

Central County  
Occupational  
Center/Program (CCOC/P)



MetroED

Metropolitan  
Education District

Metropolitan Adult  
Education Program (MAEP)

760 Hillsdale Avenue  
San Jose, CA  
95136-1190

August 20, 2009

Sent: Certified, Return Receipt Requested

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Gloria Chacon, Court Manager  
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Superior Court Building  
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[www.metroed.net](http://www.metroed.net)

**Dan Gilbertson**  
Director of Human Resources

**Paul R. Hay**  
Superintendent

Re: *"Santa Clara County Schools, Inventory Practices - \$300M+ Taxpayer Investment – But Who's Counting?"* and *"Who Really Benefits from Education Dollars? (Hint: It's Not the Students)"*

To Whom It May Concern:

On August 19, 2009, the Metropolitan Education District (MetroED) Governing Board reviewed and approved the attached responses to the Grand Jury final reports filed on June 9, 2009 and June 24, 2009 regarding the above referenced final reports

Please contact me directly at 408-723-6464 if you have any questions or need additional follow-up.

Sincerely,

Paul Hay  
Superintendent

Enclosures

cc. Rich Garcia, President, MetroED Governing Board  
Daniel Gilbertson, Interim Chief Business Official

**FILED**

SEP 21 2009

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

**Metropolitan Education District**  
**Response to Grand Jury Findings and Recommendations**  
**Final-Board Approved 8/19/09**

**Date:** August 19, 2009

**Subject:** 2008-09 Santa Clara County Civil Grand Jury report, filed June 24, 2009

Title: *"Who Really Benefits from Education Dollars?"*

On the above date, the Governing Board of the Metropolitan Education District ("MetroED") reviewed the aforementioned Grand Jury report ("Report") at a public meeting, and authorized the MetroED Superintendent to submit the following responses to the findings and recommendations in the Report.

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**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

*Response to Finding: We disagree with this finding in total. MetroED does NOT provide health benefits for trustees or their families, does NOT provide pension contributions and does NOT reimburse trustees for excessive travel and conference costs. During the period in question, there were NO expenses reimbursed to trustees.*

**Recommendation #1:** Boards of Trustees should carefully review the benefits listed in Finding 1 and:

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

*Response to Recommendation: These recommendations are not applicable. See Response to Finding #1.*

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**Finding #2:** Boards of Trustees are approving overly generous benefits to Superintendents and Chancellors, including the following:

- Auto allowances to superintendents: (Competitive car allowance is provided)
- Housing allowances (NOT provided)
- Million dollar housing loans at zero or below market interest rates (NOT provided)
- Guaranteed annual step and/or longevity increases (NOT provided)
- Signing bonuses: (NOT provided)
- Contract buyouts (Provided, as allowed by the Ed Code)
- Excessive performance bonuses: (NOT provided)
- Per diem payments when out of the district (NOT provided)
- Personal technology allowances (NOT provided)
- Professional memberships and subscription allowances (Provided)
- Excessive travel and entertainment expenses: (Only actual & necessary expenses are reimbursed)

- Salary increases automatically triggered by increases in teacher's salaries which are in addition to other guaranteed salary increases (NOT provided. Salary increases are consistent with increases for all district administrators. There are NO other guaranteed salary increases).
- Pension allowances (in addition to regular STRS/PERS contributions) (NOT provided)
- Advance degree stipends (Competitive advanced degree stipend is provided)
- Lifetime medical insurance benefits (NOT provided)
- Annual physicals (NOT required)

*Response to Finding: We disagree with this finding in total. Superintendent salaries are driven by the market. The job is demanding and the responsibilities are large. A shortage of well-qualified candidates, coupled with a high demand because of high turnover, creates present market-condition salary expectations. This compensation package is competitive. See the response to each finding noted above.*

**Recommendation #2:** Boards of Trustees should carefully review and renegotiate the Superintendent/Chancellor benefits listing in Finding 2 for possible reduction and/or elimination.

*Response to Recommendation: This recommendation will not be implemented. The MetroED Superintendent's compensation package was reviewed in detail at the time of contract negotiation. The compensation package is competitive, and not overly generous. A corrected calculation of the Superintendent's compensation package in relation to all other Santa Clara County Superintendents reveals that our Superintendent's cost per student is \$7.43 (not the \$15.82 as shown in the Grand Jury report). This makes his compensation package the lowest in the County on a cost per student basis. A request to correct inaccurate and misleading information in the Grand Jury Report was faxed to the Grand Jury foreperson on June 24, 2009 (copy attached).*

**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.

*Response to Finding: We disagree with this finding. Our Superintendent's contract includes provisions for the mutual development of annual goals with an annual performance evaluation. The evaluation is based on the overall performance of the district in relation to the goals.*

**Recommendation #3:** The Board of Trustees should ensure that the 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.

*Response to Recommendation: The Superintendent's evaluation process currently takes into account the Superintendent's performance in all areas of the District's activities.*

**Finding #4:** Boards of Trustees hire costly search firms to recruit successors for retiring or dismissed Superintendents/Chancellors.

*Response to Finding: We disagree with this finding. While it is the intent of the District Governing Board to minimize the cost of recruiting a new Superintendent, we retain the*

*right to do so as needed in order to recruit the most qualified candidates for the position. Superintendent candidates familiar with the unique circumstances of a Joint Powers Authority, Regional Occupational Center, large Adult Education programs and high school alternative programs are difficult to find.*

**Recommendation #4:** Boards of Trustees should conduct a preliminary search within the local area prior to hiring search firms.

*Response to Recommendation: We agree with this recommendation and, when a vacancy occurs in the position of our Superintendent, we will conduct a local search first. Additionally, there are less expensive options for Superintendent searches, including low cost advertisements in statewide publications for the Association of California School Administrators (ACSA) and California School Boards Association (CSBA).*

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**Finding #5:** Boards of Trustees approve the hiring of multiple private attorneys, in some cases at a tremendous expense.

*Response to Finding: As this finding relates to MetroED, we disagree. MetroED legal fees for the period reviewed were less than \$7,000, which is the lowest of those districts that responded to the Grand Jury's request for information. For Fiscal Year 2007-08, total MetroED legal fees were less than \$23,000. MetroED employs the services of four legal firms. As a Joint Powers Agency, MetroED's legal needs are unique in some cases, common in others. Two firms are used to provide guidance on collective bargaining and employee issues, one firm is used for its specialty in real estate and the fourth firm is used because it does not have a conflict of interest by representing any of the six participating districts that comprise the JPA.*

**Recommendation #5:** All Boards of Trustees should engage County Counsel whenever possible and leverage their buying power to negotiate lower fees with private firms.

*Response to Recommendation: MetroED is currently looking into the possibility of using County Counsel for appropriate issues.*

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**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.

*Response to Finding: We disagree with this finding as it relates to MetroED. Our District is a Joint Powers Authority (JPA) created to attain economies of scale for high cost career technical education (CTE) programs in a centrally located center and on the high school campuses of six participating school districts. In addition, it attains administrative economies of scale by administering Adult Education for two school districts and also provides an alternative high school program for students from the six district high schools.*

**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.

*Response to Recommendation: Not applicable to MetroED. See Response to Finding.*



Metropolitan  
Education District

Fax To: 882-2795

June 24, 2009

Don Kawashima  
Foreperson  
2008-09 Civil Grand Jury  
Superior Court Building  
191 North First Street  
San Jose, CA 95113

Re: Grand Jury Report: "Who Benefits from Education Dollars"

To Whom It May Concern:

The above-referenced report, which was received by my office on June 24, 2009, is inaccurate and misleading in three areas:

1. Page 4, Superintendent's Compensation: The number of students reported for MetroED (12,478) is inaccurate. We assume this represents only the high school students (General Fund) served by MetroED. The correct number of students served should be 26,555, which includes both high school students and adults in the Adult Education programs administered by MetroED. The Superintendent's compensation is charged 70% to the General Fund and 30% to the Adult Education Fund.

My assistant, Althea Polanski, called your office on June 19 to correct the numbers and explain how the superintendent's compensation is allocated.

The following chart presents a comparative of the different reporting options. The first option, which was used in your report, is clearly misleading. The second option is the most accurate, since the MetroED Superintendent is responsible for all students, both high school and adult. The third option counts the superintendent's compensation that is related to just the high school students. Clearly, the cost per student is more than double when comparing option two to the calculation used in the current report.

	Nbr of Students	Superintendent Compensation	Cost per Student
1. <b>6/24/09 Report (inaccurate)</b>	12,478	\$197,408	15.82
2. <b>Option: Report all ADA</b>	26,555	\$197,408	7.43
3. <b>Option: Allocate Salary (70%)</b>	12,478	\$138,186	11.07

2. Page 13, Board of Trustees Compensation: The 6/24/09 report states that information for MetroED was not provided. This is inaccurate. Board member compensation was reported in a March 16, 2009 letter to Don Kawashima, which was in response to your information request dated 3/6/09.

Board member compensation is \$240 per month when there is at least one board meeting held that month. Our board meets 11 months during the year. Therefore, maximum compensation is \$2,640 per member x 6 members = \$15,840 total annual stipends. No medical benefits are provided and there are no retirement contributions.

3. Page 17, Legal Expenses: The 6/24/09 report states "Not Provided" for legal expenses for the firms of Lozano Smith and Manat, Phillips & Phillips. The legal expenses for these firms for the periods indicated were \$0.

We respectfully request the information in these three areas be corrected and the report reissued with the accurate information.

Please feel free to contact either Althea Polanski or myself for any additional information of clarification.

Sincerely,



Paul R. Hay  
Superintendent