

Learning Today to Lead Tomorrow

MOORPARK UNIFIED SCHOOL DISTRICT

5297 Maureen Lane, Moorpark, California 93021

(805) 378-6300

August 18, 2010

Ventura County Grand Jury
Ventura County Grand Jury
800 S. Victoria Avenue., L#3751
Ventura, California 93009

RECEIVED
AUG 23 2010
VENTURA COUNTY
GRAND JURY

Members of the Ventura County Grand Jury:

Please accept this communication as the Moorpark Unified School District's response, as required by Penal Code 933(c), to the Ventura County Grand Jury's report entitled: The Half Billion Dollar Elephant In Our Schools' Closets. The Board of Education of the Moorpark Unified School District approved this response at its regular meeting August 17, 2010.

Recommendation R-1): That County School Districts adopt a policy of prefunding their retiree health care benefit plans by establishing an irrevocable trust fund for employees' health care benefits.

While Moorpark Unified School District (MUSD) agrees that there is merit in the consideration of this recommendation, the District does not agree that the establishment of an irrevocable trust fund is the best or only way to prepare for the fiscal obligation of the District to pay for retiree health benefits. As we have learned by going through the pain of extensive lay-offs and educational program reductions during the current fiscal crisis, flexibility in the use of District resources has been a critical element in maintaining financial viability to address core obligations of providing instruction to our students and paying teacher salaries. An irrevocable trust would take away the ability of the governing board to utilize assets in a fiscal emergency to address critical needs of the District. The District agrees with the soundness of setting aside monies and pre-funding for future fiscal obligations.

Recommendation R-02: That County School District identify effective cost reductions that will allow the District to achieve their respective calculated Annual Required contribution (ARC.)

Moorpark Unified School District has been successfully funding its retiree health benefits obligations on a pay-as-you-go basis for the last fifteen years. Currently, our annual costs for retiree benefits are drawing very near the ARC level. The District agrees with the merit of this recommendation for use as a target, but not as an absolute due to the competing and urgent needs for funding core academic programs and services to students. During a time when District resources have been reduced by 25 -30% over just three years, further cuts to essential student programs in order to exactly meet ARC calculations would be detrimental to the mission of the organization. However, as the state of California begins to meet its obligations to restore funding to public education, MUSD will

BOARD OF EDUCATION:

Greg Barker, President

Ron LaGuardia, Vice President

Ute Van Dam, Clerk

Mindy Yaras, Member

Bruce Thomas, Member

Ellen Smith, District Superintendent

An Equal Opportunity Employer

have the means to plan and better address all of our obligations including the pre-funding of retiree health benefits.

Recommendation R-03: That County School Districts leverage off of the economies of scale by acting as one bargaining unit and selecting a health care plan for all employees.

Moorpark Unified School District agrees with the first part of recommendation, that there is leverage in the health care market by combining numbers of lives across school districts for economies of scale. In fact Moorpark Unified is part of a group of nine districts, the Coastal School Employee Benefits Organization, that are joined together to optimize the purchase of health care services.

The District is not in agreement that the second part of the recommendation ("acting as one bargaining unit" for the selection of "a health care plan for all employees") is viable under current state law. Bargaining units are legally established in California composed of employees of a specific school district employer; not a county-wide entity. Also, medical benefits programs are subject to the collective bargaining process which means that local Governing Boards are not at liberty to unilaterally select health care plans for all employees.

Recommendation R-04: That county School District use language in their financial reports so that the average County taxpayer, employee, and retiree can understand how tax dollars are being spent and recognize the extent of the district's financial indebtedness.

Moorpark Unified School District agrees with this recommendation. However, it is always a challenge to present complex school district financial information from a myriad of state, local and federal sources, with restricted and unrestricted designations, in a manner that is easily understood by everyone. We do post a "user-friendly budget" on our District website which is a summary of the major financial information.

Recommendation R-05: That County School District place the entire budget on the district website.

Moorpark Unified School District agrees with this recommendation. Our school-year budget is posted on the District website along with Governing Board Agendas and Minutes of Meetings. Because the annual budget is reported on forms required by the California State Superintendent of Public Instruction which are complex and lengthy, easily exceeding 100 pages, a summary version referenced in the previous response is also posted.

Recommendation R-06: That County School Districts schedule sessions to communicate and educate employees, retirees, and parents of students regarding the OPEB issue and how this is being addressed by the district.

Moorpark Unified School District agrees with this recommendation. In collaboration with the employee associations, MUSD has held educational sessions with employees to educate them about the rising costs of health benefits for active and retired employees along with strategies and options for addressing the costs. With regard to the public, MUSD complies with all reporting requirements concerning the annual budget and annual financial reports. MUSD involves parents and community members in educational sessions regarding the challenges of District finances through a number of means including the District Strategic Plan Team, School Site Councils and PTA Council meetings.

Recommendation R-07: That the VCOE and elected officials of the individual districts take a proactive role in seeking solutions to the unfunded liability crisis and present these solutions to their districts.

Moorpark Unified School District agrees with this recommendation. MUSD has worked collaboratively with our employee associations to educate constituents about OPEB issues and has made significant changes in the eligibility criteria for receipt of benefits and has limited the level of benefits in order to contain the un-funded liability of the District. MUSD continues to be proactive in studying the actuarial estimates of the OPEB obligation and in planning for the anticipated peak years of OPEB expenditures.

Recommendation R-08: That the VCOE and the elected officials of the individual districts consider alternatives to resolve this serious financial situation, such as:

Require greater benefit or premium cost sharing from retirees;

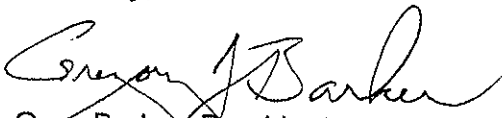
Implement a new defined contribution type retiree health care program for new employees; and

Freeze the employer-provided portion of the retiree health plan at present levels for currently covered active employees.

MUSD agrees with this recommendation and, in fact, has implemented the first two of these strategies in negotiated agreements with our employee organizations. The escalating cost of health care is a major issue nation-wide and will continue to be a top priority for discussion with our bargaining units.

In closing, the Governing Board of Moorpark Unified School District thanks the Grand Jury for its work on behalf of the citizens of Ventura County in reviewing and evaluating issues faced by governmental agencies to make recommendations about how their operations can be made more efficient and effective.

Sincerely,



Greg Barker, President
Board of Education

Moorpark Unified School District