

Above all, education.

# LOMA PRIETA

•JOINT•UNION•SCHOOL•DISTRICT•

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(408) 353-1101 FAX: (408) 353-8051  
Henry Castaniada, Superintendent Corey Kidwell, Principal/CIO

September 17, 2009

Don Kawashima, Foreperson  
2008-2009 Civil Grand Jury  
Superior Court Building  
191 N. First St.  
San Jose, CA 95113

**FILED**

SEP 25 2009

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

Dear Mr. Kawashima:

I am responding to your June 24, 2009 letter to the Loma Prieta Board of Education and the Loma Prieta School District.

As required, our responses are submitted in compliance with California Penal Code 933.05. However, as you review our submission, please keep in mind that the Santa Clara County has thirty-two (31) K-12 school districts and four (4) community college districts are separate entities, and in many cases operate differently from district to district.

As a preface to the response, during the past five years our district has significantly reduced major cost in the following areas:

- ✓ consultants
- ✓ attorney fees
- ✓ facilities operations overhead

### **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*

*Board of Trustees:*

*Diane Matlock, President    Rachelle Lopp, Vice-President  
Paula Lacey, Member    Mario Montana, Member    Tricia Rasmussen, Member*

**Response**

The Loma Prieta School District disagrees with the finding. The District does not provide medical benefits for Trustees or any compensation stipends.

**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*

**Response**

Two years ago, the District Board of Trustees has taken steps to minimize travel and conference costs. The District does not provide medical benefits for Trustees or 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*
- *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*

**Response**

The Loma Prieta School District disagrees with the finding. Santa Clara County school districts face considerable challenges in attracting and maintaining qualified applicants for superintendent positions. 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 benefits are viewed as a necessity. In the vast majority of cases, the benefits are not "overly generous," but in line with the realities of market supply and demand.

**Recommendation 2**

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

**Response**

The recommendation will not be implemented because it is not warranted. It is unrealistic to expect superintendents to renegotiate their benefits, and impractical to believe such a renegotiation would not hinder recruitment and retention in these crucial positions. Demand for qualified people who can fill these positions is very high. In the current market, incumbents who face reduced benefits can and will leave for similar positions in other district or states where the benefits are intact; or for positions in the private sector, where compensation packages far exceed those in school districts.

**Response**

The Grand Jury's recommendation does serve as a reminder to all trustees to carefully scrutinize benefit packages offered to superintendents in future contracts.

**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.*

**Response**

Superintendent salaries often are related to the size of the district, but that is only one of a myriad of factors that determine compensation. Also, many superintendent evaluations do typically take student academic performance into consideration. Student's performance is a major evaluation area for our district.

**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.*

**Response**

The recommendation has been partially implemented, in that many superintendent evaluations do typically take student academic performance into consideration. The remainder of the recommendation will not be implemented because it is not warranted. Tying superintendent salaries to district size would be a simplistic and counter productive approach to finding and retaining district leaders who are best suited for the particular characteristics and challenges of a given district. There are many other factors other than size that come into play when compensating leadership – a superintendent's tenure, the characteristics of the students served by the districts, the nature of the community, etc.

Also, to a large extent the process of hiring a superintendent is tied to the circumstance of the time; a district, whether large, small or in-between, cannot choose to hire a superintendent when market conditions are favorable. Given the crucial nature of the position, districts try to fill the job with a highly qualified candidate as expeditiously as is reasonable.

**Finding 4**

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

**Response**

The price of hiring a search firm, weighed against the benefit of bringing in a strong pool of highly qualified candidates, does not seem "costly". The current superintendent is in his 6<sup>th</sup> year of tenure in the Loma Prieta School District. The total cost for the hiring of our superintendent was six thousand dollars (\$6,000).

**Recommendation 4**

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

**Response**

The recommendation will not be implemented because it is not warranted. The Board is not currently undertaking a superintendent search, but will consider this option when the time is appropriate.

**Finding 5**

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

**Response**

School districts often are involved in complex legal issues that require legal expertise in sub-sections of the Education Code, requiring considerable specialized legal capacity, time and energy. Considering all the complex legal issues school districts are required to address, our attorney fees are minimal. Legal cost expenditures are a major area of responsibilities for superintendent.

**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.*

**Response**

The recommendation has not yet been implemented, but will be implemented by the District in the future.

**Finding 6**

*The operation of 31 K-12 school districts and four (4) community college districts creates excessively high management and administrative costs. Five K-12 school district have excessively high Superintendent costs per student which is reflective of the district's having only one or two schools.*

**Response**

The Loma Prieta School District partially agrees with the finding, in that the large number of districts does compound administrative costs. However, 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.*

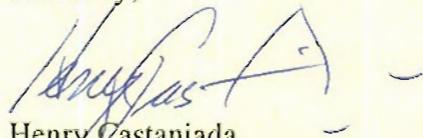
**Response**

Local boards and trustees cannot implement the recommendation because under the California education code, consolidation of school districts is relegated to the people who live in the school district. Should communities wish to join with other communities to create larger school 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.

A final word: Today more than ever, Santa Clara County school districts are examining expenditures and procedures in order to be as efficient and thrifty as possible. The Grand Jury report is one more reminder of the necessity of that. Our district will be reviewing cost cutting recommendations made by the Grand Jury report throughout this year.

Should you have any questions related to this matter please do not hesitate to contact me at (408) 353-1101.

Sincerely,

A handwritten signature in blue ink, appearing to read "Henry Castaniada", with a horizontal line extending to the right.

Henry Castaniada,  
Superintendent