

August 23, 2018

Dear Nick Goldberg,

The opinion-editorial published in the Los Angeles Times today and authored by Glenn Sacks, contains numerous factual errors and false statements as outlined in the documents attached to this letter.

It is for these reasons that L.A. Unified School District is asking the Los Angeles Times to remove the op-ed piece from its website and issue a retraction.

It is the obligation of the Los Angeles Times to vet everything it publishes, including opinion pieces from third-parties, to verify the accuracy of information used and to prevent misleading and false statements. Unfortunately, the Times never contacted anyone from L.A. Unified for fact-checking, prior to publishing.

Regards,

A handwritten signature in blue ink that reads "Robert Samples". The signature is written in a cursive style with a long, sweeping underline.

Robert Samples

Interim Director of Labor Relations

L.A. Unified School District

Response to Opinion-Editorial

- *“even though the district admits it has a \$1.2-billion reserve. The teachers union believes the reserve is significantly larger.”*

L.A. Unified currently has \$1.2 billion in reserve and has an approximate \$500 million deficit for this school year, which means starting next school year the reserve balance is \$700 million.

The Board of Education approved and published the budget on June 19, 2018, that shows the District is spending between \$400-\$500 million more than it takes in each year.

L.A. Unified has offered to allow UTLA to audit the District financials.

- *“From the union’s perspective, mediation should have started at the beginning of the month, but the district is stalling.”*

In accordance with California labor law, the Public Employment Relations Board (PERB) provided September 27 for mediation. L.A. Unified has accepted this date and PERB has confirmed.

The proposals from UTLA contain over two dozen demands that have not significantly changed, which makes UTLA’s willingness to bargain unclear.

- *“The strike is scheduled to begin Oct. 3.”*

A strike date before mediation and fact finding are completed would be a violation of the law and the parties’ agreements. UTLA publicly setting a strike date at this time is at odds with good-faith bargaining.

- *California ranks 48th out of 50 states in teacher-student ratio, and LAUSD is often the worst offender in the state*

L.A. Unified agrees and supports smaller class sizes, along with more school librarians, nurses and counselors. The only question is where does the money come from to pay for this?

- *“In one of the most expensive cities in the world, the average teacher’s take-home pay is roughly \$5,000 a month – and LAUSD thinks that’s too much.”*

The average salary for L.A. Unified teachers is \$75,000 annually and with benefits, which include healthcare and pensions, the annual salary increases to \$110,000.

- *“Financial crisis” is now invoked on an almost annual basis.*

In a statement to the Los Angeles Unified School Board (August 21, 2018), Candi Clark the Chief Financial Officer of Los Angeles County Office of Education said:

“The only thing standing between the district and a qualified budget right now is \$3.9M dollars which is next to nothing. This is a major concern for me and my team as we review the district’s

budget considering the fact that the district is declining in enrollment, has uncapped health and welfare benefits for all staff and dependents, and the fact that negotiations are still unsettled 17/18. We are carefully monitoring negotiations and we urge the district to continue to make progress towards implementing with fidelity the fiscal stabilization plan. The fact is that LAUSD is “not” too big to fail, so it is up to all of us to resolve the district’s fiscal challenges. (full statement is attached)

- *“Many L.A. Unified schools do not have a full-time nurse or librarian – the union is demanding one full-time librarian for every middle school and high school, and one full-time nurse for each school. The American School Counselor Assn. recommends a student-to-counselor ratio of 250-1, and some states maintain a ratio below 225-1. The union’s modest demand is that on high school campuses, the ratio be capped at 500-1.”*

L.A. Unified supports more school librarians, nurses and counselors, along with smaller class sizes. The only question is where does the money come from to pay for this?

- *Beutner calls the teachers union’s demands excessive, particularly in comparison with those of other LAUSD unions.*

Superintendent Beutner has never said the union’s demands are “excessive.”

- *“We have settled on a fair basis with our other bargaining units for approximately 6%,” he told one interviewer. The district is offering teachers a 2% raise over the life of the three-year contract, retroactive to July 2017, as well as a one-time 2% bonus.”*

L.A. Unified made clear in a letter to UTLA leadership on August 15, 2018:

“L.A. Unified has already reached agreements with SEIU Local 99, AALA and CSEA which together, represent more than 60 percent of the District’s workforce. With raises totaling about six percent, these agreements demonstrate the District’s commitment to our school leaders, teacher’s assistants, bus drivers, custodians, food service employees and librarians who alongside teachers, work tirelessly every day to make each of our schools places of great teaching and learning. L.A. Unified aims to reach a similar agreement with UTLA in this bargaining process.”

Any reasoned observer can see that L.A. Unified is committed to working with UTLA on a fair contract.

- *“The increased cost for last year’s healthcare deal isn’t even paid by the district. Instead, the union, which had negotiated savings with the healthcare providers in past years, tossed some of those savings into the pot to cover the additional costs.”*

Health care costs for active and retired employees are paid for entirely by L.A. Unified. L.A. District labor partners do not contribute union funds to pay for the health care benefits of the District’s workforce.

Further information about healthcare benefits has been shared publicly at the August 15, 2018 Board of Education meeting. This information is attached.

- *If Beutner the “kid advocate” wants to know where he can find what’s best for children, that’s simple – it’s in United Teachers of Los Angeles’ contract demands.*

We all have a shared interest in putting kids and families first. For this reason, the Board of Education does not support a strike. Full statement from the Board of Education is attached.

Statement by Candi Clark, Chief Financial Officer, Los Angeles County Office of Education

**As prepared for delivery before the Los Angeles Unified School Board.
Tue, Aug 21, 2018**

Good Afternoon, I am Candi Clark, Chief Financial Officer for the Los Angeles County Office of Education. As you may know, our agency is responsible for fiscal oversight for all of Los Angeles County school districts. Currently, we are in the process of reviewing LAUSD's 18/19 budget. I wanted to take some time to come out and talk to the governing board about the district's budget challenges.

While the budget presented to LACOE shows that the district can meet the minimum reserve in all three years, the district has to make \$144M in reductions between 19/20 and 20/21. Those reductions are outlined in the district's fiscal stabilization plan. However, the problem is that these reductions do not eliminate the structural deficit in the district's budget-so there is more work that needs to be done. In fact, in looking at the 3 year minimum reserve requirements (in 20/21 1.05% reserve or \$3.9M), the only thing standing between the district and a qualified budget right now is \$3.9M dollars which is next to nothing. This is a major concern for me and my team as we review the district's budget considering the fact that the district is declining in enrollment, has uncapped health and welfare benefits for all staff and dependents, and the fact that negotiations are still unsettled 17/18. We are carefully monitoring negotiations and we urge the district to continue to make progress towards implementing with fidelity the fiscal stabilization plan.

Also, it is important to share that in situations like this, LACOE often assesses the fiscal and operational health of a district to determine what measures will need to be taken to stabilize the district. In the coming weeks, I will work with District leadership to discuss what our review of LAUSD will focus on. Keep in mind this is the start of our support to ensure that the district remains fiscally solvent. During this process, should LACOE determine that a more intensive approach is necessary, LACOE has the authority to assign a fiscal expert or a fiscal advisor with stay and rescind authority over board actions in order to stabilize the district's financial situation. I am sure that everyone agrees with me that local control is in the best interest of the students and parents of LAUSD. The fact is that LAUSD is "not" too big to fail, so it is up to all of us to resolve the district's fiscal challenges. I look forward to working with the governing board and the district's leadership team as we embark on this journey together.

Los Angeles Unified School District

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News Statement

FOR IMMEDIATE RELEASE

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August 21, 2018

18/19-024

Los Angeles Unified Board of Education Statement on UTLA Negotiations

"The Board of Education stands with students, their families and employees to ensure learning and safety comes first in L.A. Unified. There is currently an effort to call for a strike that pits adults versus adults when students and their families will bear the brunt of a strike action. For this reason, we, the Board of Education do not support a strike. We hope the shared responsibility to put students first will lead to a common sense resolution that acknowledges the hard work of our employees while addressing the safety and instructional needs of students and the financial solvency of L.A. Unified."

Handwritten signature of Mónica García in black ink.

Mónica García,
President
Board District 2

Handwritten signature of Nick Melvoin in black ink.

Nick Melvoin,
Vice President
Board District 4

Handwritten signature of Dr. George Mckenna III in black ink.

Dr. George Mckenna III,
Board District 1

Handwritten signature of Scott Schmerelson in black ink.

Scott Schmerelson,
Board District 3

Handwritten signature of Kelly Gonez in black ink.

Kelly Gonez,
Board District 6

Handwritten signature of Dr. Richard Vladovic in black ink.

Dr. Richard Vladovic,
Board District 7

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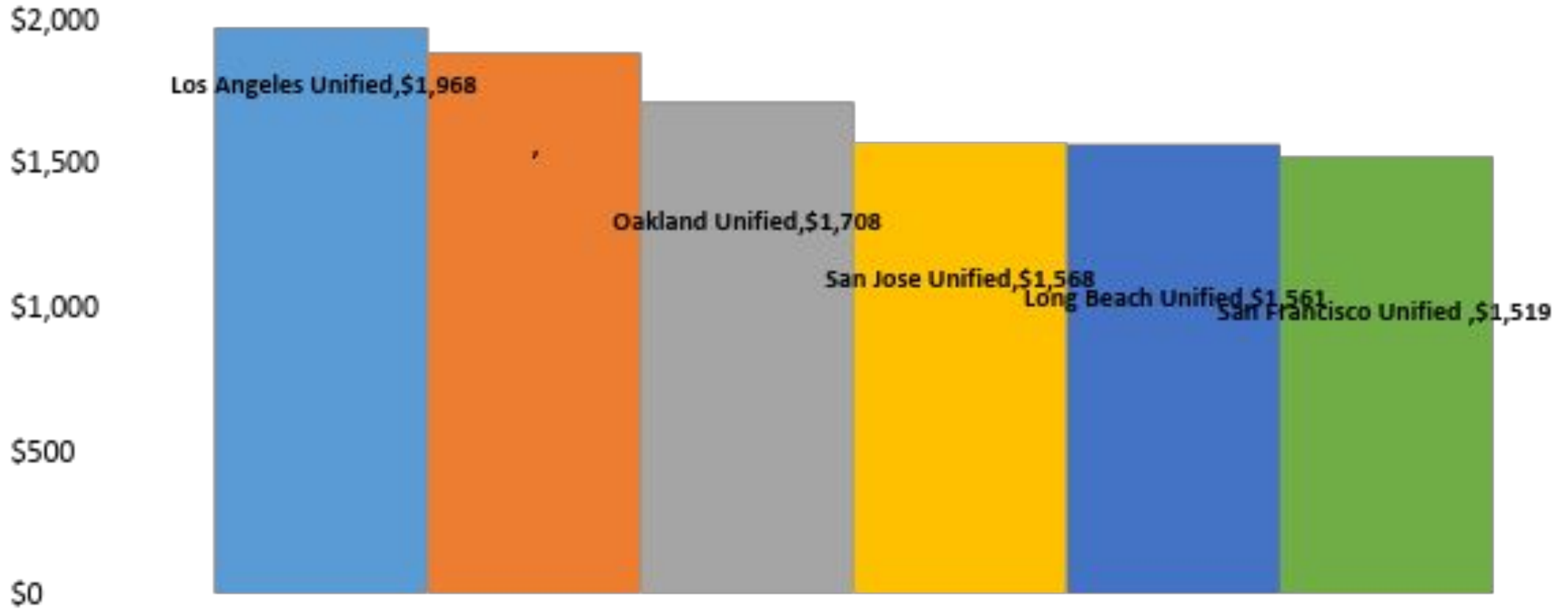
HEALTH CARE UPDATE

Addressing the Hard Choices

August 15, 2018

Scott S. Price, Chief Financial Officer
Janice J. Sawyer, Chief Risk Officer

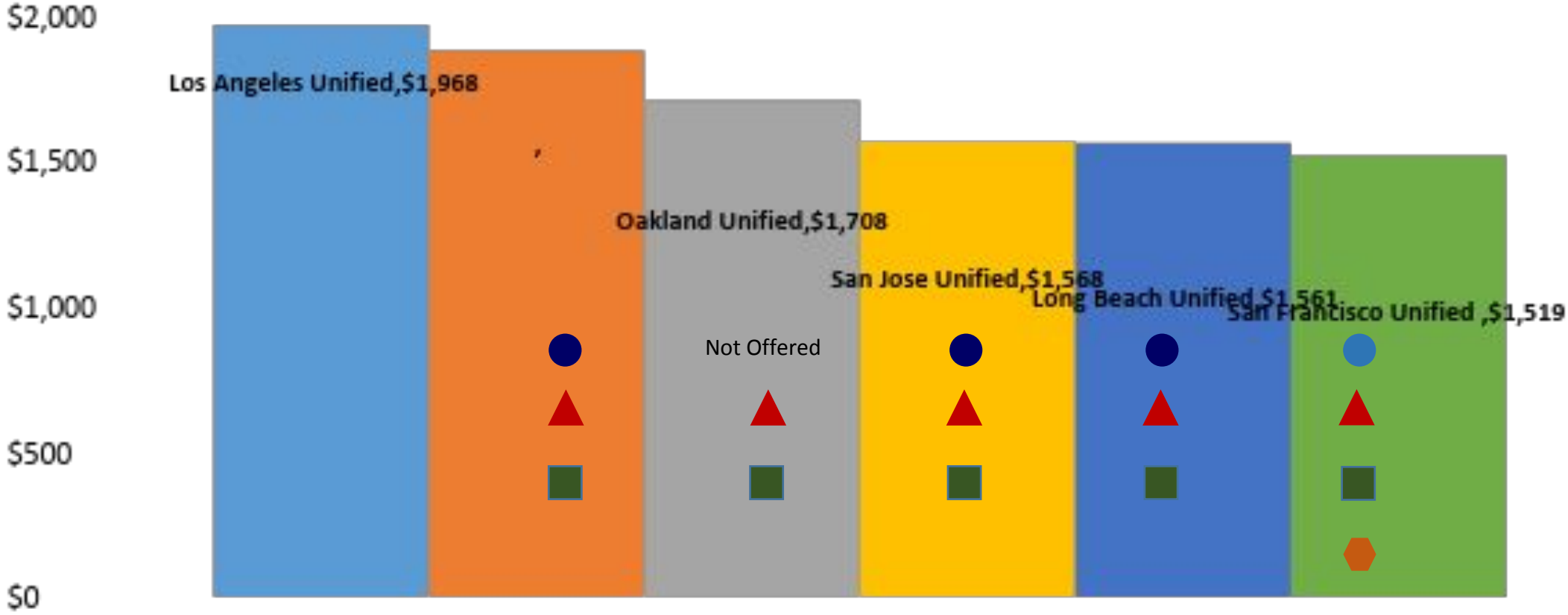
Per Pupil Health Care Cost Comparison FY 2016/17



Per Pupil Difference	\$87	\$260	\$400	\$407	\$449
Impact to LAUSD's 500K enrollment	\$43M	\$130M	\$200M	\$203M	\$224M

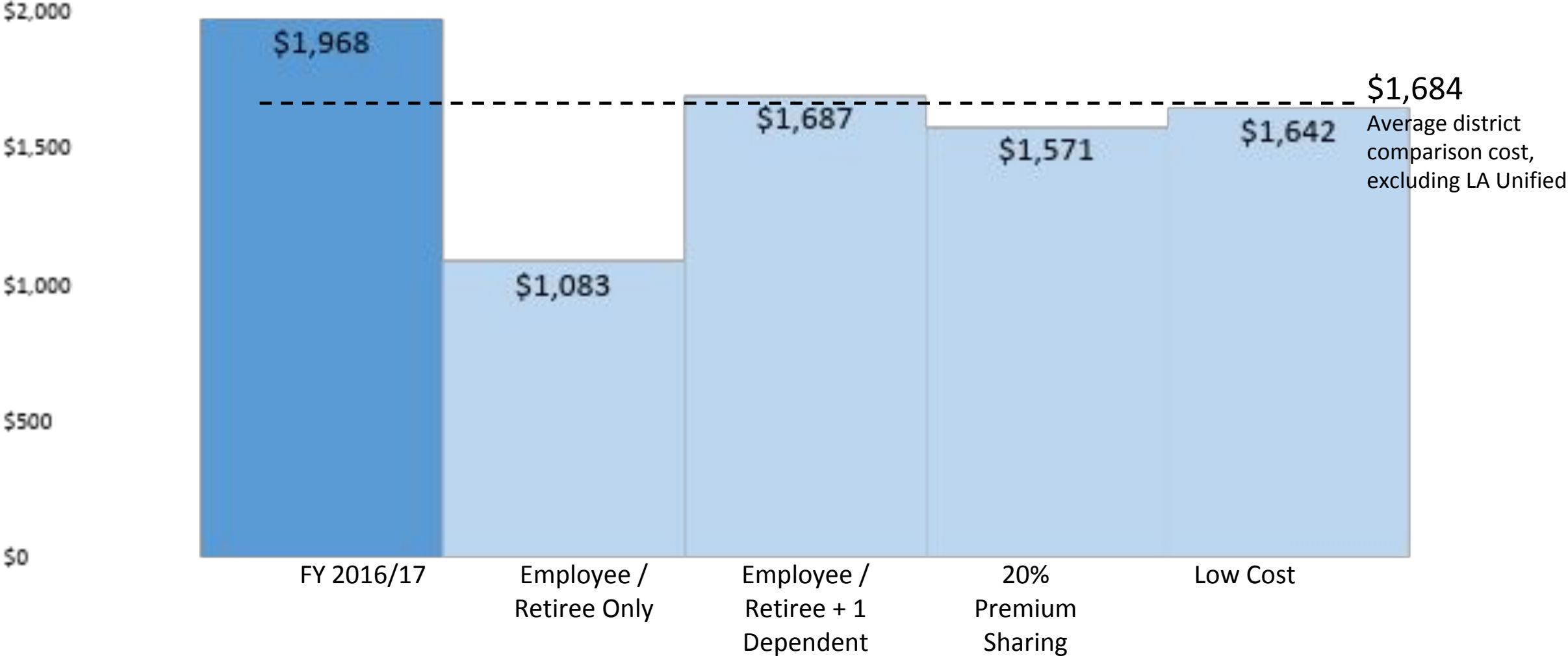
Source: 2016/17 Unaudited Actual Standardized Account Code Structure

Saving Strategies Implemented by Districts



LEGEND			
Limited coverage for lifetime retiree benefits	●	Limited eligibility for part-time employees	■
Employees/retirees contribute for coverage	▲	Offers less costly employee plan	⬡

Per Pupil Impact with Plan Design Alternatives

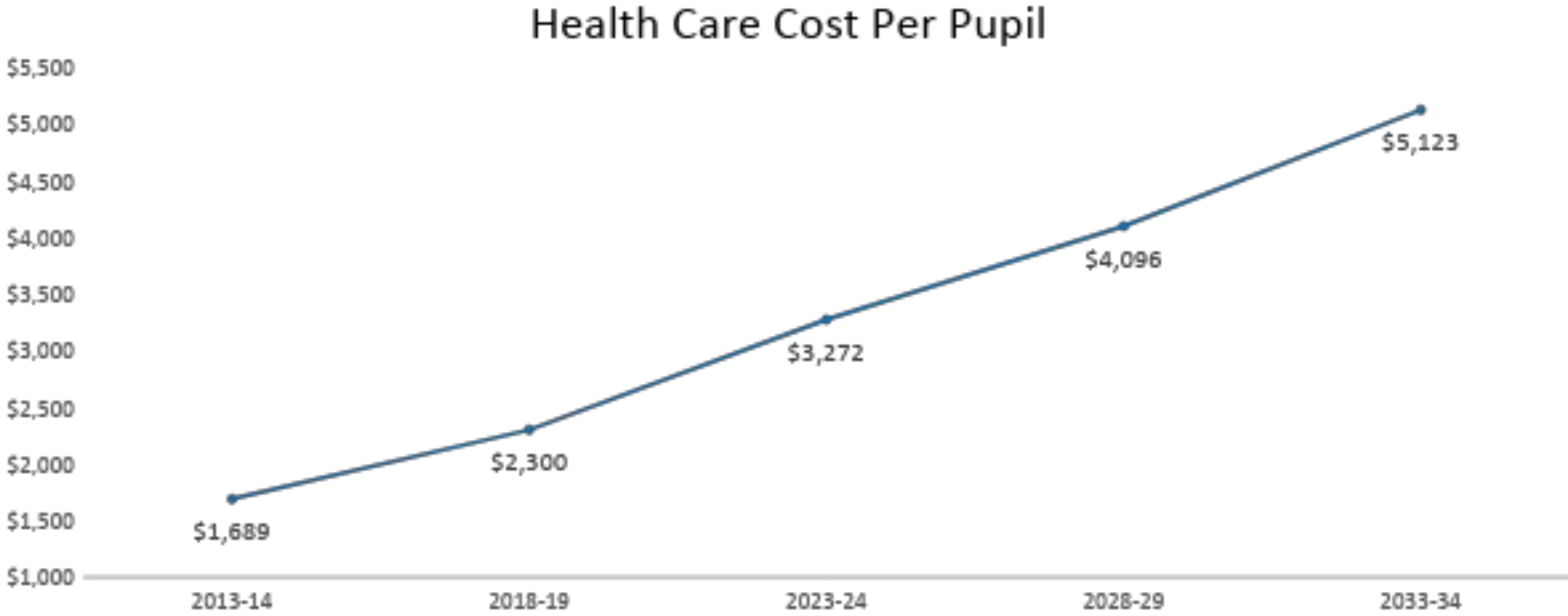


Estimated Cost Saving by Plan Design Alternatives

	Description	# of Affected Members	Annual Estimated Cost Savings	Per Pupil Savings
1	Employee / Retiree Coverage Only	47,446	\$459M	\$885
2	Employee / Retiree + 1 Dependent Coverage	24,299	\$146M	\$281
3	20% Premium Sharing	91,806	\$206M	\$397
4	Lowest Cost Plan	48,601	\$169M	\$326

Source: SAP Data as of March 2017 and calendar year 2018 rates

LA Unified Health Care Contribution Continues to Increase



Note: Assumed health care contribution increase of 4.5% from calendar 2018 annually

Weighted Premium Rate Comparison¹

School District	Active		Retired Under 65		Retired Over 65		Key Highlights
	Employer	Employee	Employer	Retiree	Employer	Retiree	
Los Angeles Unified	\$13,141	\$ -	\$18,529	\$ -	\$5,840	\$ -	District pays full premium for employees, retirees, and their dependents.
Long Beach Unified	\$17,221	\$ -	\$15,670	\$ -	\$8,320	\$ -	Active Employees: District pays up to maximum contribution for employees and dependents. All plans are below the cap and therefore no employee contribution. Retirees: District pays full premium up to age 67.
Oakland Unified	\$11,517	\$2,184	\$ -	\$ -	\$ -	\$ -	Active Employees: District pays up to maximum contribution for full time employees (FTE) and dependents. For full FTE's, all plans are below the cap and therefore no employee contribution. Retirees: No coverage offered.
San Diego Unified	\$15,666	\$ -	\$ -	\$9,278	\$ -	\$5,535	Active Employees: District pays full premium for employees. Retirees: Retiree pays full premium. Depending on bargaining agreement, subsidy of \$4,500/year may be available to age 67.
San Francisco Unified	\$7,488	\$2,239	\$16,238	\$1,735	\$4,448	\$1,255	Active Employees: District shares premium cost with employees. Retirees: District contribution based on years of service.
San Jose Unified	\$14,860	\$1,096	\$960	\$8,964	\$ -	\$ -	Active Employees: District pays full premium for employees only coverage. Employee contributions required for dependents. Retirees: Retiree pays full premium. Beginning 2013, District no longer contributes the \$960/year subsidy towards retiree benefits.

Source:
 1. For comparison, rate calculated by using tiered rates and enrollment for certificated staff.
 Note: Eligibility rules may vary by hire/retirement date & collective bargaining agreements.

Active/Retiree Benefits Comparison Summary

School District	Premier Structure	Cost Sharing		Notes Retiree
		Active Employee?	Retiree?	
Los Angeles Unified	Composite	No	No	District offers full retiree coverage
Long Beach Unified	Tiered	No	Partial	District offers retiree group plan; after age 67 retiree responsible for premiums
Oakland Unified	Tiered	Yes	N/A	No retiree coverage offered since 2002
San Diego Unified	Tiered	No	Yes	District offers retiree group plan; retiree responsible for premiums; subsidy available through Voluntary Employees' Beneficiary Association
San Francisco Unified	Tiered	Yes	Yes	District contribution based on years of service
San Jose Unified	Tiered	Yes	Yes	District offers retiree group plan; retiree pays full premium; for those retired before 2013, District contributes \$960/yr in subsidies and \$0 for those retired after 2013.

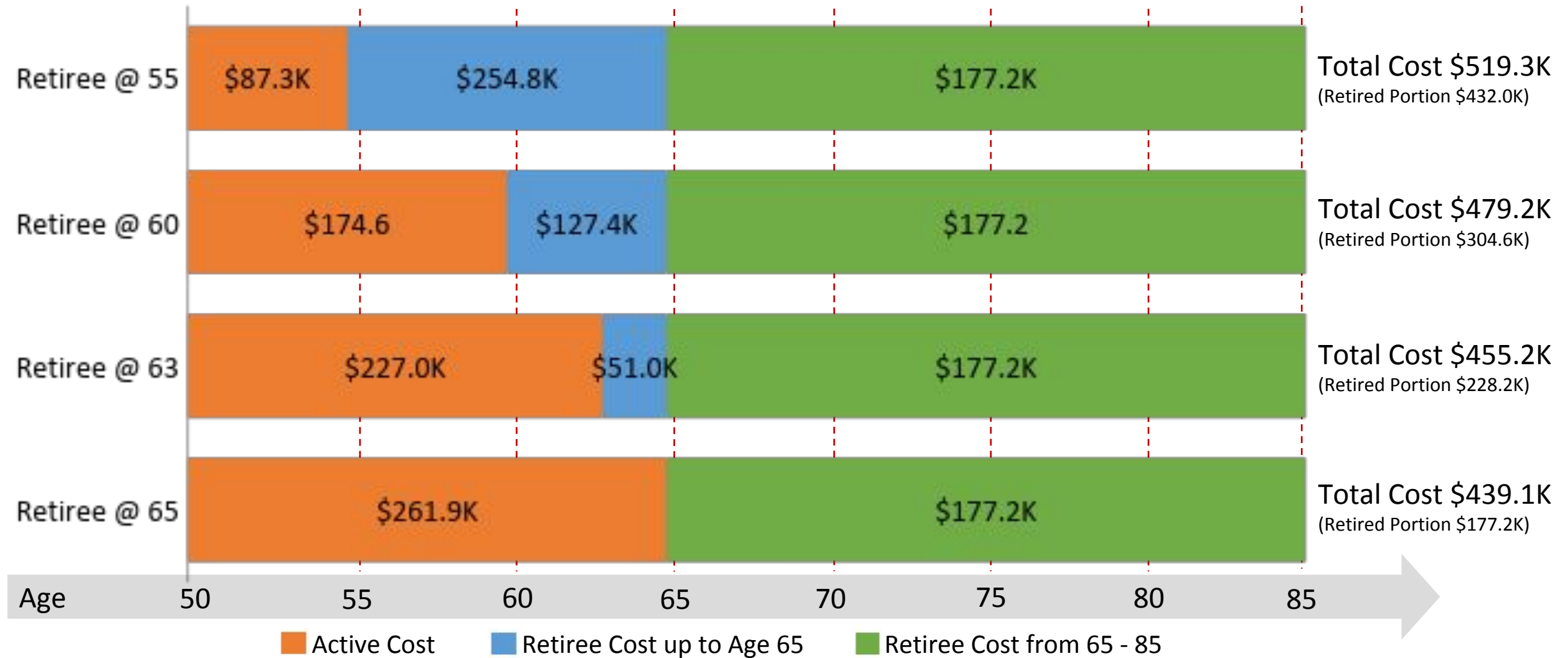
Note: Eligibility rules may vary by hire/retirement date and collective bargaining agreements.

LA Unified 2018 Benefit Contribution Illustration



Source: Costs are calculated based on Health Benefits Agreement contribution rates for actives, pre-Medicare retiree, and Medicare retiree.

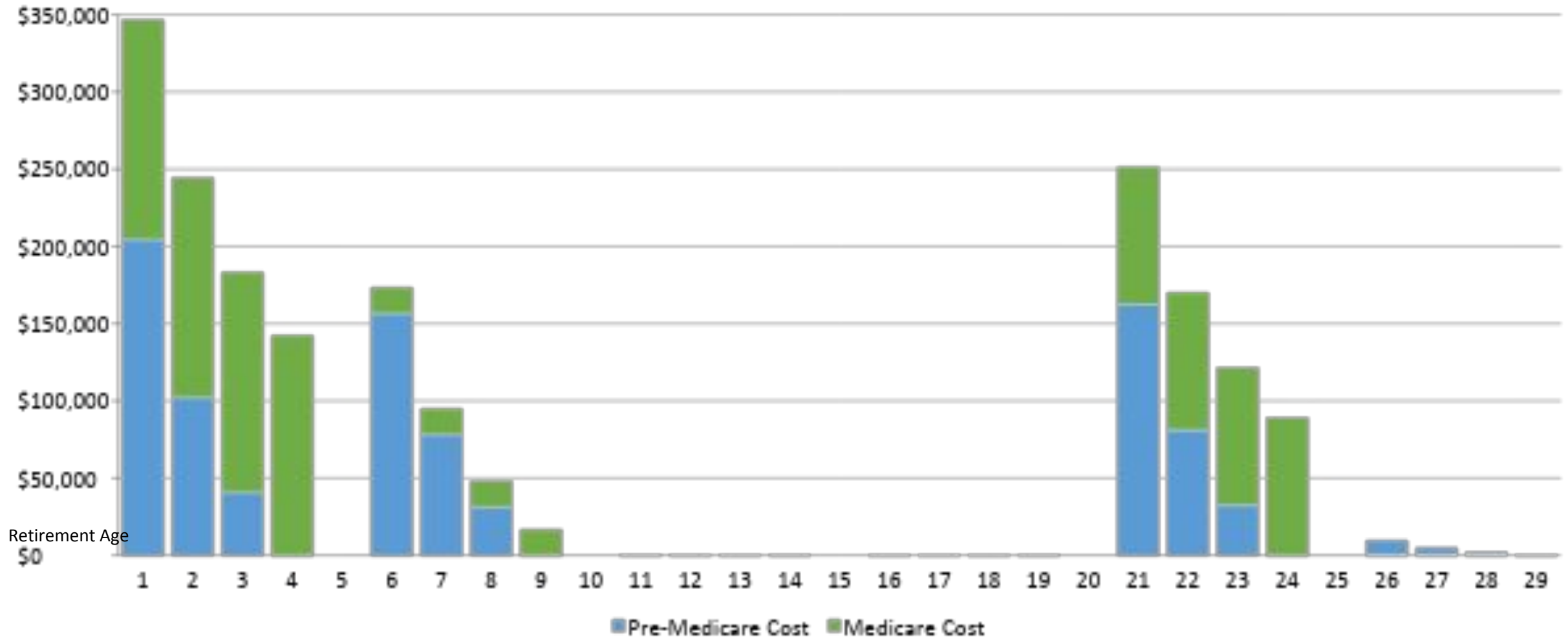
LA Unified 2023 Benefit Contribution Illustration



Source: Costs are calculated based on Health Benefits Agreement contribution rates for actives, pre-Medicare retiree, and Medicare retiree.

Note: Assumption of 4.5% increase in contribution per year.

District Contribution Cost for Retiree Medical Benefits



Source: California Department of Education Certificated Salaries & Benefits (Form J-90), FY 2016/17

Note: Tiered rates converted to weighted composite rate for comparison

Cost Saving Strategies

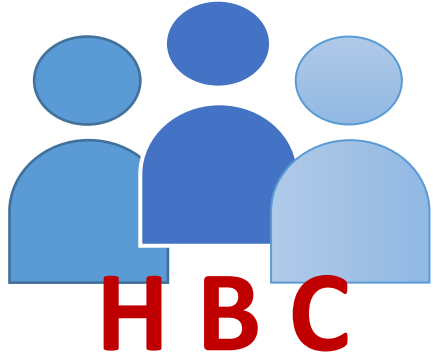
Major Plan Design Initiatives

- Employee / Retiree Coverage Only
- Employee / Retiree + 1 Dependent Coverage
- Premium Sharing
- Lowest Cost Plan

Minor Plan Design Initiatives

- Modify Benefits Coverage Levels such as Copay / Coinsurance
- Increase Opt-Out Amount
- Change Eligibility Rules
- Negotiate Health Benefits Contracts with Providers

Health Benefits Committee (HBC) & Funding Process

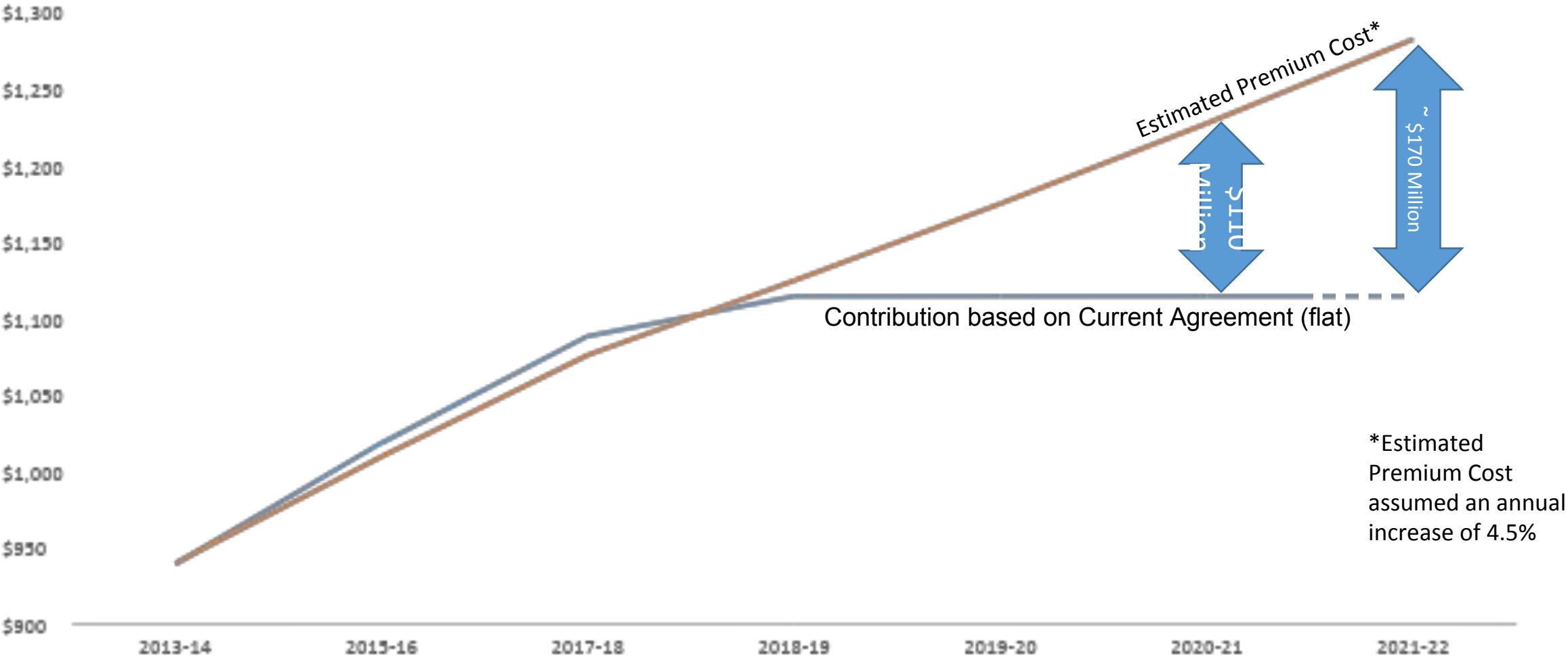


- Comprised of Bargaining units and the District
- Governed by Health Benefit Agreement
- Proposes and approves plan design changes
- Negotiates health benefits contracts with providers

- HBC negotiates contribution amount
- District transfers negotiated amount to Health Care Fund
- HBC negotiates health contract with providers
- Vendors Paid Exact Amount



Health Care Contribution vs Premium Cost



Retiree Health Benefits Eligibility Rules

Retiree Eligibility Rule	Hire Date	Hire Age To Retire @ 62	Hire Age To Retire @ 55
5 Consecutive Years	Prior to 03/11/1984	57	50
10 Consecutive Years	03/11/1984 – 06/30/1987	52	45
15 Consecutive Years	07/01/1987 – 05/31/1992	47	40
Rule of 80 & 10 Consecutive Years	06/01/1992 – 02/28/2007	44	30
Rule of 80 & 15 Consecutive Years	03/01/2007 – 03/31/2009	44	30
Rule of 80 & 20 Consecutive Years ²	04/01/2009 – Present	N/A	30
Rule of 85 & 25 Consecutive Years	04/01/2009 – Present	37	25
Rule of 87 & 30 Consecutive Years ³	07/01/2018 – Present	32	23

1. Age at the time of hire to receive lifetime benefits assuming certificated retirees at age 62 and classified at 55.

2. Applies to sworn School Police members.

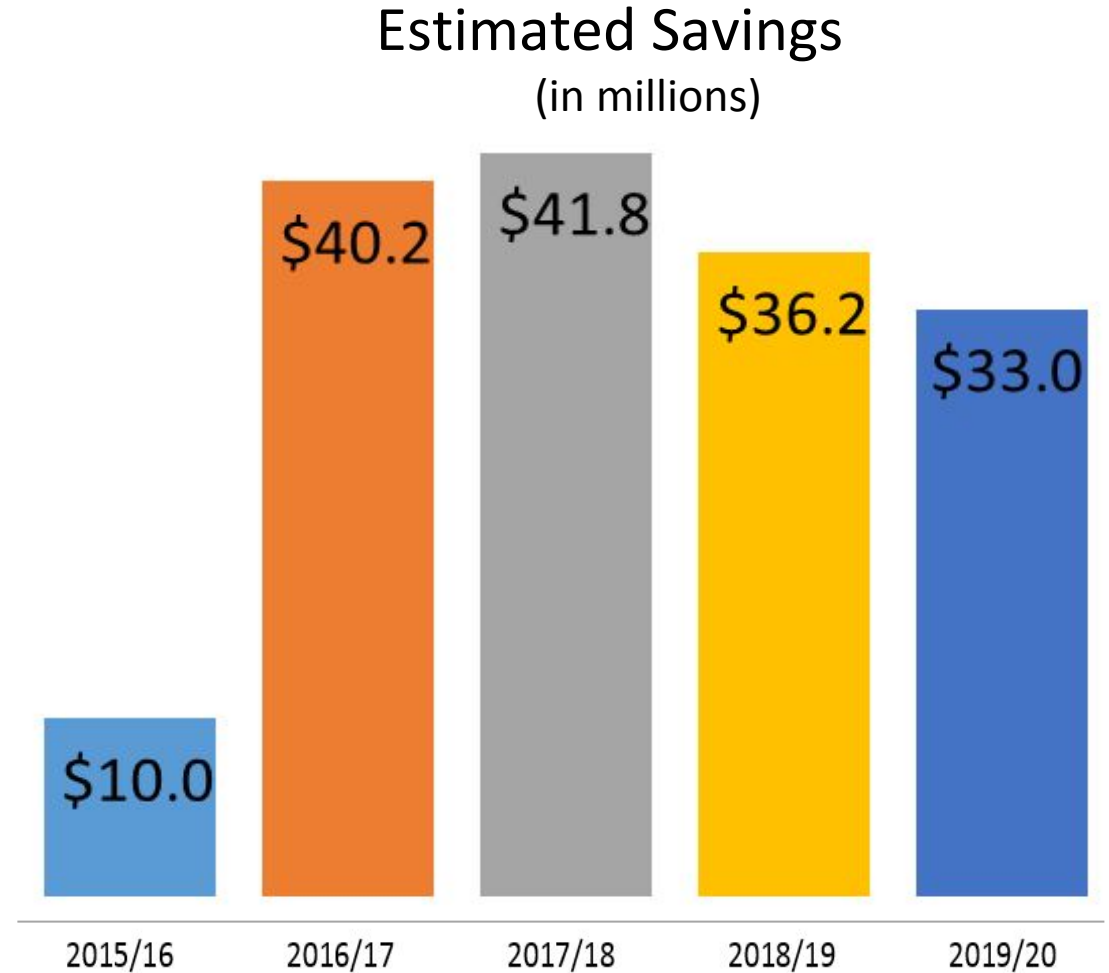
3. Applies to SEIU members. Pending Board approval for AALA and CSEA members.

50 State Anthem Medicare Preferred PPO Medical Plan

- Effective Jan 2019, implementation of a nationwide Medicare Preferred PPO plan through Anthem
- \$50M estimated annual savings to health care fund
- \$2.25B estimated reduction in OPEB liabilities
- Enhanced benefits for Medicare retirees
 - No copay
 - No coinsurance
 - No deductible
 - In and out of network coverages

Employer Group Waiver Plan (EGWP)

- Effective Jan 2016, implemented EGWP to maximize Medicare reimbursement subsidies and manufacturer rebates for Anthem retirees for prescription drug coverage
- Total estimated savings \$161.2M over five fiscal years¹
- \$1.1B estimated reduction in OPEB liabilities as of June 2017 actuarial valuation report²



1. Source: SAP data for Program 15235 and SilverScript projections as of January 10, 2018

2. Source: AON Hewitt Actuarial Valuation Report as of July 1, 2017

Questions?

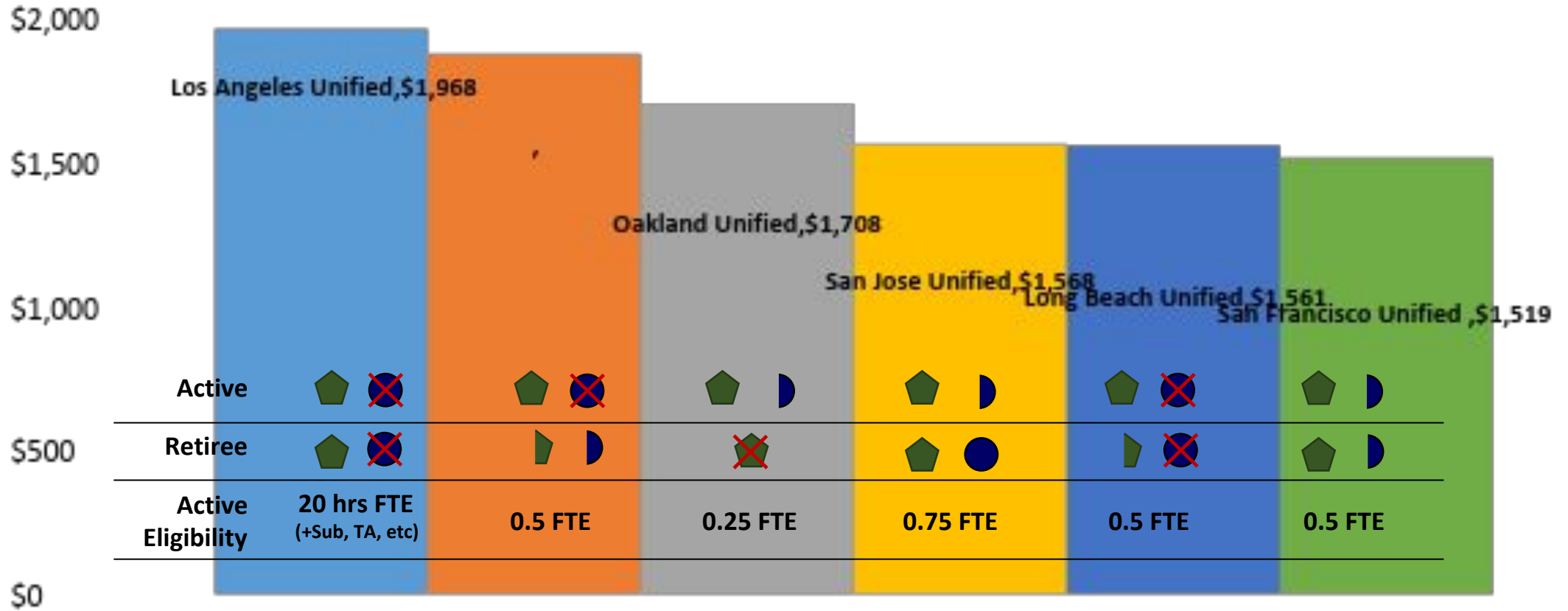
Speakers Slides

Annual Premium Comparison – Active Employees

School District	Premium Structure	Coverage Level	Lowest Annual Plan			Highest Annual Plan			Employer Max Cap
			Plan Name	Employer Contribution	Employee Contribution	Plan Name	Employer Contribution	Employee Contribution	
Los Angeles Unified	Composite	EMP, EMP+1, EMP+Family	Kaiser HMO	\$12,136	\$0	Health Net	\$18,354	\$0	No cap
Long Beach Unified	Tiered	EMP	Kaiser HMO	\$6,622	\$0	Aetna CPOSII	\$11,919	\$0	\$12,204
		EMP+1	Kaiser HMO	\$13,166	\$0	Aetna CPOSII	\$21,738	\$0	\$22,320
		EMP+Family	Kaiser HMO	\$18,597	\$0	Aetna CPOSII	\$27,357	\$0	\$28,032
Oakland Unified (based on full FTE)	Tiered	EMP	Sutter Health Plans	\$6,734	\$0	Kaiser HMO	\$7,070	\$0	Formula Based
		EMP+1	Sutter Health Plans	\$13,203	\$0	Kaiser HMO	\$14,140	\$0	Formula Based
		EMP+Family	Sutter Health Plans	\$19,131	\$0	Kaiser HMO	\$20,007	\$0	Formula Based
San Diego Unified	Tiered	EMP	Kaiser HMO	\$6,972	\$0	UHC PPO	\$10,668	\$0	No cap
		EMP+1	Kaiser HMO	\$13,752	\$0	UHC PPO	\$20,772	\$0	No cap
		EMP+Family	Kaiser HMO	\$19,392	\$0	UHC HMO NW 2	\$29,136	\$0	No cap
San Francisco Unified	Tiered	EMP	Kaiser HMO	\$7,362	\$0	City Plan UHC	\$7,790	\$2,823	No cap
		EMP+1	Kaiser HMO	\$10,047	\$4,625	City Plan UHC	\$10,475	\$10,247	No cap
		EMP+Family	Kaiser HMO	\$10,647	\$10,092	City Plan UHC	\$11,075	\$18,144	No cap
San Jose Unified	Tiered	EMP	Kaiser HMO	\$8,054	\$0	Foundation PPO	\$11,692	\$0	No cap
		EMP+1	Kaiser HMO	\$14,909	\$1,200	Foundation PPO	\$22,279	\$1,200	No cap
		EMP+Family	Kaiser HMO	\$20,394	\$2,400	Foundation PPO	\$30,507	\$2,400	No cap

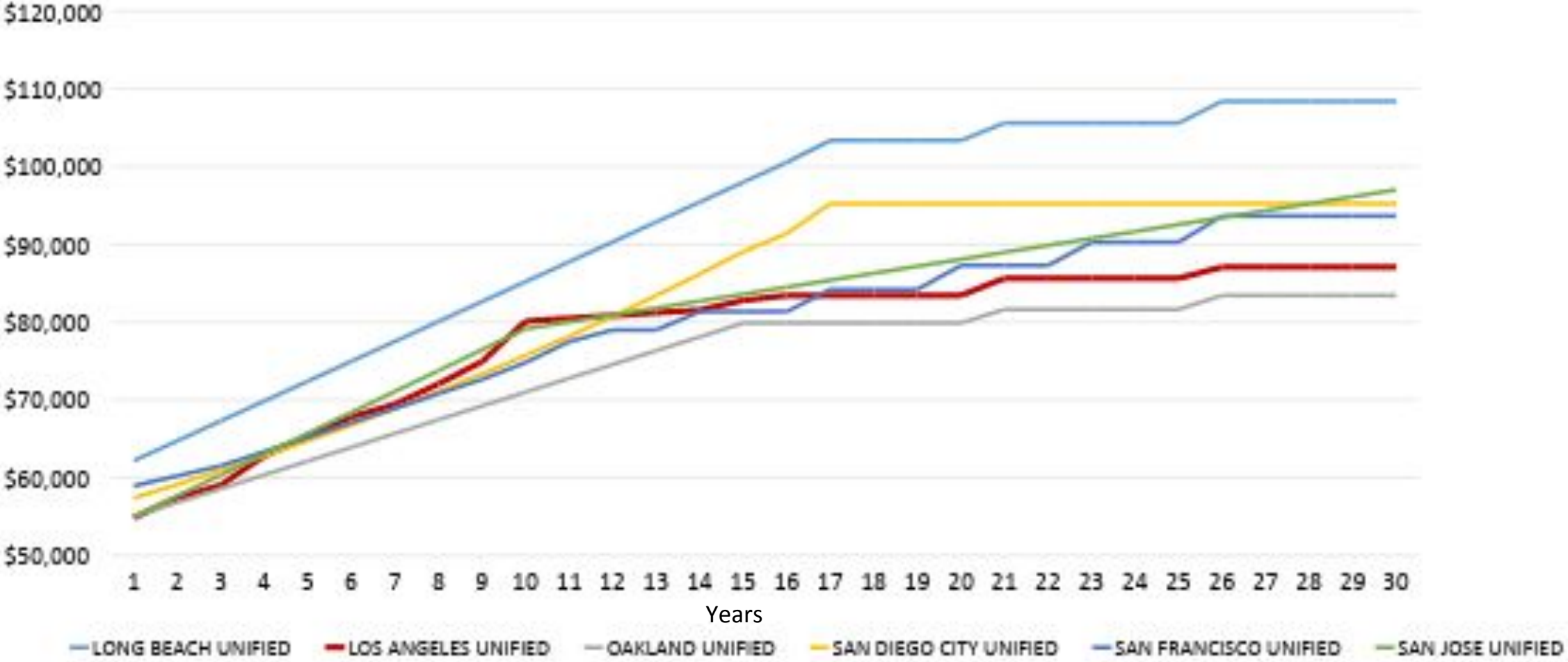
Note: Active premium rates as of July 2018

Use of Various Plan Design Strategies



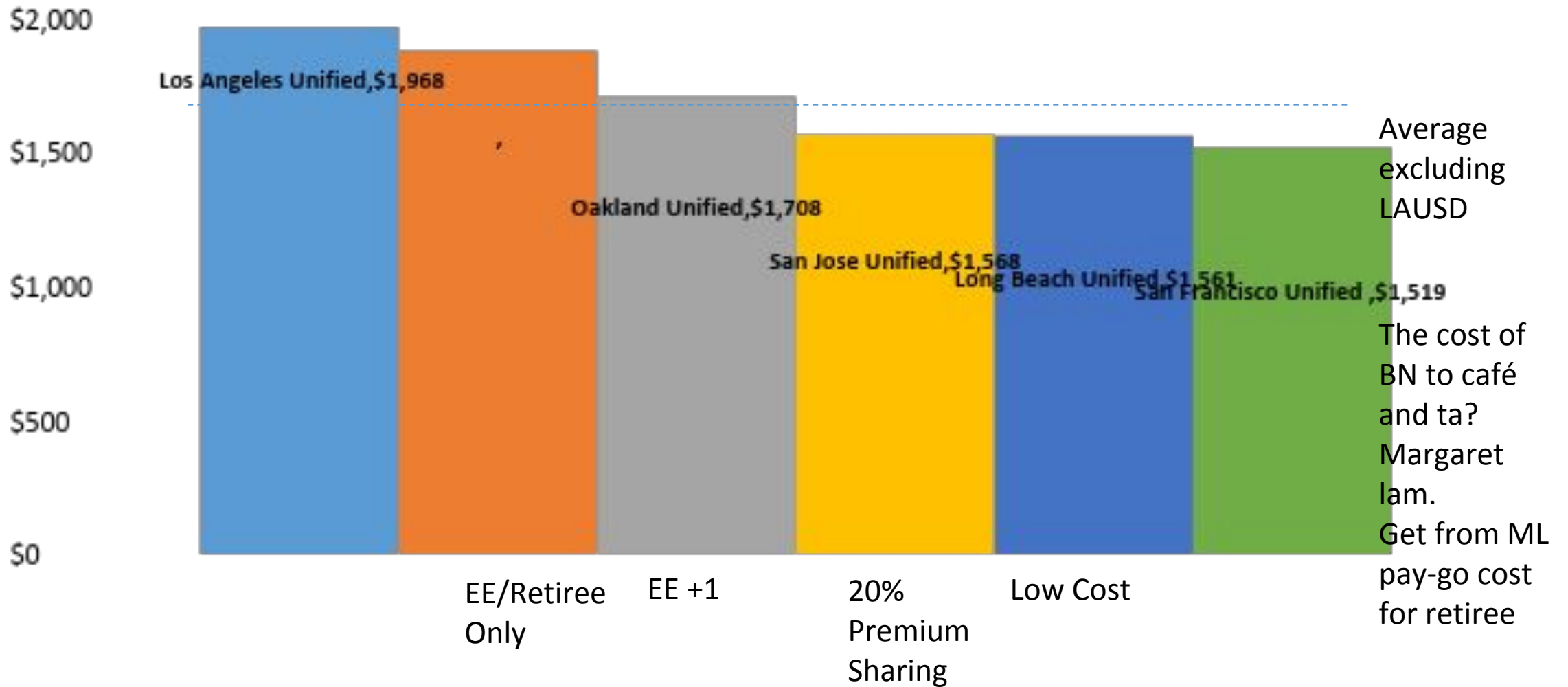
LEGEND	Coverage Offered	Employee/Retiree Contribution
Yes		
Partial		
No		

Teacher Salary Comparison



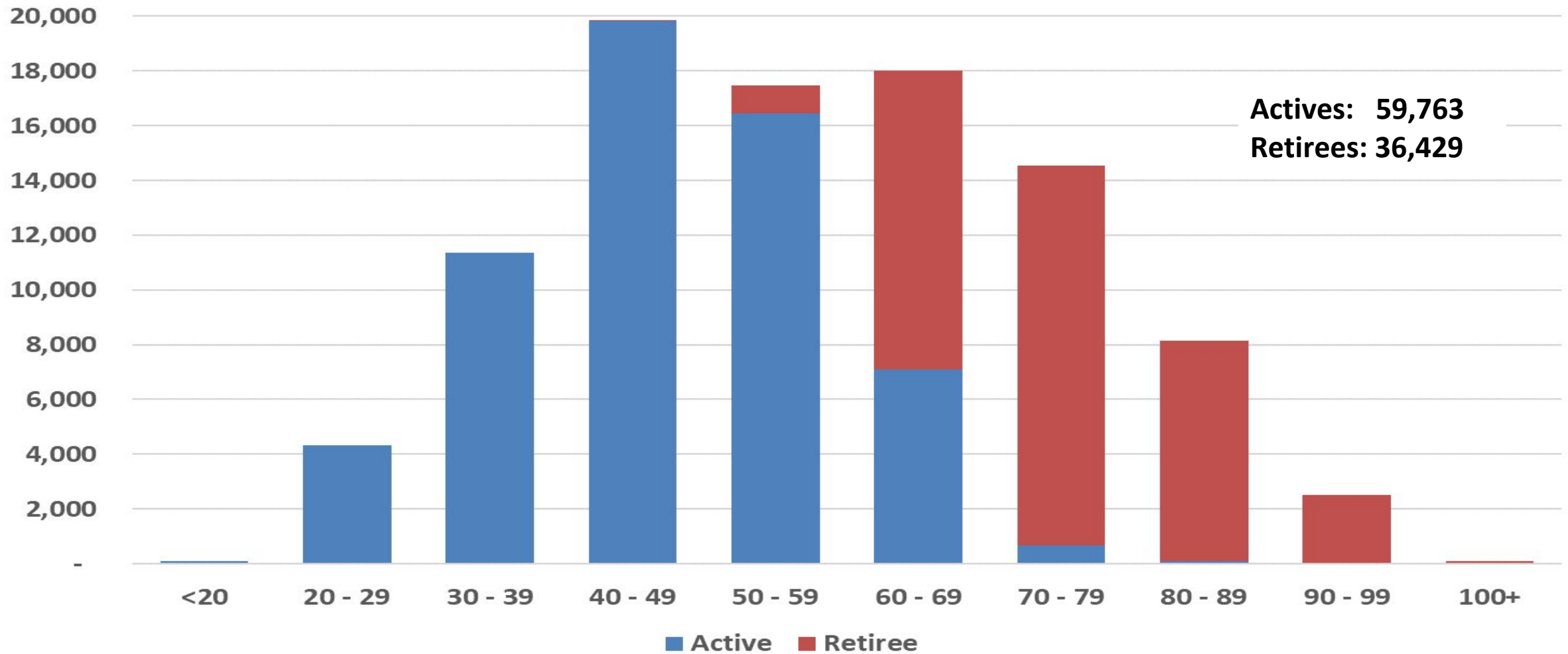
Source: California Department of Education Certificated Salaries & Benefits (Form J-90), FY 2016/17

Per Pupil Impact with Plan Design Alternatives



Source: 2016/17 Unaudited Actual Standardized Account Code Structure

District Employees and Retirees Receiving Benefits



Source: SAP Data as of November 2017