



**CSIS California School Information Services**

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March 11, 2009

Glenston Thompson  
Assistant Superintendent of Business and Fiscal Services  
Oxnard School District  
1051 South A Street  
Oxnard, California 93030

Dear Assistant Superintendent Thompson,

The purpose of this management letter is to provide the Oxnard School District with findings and recommendations identified by the Fiscal Crisis and Management Assistance Team (FCMAT). Supplemental information contained in this letter is provided by FCMAT staff and includes calculations prepared by Keenan & Associates' financial services division and the district's business office.

In October 2008, the Oxnard School District and FCMAT entered into an agreement for a review of the district's supplemental employee retirement plan (SERP) and its implementation. Specifically, the study agreement requested that FCMAT complete the following:

1. Review district documentation and administrative and board actions related to the Supplemental Employee Retirement Plan (SERP) offered to eligible employees as part of the District's expenditure reduction plan. Provide recommendations for improvement in processes to evaluate options for future cost savings including regular updates on savings calculations, determining eligibility criteria, and identification of potential fiscal and organizational impacts.
2. Confirm whether appropriate policies and procedures were followed to maintain compliance with the District's bylaws and board policies on Conflict of Interest for board members and designated employees.

A FCMAT study team visited the district in November and December of 2008 to conduct interviews, review documents and collect data. The study team reviewed the district's documentation related to the SERP offering, the board policies related to conflict of interest, and board meeting minutes related to the SERP offering.

The findings and recommendations contained in this letter are the result of those activities and are divided into the following sections:

I. Introduction

**FCMAT**

Joel D. Montero, Chief Executive Officer

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Administrative Agent: Larry E. Reider - Office of Kern County Superintendent of Schools

II. Plan Offering and Implementation

III. Eligibility Requirements

IV. Conflict of Interest

## ***Introduction***

The Oxnard School District is located in Ventura County California and serves approximately 15,500 students in grades K-8 at 21 school sites, including one special education school. The district employs 700 teachers and, like many California school districts, must make difficult decisions to balance the budget as it faces declining enrollment and increasing costs.

In the 2007-08 fiscal year, the district's budget advisory committee was given the task of investigating possible cost saving measures. One option was to calculate the costs of an early retirement incentive plan that would save money without requiring reductions in other areas. Supplemental employee retirement plans (SERPs) are designed provide an incentive for certain eligible employees to retire earlier than they normally would. If structured correctly, SERPs can reduce the cost of salaries and benefits, or eliminate positions.

The district's former chief business official (CBO), who retired as of June 30, 2008 and who was also a member of the district's budget committee, contacted the financial services division of Keenan & Associates, a licensed major insurance broker in May of 2008 to assist with SERP plan design and assumptions, demographic analysis, benefit options, retirement cost analysis, and SERP cost analysis.

### ***2007-08 Fiscal Year Supplemental Employee Retirement Plan (SERP)***

Because of the state budget crisis, many school districts were examining options to reduce operating costs. A SERP is an IRS 401 (a) qualified plan that can help a school district reduce staffing costs for employees that meet certain eligibility guidelines. Although early retirement incentive programs are usually offered to reduce costs, some organizations target retirements in a particular segment of operations to restructure educational programs or services.

Using an early retirement incentive program can eliminate or reduce the need for involuntary reductions in force, or replace high-salaried employees with less costly employees. The SERP provides eligible employees with a monthly income or continued health benefits in addition to their regular State Teachers Retirement System (STRS) or Public Employee Retirement System (PERS) retirement benefit. Budget savings occur as a result of the difference in cost between the retiring employee and the replacement employee, or in some cases when the retiring employee's position is not replaced. A district should define key business and organizational objectives as an integral part of planning for a SERP; several key components must be carefully considered when evaluating whether a SERP will result in a net savings.

On May 7, 2008, the district's board of trustees reviewed a recommendation from the district's budget advisory committee to implement a SERP that would generate savings in the general fund. The board approved a resolution authorizing management to request applications from eligible employees. Also on May 7, 2008, Keenan and Associates' financial services division,

acting as the contract administrator, prepared an initial five-year savings plan with an estimated net savings of \$872,563 (see Appendix C).

At a meeting on May 21, 2008, the board tabled a motion for final approval of the SERP until the final application was forwarded to the contract administrator for an evaluation of the savings to the district. The application was forwarded on May 27, 2008, and later that same day, Keenan and Associates projected a net loss of \$805,569 over the same five year period. This information was communicated to the district's CBO via email. (see Appendix D).

On May 28, 2008, the district's CBO made multiple adjustments to the spreadsheet provided by Keenan and Associates, including longevity and professional growth; discounted for normal attrition; and adjusting the number of certificated management positions taking the SERP to the actual number of individuals who submitted final applications. These adjustments turned the \$805,569 loss into a \$36,496 net savings over the five year period (see Appendix E). The next day, May 29, 2008, the district's board of trustees approved offering a district-sponsored SERP as presented by the district's CBO.

## *Plan Offering and Implementation*

Implementing an early retirement savings plan usually takes several months and involves key staff from the business office, human resources, and the board of trustees. During this time, district administrators usually develop targeted objectives and eligibility requirements. The board and the administration also usually determine minimum savings targets, and district employees are informed about plan eligibility and various options for monthly benefits. Typically, employees are provided 60 to 90 days to visit with a retirement counselor and decide if district's early retirement or SERP is the appropriate choice.

The district's implementation of the SERP required only 22 days from initial discussions with the board of trustees to final board approval. The process lacked several key components of a successful SERP offering that are provided in best practices for school districts.

FCMAT reviewed a five-year savings calculation prepared by the district CBO, as well as individual employee salary placements, salary schedules, board minutes, board policies, and preliminary and final savings calculations prepared by Keenan and Associates based on projected and actual participants.

To achieve the desired savings and implement a successful plan, a district must take into consideration several key business and organizational objectives; it should be prepared to answer the following questions:

1. What is the budget savings target?
2. What is the point at which savings will equal costs?
3. Are there other organizational goals, and if so, how are their outcomes measured?
4. What is the potential negative effect on the educational program?
5. Are all employee groups included in the offering?
6. What are the incentive offerings?

7. Are there multiple plan options?
8. What are the eligibility requirements such as age and/or years of service?
9. Are participants required to retire with STRS or PERS?
10. What is the effective date of the retirement?
11. How long should the retirement incentive be available?
12. Does the administration have the option to terminate the offer; and do employees have the option to rescind their retirement?

Offering a SERP involves careful analysis of the projected savings prior to board approval. For the incentive plan to produce an annualized savings, it must result in a higher than normal rate of attrition for that fiscal year by offering an incentive to attract employees to retire earlier than they normally would.

Calculations prepared by Keenan and Associates' staff and approved by the district's board of trustees on May 7, 2008 indicate that, as of that date and prior to any SERP offering, 19 employees had notified the district of their intent to retire, which would result in an estimated savings to the district of \$1,324,087. This information is detailed in Table 1.

**Table 1 – Normal attrition for the 2007-08 fiscal year**

<b>District Savings Without a SERP Plan Prior to May 7, 2008</b>	<b>Number of Participants</b>	<b>Five-Year Savings</b>
Certificated Management	1	\$9,022
Classified	5	(\$55,184)
Certificated Teachers	13	\$1,370,249
<b>Total Normal Attrition Without SERP</b>	<b>19</b>	<b>\$1,324,087</b>

The district's CBO explained to the board that the SERP would have to produce a savings to the district based on averages of each eligible employee group. Motion #07-200 carried on a 4-0 vote to approve the adoption of a SERP with the following two options:

- Option I  
50% of the employee's current base pay with retiree health and welfare benefits, as applicable.
- Option II  
115% of the employee's current base pay without retiree health and welfare benefits but eligible for the self-pay retiree health and welfare plan.

The board of trustees did not identify critical elements for a successful plan offering, including a target for the savings to be generated by the SERP, the point at which savings equal costs, and employee eligibility requirements.

Initial estimates prepared for the district by Keenan and Associates on May 7, 2008 projected that 81 employees would ultimately retire, resulting in a projected five-year savings of \$872,563, as shown in Table 2.

**Table 2 – Keenan and Associates financial services division SERP five-year estimates**

<b>Initial Estimates May 7, 2008</b>	<b>Number of Participants</b>	<b>Five-Year Savings</b>
Certificated – Teachers	67	\$1,826,600
Certificated Management	2	(\$86,355)
Classified	8	(\$341,117)
Classified Management	4	(\$526,565)
Estimated Savings Total Retirees With SERP	81	\$872,563

FCMAT’s analysis indicates that these projections were overstated, especially the estimate for teachers. Table 3 shows the actual participation by employee classification just 20 days later.

**Table 3 – Final calculations presented to the board on May 27, 2008**

<b>Final Calculations Presented to the Board of Trustees on May 27, 2008</b>	<b>Number of Participants</b>	<b>Five-Year Savings</b>
Certificated – Teachers	27	\$391,764
Certificated Management	3	(\$277,865)
Classified	10	(\$211,176)
Classified Management	3	(\$250,111)
Net Loss With SERP Offering	43	(\$347,388)
Longevity/Professional Growth Offset Prepared by CBO		\$383,884
Net Savings Five-Year	43	\$36,496

A report to the board by the CBO at the May 7, 2008 meeting states:

The plan would have to realize a savings to the District based on averages of *each* eligible employee group.

The results clearly show that only the teachers’ group realized a savings; the other three groups demonstrated a loss. As a general rule, savings occur when the difference in the cost of salaries and benefits is large enough to pay the cost of a retirement incentive over five years. This can be accomplished only if the salary schedule has a sufficiently large variance between the retiring employee and the replacement employee. Salary schedules for classified employees usually have five or fewer steps, which is not enough to produce a savings after the cost of the SERP in most cases. For certificated and classified management employees, SERPs generally produce a savings

only if the district does not replace the position. If the employee is replaced, the reduction in cost is often marginal, and in some cases the cost of the replacement employee may be higher. As a result, districts do not usually include these employee classifications when offering a retirement incentive plan.

To produce the most accurate calculation of estimated savings and to ensure proper internal controls, a district's business office and human resources departments should work together to prepare a list of eligible employees and costs in each classification. The Oxnard School District CBO, the district's risk manager, and Keenan and Associates calculated the district's SERP offering without independent verification from the district's human resources department. Both the CBO and the risk manager developed the plan with Keenan and Associates, subsequently opted to participate in the SERP and retired at a cost to the district of \$209,625.

The district's and Keenan and Associates' calculations both lacked a step and column factor for the replacement employees, and neither took into consideration the average number of retirees in the last three to four fiscal years to offset the projected savings.

Replacement employees would be entitled to an annual step and column salary adjustment. The district's 2007-08 salary schedule for credentialed teachers includes a 5.36% per year (step) salary increase, for an increase of 26.8% over five years. This increase was not included in the final calculations or presentations made by district staff.

According to an October 14, 2005 article by School Services of California titled, "How Do We Determine Normal Retirements When Establishing a Supplemental Employee Retirement Plan?," the SERP calculation should "average the number of retirements in each of the three or four most recent years and use that number as a predictor of what the normal number of retirements might be." In addition, the article states that most employees who retire early do so only one or two years before they otherwise would, and advises districts to count savings for only the first two years to determine whether the plan pays for itself, even if they are paying for the plan over five years.

## ***Eligibility Requirements***

The district's SERP contained no in-district service requirement or vesting provisions other than service during the fiscal year in which the plan was offered; therefore, any employee who served that year and met all other eligibility requirements could participate in the plan. According to the senior vice president of Keenan & Associates financial services division, the company had never designed a plan with such a minimal service requirement for any other school district. The industry-standard vesting and eligibility requirement is normally five years of service in the district.

Two certificated managers and one classified manager served less than three years at the district but qualified under the district's SERP eligibility requirements. If the SERP had required at least five years of service, the pool of participants would have been limited and the savings to the district would have been \$285,187 higher.

To be eligible for the early retirement benefit under the district's past practices, employees were required to have worked for the district for at least 15 years and be age 55 or older. Under the district's SERP, employees who would otherwise not qualify for retirement benefits were given the option of 115% of their annual salary. Three employees who selected this option had less than

five years of service credit with the district. The cost for these employees is detailed in Table 4.

**Table 4 – Employees with less than five years of service, who took the 115% option**

<b>Employees With Less Than 5 Years of Service and 115% Option</b>	<b>Number of Participants</b>	<b>Five-Year Cost</b>
Certificated – Teachers	0	0
Certificated Management	2	\$107,211
Classified	0	0
Classified Management	1	\$177,976
Net Loss With SERP Offering	3	\$285,187

## ***Conflict of Interest***

The district has adopted a conflict of interest code in compliance with Government Code sections 87300-87313. The district’s board policy 2030 (C) BB states in part:

...designated employees shall not be financially interested in any contract made by them in their official capacity...

Although disclosing the potential participants in advance of the board action to approve the SERP is not a legal requirement, it would have been fiscally prudent and more transparent to disclose that the district’s CBO was considering participation in the plan.

The district’s prior CBO had a leading role in the plan design and elected to participate in the plan, which provided a financial incentive of \$177,976. This participation may violate board policy 2030 (C) BB and Government Code 1090 regarding conflicts of interest.

## ***Recommendations***

*The district should:*

1. Identify the goals to be achieved by a retirement incentive plan and how to measure the outcome.
2. Design incentive options that are attractive for employees but also have a high return for the district.
3. Consider the negative effect that the departure of senior employees will have on the educational program, including the loss of their experience and historical knowledge.
4. Set a target for the savings or the number of eligible employees, and determine the point at which the savings will equal the costs.
5. Include an option to terminate the offer if the targeted savings and/or the targeted number of employees do not result in savings that equal or exceed the costs.



6. Require that employees have a minimum number of years of service in the district to be eligible for the plan.
7. Require that employees retire with STRS or PERS.
8. Consider offering the plan only to certain employee groups.
9. Determine how long the incentive will be made available and the effective retirement date.
10. Ensure that only employees who qualify for health benefits under their contract are eligible to take the retirement option that includes higher pay in lieu of health benefits.

These recommendations are provided to assist the district in adhering to best practices and achieving a successful outcome should it choose to implement a SERP in the future.

In addition to the above recommendations, FCMAT recommends that the district consult its legal counsel regarding the findings in this letter concerning a possible conflict of interest.

We appreciate the opportunity to serve you and we extend our thanks to all the staff of the Oxnard School District for their cooperation and assistance during this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah Deal", with a large, sweeping flourish underneath.

Deborah Deal  
Fiscal Intervention Specialist

c: Janis Duran, Interim Superintendent, Oxnard School District



# Appendices

## *Appendix A*

*Oxnard School District Board Policy 2030 (C) BB*

## *Appendix B*

*SERP Cost Analysis and Calculated Savings - Baseline Without SERP*

## *Appendix C*

*SERP Cost Analysis and Calculated Savings- Keenan - Initial Estimates*

## *Appendix D*

*SERP Cost Analysis and Calculated Savings- Keenan Calculations - Based on Actual*

## *Appendix E*

*SERP Cost Analysis and Calculated Savings - Keenan Calculations – Based on Actual Plus COB Addition for Longevity*

## *Appendix F*

*Study Agreement*

## *Appendix A*

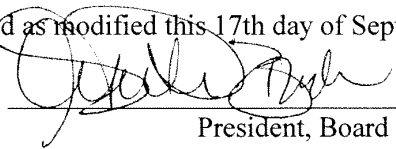
*Oxnard School District Board Policy 2030 (C) BB*

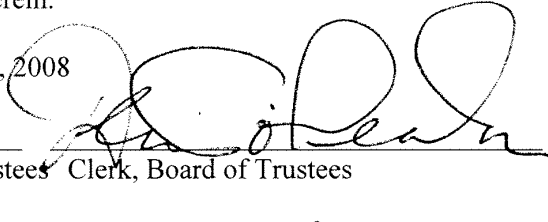
**CONFLICT OF INTEREST CODE FOR THE OXNARD SCHOOL DISTRICT**  
**BOARD OF TRUSTEES AND DESIGNATED DISTRICT EMPLOYEES**

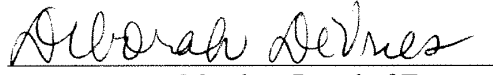
Public agencies, including school district governing boards, are required to adopt a Conflict of Interest Code in compliance with *Government Code* sections 87300-87313. This district adopted a Conflict of Interest Code which was approved by the Ventura County Board of Supervisors on March 22, 1977.


District elected officials, including board members, and designated employees shall adhere to the district's Conflict of Interest Code as set forth herein.

Adopted as modified this 17th day of September, 2008

  
\_\_\_\_\_  
President, Board of Trustees

  
\_\_\_\_\_  
Clerk, Board of Trustees

  
\_\_\_\_\_  
Member, Board of Trustees

  
\_\_\_\_\_  
Member, Board of Trustees

  
\_\_\_\_\_  
Member, Board of Trustees

**CONFLICT OF INTEREST CODE FOR THE OXNARD SCHOOL DISTRICT  
BOARD OF TRUSTEES AND DESIGNATED DISTRICT EMPLOYEES**

**I. Incompatible Activities**

*Government Code* section 1126 prohibits district officers and employees from engaging in any employment or activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to their duties with the district, or with the duties, functions, or responsibilities of the district. A district officer or employee shall not perform any work, service or counsel for compensation outside of his/her district employment where any part of his/her efforts will be subject to approval by any other officer, employee, board or commission of the district, unless otherwise approved in the manner prescribed below.

The district may determine those outside activities which are inconsistent with, incompatible to, or in conflict with the officer's or employee's duties. An employee's outside employment, activity, or enterprise may be prohibited if it: (1) involves the use for private gain or advantage of district time, facilities, equipment and supplies; or the badge, uniform, prestige or influence of the district or district employment; or (2) involves receipt or acceptance by the officer or employee of any money or other consideration from anyone other than the district for the performance of an act which the officer or employee, if not performing such act, would be required or expected to render in the regular course or hours of his/her district employment or as a part of his/her duties as a district officer or employee; or (3) involves the performance of an act in other than his/her capacity as a district officer or employee which may later be subject directly or indirectly to the control, inspection, review, audit or enforcement of any other officer or employee of the district; or (4) involves the time demands as would render performance of his/her duties as a district officer or employee less efficient.

Pursuant to *Education Code* section 35107, an employee of the school district may not be sworn into office as an elected or appointed member of the Board unless he/she resigns as an employee. Employees elected or appointed to the Board before January 1, 1992 will be subject to this law when re-elected or re-appointed to the Board after January 1, 1992.

**II. Conflict of Interest Code**

The district's Conflict of Interest Code shall be comprised of the terms of *California Code of Regulations*, Title 2, Section 18730, and any amendments to it adopted by the Fair Political Practices Commission, together with Exhibits A and B specifying designated positions and the specific types of disclosure statements required for each position.

When a change in the district's Conflict of Interest Code is necessitated by changed circumstances such as the creation of new positions, amendments or revisions shall be submitted to the Ventura County Board of Supervisors within 90 days. (*Government Code 87306*)

The district shall review the Conflict of Interest Code in even numbered years and send the Ventura County Board of Supervisors either an amended code or, by October 1 of that year, a statement to the effect that no change is necessary. (*Government Code 87306.5*)

## **BYLAWS OF THE BOARD**

**2030 (C) BB**

When reviewing and preparing Conflict of Interest Codes, the district shall provide officers, employees, consultants and members of the community adequate notice and a fair opportunity to present their views. (*Government Code 87311*)

Upon receiving the statements of employees designated in Category 1 of Exhibit A, the Superintendent or designee shall make and retain copies in the district office.

Statements of economic interests submitted to the district by designated employees in accordance with the conflict of interest code shall be available for public inspection and reproduction. (*Government Code § 81008*)

### **III. Financial Interest**

Board members or designated employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall the Board members or designated employees be purchasers at any sale or vendors at any purchase made by them in their official capacity. (*Government Code § 1090.*) If a Board member determines that he/she has a financial interest in any contract made by him/her in his/her official capacity or by the Board, the Board member and Board are prohibited from entering into such contract. This prohibition does not apply to a member's remote interest as described in *Government Code* section 1091(b).

A Board member or designated employee shall not be considered to be financially interested in a contract if his/her interest is one or more of those defined in *Government Code* section 1091.5.

A Board member shall not be deemed to be interested in a contract entered by the Board if the member has only a remote interest in the contract and if the interest is disclosed to the Board and noted in its official Board minutes, and thereafter the Board authorizes, approves, or ratifies the contract in good faith by a vote of its membership without counting the vote of the member with the remote interest. Remote interests are specified in *Government Code* section 1091(b). Such Board member must refrain from influencing or attempting to influence any other Board member with regard to such contract.

A Board member shall abstain from voting on personnel matters that uniquely affect a relative of the Board member. (*Education Code § 35107*) Where the personnel matter would result in a contract prohibited by *Government Code* section 1090, the Board member and Board shall not enter into such contract regardless of the interested member's abstention. A Board member may vote, however, on collective bargaining agreements and personnel matters that affect a class of employees to which the relative belongs. (*Education Code § 35107*)

"Relative" means an adult who is related to the person by blood or affinity within the third degree, as determined by the common laws, or an individual in an adoptive relationship within the third degree. (*Education Code § 35107*)

A relationship within the third degree includes the individual's parents, grandparents and great-grandparents, children, grandchildren and great-grandchildren, brothers, sisters, aunts and uncles, nieces and nephews, and the similar family of the individual's spouse unless the individual is widowed or divorced.

## BYLAWS OF THE BOARD

2030 (D) BB

### IV. Gifts/Honoraria

Board members shall not accept from any single source in any calendar year any gifts with a total value of more than three hundred ninety dollars (\$390). Designate employees shall not accept from any single source in any calendar year any gift with a total value of more than three hundred and ninety dollars (\$390) if the employee would be required to report the receipt of income or gifts from

that source on his or her statement of economic interest. (*Government Code* § 89503) NOTE: The foregoing amount will be adjusted on January 1 of each odd numbered year to account for inflation (*California Code of Regulations*, Title 2, § 18940.2)

Gift limitations do not apply to:

Payments, advances, or reimbursements for travel and related lodging and subsistence as permitted by *Government Code* section 89506;

Wedding gifts and gifts exchanged between individuals on birthdays, holidays and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value. (*Government Code* §§ 89503, 89506)

Board members shall not accept any honorarium, which is defined as any payment made in consideration for any speech given, article published or attendance at any public or private conference, convention, meeting, social event, meal or like gathering. Designated employees shall not accept an honorarium from any source if the employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests. (*Government Code* §§ 89501, 89502)

The term “honorarium” does not include:

Earned income for personal services customarily provided in connection with a bona fide business, trade or profession unless the sole or predominant activity of the business, trade or profession is making speeches.

Any honorarium which is not used and, within 30 days after receipt, is either returned to the donor or delivered to the district for donation into the general fund without being claimed as a deduction from income for tax purposes, or if the honorarium is not a payment of money and if the honorarium cannot be returned or donated, the individual reimburses the honorarium’s value to the donor.

Payments, advances, or reimbursements for travel and related lodging and subsistence as permitted by *Government Code* section 89506.

Or other “honorariums” as excepted or excluded by title 2, *California Code of Regulations*, sections 18932 et seq.

Legal Reference:

*Education Code*

1006 Qualifications for holding office

35107 School district employees

## BYLAWS OF THE BOARD

2030 (E) BB

Legal Reference:

Education Code

- 1006 Qualifications for holding office
- 35107 School district employees
- 35230-35240 Corrupt practices
- 35233 Prohibitions applicable to members of governing boards

Government Code

- 1090-1098 Prohibitions applicable to specified officers
- 1125-1129 Incompatible activities
- 81000-91015 Political Reform Act of 1974, especially:
  - 82011 Code reviewing body
  - 82019 Definition of “designated employee”
  - 82028 Definition of “gifts”
  - 82030 Definition of “income”
  - 82033 Definition of “interest in real property”
  - 82034 Definition of “investment”
- 87100-87103.6 General prohibitions
- 87200-87210 Disclosure
- 87300-87313 Conflict of interest code
- 87500 Statements of economic interests
- 89501-89503 Honoraria and gifts
- 89506 Travel payments, advances and reimbursements
- 91000-91015 Enforcement

Code of Regulations, Title 2

- 18100 et seq. Regulations of the Fair Political Practices Commission

Court Decisions

*Kunec v. Brea Redevelopment Agency (1997) 55 Cal. App 4<sup>th</sup> 511*

Attorney General Opinions

- 82 *Ops. Cal. Atty. Gen.* 83 (1999)
- 81 *Ops. Cal. Atty. Gen.* 327 (1998)
- 80 *Ops. Cal. Atty. Gen.* 320 (1997)
- 69 *Ops. Cal. Atty. Gen.* 225 (1986)
- 68 *Ops. Cal. Atty. Gen.* 171 (1985)
- 65 *Ops. Cal. Atty. Gen.* 606 (1982)
- 69 *Ops. Cal. Atty. Gen.* 255 (1986)
- 80 *Ops. Cal. Atty. Gen.* 320 (1997)

Management Resources:

Web Sites

FPPC: <http://www.fppc.ca.gov>

OXNARD SCHOOL DISTRICT

Board Bylaws Adopted: December 27, 1978; Revised: June 13, 1979; September 5, 1979; February 23, 1983; July 28, 1992; June 9, 1993; December 13, 1995; January 27, 1999; July 19, 2000; October 2, 2002; September 17, 2008

(CSBA BB 9270 11/99)



## Appendix B

### SERP Cost Analysis and Calculated Savings - Baseline Without SERP

SERP Cost Analysis and Calculated Savings	Baseline (without SERP)	
	Prior to May 7, 2008 Number of Participants	Five-Year Savings
<b><u>Certificated</u></b>		
Normal Attrition	13	\$1,370,249
Option 1		
Option 2		
<b>Sub-Total</b>	<b>13</b>	<b>\$1,370,249</b>
<b><u>Certificated Management</u></b>		
Normal Attrition	1	\$9,022
Option 1		
Option 2		
<b>Sub-Total</b>	<b>1</b>	<b>\$9,022</b>
<b><u>Classified</u></b>		
Normal Attrition	5	(\$55,184)
Option 1		
Option 2		
<b>Sub-Total</b>	<b>5</b>	<b>(\$55,184)</b>
<b><u>Classified Management</u></b>		
Normal Attrition	0	\$0
Option 1		
Option 2		
<b>Sub-Total</b>	<b>0</b>	<b>\$0</b>
<b><u>Totals</u></b>		
Normal Attrition	19	\$1,324,087
Option 1		
Option 2		
<b>Grand Total</b>	<b>19</b>	<b>\$1,324,087</b>
Additional Savings**		
Longevity and Professional Growth		\$0
Longevity and Professional Growth discounted to exclude normal attrition		\$0
<b>Updated Total (Five Years)</b>	<b>19</b>	<b>\$1,324,087</b>

## Appendix C

### SERP Cost Analysis and Calculated Savings- Keenan - Initial Estimates

SERP Cost Analysis and Calculated Savings	Keenan - Initial Estimates		
		May 7, 2008	Projected
	Number of Participants	Five-Year Savings	Net Savings*
<b><u>Certificated</u></b>			
Normal Attrition	13	\$1,003,718	
Option 1			
Option 2			
<b>Sub-Total</b>	<b>67</b>	<b>\$2,830,318</b>	<b>\$1,826,600</b>
<b><u>Certificated Management</u></b>			
Normal Attrition	0	\$0	
Option 1			
Option 2			
<b>Sub-Total</b>	<b>2</b>	<b>(\$86,355)</b>	<b>(\$86,355)</b>
<b><u>Classified</u></b>			
Normal Attrition	5	(\$71,406)	
Option 1			
Option 2			
<b>Sub-Total</b>	<b>8</b>	<b>(\$412,523)</b>	<b>(\$341,117)</b>
<b><u>Classified Management</u></b>			
Normal Attrition	1	(\$72,410)	
Option 1			
Option 2			
<b>Sub-Total</b>	<b>4</b>	<b>(\$598,975)</b>	<b>(\$526,565)</b>
<b><u>Totals</u></b>			
Normal Attrition	19	\$859,902	\$0
Option 1			
Option 2			
<b>Grand Total</b>	<b>81</b>	<b>\$1,732,465</b>	<b>\$872,563</b>
Additional Savings**			
Longevity and Professional Growth			\$0
Longevity and Professional Growth discounted to exclude normal attrition			\$0
<b>Updated Total (Five Years)</b>	<b>81</b>	<b>\$1,732,465</b>	<b>\$872,563</b>

## Appendix D

### SERP Cost Analysis and Calculated Savings- Keenan Calculations - Based on Actual

SERP Cost Analysis and Calculated Savings	Keenan Calculations - Based on Actual		
	Number of Participants	May 27, 2008 Five-Year Savings	Projected Net Savings*
<b><u>Certificated</u></b>			
Normal Attrition	13	\$1,370,249	
Option 1	21	\$1,405,796	
Option 2	6	\$356,217	
<b>Sub-Total</b>	<b>27</b>	<b>\$1,762,013</b>	<b>\$391,764</b>
<b><u>Certificated Management</u></b>			
Normal Attrition	0	\$0	
Option 1	14	(\$549,919)	
Option 2	1	(\$82,424)	
<b>Sub-Total</b>	<b>15</b>	<b>(\$632,343)</b>	<b>(\$632,343)</b>
<b><u>Classified</u></b>			
Normal Attrition	5	\$18,625	
Option 1	8	(\$148,144)	
Option 2	2	\$8,922	
<b>Sub-Total</b>	<b>10</b>	<b>(\$139,222)</b>	<b>(\$157,847)</b>
<b><u>Classified Management</u></b>			
Normal Attrition	1	(\$75,253)	
Option 1	1	(\$138,696)	
Option 2	2	(\$343,700)	
<b>Sub-Total</b>	<b>3</b>	<b>(\$482,396)</b>	<b>(\$407,143)</b>
<b><u>Totals</u></b>			
Normal Attrition	19	\$1,313,621	\$0
Option 1	44	\$569,037	
Option 2	11	(\$60,985)	
<b>Grand Total</b>	<b>55</b>	<b>\$508,052</b>	<b>(\$805,569)</b>
Additional Savings**			
Longevity and Professional Growth			\$0
Longevity and Professional Growth discounted to exclude normal attrition			\$0
<b>Updated Total (Five Years)</b>	<b>55</b>	<b>\$508,052</b>	<b>(\$805,569)</b>

## Appendix E

### SERP Cost Analysis and Calculated Savings - Keenan Calculations – Based on Actual Plus COB Addition for Longevity

SERP Cost Analysis and Calculated Savings	Keenan Calculations - Based on Actual plus CBO addition for longevity **		
	Number of Participants	May 29, 2008 Five-Year Savings	Projected Net Savings*
<b><u>Certificated</u></b>			
Normal Attrition	13	\$1,370,249	
Option 1	21	\$1,405,796	\$35,547
Option 2	6	\$356,217	\$356,217
<b>Sub-Total</b>	<b>27</b>	<b>\$1,762,013</b>	<b>\$391,764</b>
<b><u>Certificated Management</u></b>			
Normal Attrition	1	\$9,022	
Option 1	1	(\$54,420)	(\$63,442)
Option 2	2	(\$214,423)	(\$214,423)
<b>Sub-Total</b>	<b>3</b>	<b>(\$268,843)</b>	<b>(\$277,865)</b>
<b><u>Classified</u></b>			
Normal Attrition	5	(\$55,184)	
Option 1	8	(\$255,062)	(\$199,878)
Option 2	2	(\$11,298)	(\$11,298)
<b>Sub-Total</b>	<b>10</b>	<b>(\$266,360)</b>	<b>(\$211,176)</b>
<b><u>Classified Management</u></b>			
Normal Attrition	0	\$0	
Option 1	2	(\$72,135)	(\$72,135)
Option 2	1	(\$177,976)	(\$177,976)
<b>Sub-Total</b>	<b>3</b>	<b>(\$250,111)</b>	<b>(\$250,111)</b>
<b><u>Totals</u></b>			
Normal Attrition	19	\$1,324,087	\$0
Option 1	32	\$1,024,179	(\$299,908)
Option 2	11	(\$47,480)	(\$47,480)
<b>Grand Total</b>	<b>43</b>	<b>\$976,699</b>	<b>(\$347,388)</b>
Additional Savings**			
Longevity and Professional Growth		\$675,635	\$675,635
Longevity and Professional Growth discounted to exclude normal attrition		(\$291,751)	(\$291,751)
<b>Updated Total (Five Years)</b>	<b>43</b>	<b>\$1,360,583</b>	<b>\$36,496</b>

## *Appendix F*

### *Study Agreement*

**FCMAT**  
FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

CSIS California School Information Services

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FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM  
STUDY AGREEMENT  
September 24, 2008

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Oxnard School District, hereinafter referred to as the District, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The District has requested that the Team provide for the assignment of professionals to study specific aspects of the Oxnard School District operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

- 1) Review District documentation and administrative and board actions related to the Supplemental Employee Retirement Plan (SERP) offered to eligible employees as part of the District's expenditure reduction plan. Provide recommendations for improvement in processes to evaluate options for future cost savings including regular updates on savings calculations, determining eligibility criteria, and identification of potential fiscal and organizational impacts.
- 2) Confirm whether appropriate policies and procedures were followed to maintain compliance with the District's bylaws and board policies on Conflict of Interest for board members and designated employees.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the District to brief District management and staff on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct on-site meetings at the District office to gather documentation and conduct interviews. The Team will request assistance from the District in setting up interview schedules with staff.
- 3) Progress Reports - The Team will hold an exit meeting at the conclusion of the on-site reviews to inform the District representatives of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the District administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the District following completion of the review.
- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the District, if requested, to confirm the District's progress in implementing the recommendations included in the report, at no costs. Status of the recommendations will be documented to the District in a FCMAT Management Letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. James Cerreta, FCMAT Fiscal Intervention Specialist
- B. FCMAT Fiscal Consultant
- C. Off-site review by FCMAT Legal Counsel

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.



4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$500.00 per day for each Team Member, while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. Based on the elements noted in section 2 A, the total cost of the study is estimated at \$10,000. The District will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the District.
- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools-Administrative Agent.

5. RESPONSIBILITIES OF THE DISTRICT

- A. The District will provide office and conference room space while on-site reviews are in progress.
- B. The District will provide the following (if requested):
  - 1) A map of the local area
  - 2) Existing policies, regulations and prior reports addressing the study request
  - 3) Current organizational charts
  - 4) Current and four (4) prior year's audit reports
  - 5) Any documents requested on a supplemental listing
- C. The District Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with District pupils. The District shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	(Estimated) late November, 2008
Staff Interviews:	(Estimated) late November or early December, 2008
Exit Interviews:	(Estimated) late November or early December, 2008
Preliminary Report Submitted:	Six weeks following on-site work
Final Report Submitted:	to be determined
Board Presentation:	to be determined
Follow-Up Support:	If requested

7. CONTACT PERSON

Please print name of contact person: Dr. Richard Miller, Superintendent

Telephone 805 487-3918, ext. 202      FAX 805 483-7426

Internet Address rmiller@oxnardsd.org

Lisa A. Weininger for      10-7-08  
Dr. Richard L. Miller, Superintendent      Date  
Oxnard School District

Barbara Dean  
September 24, 2008  
Barbara Dean, Deputy Administrative Officer      Date  
Fiscal Crisis and Management Assistance Team

In keeping with the provisions of AB1200, the County Superintendent will be notified of this agreement between the District and FCMAT and will receive a copy of the final report.