September 9, 2009

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

RE: Moreland School District - Response to Who Really Benefits from Education Dollars? (Hint: It’s Not the Students)

Dear Judge Jacobs-May:

Following are the requested responses regarding the noted Grand Jury Report:

Grand Jury Findings - June 24, 2009

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

The Moreland School District disagrees with this finding. The benefits our Board members receive do not exceed those of our employee groups. Also, our Board members are called upon to spend numerous hours of their time for meetings as well as district and school activities. If a consideration were to be made, it would be to increase these benefits to be more accurately commensurate with the duties.

Board members do not receive pension contributions.

Being sensitive to the district’s financial position, the board proactively made reductions in conference expenditures for board members during the 2008-09 year, as well as for the current year.
Recommendation 1: Boards of Trustees should carefully review the benefits listed in Finding 1 and:

- **Eliminate health benefits for Board Members**
  
  This recommendation will not be implemented for the reasons given above.

- **Minimize travel and conference costs**
  
  This recommendation has been implemented.

- **Eliminate pension contributions**
  
  Moreland School District does not make pension contributions for board members.

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

Moreland School District disagrees with this finding. Superintendents are independent contractors in a profession that is limited in the quantity of qualified, experienced candidates. School boards compete against those of other districts for the most qualified candidate that fits the specific needs of their district.
Moreland’s compensation is competitive yet not “overly generous.” Concomitant with the compensation are expectations that are documented through annual goals set by the board.

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

This recommendation is currently partially implemented. On an annual basis, the Board of Trustees in Moreland School District carefully reviews salary and benefits agreements during the Superintendent’s performance evaluation. Renegotiation has not occurred.

**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.*

Moreland School District disagrees with this finding. While we cannot speak for other districts, superintendents’ salaries do appear to be linked to the size of districts. In Moreland the superintendent’s compensation is directly related to the goals of the district and monitored through an annual review of the superintendent. The Moreland Board of Trustees sets annual goals for the superintendent. The objectives for these goals are jointly created between the board and superintendent. Each year, the board conducts a 360-degree survey to gather information about the superintendent’s status of the goals for the year. This information, combined with the perceptions of the five board members based on numerous sources, forms the basis of a comprehensive review of the superintendent that is shared with him during a discussion of successes, shortcomings, and future goals.

**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.*

This recommendation is partially implemented. As described above, the Moreland School District’s Board of Trustees annually measures the progress of the school district (based on multiple measures: survey results, data, and observations) and achievement of goals and objectives.

**Finding 4**
*Boards of Trustees hire costly search firms to recruit successors for retiring or dismissed Superintendents/Chancellors.*
Moreland School District disagrees with this finding. The costs of search firms are reasonable. The onerous task of replacing a superintendent is couched in complex, contemporary understandings of the status of public education and impact of these conditions in the specific school districts during the vicissitudes of our politics, economics, and social conditions. The costs paid by districts are aligned with the challenges facing the search firms.

**Recommendation 4**

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

The Moreland Board of Trustees will not implement this recommendation. The Board studies the potential candidates within the district. If none clearly qualifies to ascend to the superintendency, the board seeks a firm to conduct the search. The specialized acumen and experience of the professional staff of these firms allow them to understand the complex relationships among staff members within and across school districts. They are able to research the knowledge, skills, and experience of candidates without raising the suspicion of the current employer, thus minimizing the risk of jeopardizing a “sitting” superintendent’s relationship with his/her board.

**Finding 5**

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

The Moreland School District agrees with this finding. The Board of Trustees is advised by the superintendent regarding legal situations that districts face. In the current culture of society today, school districts must seek legal counsel and representation for a plethora of issues. Legal firms specialize in the various kinds of issues facing school districts, much as doctors specialize in various areas of medical practice. A county counsel cannot be versed well enough in each of these categories.

**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.*

Moreland School District will implement this recommendation. The district will determine whether the qualifications of the County Counsel match the needs of the district as future legal situations arise. Our district is engaged in different legal cases ranging from construction to special education, from charter school to employee discipline. The history of previous cases impacts the current cases and provides a common body of knowledge and experience that both the legal counsel and client can discuss for the best consideration of options for the
The loss of one case could financially place a district in a grave financial position. The complex juxtaposition of multiple cases must be considered and the potential impact weighed relative to the total legal and economic status of the district. The legal firms with which Moreland has worked provide a continuity and consistency that maximize the opportunities for success. A one-size fits all County Counsel would be in a less propitious position to address the intricate interrelationships of the various aspects facing our district.

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.

Moreland School District disagrees with this finding. The Moreland School District’s Board of Trustees regularly monitors the number and duties of administrators as a logical product of the negotiations process with our certificated and classified unions. In addition both unions monitor the number and duties of administrators and bring this information into the negotiations process.

The attribution of a cost per student for superintendents’ compensation is faulty. The quantity of work for a superintendent does not directly relate to the quantity of students in a school district. All of the educational, financial, operational, and personnel duties are constant from one district to another, based on the requirements of the United States Department of Education, the California State Department of Education, and municipalities, as well as labor laws. The breadth of these responsibilities is consistent from one district to the next, although the number of instances may vary because of the number of students and employees. The work of the superintendent draws on a singular, common body of knowledge and multi-faceted body of skills.

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.

The Moreland School District will not implement this recommendation. A fundamental tenet of families is that the neighborhood school will provide the best education for and best meet the needs of their children. Neighborhood schools are most responsive to needs of the residents. Similarly local school districts best meet the needs of the residents.
The federal court-ordered cross-town bussing implemented by one district in Santa Clara County proved to be a dismal failure. It quickly led to the flight of middle class Asian and White families from the district resulting in a district now disproportionately populated by low-income and minority children.

Under the California education code, voters who reside in the school district are responsible for determining whether or not districts should consolidate. A vote of the electorate is required to change district organization. A relatively recent proposal to unify elementary and high school districts in west San Jose was resoundingly defeated by voters.

Sincerely,

Robert Varich
Board President
Moreland School District