



GILROY UNIFIED SCHOOL DISTRICT

Superintendent's Office

7810 Arroyo Circle Gilroy, California 95020

Tel(408)848-7112 fax: (408) 847-4717

www.gusd.k12.ca.us

SUPERINTENDENT

Dr Deborah A. Flores

BOARD OF EDUCATION

Javier Aguirre Denise Apuzzo Rhoda Bress Tom Bundros
Francisco Dominguez Mark Good Fred Tovar

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DAVID H. YAMASAKI
Chief Executive Officer/Clerk,
Superior Court of CA County of Santa Clara
BY D. ALTVECKI

September 10, 2009

Don Kawashima, Foreperson
Civil Grand Jury
Santa Clara County
Superior Court Building
191 North First Street
San Jose, Ca. 95113

Dear Mr. Kawashima;

I am responding on behalf of the Gilroy Unified School District Board of Education to the report "Who Really Benefits from Education Dollars (Hint: It's Not the Students)". The responses which are attached to the six findings meet the requirements of Penal Code 933© and were approved by the board of education at their September 3, 2009 board of education meeting.

Thank you for your time.

Sincerely,

Deborah A. Flores, Superintendent

**Gilroy Unified School District Response
To the Grand Jury Report titled
“Who Really Benefits from Education Dollars? (Hint: It’s Not the Students)”**

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

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

GUSD Response: *Disagree.*

The recommendation to eliminate health benefits will not be implemented. Board members benefits do not exceed those of staff. Health benefits for board members are authorized by law. Board members devote many long hours each month – estimated to be an average of 30+ hours a month - to school district matters. They are literally on-call to the public and district at all times. The compensation they receive is a small price to pay for the time they devote to this job and the services they provide to the GUSD.

If benefits are eliminated, then the pool of candidates running for school board will be limited to those who can afford their own health benefits. A school board should represent all segments of the community.

Board travel and conference costs are already minimized. They attend one conference per year, the California School Board Association annual conference. This conference provides essential training and information needed to effectively perform their duties.

Board members do not receive pension contributions.

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 physical

Recommendation 2

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

GUSD Response: *Disagree*

The GUSD Board of Education already has in place a process to review and renegotiate the Superintendent's benefits. Five of the items listed in the report apply to the GUSD Superintendent and are warranted for the reasons listed below;

1. *Auto allowance - to fairly compensate the superintendent for actual expenses*
2. *Contract buy-out – to allow the board the option to release the superintendent if conditions warrant it*
3. *Professional memberships and subscriptions - to ensure that the superintendent receives vital information and training related to the position.*
4. *Advanced degree stipends – to attract highly qualified, skilled individuals to the position*
5. *Annual physical – to ensure the superintendent's health will allow him/her to sustain the rigors of the position.*

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.

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.

GUSD Response: *Disagree*

The GUSD Board of Education can not comment on other district's compensation of superintendents. However, in the case of the GUSD Superintendent's compensation, the Board has taken into account various locally based indicators, particularly, the GUSD budget, in determining appropriate compensation. The superintendent's salary is less than .2% of the total GUSD budget. Also, in order to attract highly qualified individuals to the job, it is necessary for the compensation to be competitive and to compensate the superintendent for real expenses. The total compensation should also match the level of responsibility of the position. The GUSD superintendent is the CEO of a large, complex, organization that has, for instance, over 1,000 employees, 11,000 students, and 18 schools.

Finding 4

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

Recommendation 4

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

GUSD Response: *Disagree*

The Board of Education believes it is essential to hire the best qualified individual as the Superintendent and educational leader of the GUSD. Superintendent search firms specialize in Superintendent searches and are most capable of identifying top-notch individuals.

Finding 5

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

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.

GUSD Response: *Disagree*

In 2008, the GUSD Board of Education released an RFP for legal services, interviewed legal firms that specialize in educational legal matters, and selected one legal firm to provide legal services to the district. This resulted in better, more cost effective services to the district. It is essential that the district utilize the services of a legal firm that specializes in K-12 educational law with members of the firm who understand and know the laws that pertain to the issues facing public schools.

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.

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.

GUSD Response: Disagree

The GUSD is located in the southern most area of the county. It serves the unique needs of the Gilroy community and a very large geographic area (approximately 600 square miles). It would not be cost effective to consolidate with other districts. Additionally, there is a process required by law for the consolidation of school districts as outlined in the Education Code. Education Code § 35500 to 35785, describes the procedure and requirements for the reorganization of districts. The process can be complex and costly.