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Montebello Unified School District

*County Superintendent Intervention Is
Necessary to Address Its Weak Financial
Management and Governance*

Background

With 17 elementary schools, six intermediate schools, four high schools, one alternative education school, and four adult schools, the Montebello Unified School District (Montebello) serves approximately 28,000 students and is administered by a superintendent. Montebello's five-member voter elected board is responsible for Montebello's organizational structure, employing the superintendent, and for ensuring educational and fiscal accountability to the community. The Los Angeles County superintendent (county superintendent) provides fiscal oversight over Montebello.

Our Key Recommendations

- The county superintendent should take immediate steps to improve Montebello's current fiscal condition and direct Montebello to submit a corrective action plan and to develop a workforce plan to justify its workforce size and cost compared to its enrollment projections.
- Montebello should revise its fiscal stabilization plan, make the necessary cuts to fund its ongoing commitments, and implement the many recommendations we detailed in the report.

Key Findings

The board's poor fiscal oversight has put Montebello in danger of financial insolvency.

- It continued to approve Montebello's budgets over the last seven years even though the proposed budgets showed it had planned to spend more than it received, with annual deficits ranging from \$3 million to \$20 million.
- It has not taken appropriate action to contain increasing costs in the face of declining enrollment and has taken other action, such as approving teacher bonuses and salary increases, that further contribute to Montebello's financial challenges.
- It ignored repeated warnings from the Los Angeles County Office of Education to curtail Montebello's deficit spending, and the district projected an inability to meet its financial obligations in fiscal years 2018–19 and 2019–20.

Montebello bypassed some of its hiring policies, and it employed individuals in some high-paying extraneous positions during these fiscally challenging years.

- It hired some employees that did not meet the minimum qualifications, including a high-ranking position responsible for overseeing the budget.
- It hired several high-ranking executives without a fair and competitive hiring process.
- It did not provide the board with sufficient information for approving appointments of high-ranking positions.

Montebello's oversight of its two bond measures—one approved in 2004 and another approved in 2016—has been lax. The required citizens' oversight committee did not meet for years, Montebello has yet to release the required annual bond audit for fiscal year 2015–16 to the public, and Montebello has not ensured that employees who approve expenses and contracts related to the bonds did not have conflicts of interest.

Montebello's poor oversight of its expenditures has led to the misuse of restricted funds and waste of resources.

- It could not demonstrate that bond funds used to pay for employee salaries were for bond-related purposes.
- Its lack of an overtime pre-approval and oversight process has likely led to rising costs and may have allowed abusive practices—overtime payments have doubled over three years and two employees almost doubled their annual salaries in just one year.
- It used adult education program funds to purchase 200 computers that it has either not used or could not locate.

The adult education program has likely misrepresented its enrollment and has poorly managed its funding—it allows classes to proceed despite low attendance, it probably inflates its enrollment, and it has poor cash collection processes.