

Centinela Valley schools chief amassed \$663,000 in compensation in 2013

By Rob Kuznia, The Daily Breeze

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The superintendent of the Centinela Valley high school district negotiated a contract so loaded with out-of-the-ordinary perks that he managed to amass more than \$663,000 in total compensation last year.

Documents obtained by the Daily Breeze from the Los Angeles County Office of Education show that although Jose Fernandez had a base pay of \$271,000 in the 2013 calendar year, his other benefits amounted to nearly \$400,000.

On top of that, the district just over a year ago provided Fernandez with a \$910,000 loan at 2 percent interest to buy a house in affluent Ladera Heights.

Though Centinela is made up of just three comprehensive high schools and a continuation school in Hawthorne and Lawndale, Fernandez's payout in 2013 more than doubled that of his peers in larger neighboring South Bay districts.

His total compensation even eclipsed that of John Deasy, superintendent of the Los Angeles Unified School District, the nation's second-largest school system. Deasy's base salary is \$330,000 this school year and his gross compensation is just shy of \$390,000, according to the LAUSD. But the district enrolls more than 650,000 students while Centinela Valley serves about 6,600.

"That's obscene," said Sandra Goins, executive director of South Bay United Teachers, the umbrella union for teachers in the Centinela Valley, Redondo Beach, Manhattan Beach and Palos Verdes Peninsula school districts. "That places him above the president of the United States — the leader of the free world."

(The overall compensation package for President Barack Obama — salary, benefits, plus other perks — amounts to \$569,000 annually.)

Fernandez, 54, was hired in January 2008 to take over a district suffering from lagging student test scores as it teetered on the brink of financial ruin. He had worked in the district since 1999, serving as an assistant superintendent of business and executive director of its adult school.

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A former Inglewood city councilman, he took the top job at Centinela Valley during a tumultuous time. His predecessor, Cheryl White, had just been fired, and the district was fiscally insolvent. Fernandez was viewed as a money-minded leader.

After serving nearly a year as the interim superintendent, Fernandez was promoted to permanent status in late 2008 on a narrow 3-2 vote. With the new title came a 19-month contract with a base salary of about \$163,000, plus allowances.

As Fernandez moved to shake up the district and steer it back toward financial stability, school board members rewarded him with a generous contract in 2009. Though his base pay increased only slightly to \$198,000, a careful read of the deal reveals some striking fringe benefits:

- An annual raise of 9 percent.

- A relatively short work year of 215 days, compared to as many as 245 days worked by superintendents of other school districts.
- The right to be paid for days worked beyond the contracted work year of 215 days.
- A clause allowing him to be reimbursed by the district for purchasing “air time,” or up to five years of service to add to the number of years he actually worked, so as to boost his lifetime pension.
- A stipulation that he can only be fired by a supermajority of the board (four of five members).
- The ability to cash out vacation pay.
- An option to take a low-interest loan from the school district to purchase a home.

Fernandez exercised the loan option a little more than a year ago, using it to buy the two-story, four-bedroom home in Ladera Heights, one of the more expensive ZIP codes in Los Angeles County. He has 40 years to pay it off, at an interest rate of just 2 percent.

“That’s a super good deal,” according to Steve Murillo, owner of First Manhattan Mortgage and Realtors in Manhattan Beach. Murillo noted that the vast majority of home loans must be paid off in 30 years; interest rates in the current market now hover in the low- to mid-4 percent range.

“It’s like they are giving him free money,” he added.

State seeking pay transparency

The revelations about Fernandez’s compensation package come at a time when State Controller John Chiang is calling for more transparency among California school districts about superintendent salaries. Last week, he began asking every public school district for compensation documents, so they can be posted on his website at www.sco.ca.gov.

Chiang has been putting together a user-friendly [database](#) listing the salary and benefits of California public employees ever since the scandal in the tiny city of Bell, where city leaders hid their exorbitant pay packages from the public. City Manager Robert Rizzo was collecting a salary of nearly \$800,000, part of an annual compensation package worth \$1.5 million.

Rizzo, the former assistant city manager and six other Bell officials have been convicted of corruption charges. He is currently serving 10 to 12 years in prison.

“After the city of Bell demonstrated how the absence of transparency and accountability can breed fiscal mismanagement, my office endeavored to create a one-stop resource detailing compensation data for every public official and employee,” Chiang wrote in a letter sent to every public school district on Monday.

Fernandez declined to be interviewed for this story, saying, through a spokesman, that he was loath to have to defend earning what he is legally entitled to by contract.

But his supporters point out that he has brought big improvements to a district that, prior to his arrival in 2008, was on the verge of bankruptcy, not to mention a state takeover.

“We were one payroll away from being taken over,” said Bob Cox, the district’s assistant superintendent of human resources. “This really was a scary place.”

Under Fernandez's tenure, [test scores in the largely low-income district — once among the lowest in the county — have risen](#), especially at two struggling high schools, Hawthorne and Leuzinger. (They've dipped at Lawndale High.) Also, [major facility upgrades are either underway or finished](#) at all three campuses, thanks to a pair of voter-approved bonds netting nearly \$100 million each.

In addition, Fernandez played a key role in the [November 2012 passage of a parcel tax](#) that will bolster the district's general-fund revenues of about \$50 million by \$4.6 million for each of the next dozen years.

"He's a great leader," said board President Maritza Molina, a 2004 alumnus of Lawndale High who was elected to the board in 2009, just months after graduating with her bachelor's degree from UC Santa Barbara. "He is very transparent with the board."

The [school board](#) has been so pleased with Fernandez's leadership that it unanimously extended his lucrative contract for another four years in 2012.

Pressed about specifics in the contract, Molina instructed a reporter to discuss details with Michael Simidjian, an attorney working for the district on a contract basis.

The Daily Breeze also called the three other board members who voted for Fernandez's 2009 contract. Two of them — Rocio Pizano and Hugo Rojas — did not return calls. The third, Gloria Ramos, returned the call but declined to comment.

Jane Robison, a spokeswoman for the Los Angeles County District Attorney's Office, said it isn't illegal for a school superintendent — or any government official — to earn a high salary.

"Public officials can make high salaries if an elected board approves it in an open meeting," she said.

Julie White, a consultant with the Association of California School Administrators, said she hasn't come across so hefty a pay package in California. "That's a large amount of money," she said.

But she said it isn't necessarily unusual for superintendent contracts to include housing assistance. That said, housing perks often raise eyebrows in the K-12 realm. In 2008, [then-LAUSD Superintendent David Brewer drew fire for his \\$3,000-a-month housing stipend](#), part of a compensation package that totaled \$381,000.

It isn't entirely clear how Fernandez's 2013 total payout breaks down. Some lucrative perks in his contract would be difficult for a layperson to spot. For example, one clause reads: "The District shall pay the employee portion of the Public Employee Retirement System (PERS) contribution and shall Compensate Superintendent for any service credit purchased."

Though it sounds innocuous, that clause fattened his 2013 compensation by a six-figure sum that exceeds the entire annual salaries of many superintendents. About \$215,000 of that came from the district's one-time reimbursement to him for purchasing the service credit known as "air time," said Simidjian, who works for the firm Dannis Wolliver Kelley.

Although air-time benefits vanished on Jan. 1, 2013, as a result of statewide pension reform, officials in Centinela Valley say Fernandez purchased his years out of pocket before then, and was reimbursed by the school district during the 2013 calendar year.

Another roughly \$20,000 came from how the district covers Fernandez's annual contribution to the state's retirement system.

Days-off benefit

One obscure benefit pertains to the 215-day work year, which payroll experts say is short. It is more common to work 225; Deasy's LAUSD work year spans 249 days.

"Two hundred and 15 days means that he doesn't have to work nine weeks," said a retired member of the California Association of School Business Officials, who is highly regarded as an expert on legal school payroll matters but asked that his name not be used. "If you get a full annual salary, and there's nine weeks a year that you don't have to work, you certainly don't need to take 30 days of vacation."

The short work year essentially encourages Fernandez to cash in much or all of his vacation time at the end of the year. His contract gives him 30 days of vacation annually.

In 2013, Fernandez did this to the tune of about \$25,000, Simidjian said.

The short work year also increases his daily rate of pay. This affects yet another arcane-but-important provision in Centinela: The right for the superintendent to be paid for days worked beyond the contracted work year. In 2013, this contract provision beefed up Fernandez's bottom line by about \$50,000, Simidjian said.

Even if some of these expenses are one-time payments, Fernandez's gross compensation has risen year after year since 2010, when it was \$286,290. That amount ballooned to \$392,000 in 2011, then to \$403,000 in 2012 and \$663,000 last year, according to county Office of Education, which calculates pay and compensation in calendar rather than fiscal years. In 2014, Fernandez's total compensation is expected to return to the \$400,000s.

Meanwhile, teachers in the Centinela Valley Union High School District, which serves communities where the median household income ranges from \$33,000 to \$49,000, have received two raises since 2006-07 — one for 1.75 percent in 2011, and the second for 1 percent at the beginning of this school year.

Jack Foreman, the Centinela Valley teachers union president, said the pay range for teachers in the district hovers around the county average, but the benefits package is among the least generous in the county.

"It really makes me feel sick," he said of Fernandez's compensation. "I think the message is that the district doesn't put a very high value on its teachers."

In an effort to make a fair comparison, the Daily Breeze obtained the same W-2 documents from the county for the superintendents of the Torrance, Redondo Beach and Palos Verdes Peninsula unified school districts. Total 2013 compensation amounted to \$257,804 for George Mannon of Torrance Unified, \$251,032 for Steven Keller of Redondo Beach Unified and \$227,229 for Walker Williams of Palos Verdes Peninsula Unified.

As for Fernandez's compensation package, the retired school finance expert, who helped the Daily Breeze deconstruct the contract, said he has never come across a deal like this during his 29 years in the business.

"I'm just appalled — it's horrible," he said. "It's such a rip-off. There are some similarities to Bell, you might say. And the problem is, since most of it is legal, who can do anything about it?"

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