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Superintendent

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Assistant Superintendent,  
Business Services

MARCIA TURNER  
Assistant Superintendent,  
Curriculum, Instruction, and Assessment



Quality Education for Student Success

4200 OLDS ROAD, OXNARD, CALIFORNIA 93033  
(805) 488-4441 FAX (805) 986-6797

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August 24, 2010

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

and

Honorable Kevin J. McGee, Presiding Judge  
Superior Court of California, Ventura County  
P.O. Box 6489  
Ventura, CA 93006

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AUG 26 2010

VENTURA COUNTY  
GRAND JURY

This letter provides the required response to the Ventura County Grand Jury report entitled *The Half Billion Dollar Elephant in Our Schools' Closets*.

**RESPONSES TO RECOMMENDATIONS:**

**R-01 That County School Districts adopt a policy of prefunding their retiree health care benefits plans by establishing an irrevocable trust fund for employees' health care benefits. (C-01 through C-03, C-06 through C-07, C-09)**

*Ocean View School District supports the concept of Recommendation R-01 when fiscally feasible. In May 2008, the Ocean View School District (OVSD) Governing Board approved the initial Management Plan for Financing Other Post-Employment Benefits which was provided as supporting material with the initial Grand Jury request for information regarding this topic.*

**R-02 That County School Districts identify effective cost reductions that will allow the District to achieve their respective calculated ARC. (C-02 through C-03, C-06 through C-07, C-09)**

*Ocean View School District concurs with Recommendation R-02 when fiscally feasible. OVSD continually seeks effective cost reductions that will allow the District to meet its operational objectives, with students being the top priority. All cost reductions made during the past three (3) fiscal years were implemented to maintain academic programs for our students and further the mission of the school district – "to encourage student learning and success by respecting and empowering families and staff to work together so that all students have every opportunity to achieve at their highest potential."*

**R-03 That County School Districts leverage off of the economics of scale by acting as one bargaining unit and selecting a health care plan for all employees. (C-05, C-07)**

*Ocean View School District concurs with Recommendation R-03. In fact, Ocean View School District is currently a member of Coastal Schools Employee Benefits Organization (CSEBO), a joint powers authority (JPA) of nine (9) member districts with the objective of leveraging health care plan costs for all member-district employees.*

**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. (C-06, C-08)**

*The following is an excerpt from the California Department of Education regarding the purpose and implementation of the standardized account code structure (SACS) for all California school districts:*

#### **PURPOSE**

Local educational agencies (LEAs) throughout the State of California are required to submit a series of reports and data to the California Department of Education (CDE). In 1997, a standardized account code structure (SACS) was developed and implemented over the next seven years by all LEAs. At the same time, the SACS Financial Reporting Software was developed to accommodate SACS accounting. The use of SACS and the SACS Financial Reporting Software helps facilitate consistency among LEAs in recording and reporting financial information. Specifically, the SACS software:

- Improves financial data collection, reporting, transmission, accuracy, and comparability;
- Reduces the administrative burden on LEAs in preparing required financial reports;
- Helps meet federal reporting guidelines;
- Ensures LEAs' compliance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB);
- Provides a framework to follow the flow of educational funds; and
- Provides better information for use by those interested in school finance.

*In addition, the California Department of Education hosts a website called Ed-Data: Education Data Partnership - Fiscal, Demographic, and Performance Data on California's K-12 School, <http://www.ed-data.k12.ca.us/welcome.asp>.*

*This website is for the general public and offers easy-to-understand information regarding Fiscal, Demographic, and Performance Data about California's K-12 Schools.*

*Should the a County taxpayer, employee, or retiree have any questions regarding school district finances, personnel are available to provide assistance.*

**R-05 That County School Districts place the entire district budget on the district website. (C-06, C-08)**

*Ocean View School District concurs with Recommendation R-05. Since 2007-2008, the Ocean View School District has placed the entire district budget on its website at [www.oceanviewsd.org](http://www.oceanviewsd.org).*

**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. (C-01, C-02, C-05 through C-09)**

*Ocean View School District concurs with Recommendation R-06. OVSD complies with all reporting requirements concerning the annual budget and the annual financial reports of OVSD. Budget study sessions are held with the board and are open to the public as required by California Education Code and Government Code. The annual audited financial statements are also presented to the Governing Board in an open public meeting as well as posted on our website. OPEB issues are an integral part of the budget and annual financial statement process and are included in the discussions at these public meetings.*

**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. (C-01 through C-09)**

*Ocean View School District concurs with Recommendation R-07. The OVSD Governing Board and the OVSD Administration have taken a proactive role in addressing the unfunded liability at OVSD. The following actions are in place to address the unfunded liability:*

- *No lifetime benefits*
- *Medical-only benefits provided to retirees only to age 65*
- *Require 25 years of service for employees hired after September 1, 2003, to obtain eligibility for medical coverage to age 65*
- *Negotiated cap for medical, dental, and vision premiums*
- *Member of CSEBO, a health insurance JPA*
- *Active District-wide benefits committee*

**R-08 That the VCOE and the elected officials of the individual districts consider alternatives to resolve this serious financial situation, such as: (C-01 through C-09)**

- **Require greater benefit or premium cost sharing from retirees**
- **Implement a new refined contribution type retiree health care program for new employees**

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

*Ocean View School District concurs in part with Recommendation R-08. In almost all cases, the post-employment retiree benefit programs are a part of the collective bargaining process as mandated by law. Agreements made during that process are binding for both the Local Education Agency (LEA) Governing Board and the represented employees. Any changes made to these agreements must currently be effected through the collective bargaining process.*

*LEAs throughout the State are looking for ways to reduce their current and future costs associated with health benefits for both active and retired employees. Plan changes, benefit reductions, premium caps, increased co-payments, and closing the eligibility for retiree benefits plans are just a few of the strategies LEAs are using to reduce costs, in turn reducing the unfunded liability.*

The Ocean View School District takes the cost of employee benefits for both current and retired employees seriously. If you have any additional questions or comments, please feel free to contact me by phone at 805-488-4441 or email at [chelmstedter@oceanviewsd.org](mailto:chelmstedter@oceanviewsd.org).

Sincerely,



Craig W. Helmstedter, Ed.D.  
Superintendent  
Ocean View School District

cc: Members, Ocean View School District Governing Board