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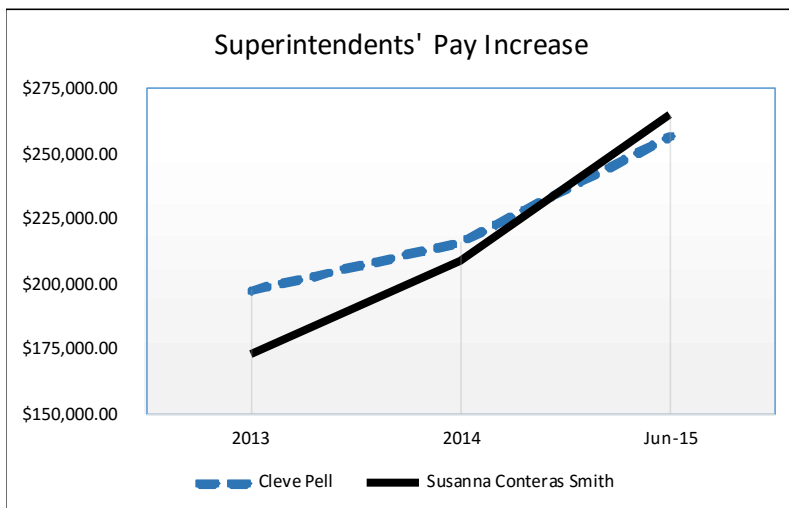
Montebello Teachers Association/California Teachers Association • 918 W. Whittier Blvd. Montebello CA • (323) 722-5005 • montebelloteachers.org

Why Can't The District Manage It's Money?

We are all emerging from the California recession. Times were tough, and we all worked together to keep the District solvent. The members of the Montebello Teachers Association took furlough days and cuts in pay in 2010-2011 and 2011-2012. Further, in 2010-2011 the District and the Association worked together to encourage transfers and eliminate a need for layoffs. Each time the District had true financial hardship the stakeholders came together to manage resources and expectations, and ultimately to keep the District solvent.

The Association agreed to no raises in 2003-2004, 2004-2005, 2008-2009, and 2009-2010. The members agreed that the financial state of the district warranted sacrifice. We are seeing that the District is taking a wrong turn. We are offered a one time bonus instead of a raise. The Board of Education's direction is that your pay will be increased in 2015-2016 and cut back to 2014-2015 rates July 1, 2016. In 2015-2016 the District Received the Greatest Revenue Increase Ever and No Raise Is Being Offered? The question remains: why can't the District manage it's money? Let's look at some of the District' latest spending priorities.

Superintendent Contreras Smith & Pell Pay Skyrockets!

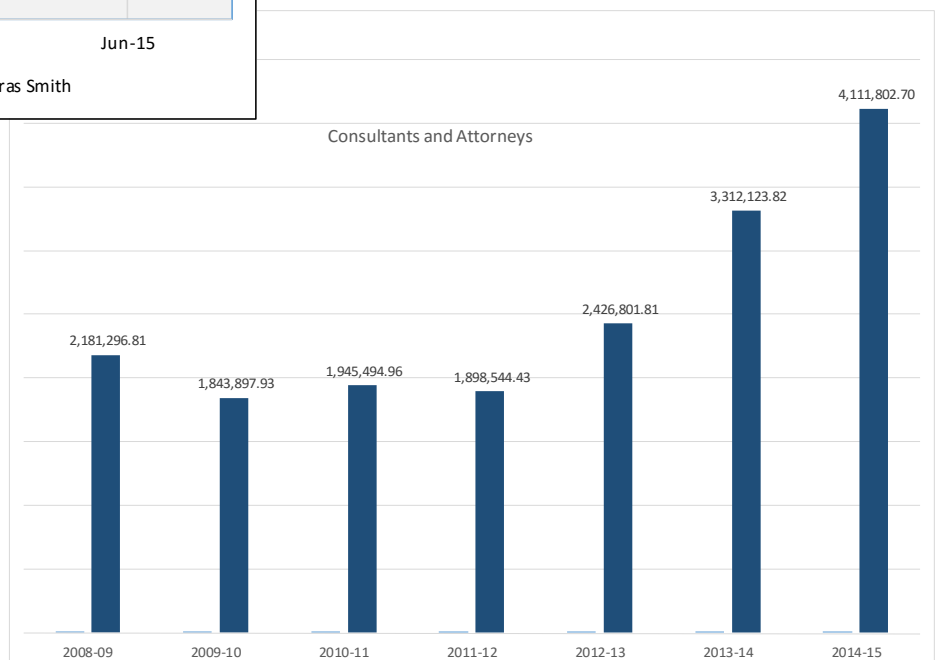


According to the website *Transparent California.com* and documents provided by the District, **since 2013 Contreras Smith's pay has increased 53.03%. Pell's increase since 2013 has been 29.97%.**

In addition to Contreras Smith's \$265,000 annual salary and Pell's \$256,503.50 salary, both Superintendents receive 45 days vacations (25 of which can be paid out for cash annually), 19 days sick leave, and the STRS employee contribution is paid by the District.

Legal Fees More Than Double!

According to the District's records the general fund costs of legal fees has more than doubled in the past few years. President Lorraine Richards requested the bills substantiating the increase on January 21. Records were received Tuesday, February 16. Continue reading for more information on legal fees. See the District's response to the Association's request for information regarding fees to all lawyers.



"Rainy Day" Reserves Kept State Level

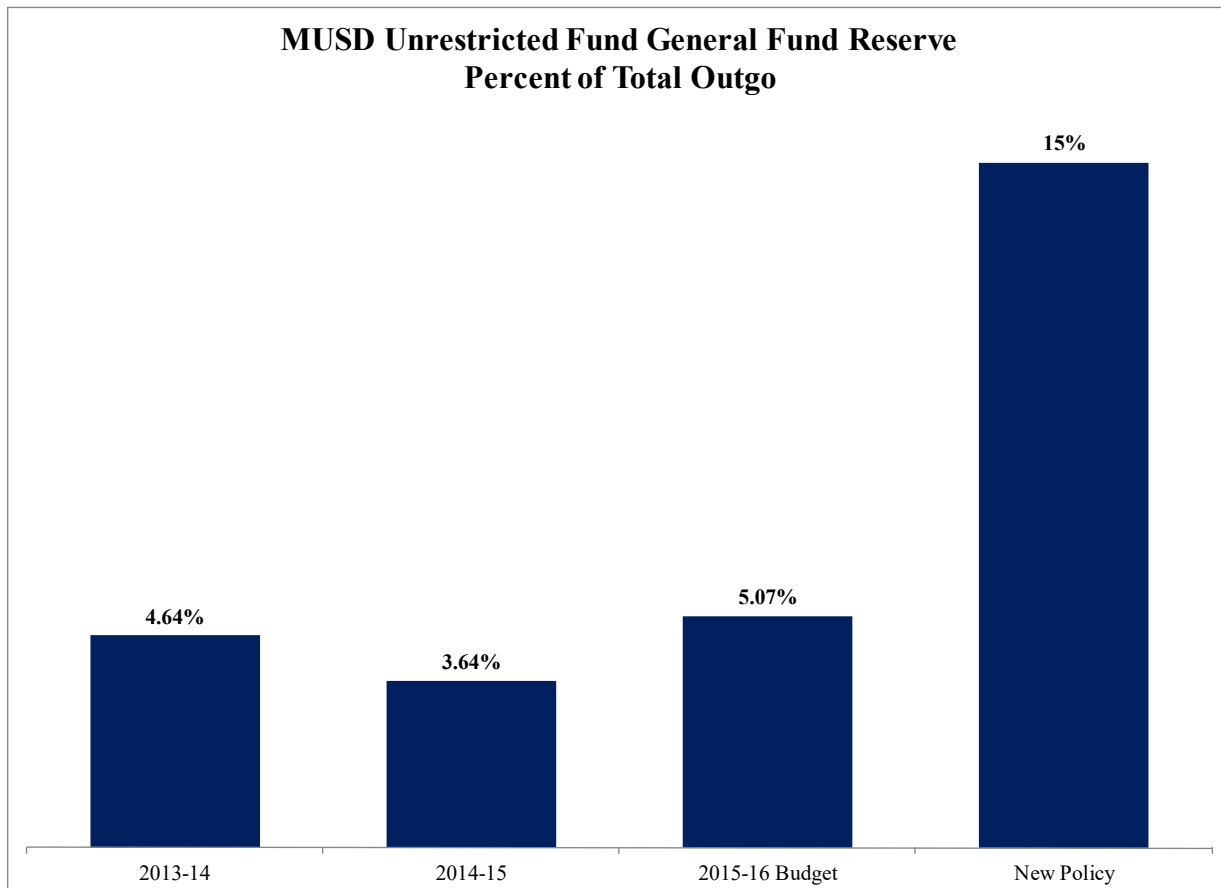
Many Board of Education meetings have been spent on lectures concerning the importance of reserves in a budget. "After all, didn't your Dad tell you not to spend your entire first pay check?" The reality is that the State has been required to keep reserves in Sacramento so that local School Boards can spend local funds on the programs for students including teachers, nurses, counselors, and more.

Proposition 2 Is the Rainy Day Stabilization Fund that Secures School Districts

The voters in California amended the State Constitution with Proposition 2 in November 2014. The reality is that prudent school districts can focus on programs for students and the State would stabilize education funding. In June 2014 the legislature passed Senate Bill 858 which limits the amount of money a school district can hold in reserve to twice the minimum requirement. Since the Montebello Unified School District is required to maintain a reserve for economic uncertainty that is **3 percent** of the budget, the maximum is placed at **6 percent**. The reserve cap will be triggered when the state meets its Rainy Day Fund requirement. The District's intended policy is **15 percent**.

Taxpayers have said "no" to holding massive reserves at both the State and local levels. The Board of Education announced its intention to raise reserves rather than salaries January 21. The resolution was not included in the Board packet and did not allow the public 72 hours to review the items. The Association's attorney noticed the Board of Education on this violation of the Brown Act. MUSD general counsel, David Kenney, wrote a letter February 16 which stated that the BOE would rescind the Resolution #15 regarding the reserve policy at the meeting this Thursday.

We must remain vigilant. The fact that these two resolutions will be rescinded, does not mean the BOE won't try to act on these issues again.



Why Can't the District Manage Legal Costs?

The District responded to President Lorraine Richards' request for information Tuesday, February 16. No actual bills nor itemized lists were provided. Long standing General Council David Kenney from Kenney and Kropff consistently exceeds the "not to exceed" contract. The District entered into an agreement with Kenney and Kropff July 1, 2013. The agreement was stated "not to exceed" \$342,000 during the contract year. The agreement was actually signed by Cleve Pell, Susanna Contreras Smith, and David Kenney November 8, 2013. The terms were:

Senior Attorneys\$199.50 per hour
Junior Attorneys\$180.50 per hour
Law Clerks\$80.75 per hour

The firm actually received \$769,723.09 in the course of a twelve month period. That means the firm billed an average of 71 hours a week at the highest rate possible each of the 52 weeks of the year in addition to the work **accomplished under the \$2500 per month retainer. The firm also collected \$294,578.14 in expenses** during the same period. **The total paid to Kenney in Kropff from November 20, 2013 and October 24, 2014 was \$1,094,301.23.** The District did not furnish an authorization to pay over the contract amount in 2013-2014.

July 2015 the District raised the hourly rates. **The senior attorney got a 20 percent raise.** The amount "not to exceed" increased to \$400,000 for the year.

Senior Attorneys\$240.00 per hour
Junior Attorneys\$220.00 per hour
Law Clerks\$100.00 per hour

The amounts paid from **November 26, 2014 through November 6, 2015 totaled \$606,491.** At the top rate of \$240 per hour that would be an average of 48 hours a week 52 weeks per year. **The retainer increased to \$3000 per month. And no expenses were furnished.**

2013-2015 Amounts Paid to Kenney and Kropff			
Date	Amounts Paid	Expenses	
11/20/2013	\$ 57,192.80	\$	35,509.52
12/10/2013	\$ 59,728.36	\$	10,131.67
1/13/2014	\$ 57,795.73	\$	38,986.12
2/12/2014	\$ 36,392.38	\$	11,797.75
3/13/2014	\$ 36,753.61	\$	7,714.95
4/4/2014	\$ 49,694.52	\$	10,787.20
4/16/2014	\$ 14,939.79	\$	12,439.79
5/6/2014	\$ 49,796.56	\$	12,392.20
6/6/2014	\$ 98,457.25	\$	56,220.55
7/9/2014	\$ 65,365.15	\$	24,192.55
7/19/2014	\$ 79,439.19	\$	16,649.35
9/19/2014	\$ 82,687.04	\$	50,129.05
10/24/2014	\$ 81,480.71	\$	7,627.44
TOTAL	\$ 769,723.09	\$	294,578.14

2014-2015 Amounts Paid to Kenney and Kropff			
Date	Amounts Paid	Expenses	
11/26/2014	\$ 51,160.55		?
12/11/2014	\$ 44,843.80		?
1/20/2015	\$ 61,951.29		?
2/16/2015	\$ 54,077.21		?
3/10/2015	\$ 49,871.56		?
4/8/2015	\$ 49,764.52		?
5/11/2015	\$ 60,196.38		?
5/20/2015	\$ 49,175.80		?
6/10/2015	\$ 54,492.17		?
7/8/2015	\$ 47,801.29		?
8/10/2015	\$ 46,111.10		?
8/31/2015	\$ 37,045.98		?
9/18/2015	\$ 52,695.53		?
10/14/2015	\$ 66,739.25		?
11/6/2015	\$ 67,918.69		?
TOTAL	\$ 606,491.65		???