



Cupertino Union School District

Superintendent Phil Quon
Board of Education Anjali Kausar
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September 22, 2009

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

Dear Mr. Kawashima:

This letter is in response to your correspondence dated June 24, 2009 to Board of Education President, Ben Liao.

As required by California Penal Code section 933.05(a,b), the Cupertino Union School District responds to the Findings and Recommendations from the Civil Grand Jury's Final Report, "Who Really Benefits from Education Dollars? (Hint It's Not the Students)" are enclosed for your reference.

Should you have questions, I may be reached at (408) 252-3000, Extension 200.

Sincerely,

Phil Quon
Superintendent

PQ:jn

Enclosure

FILED

SEP 25 2009

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

Cupertino Union School District
Response to the Santa Clara County 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*

The Cupertino Union School District disagrees with the finding. It is difficult for school districts to attract competent and dedicated candidates to serve on the Board of Trustees. The stipends paid to the Board of Trustees is established by California Education Code 35120 (4). Since this stipend is a fixed amount, adding the option of health benefits helps to attract and retain qualified candidates. In addition, not all members of the Board of Trustees utilize district benefits, and those who choose to participate pay the same contribution amount as active employees to cover the monthly premiums.

The Cupertino Union School District Board of Trustees has already reduced travel and conference costs to a minimum incurring costs only when there is a significant benefit to the district.

The Cupertino Union School District does not make pension contributions for the members of the Board of Trustees unless required by law.

Recommendation 1

Boards of Trustees should carefully review the benefits listing in Finding 1 and:

- *Eliminate health benefits for Board Members*
- *Minimize travel and conference costs*
- *Eliminate pension contributions*

The recommendation will not be implemented. The Cupertino Union School District will continue to provide medical benefit options for members of the Board of Trustees since they are not "overly generous" when weighed against the duties of the position and the fact that those who choose to participate pay the same contribution amount as employees do to cover the monthly premiums. Eliminating benefits would further discourage qualified candidates from considering serving on the Board of Trustees.

As mentioned above, the Cupertino Union School District Board of Trustees has already reduced travel and conference costs to a minimum, only incurring costs when there is a significant benefit to the district. In addition, the Cupertino Union School District does not make pension contributions for the members of the Board of Trustees unless required by law.

Finding 2

Boards of Trustees are approving overly generous benefits to Superintendents and Chancellors, including the following:

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- *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*

The Cupertino Union School District disagrees with the finding. In the 2008-2009 school year, the superintendent compensation costs represented less than 0.2 percent of the district's total budget of \$136,940,155. The Board of Trustees feels the superintendent's compensation is not "overly generous" as the district is the largest elementary school district in Northern California and is currently the 9th highest performing school district in the state according to the 2008-2009 Accountability Progress Report.

Recommendation 2

Boards of Trustees should carefully review and renegotiate the Superintendent/Chancellor benefits listed in Finding 2 for possible reduction and/or elimination.

The recommendation will not be implemented because it is not warranted. It is unrealistic to expect superintendents to renegotiate their benefits, and impractical to believe such a renegotiation would not hinder recruitment and retention for this crucial position.

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.

The Cupertino Union School District partially disagrees with the finding. Superintendent salaries often are related to the size of the district, but that is only one of a number of factors that determine compensation. As stated above the Cupertino Union School District is the largest elementary school district in Northern California, which is one of the factors used in determining the compensation of 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.

The recommendation has been partially implemented. The Board of Trustees in the Cupertino Union School District does take student academic performance into consideration while evaluating the superintendent. The remainder of the recommendation will not be implemented because it is not warranted. Tying the salary of a superintendent strictly to district size would be an overly simplistic approach to finding and retaining district leaders who are best suited for a particular district. In addition, it would severely limit the negotiating power of the Board of Trustees when hiring a new superintendent.

Finding 4

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

The Cupertino Union School District disagrees with the finding. The cost of hiring a search firm must be weighed against the benefit of generating the strongest pool of highly qualified candidates as possible. In many cases, the Board of Trustees does not have the time or resources to conduct a meaningful search for a candidate on their own. Finding a superintendent that matches the needs of a district can yield years of stability and growth. Since 1990, the Cupertino Union School District has only conducted two external superintendent searches.

Recommendation 4

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

The recommendation will not be implemented because it is not warranted. The Cupertino Union School District Board of Trustees is not currently undertaking a superintendent search, but will consider local options when the time is appropriate.

Finding 5

Boards of Trustees approve the hiring of multiple private attorneys, in some cases at a tremendous expense.

The Cupertino Union School District disagrees with this finding. The Cupertino Union 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. Issues such as contract negotiations, special education issues, employee dismissal, parcel tax/bond measures, and surplus property status all require considerable specialized legal capacity, time, and energy.

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.

The recommendation has been partially implemented. The Cupertino Union School District has already taken advantage of County Counsel on several occasions when appropriate.

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.

The Cupertino Union School District disagrees with the findings. The district is not in a position to determine the operational needs of the communities being served by other school districts. Each school district is unique and has its own challenges.

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.

The recommendation will not be implemented. The Cupertino Union School District Board of Trustees cannot implement the recommendation due to California Education Code. The decision to consolidate school districts is relegated to the residents who live in the school districts in question. Should communities wish to join with other communities to create larger school or community college districts, the process is clearly spelled out in California Education Code.