



OAK GROVE

SCHOOL DISTRICT

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FILED

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

September 23, 2009

Mr. Don Kawashima, Foreperson
2008-2009 Santa Clara County Civil Grand Jury
Superior Court Building, 191 North First Street
San Jose, CA 95113

To Whom It May Concern:

Attached are responses from the Oak Grove School District regarding the Grand Jury's Final Report, "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*

Response: The Oak Grove School District disagrees with the findings. It is a difficult task of recruiting and retaining competent and dedicated candidates for the Board of Trustees. Stipends paid are aligned with California Education Code 35120 (4) and Oak Grove does not utilize Education Code 35120 (9) (e) which allows an increase in the stipend rate. In addition, not all members of the Board of Trustees utilize district benefits and those who choose to participate pay the same rate contribution as active management to cover the monthly premium.

The Board Members in Oak Grove have greatly reduced travel and conference costs. Usually conferences are attended by new members for basic orientation and law interpretations for their new role.

The Oak Grove School District does not make pension contributions unless required by law.

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*

Tony Garcia, Superintendent
Board of Trustees: Yvonne Cook, Dennis Hawkins, Dianne Lemke, Jeremy Nishihara, Mary Noel
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Our mission . . . "to ensure that every child's potential is achieved."

Response: The recommendation will not be implemented. The Oak Grove School District will continue to provide medical benefit levels for Board Members since they are not “overly generous” when weighed against the duties and responsibilities of the position and the fact that those who choose to participate pay the same contribution amount as management to cover the monthly premiums. Eliminating benefits would be a deterrent to attract and retain qualified candidates. I refer you back to our findings as stated in Finding 1.

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 physicals*

Response: The Oak Grove School District disagrees with the finding. In 2008-09 the superintendent compensation costs represent less than 0.2 percent of the District’s total budget of \$96,561,521. The Grand Jury’s data of total compensation places Oak Grove in the bottom third of all districts of cost per student and the newly hired superintendent compensation costs represent even less. Considering the challenge of attracting and maintaining qualified candidates, the immense pressure of the position, and the cost of living in the area, compensation packages provided are considered a necessity and not “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.

Response: The Grand Jury recommendation will not be implemented because it is not warranted. It is not a realistic action to expect superintendents to renegotiate their benefits, let alone to eliminate them. This would truly hinder recruitment in the future.

The Oak Grove Superintendent does not receive a housing allowance, a million dollar housing loan or loan of any kind, guaranteed annual step or longevity bonus, signing bonus, excessive performance bonus, per diem when out of the district, or excessive travel and entertainment expenses.

The recommendation from the Grand Jury does provide Boards of Trustees an awareness of practices that could be greatly scrutinized.

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 Oak Grove School District partially disagrees with the finding. Superintendent salaries and increases often are related to the size of the district, but that is only one of a number of factors that determine compensation. Oak Grove is one of the largest elementary school districts in the county, ranked fourth highest of twenty-one elementary districts. This is one of the factors used in determining compensation for the superintendent.

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 our Five-Year Plan has a major component of student achievement and stated goals for student success upon which the superintendent is evaluated. The remainder of the recommendation will not be implemented because it is not warranted. Simply placing the superintendent salary tied into the number of schools, teachers, and students they oversee is not a productive approach to obtaining and retaining the best candidate for the position.

Finding 4

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

Response: The Oak Grove School District disagrees with the finding. The benefit of hiring a search firm allows boards to bring in the best candidates and draw from a stronger pool of candidates. Boards of Trustees do not have the resources, and in some cases, the time to conduct a meaningful search for a candidate. The current Oak Grove Superintendent replaced a 10-year veteran superintendent and was hired from within after consulting with a firm and their findings. This saved the district funds since no funds were needed for a larger scale search from the work provided at the first level of the search. Oak Grove continually looks to hire from within to avoid costly searches.

Recommendation 4

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

Response: This recommendation will not be implemented as it is not warranted. The Board of Trustees in Oak Grove is not currently searching for a superintendent and recently hired a new superintendent. The Board 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: The Oak Grove School District partially agrees with this finding. Schools have complex issues that require legal expertise. The Oak Grove School District currently retains the services of specialized legal firms. However, the reality is that school districts have complex legal issues that require legal expertise in sub-sections of the Education Code. Contract negotiations, special education, property sales and/or surplus property status, and employee dismissal (Certificated and Classified) all are unique and require specialized legal capacity.

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

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.

Response: The Oak Grove School District disagrees with the findings. We are not in position to determine the operational needs of other districts or the community colleges. Each district is unique and has its own challenges. To attract quality superintendents, districts need to look at the whole picture.

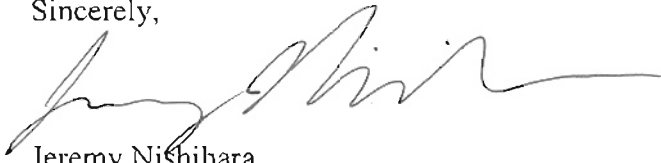
Recommendation 6

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

Response: The recommendation will not be implemented. The Oak Grove School District Board of Trustees cannot implement the recommendation due to 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeremy Nishihara", written in a cursive style.

Jeremy Nishihara
President
Board of Trustees

JN:cm