

ERIP FAQ

Q. What is ERIP?

A. ERIP stands for Early Retirement Incentive Program. There are a lot of different styles of ERIPs available. The general idea is to get older, more expensive employees to retire a little sooner than they might ordinarily, and replace them with newer, less expensive employees.

Q. Hasn't the district offered ERIPs before?

A. Yes, the district has offered Early Retirement plans in the past to teachers, and once also to classified.

Unfortunately, the district hasn't realized the savings they had expected from offering the programs historically.

Some of the reasons for this are:

- The programs offered were annuity-style plans paid over a 5-year period.
- These plans are offered through a broker and have additional administrative fees.
- Generally all the teachers who retired were replaced immediately, because the number of students did not change.
- New teachers are placed on the salary schedule according to their education level, so the replacement teachers don't always start out at the bottom of the pay scale.

Q. Why is our ERIP different?

A. The plan we are suggesting to the district is completely different:

- It would be a one-time incentive payment with no further obligation. We're proposing several options:
 - Purchasing 2-years PERS Service Credit
 - Cash in lieu of service credit
 - Sliding scale of incentive based on effective retirement dates
- Can be structured in-house with no broker fees.
- Any new classified workers hired begin at the first step, as our pay increases only over time.
- Any positions not replaced right away will save even more money.
- Vacant positions can be analyzed for potential changes in hours or work year without the seniority bumping that occurs with layoffs.
- Vacant positions would make program changes or cuts easier.
- If we offer an ERIP this year, savings can commence immediately, instead of waiting until 2012/2013.

Q. Why doesn't the district want to offer an ERIP to classified?

A. We are still battling their perception that it won't end up generating the cost savings we believe it will. We are working to gather enough data to prove our predictions.