



# NEWS RELEASE

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## Los Angeles School Board Maintains Employee Health Benefits Superintendent and Board Reach a Tentative Agreement

LOS ANGELES – The Los Angeles Board of Education approved a plan today that covers health care costs for active and retired employees of the Los Angeles Unified School District, committing to pay more than \$3 billion over the next three years.

The board approved the measure by a 6-1 vote. Board Member Mónica Ratliff voted against the proposal, saying more analysis was needed to determine how costs would shape the District's financial future.

The Los Angeles County Office of Education will review the tentative agreement, along with the District's Health Benefits Committee. The plan also needs final adoption by the board.

"I am delighted that we have agreed to continue to provide health benefits for our employees," said Board President Dr. Richard Vladovic. "We owe it to them and it is the right thing to do. I strongly believe that they deserve adequate health care because they go above and beyond for our children."

Board Vice President Steve Zimmer also supported the plan.

"Today, the Board of Education took the essential step of ensuring that the employees who teach, care, support and transport our children by day are able to care for their own families by night," he said. "We are making a substantial investment in family stability. We need teachers to focus on teaching; our bus drivers focused on driving not on whether they can care for a sick child or a spouse."

The rising cost of health care remains an issue for employers nationwide, especially among government agencies that usually offer generous benefits. But rising deficits and declining enrollment affects the District's funding from state and federal governments, leaving benefits as an expense that grows ever costlier.

Still, the tentative agreement maintains coverage for more than 61,500 employees, 37,400 retirees and their eligible dependents over the next three years, with the District absorbing those costs. The plan depends upon assuming certain cost savings.

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"During the financial crisis, our labor partners repeatedly told us that the preservation of their benefits was their top priority," said Board Member Tamar Galatzan. "I am proud that the Board approved this agreement to honor our commitment to our employees."

Board Member Mónica García also voted for the benefits plan. "Health benefits are essential for all. Superintendent Cortines, our school board and labor partners agreed to the extension of our health benefits," she said. "Next time, we must challenge ourselves to include and extend this benefit to all LAUSD employees."

Under current terms, L.A. Unified plans in 2015 to contribute an estimated \$1.029 billion, or \$51 million higher from the previous year, a 5.2 percent increase; in 2016, \$1.095 billion, a \$67 million or 6.5 percent rise from a year earlier; and in 2017, \$1.163 billion, or \$67.9 million more, or 6.1 percent from the previous year earlier.

With rising costs, the District may need to tap reserve funds to cover expenses. The agreement allows officials to use up to \$147 million, or nearly half of the reserve fund to cover shortfalls, if any occur, over the next three years.

Superintendent Ramon C. Cortines acknowledged that future agreements require better funding, if the District continues coverage at the current level. He feels But the current deal may help buoy District morale, which sagged he said from possible job cuts.

"I'm hopeful this agreement will go a long way to calm the unrest within the District so we can focus on educating our children," Cortines said today. "I want to be clear: this agreement is not a final solution, and I agree that drastic changes need to be made if we are to sustain health benefits and honor our commitment to our employees and retirees."

In a letter sent earlier this month, Cortines urged board members to pass the proposal, saying he hoped to "calm the unrest" among District employees. This, he believed, was caused by "looming budget reductions, reductions-in-force and especially since we have not settled with UTLA," also known as the United Teachers of Los Angeles, which is in mediation with the District over a new contract.

"It is essential that we work closely with our labor partners in developing a plan going forward to address future health care costs and our liabilities in light of our declining enrollment, loss of revenue and increasing deficit," Cortines said.

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