
MPUSD: missed opportunities

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Soledad High School just may be the best school in Monterey County. The pride of the city, it is an immaculate new Spanish-colonial structure, gleaming with high technology and the county's largest free library.

Monterey Mayor Dan Albert looked wistfully at the building one day last May. In Monterey, where Albert was a high school teacher for 37 years, school roofs were leaking, the paint was peeling and the maintenance crew was understaffed.

Albert's eyes seemed to well with tears, Soledad Mayor Gary Gerbrandt said.

"People in Monterey need to see this campus," he recalled Albert saying, "because if you can do this, we can do this."

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MPUSD
The \$6 Million
Question

*Last of a
three-part
series*

MPUSD

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But for now, Monterey can't. Much of the reason can be traced to district leaders — particularly Pat Malone, former chief financial officer of the Monterey Peninsula Unified School District, who left the schools \$6.5 million in the red.

Faced with massive financial cuts from the closing of Fort Ord, Malone secretly tapped self-insurance funds for millions of dollars to keep up the appearance of fiscal stability. His actions went unnoticed or unchallenged by Superintendent Billy DeBerry and the board of trustees.

When the deficit was discovered after Malone's death last year, teacher ranks were cut, programs were slashed and many parents were outraged.

What worries some district officials now is a potential loss of voter confidence. To bring schools up to snuff, the district hopes to borrow money through bonds in the next year or two, and will need to convince voters to pay the tab.

Former Superintendent Billy DeBerry acknowledged as much when he announced his resignation in January. "There's a lot of healing that needs to take place," he said. "People in the community need to trust and have confidence in the person sitting in this seat."

Other consequences of the \$6.5 million blunder — in lost opportunities, and the costs of delay and mismanagement — have been high:

► MPUSD is burdened with debt.

The district accepted an \$11 million state loan intended to help the district phase out programs. Instead, the board spent the money for ongoing expenses. By the time it is paid off, the district will have paid \$5 million in interest.

► Schools across the district are in poor condition.

Most are at least 30 years old. The collapse of a Monterey High School ceiling this year was merely the most dramatic example of neglect. The state of the high school's restrooms got so bad that a group of mothers recently stepped in to clean them up themselves.

► Teachers have fled.

When the district shed more than 70 teaching and counseling positions (among the more than 100 jobs cut), apprehension spread through the

staff. MPUSD teachers are among the lowest paid in the county. Yet the school board voted to preserve programs rather than increase pay.

"The atmosphere at MPUSD, along with the wages, has caused people to look for jobs elsewhere," said Rick Ringler, a former chief of the teachers union.

► Student programs were axed in haste.

Instead of taking time to create a well-thought-out plan for shutting down programs, trustees had to slash the curriculum quickly to offset the huge loss.

Parents had little chance to save popular programs through grants and fund-raisers — or to make alternate arrangements for their children.

Cloud of mysteries

How Malone took the school district — once the county's richest — to the brink of bankruptcy is now understood. He held tight control of information and dodged outside oversight by avoiding the county's computer system.

His intimidating air let him bypass the most basic checks and balances and discouraged challenges from his supervisors — the superintendent and the board of education.

But some mysteries remain, despite investigations by an outside auditor, a fiscal management team and a Blue Ribbon citizens committee.

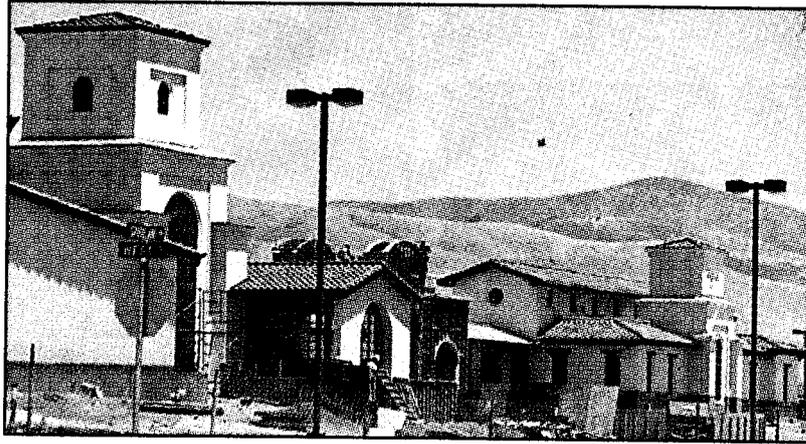
► Although he was the No. 2 official in the district, for instance, Malone never pressed hard for money to fix its dilapidated buildings.

Money is usually available from the state for school maintenance and modernization; it requires the school district to provide matching funds, which are most often derived from voter-approved bond issues.

Administrators could have easily justified the tax by pointing to the age and dilapidated condition of some buildings, said Ray Bickel, the district's maintenance chief.

But no one pursued the issue. "We talked about bonds, but not seriously," said former trustee Ron Chesshire.

"The timing wasn't right," trustee Ken Brown said. With the district's student population shrinking, he said, "I don't think it would have been politically possible to go for a bond."



HERALD FILE

Monterey Mayor Dan Albert wishes MPUSD could have a high school such as Soledad's, above, shown under construction last year. Below, hazardous material workers clean up fallen ceiling tiles containing asbestos from a classroom at Monterey High earlier this year.



Bickel, who arrived at the district three years ago, said he has found \$59 million in needs. He said the district can receive \$48 million from the state if it comes up with 20 percent of the total first.

➤ Another mystery is why Malone never sought lucrative fees from developers to modernize schools.

Residential developers commonly pay school districts a fee to soften the impact of new pupils brought to the district by their new homes. Commercial developers often pay similar fees.

Malone never applied for them.

No one interviewed in the district remembers him even studying how much could be collected. He insisted that MPUSD could not qualify for the fees because there wasn't enough development occurring. He

also argued that the district could handle the influx without building new schools.

That may have been true during the Fort Ord closure. But for years, even low- or no-growth districts elsewhere in the state have levied developer fees to help cover maintenance costs. MPUSD's current attempts to levy them show the district can justify them.

➤ Yet another mystery is why Malone neglected potential sources of alternative income.

The Blue Ribbon committee noted that the district could obtain Medical funding for special education transportation and revenue from the sale and lease of excess school property, among others.

➤ Why Malone operated in secrecy is perhaps the greatest

mystery. Even critics say he seemed to have the district's best interests at heart. Acting Superintendent Bob Infelise said that despite his independence, Malone was still part of the MPUSD team.

One theory offered by Bill Barr, the county superintendent of schools, is that some bureaucrats don't trust how their supervisors will use information.

"I believe that Pat Malone ... (was) afraid. (Malone may have thought,) 'If I give them all the information, they will make the wrong decision, and it will come back to haunt me,'" he said.

Rather, he said, Malone decided to handle the situation the best way he knew — alone.

Barr insists, however, that the job of a professional civil servant is to provide the information and leave the policy decisions to elected officials, such as school board members.

"Pat had the obligation to explain things in layman's terms ... but he didn't," Barr said. "A good administrator doesn't hoard information.

"He had the obligation to make them understand and force them to make a decision."

The watchdog

Barr was the top of the information food chain locally. But MPUSD, he said, was required to send him little information; when that information suggested the district was out of line, he issued directives.

In reviewing the county's role, however, the Blue Ribbon committee expressed dissatisfaction with Barr and his chief business officer, Mike Ottmar.

Their oversight, it found, "was not substantially effective" in persuading the board of the seriousness of the problem.

The panel pointed to a Sept. 1, 1999, letter from Ottmar to trustees that appeared to give contradictory opinions about MPUSD's financial situation.

In the letter, which approved the district's budget, county officials went on to "congratulate the Board and Superintendent for taking the necessary steps to reduce the expenditure budget and bring it into a balanced operating position."

But the same letter said county officials "have some continuing concerns about the district's ongoing ability to maintain a balanced fiscal position, especially in light of the district's outstanding state loan

liability."

Barr acknowledged that could have been confusing, but said the compliments were intended to encourage continued compliance.

He pointed to 36 letters, many containing warnings, that he sent the district over the past decade.

"Thirty-six letters are not effective?" he asked. "Possibly I could have been rougher. But I used some strong language. How many times does the board have to hear this? They probably heard it so long they thought we were crying wolf."

"Perhaps I should have stuck my nose in," Barr added. "But till 1999, the board kept saying, 'Don't worry. Next year, we'll fix it.'"

Barr said he regretted not taking some control of the district last winter, when its reserves fell just below the state minimum of 3 percent. "If I were to do any Monday-morning quarterbacking," he said, "I could have nailed them then."

He ended up taking control in the spring, when reserves fell to 0.6 percent.

Barr, Ottmar and others say the system, though clunky, ultimately worked. Disaster was averted.

They say Malone's secret maneuverings would have come to light this summer, because he would have run out of money to hide the deficits.

"We'd start to see it about now," Barr said earlier this summer.

Regrets

Barr says the ultimate responsibility for the financial problems rests with the elected board of trustees.

"The board did very little," Barr said. "They refused to challenge the public. They could have economized even more."

Trustee Brown accepts part of the criticism. "We could have handled it better," he said. "We're not proud of what we've done."

"You can't imagine the heartache and sleepless nights we've had over what happened," he said. "When I ran, I ran on the idea that I'd do something to improve the district. I'm not totally satisfied with what I've done."

Through that experience, he said, "you learn lessons."

And to those who think trustees haven't learned?

Brown replied, "Run for office."

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