

Tamalpais Union High School District

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July 18, 2017

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

Re: Grand Jury Request for Response to “**The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?**”

Dear Judge Simmons and Mr. Hamilton-Roth:

This is the Tamalpais Union High School District (TUHSD) response to R3, R4, and R8 from the Marin County 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.

TUHSD Response to R3: 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 TUHSD governing board three times per year during Adopted Budget, First Interim and Second Interim reporting periods. The District 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 at the August 8, 2017 Governing Board Meeting with approval at the August 22, 2017 Governing Board meeting.

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.

TUHSD Response to R4: The recommendation has been implemented.

The district has provided **12 years of audited financial statements** on the financial page of its website, which can be found at <https://www.tamdistrict.org/page/86>. 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.

TUHSD Response to R8: The recommendation requires 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. 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 CalPERS and CalSTRS, 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.

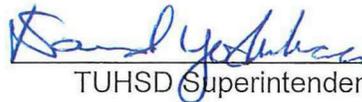
Select district superintendents along with select trustees of Marin County school districts have been working through a legislative action committee to see if policy can be introduced or if existing policy can be supported that looks at pension reform on a statewide level. This process will take some time and will depend on the priorities of our locally elected officials.

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

Sincerely,



President, TUHSD Board of Education



TUHSD Superintendent