



FREMONT UNION HIGH SCHOOL DISTRICT

Cupertino, Fremont, Homestead, Lynbrook, Monta Vista High Schools and Adult/Community Education

Polly M. Bove, *Superintendent of Schools*

September 24, 2009

Mr. Don Kawashima, Foreperson
2008-09 Civil Grand Jury
Superior Court Building
191 North First Street
San Jose, CA 95113

FILED

SEP 25 2009

DAVID H. YAMASAKI
Chief Executive Office Clerk,
Superior Court of CA County of Santa Clara
BY D. ALDYCKI *[Signature]*

Dear Mr. Kawashima and Members of the Civil Grand Jury:

We have received your Final Report of June 24, 2009, "Who Really Benefits from Education Dollars?" We wholeheartedly agree with the fundamental premise that education's dollars should benefit students. The percentage of our revenue spent on the classroom is above the typical amount for high school districts. We take pride in the fact that our student achievement as measured by API scores ranks third in the state while our per-pupil funding is less than surrounding districts and even below the state average. Following is our response to the specific findings and recommendations:

Finding I

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 Fremont Union High School District respectfully disagrees with the finding. It is difficult for school districts to attract competent and dedicated candidates for the challenging and highly scrutinized role of Trustee. Since Trustee stipends are and will remain low, benefits contributions are among the only avenues available to attract and keep qualified candidates. Most Trustee members provide countless volunteer hours beyond the time dedicated to Board meetings and office events.

The Fremont Union High School District Board of Trustees already has agreed to reduce and virtually eliminate all travel and conference costs except when such costs are significant benefits to the districts.

Bullet point three is not applicable to the Fremont Union High School District Trustees since they do not receive pension contributions.

BOARD OF TRUSTEES: Nancy A. Newton, Barbara F. Nunes, Homer H.C. Tong, Hung Wei, Bill Wilson

589 West Fremont Avenue
Post Office Box F
Sunnyvale, CA 94087

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(408) 522-2200
FAX (408) 245-5325
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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

Bullet 2 of the recommendation has been implemented. The District Board of Trustees has always minimized travel and conference costs. The main travel for the Trustees has been to the annual CSBA State Conference, which alternates between Northern and Southern California. Given the budget challenges that the District is facing this year, and the fact that the conference is being held in Southern California, the Board of Trustees has already decided not to attend this year's conference and avoid any airline travel and overnight stays.

Bullet 3 is already a part of the current practice of Fremont Union High School District. No pensions are offered to Trustee members.

The remainder of Recommendation 1 will not be implemented because it is not warranted. Typical health benefits are not "overly generous" when weighed against the duties of the position, and the importance of attracting qualified candidates. Eliminating them would place greater stress on the governance of districts by discouraging incumbents from staying and by discouraging new, qualified candidates from running for the seats.

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.)
- Housing allowances
- Million dollar housing loans at zero or below market interest rates
- Guaranteed annual step and/or longevity increases
- Signing bonuses
- Contract buy-outs
- 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

The Fremont Union High School District respectfully disagrees with this finding with respect to their Superintendent's compensation. The Superintendent does not receive an auto allowance, a housing allowance, a housing loan, a signing bonus, a performance bonus, per diem payments when out of the District, a personal technology allowance, or a salary increase automatically triggered by teacher's salary increases, pension allowance in addition to STRS, lifetime medical insurance benefits, or coverage for annual physicals. The Superintendent is paid using a salary schedule where the annual increments match the annual step increase of the teachers' and other administrators' salary schedules. The longevity and advanced degree stipends also match those of all administrators in the District. The contractual buy-out clause mirrors what Ed Code allows. Travel, membership and subscription allowances are limited and monitored by the Board. The Superintendent does receive a health care stipend of \$400 dollars per month. This is the same stipend that is given to all District administrators and does not cover the cost of the PERS healthcare plan. At the Fremont Union High School District, top leadership costs represent less than one-fifth of one percent of the office's total annual budget of \$199 million. The high cost of living in the area, coupled with extreme demands and pressures of the position, have created a market in which compensation packages offering certain compensation are viewed as a necessity.

Recommendation 2

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

The Board of Trustees of the Fremont Union High School District carefully scrutinized the benefit package offered to the Superintendent when they first negotiated the contract with her. The current contract for the Superintendent is for four years ending in June of 2013. The Trustees review the Superintendent's contract annually, and the Trustees and the Superintendent plan to continue this annual review. For these reasons, the Fremont Union High School District agrees with the recommendation that Boards of Trustees should carefully review and renegotiate Superintendent's benefits listed in Finding 2 for possible reduction and/or elimination, provided such a reduction would not prevent the District from attracting and retaining the best Superintendent for the District.

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.

The District respectfully disagrees with Finding 3. Fremont Union High School District's Superintendent oversees an annual budget that is over \$199 million, five large high schools, over 1,000 employees, over 10,000 high school students and 38,000 adult school students. The Superintendent's salary is related to the size of the district, and that is only one of many factors that determine compensation.

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.

The Superintendent's contract does take into account the size and complexity of the Fremont Union High School District as well as the number of schools, teachers, and students in the District. The Superintendent must receive a satisfactory evaluation, in writing, from the Board annually in order to receive salary increases specified in the contract. Students' academic progress is one of the factors given high consideration in the Board of Trustees' evaluation. For these reasons, the Fremont Union High School District agrees with the recommendation that Boards of Trustees should ensure that the salary and compensation increases for the Superintendent be tied to the number of schools, teachers, students and the District's students' progress as well as other goals set by the Board of Trustees.

Finding 4

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

Hiring a Superintendent for a school district is one of the most important and complex tasks a Board of Trustees undertakes. While there are costs involved in using search firms, these amounts are small when one considers the stakes involved and the fact that Superintendents are often in their positions for many years. Board members are typically inexperienced in Superintendent searches, and the existing staff of a school district are not always best positioned to recruit and employ their supervisor. However, the use of search firms depends upon the particular circumstances and timing of the hiring. There are times when an appropriate and highly qualified individual can be found within the District as well as times when looking outside the District is necessary.

Recommendation 4

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

The Fremont Union High School District largely agrees with this finding with the caveat that this decision is dependent on the particular circumstances. In the fall of 2006, after the dismissal of the sitting Superintendent, the Fremont Union High School District Board of Trustees appointed an in-house administrator to the position of interim-superintendent. After six months this individual was appointed Superintendent, and no search firm was used. Over the last 20 years the Board has used a variety of approaches to recruiting and hiring Superintendents. On three occasions the Board of Trustees hired a search firm. On two occasions they chose in-house candidates. The approach used fit the needs and demands of the District at the time, as well as the strength of the local or in-house pool of candidates. When a search firm was used, a number of firms were carefully interviewed and fully vetted. Then one was chosen to lead the recruitment process. The Fremont Union High School District Board of Trustees believes that they must use search firms to assist with the recruitment and the selection process of Superintendents when a local candidate cannot be found that meets the needs and demands of the District or when the Board has determined that the District must take a new direction that cannot be achieved by hiring local talent.

Finding 5

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

The Fremont Union High School District respectfully disagrees with this finding for the reasons outlined below in the response to Recommendation 5.

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.

Over the past twenty years the Fremont Union High School District has considered using County Counsel and has rarely found this option to be ideal. Quality legal advice depends on two elements not addressed in the recommendations of the Grand Jury. The first is an extensive knowledge of the district. Given the wide variety of school districts and their challenges, it is difficult to envision County Counsel possessing the breadth of knowledge and experience to provide the high level of support districts need on high-stakes legal issues. Beyond knowledge of the district, the satisfactory resolution of complex legal issues requires experience with and comfort in the relationships between district employees, Trustees, and members of the community.

Fremont Union High School District has minimized the need for legal services by proactively addressing areas that typically incur significant legal costs for school districts. Our District has extremely collaborative and close working relationships with our employee groups. We do not use attorneys in negotiation sessions, and we have attorneys who have helped us develop a Revenue Sharing Process that we use in place of negotiated salaries with all groups. Changing Counsel for this work would be unwise and could potentially undermine the trust we have built with our union groups. The District has also worked closely with Special Education students and their parents to ensure that the needs of those students are met without resorting to legal proceedings.

We are double checking to be certain that we are not currently paying any excess costs using our attorneys rather than County Counsel, but even if these costs are somewhat greater than they could be, the District feels strongly that the benefits of these elements far outweigh any marginal cost difference in legal costs.

Finding 6

The operation of 34 K-12 school districts and four 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 districts having only one or two schools.

The Fremont Union High School District believes that it is not in a position to judge the districts identified and is respectfully unable to agree or disagree with this finding.

Recommendation 6

A consolidation of districts should be considered to reduce the numbers and cost of Superintendents/Chancellors, Boards of Trustees, and administrative staff and overhead.

The recommendation cannot be implemented by local Boards of Trustees, because under the California Education Code, consolidation of districts is relegated to the people who live in the district. Should communities wish to join with other communities to create larger K-12 or community college districts, the process is clearly spelled out in the Education Code, under which a vote of the electorate can change district organization.

In Santa Clara County, voters from a few districts have chosen to consolidate in the past, but for the most part, they have established a strong tradition and preference for local control.

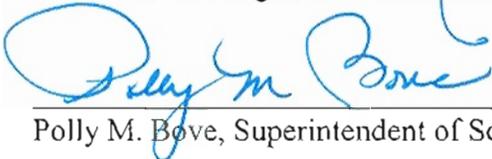
The Santa Clara County Office of Education offers many centralized services such as alternative schools, special education, finance, and technology services, all directed at reducing costs for districts.

Sincerely,

GOVERNING BOARD OF THE FREMONT UNION HIGH SCHOOL DISTRICT



Homer H. C. Tong, Board President



Polly M. Bove, Superintendent of Schools