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Cold Spring School District

2243 Sycamore Canyon Road, Santa Barbara, CA 93108

(805) 969-2678 • FAX (805) 969-0787

Dr. Tricia T. Price, Superintendent /Principal

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BY: _____

January 9, 2012

Hon. Arthur A. Garcia
Assistant Presiding Judge
Santa Barbara Superior Court
312 East Cook Street
P.O. Box 5369
Santa Maria, California 93456-5369

RE: Response to Grand Jury Findings and Recommendations: Local Governments Post Employment Benefits in Santa Barbara County – Complicated and Costly.”

Dear Honorable Judge Garcia,

Following are the Cold Spring School District's responses to findings 1a, 1b, 1c, 1d, 1e and recommendation 1, findings 2a, 2b and recommendations 2a and 2b of the Grand Jury's report regarding local government post-employment benefits. The responses were written by my predecessor, Dr. Bryan McCabe, in his last week as Superintendent/Principal prior to retirement. Due to this transition, the responses were not submitted in a timely manner.

I thank you for your patience and apologize for the delay.

Should you need further information, you may contact me at 805.969.267 x 130.

Sincerely,

Dr. Tricia T. Price
Superintendent/Principal

June 28, 2011

Hon. Arthur A. Garcia
Assistant Presiding Judge
Santa Barbara Superior Court
312 East Cook Street
P.O. Box 5369
Santa Maria, California 93456-5369

**RE: Response to Grand Jury Findings and Recommendations:
"Local Government Post Employment Benefits in Santa Barbara County –
Complicated and Costly"**

Findings 1a, 1b, 1c, 1d, 1e

Response

The Cold Spring Elementary School District agrees with the above findings.

Recommendation 1

That no later than January 1, 2012, all local government agencies that belong to multiple-employer pension pools obtain, and for each year thereafter, make publicly available estimates of their individual unfunded actuarial liability from an actuary or the plan sponsor.

Response

The recommendation will not be implemented because it is not warranted or is not reasonable.

This action is not within the scope of the District's capabilities. This information is not available to us.

The Cold Spring Elementary School District is part of the statewide CalPERS and CalSTRS pools, and employer contributions are set at the same rate for all school district members of that pool.

The unfunded liability of the state pension pools impacts the employer contribution rate, and this unfunded liability is made available to the general public annually in the CalPERS *Comprehensive Annual Financial Report* and the CalSTRS *Comprehensive Annual Financial Report*.

Finding 2a

As of June, 2010, public agencies in Santa Barbara County has a total unfunded actuarial liability for post employment healthcare of approximately \$316,000,000.

Response

The Cold Spring Elementary School District has no basis to agree or disagree with this finding.

Finding 2b

Some agencies pay all or a portion of the healthcare premium costs for employees.

Response

The Cold Spring Elementary School District agrees with this finding as the District does fund the partial cost of employee healthcare premiums.

Finding 2c

For the most part, local agency healthcare benefits are pay as you go, and are not structured on a prefunded basis like defined benefit pension plans.

Response

The Cold Spring Elementary School District agrees with this finding.

Recommendation 2a

That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that contributes some or part of healthcare premiums for employees, adopt an implementation plan to reduce those contributions.

Response

The Cold Spring Elementary School District has implemented this recommendation. Although, this area is within the scope of collective bargaining, the cost of post employment healthcare is largely the responsibility of the employee with only a small group of long-term employees receiving a District contribution for healthcare cost up to age 65.

Recommendation 2b

That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that provides healthcare premiums for employees, implement prefunding their currently unfunded healthcare liability.

Response

The Cold Spring Elementary School District has not yet implemented this recommendation. The District is a small one school District with less than 30 active employees receiving healthcare benefits and only one current retiree who qualifies for the District contribution toward healthcare costs. The District plans to continue to pay for post employment healthcare costs for the few individuals who qualify on a pay as you go basis.

Bryan McCabe, Ph.D.
Superintendent/Principal
Cold Spring Elementary School District

Information Copy: Santa Barbara County Board of Supervisors