



San Diego County Office of Education Main Campus
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December 17, 2018

VIA EMAIL ATTACHMENT AND U.S. MAIL

Kevin Pike, Board President
Sweetwater Union High School District
1130 Fifth Avenue
Chula Vista, CA, 91911-1997

RE: Comments on 12-17-18 Agenda Item C.2., Early Retirement Incentive

Board President Pike:

The Board is being asked to take action on Agenda item C.2., Supplemental Early Retirement Plan (SERP), at tonight's Special Board meeting.

The District finds itself in the current state of financial crisis in part due to decisions being made with incomplete and/or inaccurate information and analysis. In both the Sept. 20, 2018 Budget Comments letter and the Nov. 8, 2018 Revised Budget Approval letter we required that *"...a detailed reduction plan shall be provided with the submission of the First Interim report due in December 2018."* To date no such plan has been received by our office, only Resolution 4592 identifying a need to make \$42.4 million in reductions for the 2019-20 school year and an additional \$25 million in reductions for the 2020-21 school year. Absent a long-term plan to address the shortfall, the Board is being asked to make this decision in isolation. While the SERP estimates savings totalling \$22 million by 2023-24, this amount is only roughly half of what is needed to meet the District's fiscal responsibilities next year, 2019-20. It would be prudent to delay any decision until such time the Board is provided with a comprehensive fiscal recovery plan.

Further complicating the issue, as of Friday afternoon District staff was unable to provide us with a credential-based analysis identifying the specific remaining staff members who will be needed to backfill a portion of the 94 mid-year teacher retirements. The assumptions of savings are not guaranteed and will require long-term, detailed work to achieve. We continue to have concerns about the District's ability to successfully implement the work needed when considering the complete absence of position control.

In our opinion, a decision to approve nearly \$19 million in payouts to 308 individuals is fiscally irresponsible when considering the District's current financial crisis. The District has averaged 111 retirements annually over the past three years. Considering an 80% SERP replacement target, or roughly 60 positions, it appears the District could achieve the same savings at no cost through natural attrition. Adding to the risk is the inclusion of language agreeing to no certificated layoffs for the 2019-20 school year. Should savings not materialize as anticipated, the District has bargained away access to reducing the Budget's largest expenditure category, certificated salaries and benefits.

Should the Board approve the SERP tonight our office will implement the following procedures to ensure that maximum savings are achieved. Dr. Skvarna, Fiscal Advisor, will:

- Review and comment on any and all staffing requests
- Review and comment on any and all Board Agenda items with a fiscal impact prior to any action being taken
- Review and comment on any and all collective bargaining agreements prior to agreement
- Attend any closed session meetings where discussion could lead to fiscal impact
- Attend cabinet-level meetings that focus on a fiscal recovery plan

In conclusion, we strongly urge the Board to delay any decision in relation to the SERP until a comprehensive fiscal stability plan can be developed.

Sincerely,



Michael L. Simonson
Assistant Superintendent, Business Services
San Diego County Office of Education

cc: Members of the Board, Sweetwater Union High School District
Dr. Karen Janny, Superintendent, Sweetwater Union High School District
Dr. Jenny Salkeld, Chief Financial Officer, Sweetwater Union High School District
Dr. Paul Gothold, County Superintendent of Schools, SDCOE
Brent Watson, Executive Director, District Financial Services, SDCOE
Dr. Mark Skvara, Fiscal Advisor
Caryn Moore, California Department of Education
Mike Fine, President and CEO, FCMAT