

POST-ANALYSIS REPORT Revised: June 4, 2020

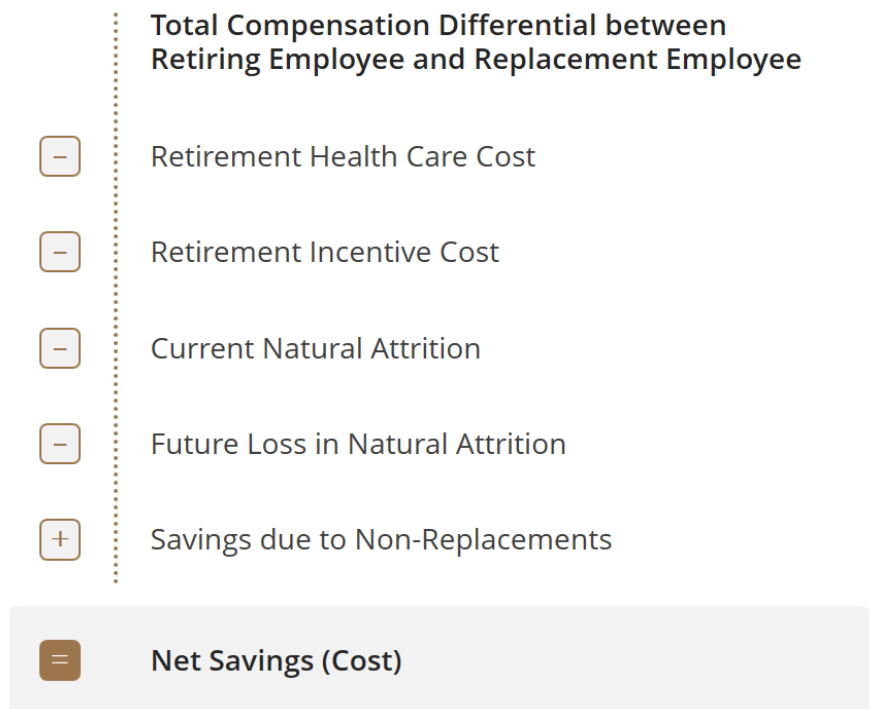
Introduction

The primary objective of a retirement incentive is to increase and accelerate the retirement rate over and above natural attrition in order to facilitate specific District objectives such as personnel restructuring, fiscal savings, etc. Fiscal savings are achieved by replacing the retiring employee, who is typically at the top of the salary schedule, with a replacement employee at the bottom of the salary schedule. With retirement incentives involving teachers, the resulting salary differential is sufficient to pay for the costs of the plan and generate additional savings over and above natural attrition.

Analysis Method of Calculation

The analysis compares the savings projected over a five-year period from offering the PARS Supplementary Retirement Plan (SRP) during the 2019-20 academic year to the savings expected over the same period if natural attrition runs its normal course. The analysis examines current and future costs and compensation differentials, including projections of all compensation and benefit increases. This analysis has been used nationwide for well over one thousand plans, and is a well-accepted model of calculation.

The basic model of calculation is as follows:



Assumptions

<p>Eligibility Requirements</p>	<p>Certificated Non-Management Employees</p> <ul style="list-style-type: none"> Age 50 and at or above Step 17 on the salary schedule; or Age 55 with at least 5 years of service in MDUSD; or Age 50 with at least 25 years of STRS service credit as of June 30, 2020 <p>Psychologists & Certificated Management Employees</p> <ul style="list-style-type: none"> Age 55 with 5 years of STRS service; or Age 50 with 30 years of STRS service; At least 5 years of District service <p>Classified Non-Management Employees</p> <ul style="list-style-type: none"> Age 50 with 5 years of District service FTE ≥ 0.50 (Classified Non-Management only) <p>Clerical/Secretarial/Technical, Classified Management and Confidential Employees</p> <ul style="list-style-type: none"> Age 50 with 5 years of District service <p>Employed by District as of April 27, 2020</p> <p>Resignation from District employment effective:</p> <ul style="list-style-type: none"> June 30, 2020 	
<p>Benefit Level</p>	<p>70% of Final Pay Spend Amount*</p> <ul style="list-style-type: none"> - Certificated Management: Capped at 70% of \$118,015 - Classified Management: Capped at 70% of \$81,786 <p>* 2019-20 Contract Salary multiplied by current FTE.</p>	
<p>Replacement Salaries</p>	<p>Certificated Non-Management: \$61,972 (Based on PARS 1-Year New Hire Study)</p> <p>Psychologists: 90.69% (Step 3*)</p> <p>Certificated Management: 90.56% (Step 3* for Management, Step 5* for Principals)</p> <p>Classified Non-Management: 74.69% (Step 1**)</p> <p>Clerical/Secretarial/Technical: 78.40% (Step 1**)</p> <p>Classified Management & Confidential: 90.70% (Step 3*)</p> <p>* Excluding career increment steps</p> <p>** Excluding longevity</p>	
<p>Health Care Costs</p>	<p>Certificated Non-Management:</p> <p>Active Employee: \$19,182</p> <p>Retired Employee (Pre-63): \$14,755</p> <p>Retired Employee (Post-65): \$7,375</p>	<p>All Other Groups:</p> <p>Active Employee: \$19,182</p> <p>Retired Employee: \$14,755</p>
<p>PARS Plan Funding</p>	<p>5 years</p>	
<p>Replacement Positions</p>	<p>85% Replacement, Specified by District</p>	

PARS has provided non-replacement figures in this proposal with the District's understanding that these non-replacement numbers represent position cuts obtained through the offering of a retirement incentive plan. The District should be sure not to budget a similar number of position cuts, thereby double counting savings within this retirement incentive analysis and the budget. The following summarizes the results of the analysis:

FISCAL SUMMARY OF SAVINGS

70% of Final Pay Spend Amount Benefit

2019-20 Retirements			
Employee Group	# of Eligible Employees	Retirements with PARS SRP	Percentage Retirements
Certificated Non-Management	498	85	17.07%
Psychologists	8	1	12.50%
Certificated Management	21	7	33.33%
Classified Non-Management	494	68	13.77%
Clerical/Secretarial/Technical	165	36	21.82%
Classified Management/Confidential	23	4	17.39%
TOTAL	1209	201	16.63%

Projected Fiscal Impact: 100% Replacement

Employee Group	Non-Replace PARS	Projected Savings in Year 1	Projected Savings over 3 Years	Projected Savings over 5 Years
Certificated Non-Management	0.00	\$603,167	\$1,233,353	\$1,228,046
Psychologists	0.00	(\$14,184)	(\$54,691)	(\$96,669)
Certificated Management	0.00	(\$77,102)	(\$307,200)	(\$520,549)
Classified Non-Management	0.00	(\$62,207)	(\$277,440)	(\$692,085)
Clerical/Secretarial/Technical	0.00	(\$31,322)	(\$197,961)	(\$542,164)
Class. Management/Confidential	0.00	(\$23,405)	(\$103,629)	(\$180,092)
TOTAL	0.00	\$394,947	\$292,432	(\$803,513)

FISCAL SUMMARY OF SAVINGS (CONT.)

Projected Fiscal Impact: 85% Replacement, Specified by District

Employee Group	Non-Replace PARS	Projected Savings in Year 1	Projected Savings over 3 Years	Projected Savings over 5 Years
Certificated Non-Management	12.75	\$1,349,344	\$3,563,810	\$5,275,296
Psychologists	0.15	\$1,786	(\$3,669)	(\$8,277)
Certificated Management	1.05	\$10,676	(\$25,561)	(\$31,458)
Classified Non-Management	10.20	\$163,302	\$439,179	\$571,543
Clerical/Secretarial/Technical	5.40	\$203,130	\$552,719	\$790,259
Class. Management/Confidential	0.60	\$8,482	(\$481)	(\$301)
TOTAL	30.15	\$1,736,720	\$4,525,997	\$6,597,062

Projected Fiscal Impact: 85% Replacement, Specified by District - Recommendation

Employee Group	Non-Replace PARS	Projected Savings in Year 1	Projected Savings over 3 Years	Projected Savings over 5 Years
Certificated Non-Management	12.75	\$1,349,344	\$3,563,810	\$5,275,296
Classified Non-Management	10.2	\$163,302	\$439,179	\$571,543
Clerical/Secretarial/Technical	5.40	\$203,130	\$552,719	\$790,259
TOTAL	28.35	\$1,715,776	\$4,555,708	\$6,637,098

Notice

This analysis attempts to quantify in economic terms - not budgetary terms - the fiscal impact of a retirement incentive program at the District. This analysis is entirely driven by the assumptions set forth by the District. If the assumptions are changed or modified by the District the results shall vary from what is set forth in this analysis. The accuracy of any results and/or analysis will depend entirely upon the accuracy of the information provided and the assumptions used.

The information, data and assumptions used in this analysis have been provided to Public Agency Retirement Services (PARS) by the District. It shall be the responsibility of the District to certify the accuracy, content and completeness of the information, data and assumptions so that PARS may rely on such information without further audit. PARS shall be under no duty to question the information, data and assumptions received from the District including, but not limited to, inquiries about how the analysis, information, data, non-replacements, and assumptions work in conjunction with the District's budget.

PARS shall not be liable for non-performance of Services if such non-performance is caused by or results from erroneous and/or late delivery of information, data and assumptions.

PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

RETIREE DEMOGRAPHICS

ALL EMPLOYEE GROUPS

	# of PARS Retirements	Average Age	Average Service	Average Salary
Certificated Non-Management	85 retirements (498 Eligible EEs)	64.11	20.95	\$89,688
Psychologists	1 retirement (8 Eligible EEs)	58.31	27.33	\$47,808
Certificated Management	7 retirements (21 Eligible EEs)	62.99	18.47	\$117,346
Classified Non-Management	68 retirements (498 Eligible EEs)	64.51	20.24	\$36,263
CST	36 retirements (165 Eligible EEs)	62.67	19.69	\$47,869
Classified Mgmt./ Confidential	4 retirements (23 Eligible EEs)	64.22	22.97	\$75,770

NOTICES

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Mt. Diablo Unified School District
Projected Plan Contributions
June 04, 2020

70% of Final Pay							
	# of SRP	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	TOTAL
	Retirements						
Certificated Non-Management	85	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$5,628,365.65
Psychologists	1	\$11,666.53	\$11,666.53	\$11,666.53	\$11,666.53	\$11,666.53	\$58,332.64
Certificated Management	7	\$118,111.67	\$118,111.67	\$118,111.67	\$118,111.67	\$118,111.67	\$590,558.36
Classified Non-Management	68	\$363,540.15	\$363,540.15	\$363,540.15	\$363,540.15	\$363,540.15	\$1,817,700.77
Clerical/Secretarial/Technical	36	\$254,529.61	\$254,529.61	\$254,529.61	\$254,529.61	\$254,529.61	\$1,272,648.06
Classified Management/Conf.	4	\$41,762.73	\$41,762.73	\$41,762.73	\$41,762.73	\$41,762.73	\$208,813.65
TOTAL CONTRIBUTIONS	201	\$1,915,283.83	\$1,915,283.83	\$1,915,283.83	\$1,915,283.83	\$1,915,283.83	\$9,576,419.13

70% of Final Pay							
	# of SRP	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	TOTAL
	Retirements						
Certificated Non-Management	85	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$1,125,673.13	\$5,628,365.65
Classified Non-Management	68	\$363,540.15	\$363,540.15	\$363,540.15	\$363,540.15	\$363,540.15	\$1,817,700.77
Clerical/Secretarial/Technical	36	\$254,529.61	\$254,529.61	\$254,529.61	\$254,529.61	\$254,529.61	\$1,272,648.06
TOTAL CONTRIBUTIONS	189	\$1,743,742.90	\$1,743,742.90	\$1,743,742.90	\$1,743,742.90	\$1,743,742.90	\$8,718,714.48