 5.4 and its components) (Beginning at the end of the Unit Member's Emeritus status.)

**OR**

- b) A 3 year, 100% district-paid, medical coverage, subscriber only, of the CALPERS plans, excluding PERS Care (Beginning at the end of the Unit Member's Emeritus status.)

**OR**

- c) An additional \$12,500 one -time cash-out to be taken in one time payment to be paid in January 2011.

#### 4. Unit Member Emeritus Requirements and compensation:

For the purpose of this document, the position of Unit Member Emeritus is created for the application of the Mid-Year Retirement Incentive Program option for the remainder of the 2009-10 school year.

Status of Unit Member Emeritus positions: This Mid-Year Retirement program and establishment of the Unit Member Emeritus is authorized by Ed Code section 24214. Any unit member who retires mid-year under this program shall have the right to be re-hired for the second semester into his/her own position as a long-term substitute employee under the terms specified in this MOU. The District and Association further agree that the right to be rehired as a permanent teacher under Education Code section 44931 shall not apply.

The parties agree that Education Code section 44931 does not apply to retirees being rehired under this program. Further Education Code sections limiting the term substitute and/or temporary teachers (sections 44918/44919/44920/44921 do not apply to retired employees.

This MOU has been prepared in accordance with existing IRS statutes and rules. In the event IRS statutes or rules are changed prior to June 30, 2010, VUSD reserves the right to modify the MOU, including modification of the benefits provided, after consultation with VTA and each participant to assure that the program remains consistent with IRS laws and rules.

The positions of unit members who participate in this program shall not be considered "vacancies" for purposes of the VTA Agreement or be available for filling by laid off unit members until the end of the 2009-2010 school year. The district may eliminate any position filled by a retiree under this MOU at the end of the 2009-2010 school year based upon staffing needs without providing layoff rights to these retirees. These terms are essential to meet the cost savings to justify the offer of this Retirement Incentive program.

- a) Participation in the Mid-Year Retirement Incentive option requires participation as a Unit Member Emeritus.

- b) A Unit Member Emeritus will fulfill their current contractual responsibilities for the remainder of the 2009-10 school year.
- c) Personal Leave: Unit members accumulated Personal Leave will be converted into STRS retirement income upon retirement. A Unit Member Emeritus shall receive no paid leave for the remainder of the 2009-10 school year.
- d) In the event of a Unit Member Emeritus medical emergency, the District may, on a case-by-case basis, excuse the unit member from further participation in the Unit Member Emeritus Program, without affecting the PARS benefit.
- e) A Unit Member Emeritus shall fulfill their work responsibilities consistent with the adopted work calendar. Absences may only occur consistent with allowable absences identified in Article 6 of the collective bargaining agreement. If a Unit Member Emeritus misses more than 6 days for the remainder of the 2009-10 school year, the Chief H.R. officer and VTA President will review the absences with the Unit Member Emeritus and if appropriate make a report. This report, if appropriate, may be forwarded to the Superintendent and or Board of Trustees to potentially modify the annuity payment.
- f) The daily rate of pay for a Unit Member Emeritus shall be \$160 dollars for each day worked. (Subject to FTE adjustments. i.e. .6 FTE daily rate of pay would be \$96.)
- g) There shall be no harm, including the \$160 daily rate, to Unit Member Emeritus for their work or absence due to District, school, or Association business/activities.
- h) All contractual rights and protections shall be granted to a Unit Member Emeritus. The Unit Member Emeritus will sustain their current VTA/CTA/NEA organization dues or alternative representation fees.

Participation:

1. The District will guarantee the Retirement Incentive Plan implementation if there are a combined minimum of twenty five (25) applications in the Mid-Year or Year-End plans. The District may or may not implement the Plan if fewer than twenty-five (25) additional retirement applications are submitted.
2. If the District receives fewer than the "minimum number of applicants" and the Retirement Incentive Program is not implemented, then the unit member's Retirement Incentive Application and Retirement/Resignation Letter will be rescinded and returned to the individual.

Upon acceptance of this Memorandum of Understanding,

1. the District shall provide each eligible unit member a calculation of the annuity funding and payout values to enable the member to make the best possible decision.
2. the District and Association shall not overtly differentiate the Emeritus as participants in the Retirement Incentive Program from other unit members as work responsibilities are completed through the remainder of the school year.

The VTA Bargaining Team stated that the VTA Executive Board would have to review the progress of the last two sessions at a special meeting. That meeting would have to be scheduled by the President.

The District stated that it would like to present the proposal to the District Board on Thursday, Oct. 22<sup>nd</sup> and have it adopted on Monday, Oct. 26.

It was agreed that the Bargaining Chairs from each side would be in contact over the next week concerning the progress with each Board.