



# Conejo Valley Unified School District

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SUPERINTENDENT  
Jeffrey L. Baarstad, Ph.D.

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September 7, 2010

H. G. Kelley, Foreman  
Ventura County Grand Jury  
800 S. Victoria Ave., L#3751  
Ventura, CA 93009

RECEIVED

SEP 15 2010

VENTURA COUNTY  
GRAND JURY

Regarding: Response to Grand Jury Request – Conejo Valley Unified School District

Dear Mr. Kelley:

I am writing in response to your letter dated June 8, 2010, providing Conejo Valley Unified School District (CVUSD) with a copy of the Grand Jury Report, The Half Billion Dollar Elephant in Our Schools' Closets, and requesting CVUSD comment on the report's findings and recommendations. Copies of the report were distributed to the CVUSD Board of Education and senior administrative staff. The Board discussed the report findings and additional information on CVUSD retirement health benefits at a regular Board meeting held on June 29, 2010. The Board of Education authorized me to forward the following response.

The Board of Education of CVUSD agrees with the seven findings listed for CVUSD. The findings accurately reflect the information our administrative staff forwarded to the Grand Jury. That information was based upon collective bargaining agreements with our employees, employee census data, and the results of a Government Accounting Standards Board (GASB) 45 Valuation of CVUSD Retirement Health Benefit Liabilities as of June 30, 2008, performed by Demsey Filliger and Associates. Responses to report recommendations are addressed below.

R-01. Not implemented. CVUSD has one of the lowest unfunded liabilities for other post-employment benefits (OPEB) of any school district in the County compared to the size of our workforce and budget. Our program of post-retirement health benefits is already extremely limited, and the unfunded liability is not a source of significant concern as it is in some County school districts. Annual State education funding to CVUSD has been reduced by \$27 million in the past three years. While the Board of CVUSD would like to begin prefunding our limited OPEB liability, that is just not a realistic option in the current budget environment. It would require further reductions to instructional programs and personnel. It will be a goal in future budget years; however, CVUSD will probably opt to create a Post-Retirement Health Benefit Fund, rather than an irrevocable trust to hold the funds. This would allow more flexibility for transfers between funds during difficult budget years, as we are currently experiencing.

R-02. Not implemented. Given State education funding cuts, we are struggling to identify cost reductions just to balance our annual operating budget, while maintaining essential services for students. CVUSD will identify appropriate budget strategies to begin prefunding our retiree health benefits obligations in future years that will include both cost reductions and the use of additional revenues projected in the future.

R-03. Not implemented. CVUSD does not agree with this recommendation. Health benefit industry experts believe that typical administrative costs that are addressed through economies of scale make up approximately only 5% of total benefit costs. The big cost drivers are plan design, medical experience of the employee pool, and overall inflation in the health care industry. Trying to coordinate and negotiate a master agreement between all County school district and employee unions is unrealistic, would reduce individual district flexibility in managing

health plans and costs, and be extremely time and effort intensive with the potential to realize only marginal savings.

R-04. Partially implemented. In addition to federal and state mandated budget reports and disclosures, CVUSD staff prepares simplified budget presentations to inform the Board of Education, parents, staff and the community. These are typically produced using a Power Point format. Staff has scheduled staff, parent and community forums to present this information that are, unfortunately, poorly attended. All of this information is also published on the CVUSD website.

R-05. Implemented. All CVUSD budget reports have been on the CVUSD website for several years.

R-06. Not implemented. As stated above, CVUSD staff has prepared general budget presentations for parents and the community that have been very poorly attended. It is doubtful the OPEB issue, while newsworthy of late, would generate any interest in our community sufficient to justify scheduling information sessions.

R-07. Partially implemented. As previously stated, CVUSD has one of the lowest unfunded liabilities for OPEB of any school district in the County compared to the size of our workforce and budget. Our program of post-retirement health benefits is already extremely limited, and the unfunded liability is not a source of significant concern as it is in some County school districts. It is not a crisis in CVUSD. That being said, the CVUSD Board and staff will work pro-actively to identify and implement options to minimize OPEB costs, and work to pre-fund them.

R-08. Not implemented. As stated above, the unfunded liability of CVUSD OPEB benefits is not considered a serious financial situation or crisis that requires significant changes to a retiree benefit program that has operated effectively for several decades. CVUSD has no intention of expanding benefits or costs, especially in the current fiscal environment, and will work to pre-fund these benefits in the future.

Please feel free to contact CVUSD Superintendent Dr. Jeff Baarstad if you have questions or concerns regarding this response.

Sincerely,



Pat Phelps, President  
Board of Education

Cc: CVUSD Board of Education  
Dr. Jeff Baarstad, Superintendent  
Linda Bekeny, Assistant Superintendent, Business Services  
Stan Mantooth, Superintendent, VCOE