



August 22, 2017

~~SCANNED~~ 8/21  
To be scanned

The Honorable Kelly V. Simmons  
Marin County Superior Court  
P.O. Box 4988  
San Rafael, CA 94913-4988

Jay Hamilton-Roth, Foreperson  
Marin County Civil Grand Jury  
3501 Civic Center Drive, Room #275  
San Rafael, CA 94903

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Elizabeth Schott,  
Superintendent

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Dear Judge Simmons and Mr. Hamilton-Roth:

Please find here the responses to Recommendations 3, 4, and 8 from the Kentfield School District to the 2016-2017 Marin Civil Grand Jury Report entitled ***The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions***, released on June 5, 2017.

**RECOMMENDATIONS**

**R3: Agencies should publish long-term budgets (i.e., covering at least five years), update them at least every other year, and report what percent of total revenue they anticipate spending on pension contributions.**

**Kentfield School District Response to R3:**  
*The recommendation requires further analysis.*

The District finds a recommendation of five years of budgeting ill advised. The District will need to consider the necessity of a five year projection, and the impact on staff time to prepare the additional analysis. The State of California requires all school districts submit three year financial projections using the Standardized Account Code System (SACS). These budget projections are approved by the Board of Trustees of the District three times per year during budget Adopted Budget, 1st Interim, an 2nd Interim reporting periods and are posted on our website at [http://www.kentfieldschools.org/pages/Kentfield\\_School\\_District/Administration/Business\\_Services/Board\\_Reports\\_including\\_Budget](http://www.kentfieldschools.org/pages/Kentfield_School_District/Administration/Business_Services/Board_Reports_including_Budget)

The District's budget narrative articulates the pension contribution and the overall cost as a percent of total budgeted salary expenditures. Projecting beyond three years may not be a good use of staff time given the vagaries of public school funding.

**R4: Each agency should provide 10 years of audited financial statements and summary pension data for the same period (or links to them) on the financial page of its public website.**

**Kentfield School District Response to R4:**  
*This recommendation has been partially implemented.*

The District has provided at least five years of audited financial statements on the Business Services page of the website, which can be found at [http://www.kentfieldschools.org/pages/Kentfield\\_School\\_District/Administration/Business\\_Services/Audit\\_Reports](http://www.kentfieldschools.org/pages/Kentfield_School_District/Administration/Business_Services/Audit_Reports). These financial statements include footnote disclosure of pension data as required by Governmental Accounting Standards Board (GASB 67 and 68).

**R8: Public agencies and public employee unions should begin to explore how introduction of defined contribution programs can reduce unfunded liabilities for public pensions.**

**Kentfield School District Response to R8:**

*The recommendation requires further analysis and will not be implemented at this time.*

As stated in the Grand Jury report, existing statutes preclude the implementation of defined contribution programs. Further, termination fees imposed by the pension funds that manage public agency retirement assets make this an impractical option. These fees would further stress and create significant financial burden on the District's budget even as they retire the unfunded liabilities, creating a no-win situation. In addition, any such change would need to be negotiated with the relevant collective bargaining units.

In 2013, the State of California implemented the Public Employees' Pension Reform Act (PEPRA). PEPRA is consistent with pension reform initiatives implemented by states across the nation to address defined benefit public pension system liabilities. This reform applies to both CalPERS and CalSTRS, and will reduce the increasing rate of liability. It also raises the retirement age for new employees, increases employee contribution rates, eliminates "spiking" of compensation, and prohibits retroactive pension increases. When fully implemented, the plan will eliminate the unfunded liabilities.

Thank you for your continued interest in and support of our public schools.

Sincerely,



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Juli Kauffman  
Kentfield School District  
President, Board of Trustees



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Liz Schott  
Kentfield School District  
Superintendent