

# Health & Welfare (H&W) Benefits Review and Corrective Actions



LAGUNA BEACH  
UNIFIED SCHOOL DISTRICT





## Audit Findings and District Response

Business Services

November 13, 2025

# Health & Welfare Benefits Review and Corrective Actions

## July – September 2025: Independent Audit Study

- **Spending Variances & Compliance with Collective Bargaining Agreements (CBA)**
  - Actual District Contributions exceeded CBA individual caps/ limits
  - Internal Controls gaps in setting employee contribution rates
- **Recommendations**
  -  Align the H&W Benefits Plan Year with the Fiscal Year
  -  Enhance communication between Human Resources and Business Services
  -  Simplify H&W caps and plan structure
  -  Assess staffing levels

# Health & Welfare Individual Caps

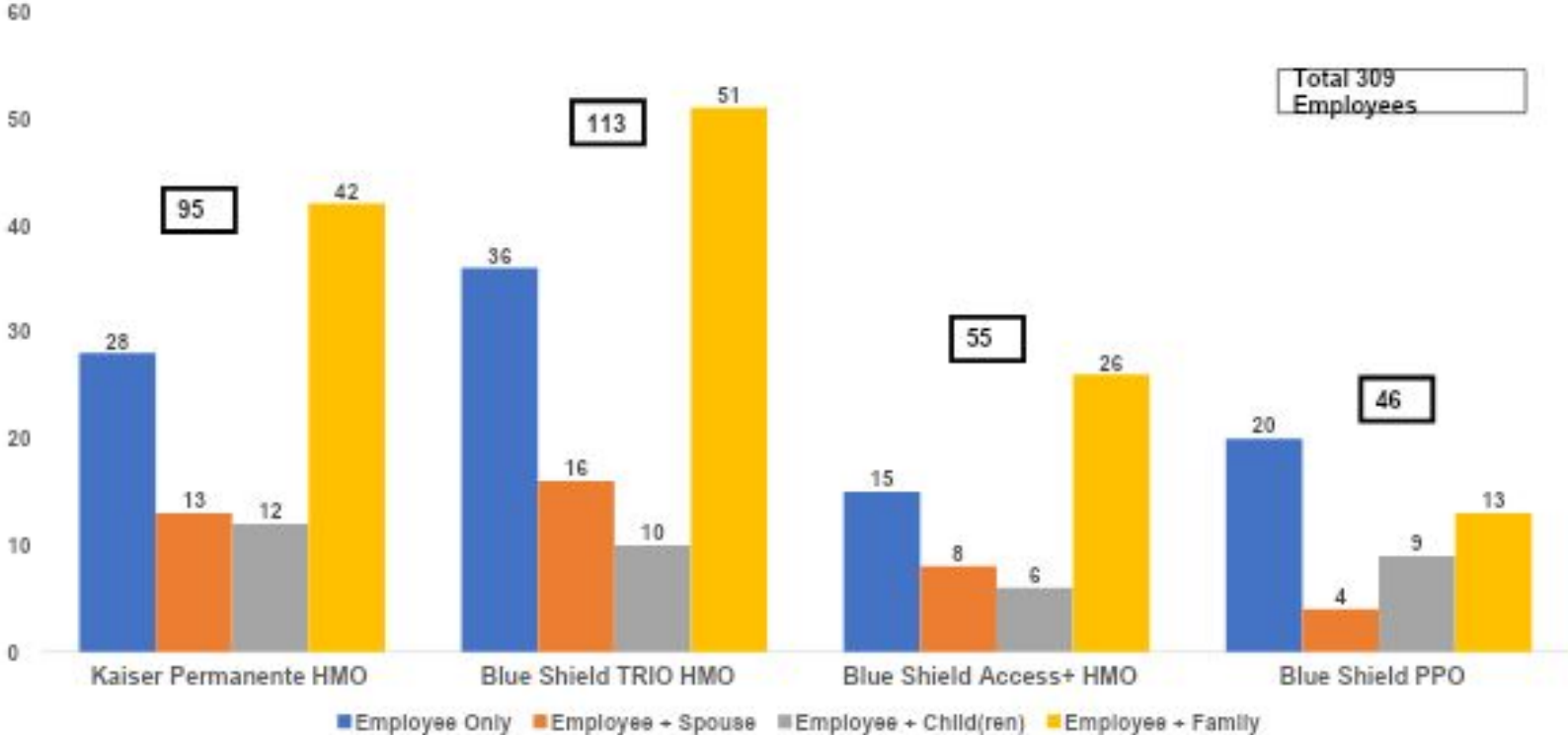
Total H&W Dollars budgeted for all District employees at Fund Level	District Annual Contribution (2019-20)			District Annual Contribution (2021-22)	
		PPO	HMO	PPO	HMO
~ \$4.50 Million	Single	\$10,805	\$6,905	\$9,722	\$7,320
	Employee + Spouse	\$23,285	\$15,150	\$20,384	\$16,680
	Employee + Child(ren)	\$16,900	\$11,425	\$14,722	\$12,696
	Employee + Family	\$28,000	\$19,000	25,150	\$21,053
<b>Pre - 2017</b>	<b>2017 - 2020</b>			<b>2021 - Present</b>	

In September 2021, the District and LaBUFA MOU (Board approved 10/24/2021): Cover increased H&W benefits for 2020-21 (~ \$350,000)

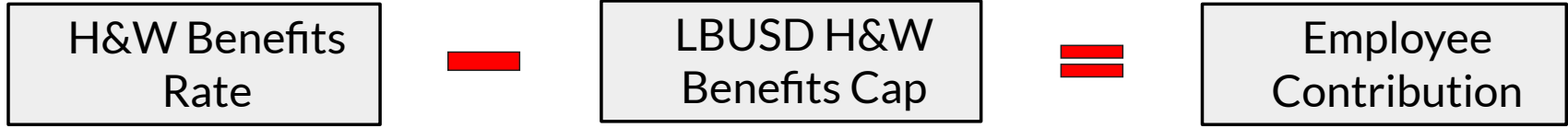
# 2025-26 Employee Census

LBUSD Employees Medical Plans Distribution

Total 309  
Employees

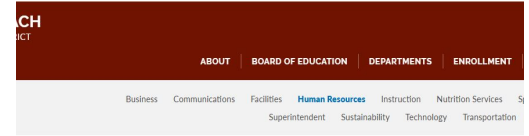
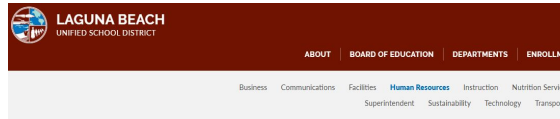


# Employee Contribution Rates Setting



19.1 The District agrees to provide certificated employees on a sixty (60) percent contract or greater, and their dependents, medical, dental, life and vision (life and vision for employees only) insurance up to the district cap specified in 19.2.

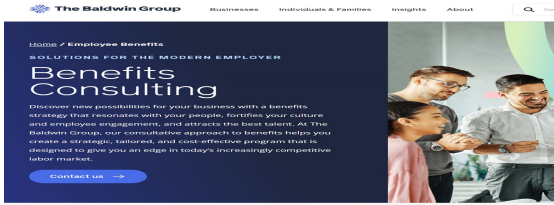
19.1.1 The Health Insurance Committee, consisting of four (4) members each from LaBUFA, CSEA and management will meet and discuss benefit options, with a focus on limiting cost increases. A commitment has been made to ensure that the Committee completes its work in a timely fashion, and is able to present its recommendations to the District and Association Bargaining Teams for use in negotiations.



## BARGAINING UNIT CONTRACTS



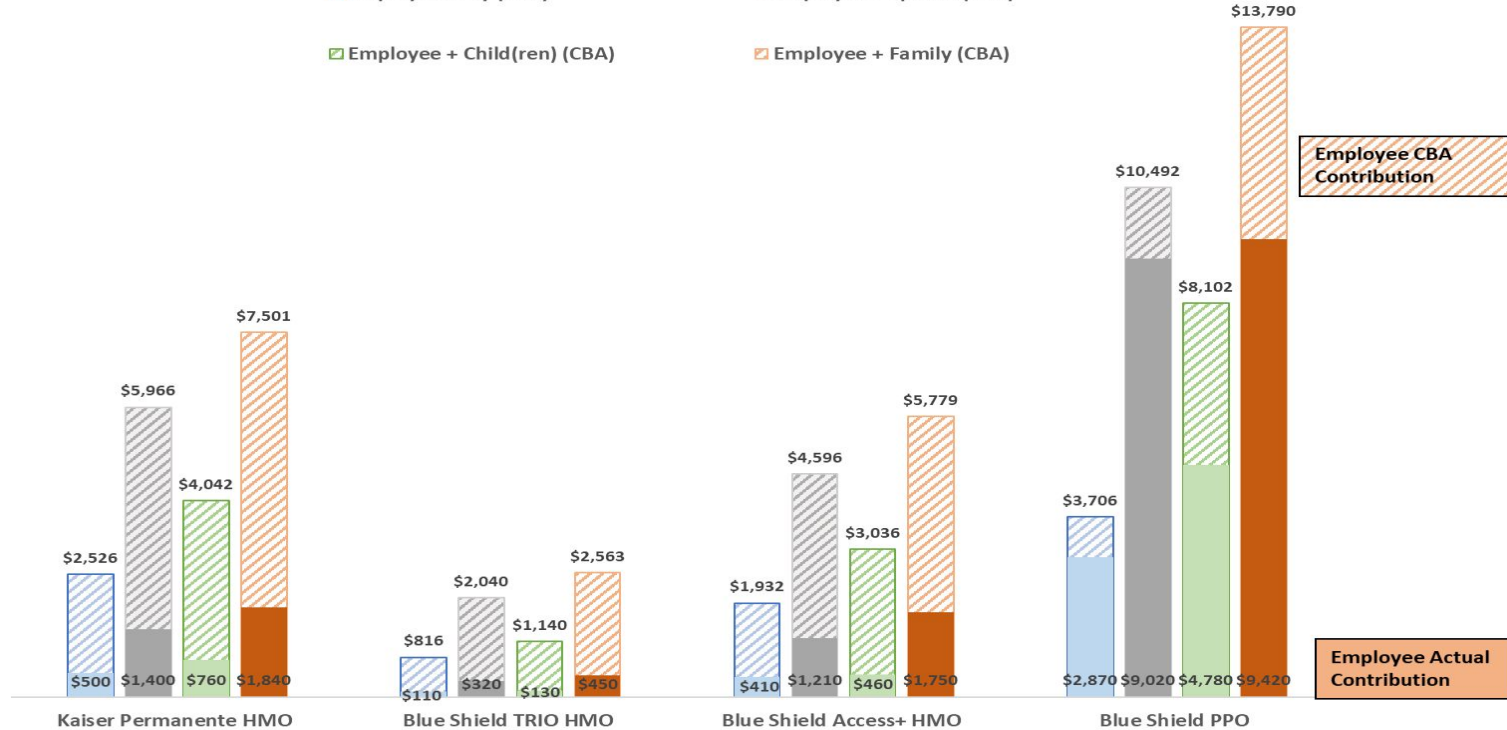
## HEALTH AND WELFARE BENEFITS



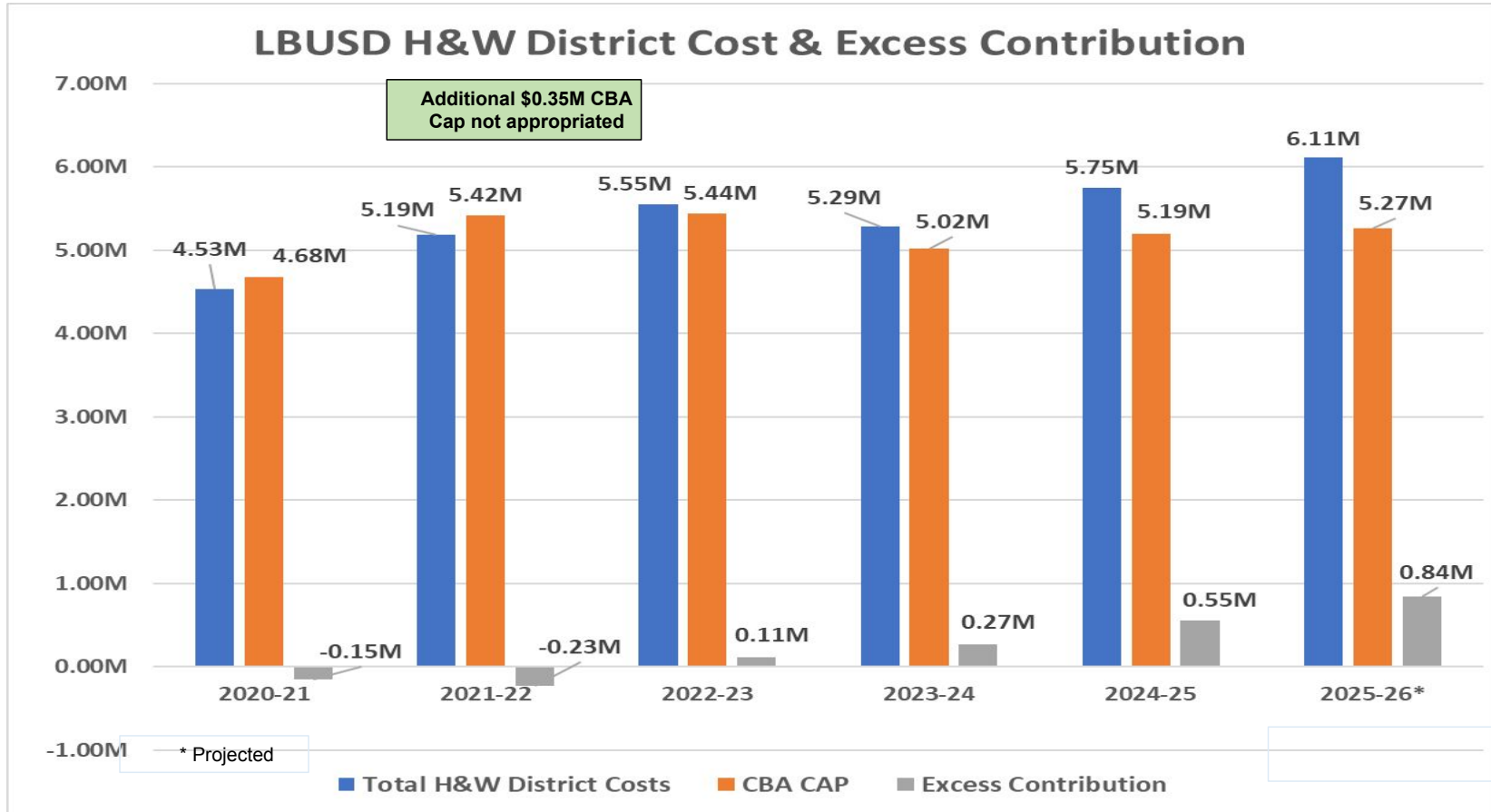
# 2025-26 CBA vs Actual

LBUSD Employees Medical Benefits: CBA vs. Actual

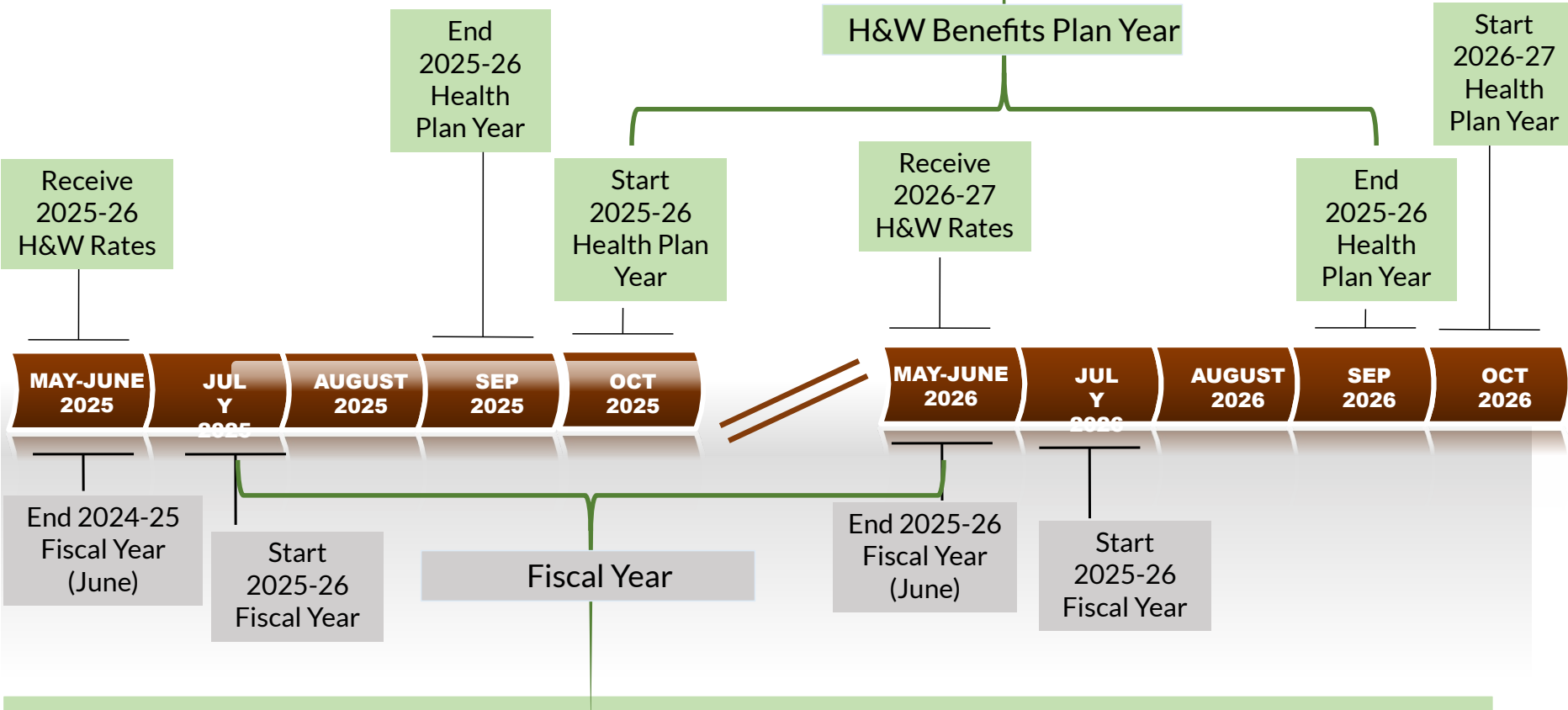
- Employee Only (CBA)
- Employee + Spouse (CBA)
- Employee + Child(ren) (CBA)
- Employee + Family (CBA)



# H&W District Costs and Excess Contribution

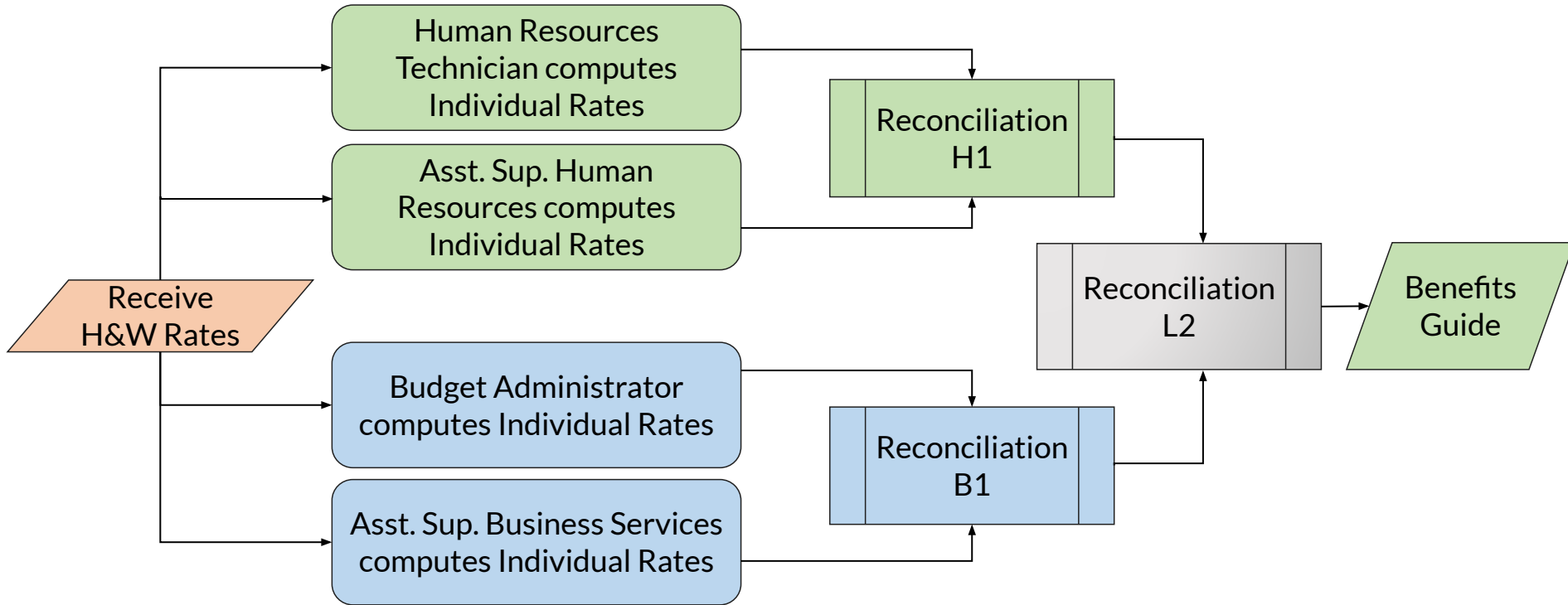


# Align: H&W Benefits Plan Year With The Fiscal Year



Standard District Operation. Best Practice in Budget and Reconciliation will be implemented to address the mis-alignment

# Enhance Communication: Human Resources & Business Services



*Implement Independent Development of H&W Benefits Caps by both Divisions and Reconcile*

# Simplify: H&W Caps And Plan Structure

- Engage consulting firm and employee associations
- District will survey peer school districts
- District will implement the Board approved structure

*District will periodically update the Board on progress*



# Assess: Staffing Levels

- Staff training on internal controls
- Periodic reconciliation of plan participation
- No staffing change planned, but ongoing review

*District will update the Board on progress*



# Potential Options to Address Cumulative Excess Contribution of \$1.01 million

#	Summary	Description
1	Status Quo	District absorbs the excess contribution (\$1.04M)
2	SSPD Allocation	Allocate the Student Support and Professional Development (SSPD) Discretionary Block Grant \$0.68 Million to partially cover the excess and absorb the remaining (\$0.36M)
3	Re-negotiate Salary Increases	Re-negotiate / Claw back 2025-26 Salary Increases partially/ fully (will need legal counsel review)
4	Negotiate Future Salary Increases	Allocate potential future salary increases to recoup the 2025-26 excess contribution  Address H&W allocations going forward (2026-27 and beyond)

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