



Serving the communities of Mountain View, Los Altos and Los Altos Hills

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September 21, 2009

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

FILED
SEP 28 2009
DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY D. ALBYCKI

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?" The Mountain View Los Altos Union High School District prides itself on being fiscally responsible and prudent in its expenditure of funds while serving its high school and adult education students. The following is our response to the findings.

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*

Response

The Mountain View Los Altos Union High School District disagrees with the finding. The Board of Trustees in the district receives the same benefit package as do teacher bargaining unit members. 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 and 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 District/school events.

The Mountain View Los Altos Board of Trustees typically does little travel and, when travel is required, every attempt is made to minimize travel and conference costs. The Board members already have reduced travel and conference costs, and strive to incur such costs only when there are significant benefits to the districts.

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

The Mountain View Los Altos Board has reduced the board budget by 30 percent in 2009-2010. As well, pension contributions through CalPERS or Cal STRS are not optional if salary compensation is provided.

Typical health benefits and pension contribution policies in county districts 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*
- *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*

Response

The Mountain View Los Altos Union High School District Superintendent does not receive an auto allowance, a housing allowance, a mortgage assistance loan of any kind, a guaranteed annual salary increase, per diem expenses while out of district, a pension allowance other than his and the district’s mutual contribution to STRS, or lifetime medical benefits.

The Mountain View Los Altos Union High School District disagrees with the finding. 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 Superintendent has a three year contract that extends to June 30, 2012. The Board of Trustees and the Superintendent carefully review benefits annually. The Board of Trustees and the Superintendent plan to continue this annual review. For these reasons, the Mountain View Los Altos Union High School District agrees with the recommendation that Boards of Trustees should annually review the Superintendent’s total compensation.

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

The Mountain View Los Altos Union High School District respectfully disagrees with the finding. School district leaders (the Board of Trustees, Superintendent, and District administrators) oversee a budget of over \$47 million and nearly 600 employees and 11,500 students, including Adult Education. The Superintendent salary is related to the size of the district, but that is only one of a myriad of factors that determines 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.

Response

The Superintendent’s contract does take into account the size and complexity of the Mountain View Los Altos Union High School District, as well as the number of schools, teachers, and students in the district. Students’ academic progress is one of the factors given high consideration in the board’s evaluation. For these reasons, the Mountain View Los Altos Union High School District agrees with the recommendation that Boards of Trustees should ensure salaries and increases are tied to the district’s students’ progress. The remainder of the recommendation will not be implemented because it is not warranted. 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, and the nature of the community.

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, does not have the luxury of hiring a superintendent if and only if market conditions are favorable. Given the crucial nature of the position, Trustees make every attempt 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.

Response

Hiring a superintendent for a school district is one of the most important 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 typically in their positions for many years. The current Superintendent in the Mountain View Los Altos Union High School District is in his fourth year of serving in the position. The previous Superintendent served for nine years, and the Superintendent before that served for seven 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.

We are often told that our schools should be run more like businesses. In the corporate world, it is common to use search firms to fill executive positions. Using an education search firm to find the most highly qualified Superintendent candidates is analogous to using a corporate search firm to find the most highly qualified CEO candidates.

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. Superintendent searches do survey local leadership when attempting to fill local openings. 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 the spring of 2006, the Mountain View Los Altos Union High School District Board of Trustees discussed the best way to find a superintendent worthy of the talents and promise of its students. After careful deliberation and interviews with leading search firms, the Board entered into a contract with Leadership Associates. Leadership Associates' role in the process allowed the district to attract candidates beyond the local area. In the end, the superintendent who was hired had extensive experience in Santa Clara County. For these reasons the Mountain View Los Altos Union High School District respectfully disagrees with the recommendation that Boards of Trustees should conduct a preliminary search within the local area prior to hiring search firms.

Finding 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

For routine matters and general counsel, the Mountain View Los Altos Union High School District had expenses of \$46,000 last fiscal year. Quality legal advice depends on two elements missing from 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, board members, and members of the community. The benefits of these elements far outweigh any marginal cost difference in legal costs. The district has been aggressive in reviewing legal fees and has changed or added law firms when appropriate. For these reasons, the Mountain View Los Altos Union High School District disagrees with the recommendation that Boards of Trustees would engage County Counsel whenever possible.

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.

Response

The Mountain View Los Altos Union High School District partially agrees with the finding, in that the large number of districts may compound administrative costs. However, to draw cost-benefit conclusions on the sole basis of superintendent costs per student can be a highly misleading approach. The Mountain View Los Altos Union High School District is not in a position to judge the districts identified.

Recommendation 6

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

Response

The recommendation cannot be implemented by local boards and trustees, because under the California Education Code, consolidation of districts is relegated to the people who live in the district. Should communities want 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 Mountain View Los Altos Union High School District offers many centralized services such as alternative schools, special education, finance, and tech services, all directed at reducing costs for districts.

Finally, student achievement remains the stated and primary goal of the Mountain View Los Altos Union High School District. Fiscal responsibility follows closely behind this goal. We believe that we have met our obligations and without hesitation respond that the beneficiaries remain our students, their families and our taxpayers.

Sincerely,



Judy Hannemann, President
Board of Trustees



Barry R. Groves, Ed. D.
Superintendent