College retirees moored in ASCIP pool

Pair involved in college district insurance matters remain affiliated with vendor.

BY SARA CARDINE

Courtesy of Rancho Santiago Community College District

FORMER RANCHO SANTIAGO Community College District vice chancellors Peter Hardash, left, and John Didion have ties with ASCIP dating back more than three decades.

James Carbone

THE ALLIANCE of Schools of Cooperative Insurance Programs headquarters in Cerritos.

As Rancho Santiago Community College District stakeholders begin to probe the district's decades-long relationship with the Alliance of Schools for Cooperative Insurance Programs, an insurance risk pool operator, the names of two now-retired administrators keep popping up.

John Didion, former vice chancellor of human resources, and former Vice Chancellor of Fiscal Services Peter Hardash, not only oversaw matters related to insurance and risk management but have ties to the Cerritos-based joint powers authority that date back far longer than the 27 years Rancho Santiago has been a policyholder.

Although Didion and Hardash retired in 2016 and 2021, respectively, the two former administrators continue their affiliation with ASCIP to this day, serving on the board of Captive Insurance for Public Agencies, Ltd. (CIPA), a nonprofit corporation and subsidiary formed by ASCIP in 2005, according to the organization's incorporating documents.

These board positions are unpaid, as they were during the several years both men served on the CIPA board at the same time they worked for the district, recommending and directing hundreds of millions of dollars of insurance business to ASCIP and its subsidiary.

Didion and Hardash did not return calls requesting comments on the district's relationship with ASCIP.

In January 2023 retired Rancho Santiago CCD Professor Barry Resnick reached out to the Daily Pilot, claiming Didion and Hardash had been corporate officers of a vendor named CIPA that received nearly $8 million in public funds, from 2008 to 2021, but whose existence was unknown by elected officials.

Resnick had heard about CIPA from a colleague and learned Didion was working as a managing director for the company. He called ASCIP directly, asking for confirmation and was forwarded to an attorney who, after much back and forth, confirmed Didion's position, according to Resnick.

While this double duty was occurring — as Hardash and Didion's signatures appeared on invoices cut to the JPA for bond construction insurance handled by CIPA, according to records obtained by the Pilot — it appeared neither administrator directly disclosed his board service to elected officials at Rancho Santiago.

"I asked a few trustees, and they didn't know. It was concerning," Resnick said. "It's like [Didion and Hardash] were working for two masters, but the one they have the fiduciary responsibility to is the district."

John Hanna has served more than two decades on the board of Rancho Santiago CCD, yet he acknowledged in an interview with the Pilot in 2023 he had almost no awareness of Hardash's connection to ASCIP or CIPA.

"I didn't know at the time — I didn't know at all," he said. "[Hardash] was involved in a lot of discussions. He'd be there in closed session when this stuff was talked about, and he'd make some reports about some issues, and maybe ASCIP would be involved, but I wasn't aware of his relationship with ASCIP."

Hardash, who voting records indicate is 68, was just 24 years old and working at Downey Unified School District in 1980, when he and 45 other Los Angeles County administrators helped form the Alliance of Schools for Cooperative Insurance Programs as a joint-purchase program.

ASCIP officials recount the tale of his role in the JPA's formation in a 2014-15 annual report celebrating its 35-year anniversary and featuring comments and a photo of him.

Today, ASCIP operates a risk pool that comprises 134 members and offers employee medical, dental and vision, workers' compensation and property and liability coverage, according to its website.

The joint powers authority is led by a chief executive officer and governed by a 13-member executive committee of administrators from California K-12 and community college districts and public charter schools who are members.

ASCIP CEO Fritz Heirich, through the JPA's attorney Robert J. Feldhake, declined multiple requests made by the Pilot in 2023 and 2024 to be interviewed about CIPA and its board of directors.

Exactly when Hardash joined ASCIP's Executive Committee is unclear, according to conflicting documentation provided by Feldhake in response to two separate public records requests submitted by the Pilot.

One document indicates Hardash joined the board in 1995, while another shows him as a member in 1992. He served on the Executive, Claims and Coverage and Finance committees, as well as a Nominating Committee that selects leaders from among ASCIP's membership for governance positions.

Didion, now 70, first joined ASCIP's board in 1994 and was serving as chair of the Claims and Coverage Committee three years later, when he left Long Beach City College, an ASCIP member, to take a job as director of personnel for Rancho Santiago, which had no relationship with ASCIP at the time.

That all changed three months after Didion's arrival in January 1997, when he recommended the district switch its property and liability coverage from another insurance risk pool to ASCIP, as indicated by a board meeting agenda showing the matter as a personnel item.

By 2001, the district had moved its workers' compensation coverage to the ASCIP, according to an email on Rancho Santiago's historic agreements with the JPA, provided by risk manager Don Maus to Chancellor Marvin Martinez in 2020 and reviewed by the Pilot.

Four years after that, Didion was listed as a founding director of CIPA, the Alliance of Schools for Cooperative Insurance Program's captive insurance company domiciled in Hawaii, according to the organization's incorporating documents.

In that capacity, he and a small cadre of administrators attended annual trips to posh resort hotels where appearances at an annual board meeting and insurance conference were punctuated by golf games, spa trips and excursions that appear on numerous expense reports paid by ASCIP and obtained by the Pilot.

Unlike ASCIP's Executive Committee — which cannot not be populated by retirees no longer affiliated with the JPA's member districts, according to its bylaws — CIPA board members were, until recently, able to continue their tenures indefinitely.

A policy change implemented in January of this year limits post-retirement service to just five years, according to new bylaws received by the Pilot from the JPA through a request for public records.

Didion and Hardash serve on the board to this day and still make regular pilgrimages to Hawaii, with Didion being named as CIPA's board president this year, according to minutes from a company board meeting obtained by the Pilot.

Didion's involvement in Captive Insurance for Public Agencies continued past his retirement from Rancho Santiago in August 2016. Six months later, he accepted a paid consulting position with CIPA, signing on as managing director at a rate of $96,000 per year — a sum he earned on top of two public school pensions amounting to $194,951 annually, according to Transparent California.

But before he retired from Rancho Santiago CCD, Didion made one more recommendation: In June 2015, he advised the district move its $22.6-million employee health coverage into ASCIP's risk pool. The move was supported by the district's Joint Benefits Committee, a panel Didion chaired.

Today, Rancho Santiago's employee health account represents the district's last tie to ASCIP. Under that program, the district was for years paying premiums to cover retirees who could have been enrolled in Medicare.

When Chancellor Martinez decided in 2021 to shift retiree coverage away from ASCIP and into Medicare, a cost-saving move for the district, Didion filed a lawsuit on behalf of a group of retirees, demanding the business remain with the JPA. He was ultimately unsuccessful.

But now the fate of that 27-year relationship hangs in the balance, as district officials on Monday will vote on whether to continue with ASCIP, and its provider Anthem, or switch to a competitor.

sara.cardine@latimes.com
Twitter: @SaraCardine

COLLEGE

Continued from page A2

tried to bargain for pay raises and training for faculty but was forestalled by district negotiators.

"There were years I sat at the table and listened to them tell us they had no money," he recalled of annual contract bargaining sessions with then-Vice Chancellor of Human Resources John Didion, who served as lead negotiator for the district.

"It was the district's annual cry of poverty: 'We don't have any money, maybe we can give you an off salary schedule raise, maybe we'll give a raise in the spring, but we don't have any money for staff development.' And they had anywhere from $1.1 million to $1.8 million sitting in that account [at the time]."

Resnick took the information he'd learned to trustee Yarbrough — a 28-year veteran board member who owns two real estate investment and management companies and is a self-described budget wonk.

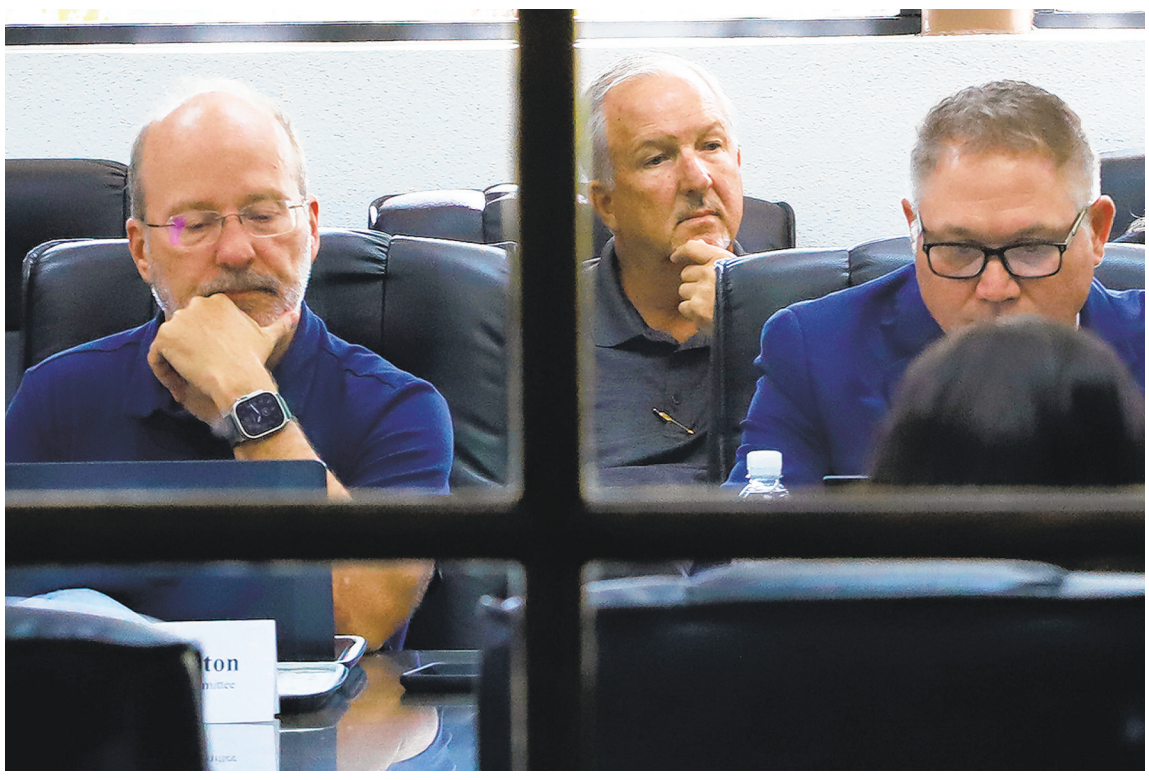
For all his tenure and credentials, the risk management fund held by ASCIP was as much of a mystery to him as it had been to Resnick and Barembaum.

So, during a June 10 board meeting, the trustee demanded the money be returned to the district and accounted for in public, moving forward.

"There's $7.1 million, it's not a small amount of money," Yarbrough said. "It needs to be given back to us, in my opinion as a trustee, to where it's subject to our audits and safely put into the bank accounts we have established at the county treasurer's office.

"This just has to go back into where the taxpayer money is supposed to go," he continued. "I just don't think it should be held at an insurance company."

The day after the board meeting, seeking to learn how long the district's risk management account had been accruing funds, Resnick sent out another records request, asking for all statements from ASCIP, from Jan. 1, 2020, through May 31, 2024, memorializing the rebates deposited into that account as well as expenditures mentioned by Ingram during the board meeting.



James Carbone

FORMER RSCCD Vice Chancellor John Didion, right center, listens during an Aug. 31, 2023, meeting of Alliance of Schools for Cooperative Insurance's Executive Committee in Cerritos.

By way of a July 9 response from the chancellor's office, reviewed by the Pilot, Resnick received a single document — dated June 12 of this year — showing rebate deposits, accrued interest and withdrawals made from the account between July 1, 2009, and June 12, 2024. No starting balance was listed, and no running totals were provided.

Nearly three weeks later, on July 29, the district returned information on various purchases made with money from the risk management fund. That document contained a list of sundry line items from 2012 to 2020 — including safety fencing, football helmets and Title IX training and videos — totaling more than $3.6 million.

Some withdrawals included a note indicating the date the Board of Trustees had approved the expense, bundled among dozens of purchase orders, while others had no note of board approval.

But the board dockets associated with each referenced approval date, examined by the Pilot, either fail to list such expenses entirely or indicate the purchases as being paid out of Fund 11, the district's unrestricted general fund.

Yarbrough maintains the board only approves purchase orders paid out of two general fund accounts and one for categorical one-time dollars earmarked for specific things.

"There's no way the board would approve expenditures that came from a fund held outside the district or the treasurer's office — no way in hell," he said in a follow-up conversation Wednesday.

A request for an interview with ASCIP chief executive Fritz Heirich, made through attorney Robert J. Feldhake, was declined in an Aug. 22 email from the attorney.

"Media interviews [are] not really a function which ASCIP is intended to serve or should undertake, generally or at the expense of time for its members," Feldhake wrote in the email. "Interviews with print media are outside the purpose and function of ASCIP, the availability of staff, and not where priorities presently exist."

Rancho Santiago Chancellor Marvin Martinez similarly declined to speak for this story about when and how he was made aware of the district's $7.1-million risk management fund balance.

Ingram, the district's Business Services vice chancellor, initially agreed to answer questions in a Zoom interview on Tuesday but canceled 90 minutes prior due to illness, according to an email from the district's spokesman, and asked to reschedule for the following week, after publication of this story.

SEARCHING FOR ANSWERS

The questions about ASCIP — a joint powers authority that has handled much of Rancho Santiago Community College District's insurance policies since 1997, despite not being accredited by California Assn. of Joint Powers Authorities — come as district leaders are poised, once more, to consider renewing the district's $30-million employee healthcare contract with ASCIP.

It's been nearly a year since the decision was effectively tabled. And now the currently configured Joint Benefits Committee — Barembaum's term as the faculty association president and his time on the committee ended July 31 — has recommended, in an 8-2 vote, sticking with the Cerritos-based ASCIP. But the astronomy professor has concerns about the district keeping its business with the agency.

"Had each of us not pulled a little thread in this tapestry, we wouldn't know about any of this," he said.

Chancellor Martinez has accepted the Joint Benefits Committee's recommendation to renew its policy with ASCIP for another three years, though it will be up to trustees to decide. Yarbrough says whatever the vote, he still has questions and wants some answers.

He sought a review of the risk management deposit fund under the board's audit committee but was told by Martinez the panel only had purview over Rancho Santiago's audited funds, not those held outside the district.

"Someone is going to answer to me how this account was set up, how it was ever allowed to exist and where did the money go," Yarbrough said. "I'm going to get to the bottom of this, and I'm not going to rest until I get my answers. And they're going to want to give them to me because they have nothing to hide."

sara.cardine@latimes.com
Twitter: @SaraCardine