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VENTURA COUNTY
GRAND JURY

August 27, 2010

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

Dear Sirs:

In response to your report title *The Half Billion Dollar Elephant In Our Schools' Closets*, please find below the response to your request from the Oak Park Unified School District.

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.

The Oak Park Unified School District concurs with Recommendation R-03 that economies of scale can provide savings. In fact, the District believes that the Grand Jury recommendation should be expanded to include all school districts in the state, banding together in a state-wide pool to leverage economies of scale to select a health care plan for all state school district employees.

Currently, Ventura County school districts are leveraging economies of scale for health care plans, with all but two districts participating in some type of group purchasing plan for health care benefits.

The Oak Park Unified School District is currently a member of the California's Valued Trust (CVT). CVT is the largest self-funded public school's trust in the state, serving 200 districts and more than 136,000 total members, covering the entire state of California. The District has determined that the medical benefit plans selected provides the best coverage for its employees while implementing the prudent use of limited financial resources. It is a well-documented fact that the cost of medical benefits continues to grow at levels outpacing the general economy. Because of these large cost increases, school districts must continue to monitor benefit costs closely and make adjustments to their plans as necessary. It must be remembered, however, that medical benefits are subject to the collective bargaining process and cannot be unilaterally changed by the Governing Boards of the local Districts. The District will continue to work to provide cost effective medical benefits for our employees.

Recommendation R-04: That County School Districts 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.

The Oak Park Unified School District concurs in part with Recommendation R-04. The focus of the Grand Jury report centers on the unfunded liability in connection with retiree health benefits or Other Post-Employment Benefits (OPEB). The Oak Park Unified School District does not now, and has not ever, offered OPEB, and as such is not an issue for local discussion. The District does concur, however, that its financial reports should be presented so that the average County taxpayer, employee, and retiree can understand how tax dollars are being spent and the extent of the District's financial obligations. Oak Park Unified School District meets the reporting requirements of the State of California and the Governmental Accounting Standards Board. The District concurs that the reporting of this complex financial information could be improved to be more usable and understandable for the average reader. The District will continue its efforts to improve presentation of this information.

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

The Oak Park Unified School District concurs with Recommendation R-05. The budget of a school district, like any public record, is available for public inspection. The annual budget is reported on forms required by the State Superintendent of Public Instruction, which are complex and lengthy, typically exceeding 100 pages. Websites now provide access to school district information, but the information needs to be presented in a format that is easily accessible and usable to the reader. The current budget format prescribed by the State Superintendent of Public Instruction may not meet these requirements.

The Oak Park Unified School District currently posts its budget on its website. This information is provided in both a summary format including narrative, as well as the annual budget reported on forms required by the State Superintendent of Public Instruction on its website. The District routinely reviews this information to ensure that the budget material is presented in a meaningful way to the average user.

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.

The Oak Park Unified School District concurs in part with Recommendation R-06. OPUSD complies with all reporting requirements concerning the annual budget and the annual financial reports of the District. Budget study sessions are held with the Board in public during the development of the annual budget. The adoption process is advertised and open to the public as required by California Education Code. The annual audited financial statements are also presented to the Board in a public meeting. However, as the Oak Park Unified School District has not ever, and does not now, offer Other Post-Employment Benefits, local discussion of OPEB is not necessary. The District nevertheless concurs that for those districts offering retiree

benefits, discussion of OPEB issues in the budget should be an integral part of public meetings.

Recommendation R-07: That the VCOE and the 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.

The Oak Park Unified School District has been proactive in addressing this issue by not implementing an OPEB program at any time during its history.

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

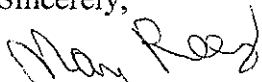
- Require greater benefit or premium cost sharing from retirees;
- Implement a new defined contribution type retiree health care program for new employees; and
- Freeze the employer-provided portion of the retiree health plan at present levels for currently covered active employees.

The Oak Park Unified School District has been proactive in addressing this issue by not implementing an OPEB program at any time during its history.

Summary

The Oak Park Unified School District takes the cost of employee benefits very seriously. The District has been proactive in addressing retiree benefits, electing not to implement an OPEB program. The District has taken steps to minimize the effect of escalating benefits costs by negotiating hard benefits caps for current employees, limiting the employer-paid portion of the medical benefits. The District will continue to assess its health care plans and the related impact to its financial position.

Sincerely,



Mary Rees
President
Board of Education