

To be scanned

Scanned 9/13/17



8.23.17

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

Dear Judge Simmons and Mr. Hamilton-Roth:

Attached please find the response requested by the 2016-2017 Marin County Civil Grand Jury from the Ross School District Board to the recommendations (R3, R4, R8) from the report "The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?".

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

Sincerely,

A blue ink handwritten signature, appearing to be 'J Fisher', written over a horizontal line.

Josh Fisher, President
Ross School District Board of Education

A blue ink handwritten signature, appearing to be 'M McDowell', written over a horizontal line.

Michael McDowell, Ed.D.
Ross School District Superintendent

SAMPLE District Responses
to the 2016-17 Marin County Civil Grand Jury Report
The Budget Squeeze - How Will Marin Fund its Public Employee Pensions

RECOMMENDATION

- 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.

Response:

The recommendation requires further analysis.

The State of California requires all school districts submit three year financial projections with the Standardized Account Code System (SACS) Financial Reports. The projections are approved by the governing board of the school district three times per year. We will need to consider the necessity of a five year projection, and the impact to staff time to prepare the additional analysis. We will make this determination by January 24, 2018.

RECOMMENDATION

- 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.

Response:

The recommendation has been implemented.

The district has provided 10 years of audited financial statements on the financial page of its website, which can be found at <https://www.rossbears.org/Page/45>. These financial statements include footnote disclosure of pension data as required by Governmental Accounting Standards Board Statements 67 and 68.

RECOMMENDATION

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

Response:

The recommendation will require further analysis.

As stated in the Grand Jury report, implementing defined contribution programs is precluded by existing statutes and made impractical by the imposition of termination fees by the pension funds that manage public agency retirement assets.

SAMPLE District Responses
to the 2016-17 Marin County Civil Grand Jury Report
The Budget Squeeze - How Will Marin Fund its Public Employee Pensions

Payment of these fees would retire the unfunded liabilities at the time of termination, but would create a significant financial burden on the school districts' budget. 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, or 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 Cal PERS and Cal STRS, and will reduce the increasing rate of liability for both systems. The reform measures included raising the retirement age for new employees, increasing employee contribution rates, eliminating "spiking" of compensation and prohibiting retroactive pension increases. When fully implemented, the plan will eliminate the unfunded liabilities.

Within this context, the district will explore whether or not the introduction of defined contribution plans is feasible. We will make this determination by January 24, 2018.