October 14, 2010

Honorable Jamie Jacobs-May
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

Dear Honorable Judge:

As required by California Penal Code Section 933.05 (a,b), the following is Alum Rock Union Elementary School District’s response to the findings and recommendations from the 2008-2009 Santa Clara County Civil Grand Jury Final Report, “Who Really Benefits from Education Dollars?”

Should you have questions, I may be reached at (408) 928-6821.

Sincerely,

Jose L. Manzo
Superintendent

JM:mm
Enclosure
Finding 1: Boards of Trustees approve overly generous benefits to themselves which include the following:

- Fully paid health benefits for trustees and their families (often exceeding those of teachers and/or with no payment ceiling)
- Excessive travel and conference costs
- Pension contribution

Alum Rock Union Elementary School District (ARUESD) Response:
ARUESD disagrees with the finding. We find this to be a subjective conclusion without basis of comparison and substantiated data.

Recommendation 1: Boards of Trustees should carefully review the benefits listed in Finding 1 and:

- Eliminate health benefits for Board Members
- Minimize travel and conference costs
- Eliminate pension contributions

ARUESD Response:
- ARUESD will not be implementing this recommendation. The Board determined that benefits for members are appropriate compensation, consistent with statewide practice, and the level of responsibility that board members have for providing a quality educational program.
- The Board has a limited budget for travel and conferences.
- The only payroll benefits paid for by ARUESD are those required by law.

Finding 2: Boards of Trustees are approving overly generous benefits to Superintendents and Chancellors, including the following:

- Auto allowances (auto leases/purchases, insurance, maintenance, etc.) to superintendents
- Housing allowances
Million dollar housing loans at zero or below market interest rates
• Guaranteed annual step and/or longevity increases
• Signing bonuses
• Contract buyouts
• Excessive performance bonuses
• Per Diem payments when out of the district
• Personal technology allowances
• Professional memberships and subscription allowances
• Excessive travel and entertainment expenses
• Salary increases automatically triggered by increases in teacher’s salaries which
  are in addition to other guaranteed salary increases
• Pension allowances (in addition to regular STRS/PERS contributions)
• Advanced degree stipends
• Lifetime medical insurance benefits
• Annual physicals

ARUESD Response:
ARUESD disagrees with the finding. We find this to be a subjective conclusion without
basis of comparison and substantiated data.

Recommendation 2: Boards of Trustees should carefully review and renegotiate the
Superintendent/Chancellor benefits listed in Finding 2 for possible reduction and/or elimination.

ARUESD Response:
The Board of Trustees and Superintendent will consider the opinions of the Grand Jury in
future negotiations. The Board and Superintendent have, and will continue to negotiate
contracts that are of mutual benefit.

Finding 3: Superintendent salaries and increases appear to bear no relationship to the number of
schools, students, and employees they oversee, nor their district’s academic improvement.

ARUESD Response:
ARUESD disagrees with the finding. The factors in determining a Superintendent’s salary
are much more complex than the four mentioned in the finding.

Recommendation 3: The Board of Trustees should ensure that Superintendent/Chancellor
salaries and increases take into account the number of schools, teachers, and students they
oversee, and are tied to the district’s students’ progress and quantifiable metrics.

ARUESD Response:
The recommendation has been partially implemented, in that the Superintendent’s
evaluations do typically take student academic performance into consideration. The
remainder of the recommendation will not be implemented because it is not warranted.
The factors in determining a Superintendent’s salary are much more complex than simply
using strict quantifiable metrics—a superintendent’s tenure, the characteristics of the

José L. Manzo, Superintendent
Board of Trustees: • Patricia Potter, President • Gustavo González, Vice-President
• Dolores Marquez, Clerk • Esau Ruiz Herrera, Member • Frank Chávez, Member
students served by the district, the nature of the community, etc. Given the crucial nature of the position, ARUESD will try to fill the job as expeditiously as is reasonable and will be forced to offer compensation packages that are competitive to the market.

Finding 4: Boards of Trustees hire costly search firms to recruit successors for retiring or dismissed Superintendents/Chancellors.

ARUESD Response:
ARUESD disagrees with the finding. We find this to be a subjective conclusion without basis of comparison and substantiated data. This is one of the most important functions of a Board primarily made up of elected non-educators, not familiar with personnel procedures and effective recruitment efforts in public education.

Recommendation 4: Boards of Trustees should conduct a preliminary search within the local area prior to hiring search firms.

ARUESD Response:
The recommendation will not be implemented because it is not reasonable. Qualified candidates are not always available locally. To conduct a local “preliminary search,” separate from an all-out search, would only delay the process and potentially leave vacant for longer than necessary a district’s most important leadership position.

Finding 5: Boards of Trustees approve the hiring of multiple private attorneys, in some cases at a tremendous expense.

ARUESD Response:
Circumstances arise within the scope of doing business as a school district that necessitates the engagement of legal services. ARUESD is diligent on minimizing engagement of legal services when possible.

Recommendation 5: All Boards of Trustees should engage County Counsel whenever possible and leverage their buying power to negotiate lower fees with private law firms.

ARUESD Response:
The recommendation will not be implemented because it is not reasonable. School districts are involved in complex legal issues that required specialized legal expertise and considerable legal capacity. ARUESD will continue to use legal counsel that will best meet its legal needs.

Finding 6: The operation of 34 K–12 school districts and four (4) community college districts creates excessively high management and administrative costs. Five K–12 school districts have excessively high Superintendent costs per student which is reflective of the district’s having only one or two schools.

José L. Manzo, Superintendent
Board of Trustees: • Patricia Potter, President • Gustavo González, Vice-President • Dolores Márquez, Clerk • Esau Ruiz Herrera, Member • Frank Chávez, Member
ARUESD Response:
ARUESD disagrees with the finding. To draw cost-benefit conclusions on the basis of superintendent costs per student can be a highly misleading approach.

**Recommendation 6:** A consolidation of districts should be considered to reduce the numbers and costs of Superintendents/Chancellors, Boards of Trustees, administrative staff and overhead.

ARUESD Response:
The recommendation will not be implemented because the California State Education Code entrusts this decision to the public residing within the district.

José L. Manzo, Superintendent

Board of Trustees:  • Patricia Potter, President  • Gustavo González, Vice-President
• Dolores Márquez, Clerk  • Esau Ruiz Herrera, Member  • Frank Chávez, Member