

CUMBERLAND SCHOOL COMMITTEE
RETIREMENT INCENTIVE PROPOSAL

February 16, 2010

The purpose of this proposal is to allow those employees of the Cumberland Public Schools the opportunity to elect to retire from the Cumberland Schools in the 2009-2010 school year who meet certain criteria. In order for this proposal to be adopted for the school department budget for the 2010-2011 school year, a minimum threshold of a combined number that must include 20 certified teachers must apply inclusive of the certified teachers who have already provided letters of retirement as of this date. Those individuals who have previously submitted letters of retirement are eligible for this program provided the minimum threshold numbers contained herein are achieved. The proposal is based upon certain retirement incentives provided for within the Cumberland Teachers Association contract and the Independent Cumberland School Employees contract.

The purpose of this retirement incentive is to effectuate savings for the school district for the 2010-2011 budget which will be affected by restricted funding from the Town of Cumberland and the reduction in state education aid from the State of Rhode Island.

In order to be eligible for the early retirement program being offered by the Cumberland School Committee for the 2009-2010 school year, the employee must meet all the following criteria:

1. The employee must provide notice of retirement by March 16, 2010 by providing a written letter of retirement; hand delivered, to the Office of the Superintendent of Schools by close of business, 4:00 P.M. on March 16, 2010. In the event of

school cancellation on Tuesday, March 16, 2010, the filing date will be extended to Wednesday, March 17, 2010 at 4:00 P.M. Each person delivering said letter of retirement will receive a date stamped copy of the letter for their records as proof of complying with the filing deadline.

2. The prospective retiree must have worked within the Cumberland Public Schools, for a certified employee, a minimum of fifteen (15) years pursuant to Article 18(A) (7), Leaves of Absence as contained within the contract between the Cumberland Teachers Association and the Cumberland School Committee and, for a non-certified employee, a minimum of fifteen (15) years pursuant to Article 9.9, Sick Leave provision of the Independent Cumberland School Employees contract with the School Committee. The prospective retiree must meet eligibility requirements of the State of Rhode Island Employees Retirement System pursuant to the above cited contract articles.
3. All employees of the Cumberland Public School System who are not members of the Cumberland Teachers Association or the Independent Cumberland School Employee's bargaining unit must have completed fifteen (15) years employment with the Cumberland Public Schools in order to be eligible for the retirement incentive program and meet all the other requirements of the program that are required of certified and non-certified employees.
4. The prospective retiree must file all required paperwork with the State of Rhode Island retirement system as a condition of eligibility for this program.

The Cumberland School Committee shall, if all the criteria are met;

- 1(A). Pay an incentive of Ten (10) per cent of the last school year (2009-2010 school year) base salary as identified within the respective contracts noted above, said payment to be paid on or before August 15, 2010;

OR, in the alternative,

- 1(B). Provide for healthcare coverage under the Cumberland Public Schools Health Plan, presently Blue Cross Health Mate Coast to Coast Deductible Plan Variation

(\$250.00 Deductible), or such other plan that may be provided by the District to its employees, three (3) years of health care coverage at the employee co-pay rate being charged active employees of the District for each year that the retiree is receiving healthcare under this proposal;

OR, in the alternative,

- 1(C). Pay an incentive of Ten (10) percent of the last school year (2009-2010 school year) base salary as identified in the respective contracts noted above. Additionally, for any person eligible for this early retirement program who may be eligible for BlueCross Plan 65 with Medicare Part B, a one time payment of \$5,500.00 in addition to the 10% noted above upon providing the district with evidence that the retiree has enrolled in the medical plan Blue Cross Plan 65 with Medicare Part B and withdrawn from healthcare coverage provided by the Cumberland School Committee.

2. Any additional incentive including the Article 18(A)(7) sick pay buy back as contained within the present contract between the CTA and the School Committee and /or the Article 9.9 Sick Leave provision of the ICSE and the school committee so long as the respective provisions of the contracts have been met and the prospective retiree has met the terms of this retirement incentive program;

3. This incentive program is offered by the Cumberland School Committee to all employees who meet the criteria to retire under this proposal for only the 2009-2010 school year retirements and would not and does not modify and/or amend the respective contracts of the Cumberland Teachers Association, The Independent Cumberland School Employees and any Administrators' contract.

4. In addition to any sick pay buyout payments or healthcare coverage offered in this program, the employee shall be paid on or before August 15, 2010, any deferred advance lane payment due as a result of said deferment during the 2009-2010 school year AND any monies due the employee/retiree as a result of a past deferral of salary from past contractual agreements.

The following pages, identified as Appendix A, contain examples of the possible payouts that an employee may be due: (in each example, the assumption is that the employee meets all the criteria required by the articles of the respective contracts);

Additionally, the provisions of this proposal where a co-pay is required to be paid by the retiree assumes that the co-pay will be equal to the co-pay of an active employee of the district for each year that the retiree is receiving health insurance under this proposal.

APPENDIX A

- Employee A (certified employee) at step 10 base salary elects to take the 10% payment will receive the following:

a. 10% step ten = \$7,080.00 +

b. Sick day buyout \$3,875.00 (maximum days available) +

c. 3% deferred salary from
the 1991-1992 school
year if eligible \$2,125.00 +

d. 50 % advance lane
Deferral (example Masters) \$ 1,500.00

TOTAL \$ 14,580.00

- Employee B (certified employee) at step 10 elects to take the Healthcare coverage will receive the following:

a. Sick pay buyout \$ 3,875.00 (maximum days available) +

b. 3% deferred salary from the 1991-1992 school

year if eligible \$ 2,125.00 +

d. 50 % advance lane

Deferral (example Masters) \$ 1,500.00

| | |
|-------|-------------|
| | \$ 7,500.00 |
| TOTAL | |

*The cost of healthcare family benefits for 3 years less the co pay for a family plan (based upon present day rates) =

\$17,369.64 (family rate)

- \$2518.76 (annual co pay cost)

= \$14, 851.04 (employee cost savings annually)

\$14, 851.04 * 3 (Years of coverage) =

\$44553.12(estimated value of healthcare benefit; estimated employee savings for a three (3) year period)

- Employee C (certified employee) at step 10 who is eligible for Blue Cross /Blue Shield Plan 65 with Medicare Part B and withdrawal from health care provided by the district will receive the following:

| | |
|---|---------------------------------------|
| a. 10% step ten = | \$7,080.00 + |
| b. Sick day buyout | \$3,875.00 (maximum days available) + |
| c. 3% deferred salary from the 1991-1992 school year if eligible | \$2,125.00 + |
| d. 50 % advance lane Deferral (example Masters) | \$ 1,500.00 + |
| e. One time cash payment with retiree withdrawal from health care coverage provided by the District | \$5,500.00 |
| TOTAL | <hr/> \$ 20,080.00 |

- Employee D (non-certified custodian) at top step base salary elects to take the 10% payment will receive the following:

- a. 10% top step = \$3,615.00 +
- b. Sick day buyout \$1,200.00 (maximum days available) +

| | |
|-------|-------------|
| | \$ 4,815.00 |
| TOTAL | |

- Employee E (non-certified Teacher Assistant) at top step base salary elects to take the 10% payment will receive the following:

- a. 10% top step = \$2,068.00 +
- b. Sick day buyout \$1,200.00 (maximum days available) +

| | |
|-------|-------------|
| | \$ 3,268.00 |
| TOTAL | |

- Employee F (non-certified custodian or Teacher Assistant) at top step who elects to take the Healthcare coverage will receive the following:

a. Sick pay buyout \$ 1,200.00 (maximum days available) +
 TOTAL \$1,200.00 +

*The cost of healthcare family benefits for 3 years less the co pay for a family plan (based upon present day rates) =

\$18,223.08 (family rate) -

\$ 1822.31(annual 10 % co pay cost)

Total \$16,400.77 (employee cost savings annually)

\$16, 400.77 * 3 (Years of coverage) =

\$49,202.31(estimated value of healthcare benefit; estimated employee savings for the three year period)

The same employee with a co pay of 5% would get an estimated cost savings of \$51,935.76 and have an annual co-pay of \$ 911.16

- Employee G (non-certified custodian) at to step who is eligible for Blue Cross /Blue Shield Plan 65 with Medicare Part B and withdrawal from health care provided by the district will receive the following:

| | |
|---|--|
| a. 10% top step | \$ 3,615.00 |
| b. Sick pay buyout | \$ 1,200.00 (maximum days available) + |
| c. One time cash payment with retiree withdrawal from health care coverage provided by the District | \$5,500.00 |
| <hr/> | |
| TOTAL | \$10,315.00 |

- Employee H (non-certified Teacher Assistant) at to step who is eligible for Blue Cross /Blue Shield Plan 65 with Medicare Part B and withdrawal from health care provided by the district will receive the following:

| | |
|---|--|
| a. 10% top step | \$ 2,068.00 |
| b. Sick pay buyout | \$ 1,200.00 (maximum days available) + |
| c. One time cash payment with retiree withdrawal from health care coverage provided by the District | \$5,500.00 |
| <hr/> | |
| TOTAL | \$8,768.00 |

Please note that the examples contained herein are only examples of the possible benefits that may be available if an employee opts to avail themselves of the early retirement incentive program. The Human Resources office will assist any employee in determining the exact payout for that employee who is eligible for the program.

Any co-pays for health insurance referred to in the proposal reflect present day rates. Those co-pay rates may increase in subsequent years dependent upon any health insurance rate increases that may affect the district.