



# LUTHER BURBANK SCHOOL DISTRICT

Established in 1906

Fernando R. Elizondo, Ed.D.  
Interim Superintendent

**FILED**

OCT 19 2009

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

*Board of Trustees*

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October 13, 2009

Honorable Jaime Jacobs-May  
Presiding Judge  
Superior Court, Santa Clara County  
191 N. First Street  
San Jose, CA 95112

Re: Response by Luther Burbank School District to Grand Jury Reports

Dear Judge Jacobs-May  
Presiding Judge

Honorable Judge Jacobs-May

The Luther Burbank school district has completed its responses to: (1) the 17 page final report entitled, Santa Clara Schools Inventory Practices-300M+ Taxpayer Investment-But who's counting and(2) a 20 page final report entitled **Who really benefits from the education dollars? (Hint: It's not the students).**

The court granted the district an extension through October 15 2009.

The board of trustees reviewed and approved the responses found in both reports at their regularly scheduled meeting of October 13, 2009.

The board of trustees extends its appreciation to the Court for granting the extension.

Sincerely,

Dr. Fernando Elizondo  
Immediate Past Interim Superintendent

*Dr. Rebecca Cohn-Vargas (Becki)*  
Dr. Rebecca Cohn-Vargas  
Superintendent/Principal

# Luther Burbank School District

## Who really benefits from education dollars? Findings and Recommendations

### Finding 1:

Boards of Trustees approve 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

District response: The Luther Burbank School District disagrees with the finding. It is difficult for a school district to attract competent and dedicated candidates for the challenging role of a trustee. Since trustee stipends are and will remain low, benefits and pension contributions are among the only avenues available to attract and keep qualified candidates. Most Board members provide countless volunteer hours beyond the time dedicated to Board meetings and Office events.

Our District will continue to scrutinize all travel and conference costs, and strive to incur such costs only when there are significant benefits to the district.

### 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

District response: The recommendation has been implemented. Luther Burbank School District has been taken steps to minimize travel and conference costs. A policy on travel was reviewed and updated at the Board Meetings of 2009. The Board reviewed the policy for a second reading at the October 13, 2009 Board meeting

Regarding Item 3, Pension contributions through CalPers or Cal STRS is not optional if salary compensation is provided.

The remainder of Recommendation 1 will not be implemented because it is not warranted. Typically health benefits and pension contributions policies in our district is 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 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.) 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 increase 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

District response: The Luther Burbank School District disagrees with the finding. In our district, top leadership costs represent less than one-sixth of one percent of the office’s total annual budget of \$5 million. Additionally, the Superintendent/Principal position will be responsible for and oversees district and school operations. Our district faced a considerable challenge in attracting and maintaining qualified Superintendent applicants. 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.

Compare the average superintendent total compensation as listed in the Grand Jury report (Table 1, p.4) of \$207,900 to the average pay for CEOs in Silicon Valley. According to the

Mercury News (June 5, 2009), the average pay for CEOs last year was \$2.2 million—just over 10 times as much as the amount paid to public school superintendents.

Actually, the average *bonus* (\$242,000) paid to the CEOs exceeded the average *salary* paid to the superintendents.

A comparison of apples to apples—or superintendents to superintendents—similarly refutes the idea the notion of “generous administrative expenses.”

Looking at the average salaries of superintendents in the Far West region of the United States, a study entitled “Salaries and Wages in California Public Schools 2008-2009 (by ACSA/Foundation for Educational Administration and Educational Research Service, Table B3) found the average salary was \$172,646—about \$20,000 less than the average salary in Santa Clara County of \$192,368.

Given the extreme cost-of-living disparity of Silicon Valley as compared to the average of the rest of the Far West region, an additional \$20,000 here, combined with an attractive set of benefits, would not seem “overly generous.”

## Recommendation 2:

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

District response: The recommendation will not be implemented because it is not warranted. It is unrealistic to expect our newly appointed superintendent/Principal to renegotiate benefits, and impractical to believe such a renegotiation would not hinder recruitment and retention.

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 districts or states where the benefits are intact; or for positions in the private sector, where compensation packages far exceed those in school districts.

The Grand Jury’s recommendation did serve as a reminder for our Board to scrutinize benefit packages as they searched for their new superintendent. The Board’s final action was to consolidate the position into a Superintendent/principal position in the 2010-2011 school year as a cost savings measure.

## 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.

District response: The Luther Burbank School District disagrees with the findings. School districts leaders oversee income of over \$3.5 billion tax dollars annually, and nearly 25,000 employees and 260,000 students in over 367 schools. The school districts annual budget is over 5 million. 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 students academic performances into consideration and will be considered when hiring a new superintendent.

### Recommendation 3:

The Board of Trustees should ensure that the 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.

District 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 our superintendent salary to our district size would be a simplistic and counterproductive approach to finding and retaining district leaders who are best suited for the particular characteristics and challenges of our 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 as expeditiously as is reasonable.

### Finding 4:

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

District response: The Luther Burbank School District disagrees with the finding. Many districts do conduct their own searches. One recent example is our district, for which the SCCOE provided assistance. While some districts do hire search firms, describing the expenditure as "costly" seems to ignore the realities of the market for these positions. The position is crucial to school success, and therefore it is crucial to find the right person for the job. The price of hiring a search firm, weighed against the benefit of bringing in an assortment of qualified candidate, does not seem "costly." A more costly approach would be to undertake anything less than an intensive search for the right candidate.

## Recommendation 4:

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

District response: The recommendation will not be implemented because it is not warranted. Superintendent searches do survey local leadership when attempting to fill local openings—for example, the Oak Grove recently named its assistant superintendent for human resources to fill the vacant superintendent position. However, 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. In our superintendent search all the finalists were local administrators. The appointed Superintendent is from Santa Clara County.

## Finding 5:

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

District response: The Luther Burbank School District partially agrees with the finding. Our Board has hired private attorneys. We 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.

## Recommendations 5:

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

District response: The recommendation has not yet been implemented, but will be implemented by our district in the future. Our district will undertake an RFP (Request for Proposal) process to encompass our legal expenses, and will confer with County Counsel to determine if they are interested in participating in the next RFP cycle.

## Findings 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.

District response: The Luther Burbank 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 Superintendent's/Chancellors, Boards of Trustees, administrative staff and overhead.

District response: The recommendation cannot be implanted by our local Board of Trustees, 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.

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

The Luther Burbank School District interim superintendent and the superintendent from San Jose Unified School District and corresponding board presidents met informally to discuss the issue. The was concurrence that although consolidation was not feasible at this point in time, there's merit in further discussion within other shared services i.e. Educational and Business services. Presently, Luther Burbank School District is contracting for food services with San Jose Unified School District.