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Santa Barbara Unified School District BY: _____

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www.sbsd12.org

August 24, 2011



Honorable Arthur A. Garcia, Assistant Presiding Judge
Santa Barbara Superior Court
P.O. Box 5369
Santa Maria, CA 93456-5369

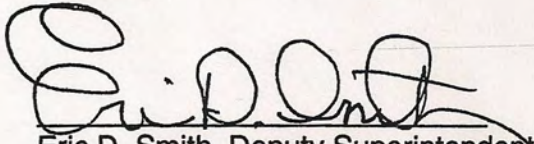
Re: Local Government Post Employment Benefits in Santa Barbara – Complicated and Costly

Dear Judge Garcia,

Enclosed is Santa Barbara Unified School District's response to the grand jury report entitled *Local Government Post Employment Benefits in Santa Barbara County Complicated and Costly*. Included in the District's responses, and when ever applicable, are timeframes for implementation.

If you should have any questions concerning the District's responses, please contact me, Eric D. Smith, Deputy Superintendent at 805-963-4331 ext. 6222 or via email at esmith@sbsd12.org.

Sincerely,



Eric D. Smith, Deputy Superintendent

es/af

Encl: 1

Xc: Hon. Joni Gray, Chair
Santa Barbara County Board of Supervisors
County Administration Building
105 E. Anapamu St.
Santa Barbara, CA 93101

Santa Barbara Unified School District's Response to the Santa Barbara County Civil Grand Jury Report *Local Government Post Employment Benefits in Santa Barbara County Complicated and Costly*

Grand Jury's Recommendation 1

That no later than January 1, 2012, all governmental 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

District's Response

Recommendation 1 will not be implemented because it is not warranted or is not reasonable. The action is not within the scope of our office's capabilities. The information is not currently available to us.

The Santa Barbara Unified School District (SBUSD) is part of the schools state-wide 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 schools 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

Grand Jury's 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.

District's Response

The SBUSD has already taken significant steps to curtail our post retirement benefit liability by eliminating life-time benefits for certificated, classified and management employees. Post-retirement benefits are granted for active employees who have reached age fifty five and rendered at least ten years of service, or when they become Medicare eligible. Even then, the maximum benefit is \$1,000 per year until such time that a retiree reaches the age of 65. Lastly, any change to the level of benefit for non-management employees is within the scope of bargaining and therefore negotiable.

Grand Jury's Recommendation 2b

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, implement prefunding their currently unfunded healthcare liability.

District's Response

It is not feasible to prefund the current unfunded liability in today's economic conditions. School districts are political subdivision of the state and, as such, are subject to funding constraints imposed on them by the legislature and governor. Currently, the state is only sending eighty cents on the dollar for each dollar of general purpose revenue that the district is entitled to. The SBUSD will continue to fund the obligation on a "pay as you go" basis until such time that the liability is reduced to a level where it can be easily pre-funded and/or the State of California fully funds its commitment to K-12 public education.

Grand Jury's Recommendation 3

That, no later than January 1, 2012, in the best interest of ratepayers and taxpayers, each government agency that has compensated absences liabilities, adopt an implementation plan to reduce each agency's compensated absence liability.

District's Response

The SBUSD has already taken steps to partially implement this recommendation. The SBUSD has reduced the amount of vacation and compensation time an employee can carry over from year to year. Certificated employees do not earn vacation and classified and management employees cannot carryover more than 28 vacation days per year.