

# Press Reports and Audits on Governmental Waste, Fraud and Mismanagement

Compiled by the California Taxpayers' Association

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## Education

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### Villaraigosa Proposes \$100 Billion Education Plan

**Dollar Amount: \$100,000,000,000**

Los Angeles Mayor Antonio Villaraigosa on January 25 unveiled in Washington, D.C., a \$100 billion education plan to combat poverty. The plan includes universal pre-school, tax-free college savings accounts and a multi-billion dollar entitlement to schools that combine academics with career education. Under the tax-free college savings account, the federal government would put \$500 into the account of each child at birth and \$500 each year thereafter as a match for deposits made by the child's family. "Where does the money come from?" asked one educational spokesperson. (Source: Los Angeles Daily News of January 25.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - Jan. 25, 2007

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### State to Adopt Payroll System Plagued by Mistakes in LA Schools

**Dollar Amount: \$18,000,000,000**

The state Controller's Office next January is scheduled to begin using a computerized payroll system to pay more than 290,000 state employees, ranging from judges to secretaries and state university professors. Paychecks total \$18 billion a year. However, it is a system similar to that which has left thousands of Los Angeles public school and community college employees improperly paid – and plenty irate. At the state level, however, officials say they are working for a smoother operation with the software, provided by the German company SAP AG. This company is considered a world leader in the field and has systems in place paying more than 20 million Americans, ranging from Walt Disney employees, Coca-Cola and IBM to the Massachusetts Institute of Technology. But in L.A. Unified, about 7,000 of the more than 77,000 district employees were paid erroneous amounts or didn't receive checks in January. More than 2,200 emergency checks were issued. Inadequate training was blamed. For L.A. Community College employees, the nine-campus district has been subjected to a class-action suit by the American Federation of Teachers Faculty Guild. One teacher involved in the suit is still owed about \$9,000 from six months ago, according to union officials, when the new payroll system replaced an inadequate 30-year-old program. The state's contract with SAP, finalized last June, spends \$9.8 million for software and \$69 million for implementation, and a team of 150 people is preparing for the launch. (Source: Los Angeles Times, February 19.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Feb. 19, 2007

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## Study: \$1.25 Billion to Improve Schools Yields Little

**Dollar Amount: \$1,250,000,000**

With the state on the verge of pouring nearly \$3 billion more into a similar program, an analysis of the state's Academic Performance Index (API) has concluded that about \$1.25 billion in public education money has done little to help improve student performance. This finding was in a study released January 16 by the Pacific Research Institute, a free-market think tank, with recommendations for improvements. It is co-authored by James Lanich, president of California Business for Education Excellence, and Lance Izumi, director of education studies at PRI. The study is available at [www.pacificresearch.org](http://www.pacificresearch.org) or [www.cbee.org](http://www.cbee.org). The study concludes that the API is not an accurate or meaningful measurement of school and student academic achievement. It looks at two school improvement programs (Immediate Intervention/Underperforming Schools Program and High Priority Schools Grant Program). These two programs collectively spent about \$1.25 billion, or an average of \$771,604 per school, yet showed no significant difference in academic achievement over time as measured by improvement to grade-level proficiency on the California Standards Test. However, they met their API growth targets as set by the state for successful implementation with sufficient results for exiting the program. Now, as a result of SB 1133 (Torlakson), signed into law last year, some of the \$2.9 billion settlement from CTA et. al. v. Schwarzenegger, et al. is to continue the High Priority Schools Program. Dr. Lanich: "If we keep using the API as our benchmark for gauging school and student academic improvement, we'll continue to deceive parents and the public about how our students and our schools are really performing academically. We should be gauging academic achievement on the single most important measurement: grade-level proficiency. It's simple, it's understandable, and it's the standard every parent expects and every student should meet every year." (Note: Cal-Tax is associated with the CBEE.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** CBEE Report

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## UC Gives \$916 Million in Above-Salary Pay

**Dollar Amount: \$916,000,000**

Already criticized for giving top managers millions in undisclosed or questionable pay in recent years, UC officials say more than \$916 million was given in pay and perks above regular salaries in the 2005-06 fiscal year. That compares to \$871 million the prior year. UC Regents Chair Gerald Parsky said there was nothing "inherently inappropriate" with general payroll growth or extra compensation. (Note: The Chronicle's early reporting on UC compensation issues revealed that the extra compensation was not noted in a consultant's comparison of UC pay with that of other universities around the country as regents considered salary increases for UC employees.) (Caltaxletter: 11/17/06 from San Francisco Chronicle, 11/16/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Nov. 16, 2006

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## Above-Salary Pay is Detailed

**Dollar Amount: \$871,000,000**

UC released information on how \$871 million went to employees in addition to their regular salaries and overtime, including \$449 million to health sciences faculty and hospital administrators from clinical revenue; \$151 million to faculty members for additional teaching and research; \$70 million in "differential pay" to union employees for working unusual shifts; \$58 million as bonuses; \$57 million under special contracts; \$54 million in vacation and severance; \$30 million for honorariums and stipends, and \$9 million in auto and housing allowances. (Caltaxletter: 1/13/06 from San Francisco Chronicle, 1/12/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Jan. 12, 2006

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## Many School Districts Spend More Than They Have

**Dollar Amount: \$682,000,000**

State Controller Steve Westly says his office's analysis of audits of school districts found more than half of them spent more than they had in 2003-04. Of 982 school districts, 552 combined for \$682 million in red ink. Furthermore, 79 districts reported problems so severe that they might be unable to meet obligations over the next three years. The endangered list was 22 percent longer than the previous year, the newspaper reported. The report said about a third of the districts had to spend reserves to cover multiple years of shortfalls, and auditors suspect that many schools are hiding the truth about impending financial problems. State Superintendent of Public Instruction Jack O'Connell: "It's staggering and really enlightening. These audit findings really do underscore what the education community has been saying, that we do need additional resources." (Contra Costa Times, July 12, 2005.)

**Region:** Statewide

**Jurisdiction:** Schools

**Source:** Contra Costa Times - July 12, 2005

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## End in Sight for "Public Works Disaster of Biblical Proportions?"

**Dollar Amount: \$200,000,000**

In 1992, the Los Angeles City Schools paid \$60 million for a former oil and gas field as the site of what was to be a model of innovation. Near downtown, it was to be the public-private Belmont Learning Center and it was to be built for the "guaranteed price" of \$86 million. Now the end may be in sight, for something approaching \$300 million, as the district has three bids to complete the existing buildings plus two more for an estimated \$111 million. Bids are to be opened later this month with construction expected to start by early December. Officials see the project, renamed Vista Hermosa, being completed in two years – or a decade after the initial ground-breaking on a site plagued by noxious gas seeping to the surface and an earthquake fault. Twice officially abandoned by the school board, as the price tag doubled, fingers were pointed, a superintendent was canned and investigations were launched. Arriving in 2000, Superintendent Roy Romer succeeded in getting it back on the drawing boards. However, it is vastly different from what was initially envisioned. Yet it may always carry the baggage of a "white elephant," the nation's most expensive high school project; a colossal waste of tax dollars. In 2001, the site was declared a "crime scene" by District Attorney Steve Cooley. He later concluded that there was nothing he could prosecute, and he labeled it a "public works disaster of biblical proportions." Mr. Romer: "Obviously there were great mistakes made here. When I came, the issue was, 'Do you abandon it, or do you finish it' ... and I chose to finish it." He said he became determined that this "white whale for me" would not be a lasting "mark of failure for this district." He said he "wanted to prove we could finally cure this series of errors ... I feel a sense of satisfaction that we overcame the difficulty and we're going to make it happen." Don Mullinax, former district inspector general and now a partner at Deloitte, said such a celebration may be premature. He said the school is likely to be "a can of worms all over again. Who knows what they'll find under the surface of the ground once they start digging and disturb it; the stuff is still moving around." (Los Angeles Daily News, September 14, 2005.) Update: School officials said they were shocked when bids were opened to finish the school and the lowest bid (\$128.9 million) came in \$40 million over district estimates. (Los Angeles Daily News, September 29, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Daily News - Sept. 14, 2005

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## Report Hits CSU Software Contract

**Dollar Amount: \$200,000,000**

In yet another example of expensive government problems with efforts to upgrade or install computer software, a poorly conceived California State University software contract is exceeding projected costs by \$200 million. The Bureau of State Audits also said that a high-ranking CSU official was being paid as a consultant for the software firm that won the contract. The \$662 million contract was poorly conceived from the outset, the bureau's report said. Further, there are serious problems in the software that threaten the confidentiality of student information. According to Sacramento Bee columnist Daniel Weintraub, the software project "was never properly justified by university administrators, might not have been necessary and may not be accomplishing much of what the university set out to achieve." The audit was released by State Auditor Elaine Howle (March 11, 2003).

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** State Audit - Elaine Howle, Mar. 11, 2003

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## Los Angeles City Schools

**Dollar Amount: \$185,000,000**

The Los Angeles Unified School District has leased a 29-story downtown office building for five years for the district's administrative headquarters, even though the building has earned the "lemon award" twice from a downtown business group, the Los Angeles Daily News reported in October 2001. Checking further reports, apparently things are getting worse with that expensive admin building. After spending \$184.2 million to buy and renovate the structure, the district is spending \$1.2 million a year to lease 1,166 parking spaces at three locations, the Daily News reported on November 27, 2002. Labor contracts ban the district from charging their employees to park, so the district must come up with the free spaces, said School Board President Caprice Young.

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Daily News - Nov. 27, 2002

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## School Bond Money used for Sheriff's Training Instead of Campus Improvements

**Dollar Amount: \$156,000,000**

In 2002, Orange County voters approved a \$156 million school bond for the Santa Ana College based on promises that the money would be used for science classrooms, a parking facility, a child-care center and other campus improvements. But much of the money instead has been used for a new training facility for the Orange County Sheriff's Department that is located four miles from the campus. Under the voter-approved agreement, the Sheriff's Department training center was to receive \$10 million from the bond. But in the seven years since the bond measure's passage, the department has received more than three times that amount, while other projects have received much less than promised – in some cases, nothing at all. The Orange County Register writes: "Critics ... protest what they see as bait-and-switch tactics that have become a staple of school board campaigning since the passage of Proposition 39 in 2000. The state measure lowered the number of votes needed to approve a new school bond, while requiring school districts to list the projects that would be built. But there is nothing requiring the districts to stick to that list." During the campaign for the bond, supporters of the idea discussed the need for more classrooms, parking and renovations on a campus where the furniture was mismatched and the technology was outdated. The voters were told that \$30 million would be used to build a math and science building, but now only \$3.1 million remains for the building, and college officials said they will be seeking money from the state to complete some of the projects that voters thought they were funding with the bond. (Source: Orange County Register, September 10.)

**Region:** So. California

**Jurisdiction:** County

**Source:** OC Register, Sept. 10, 2007

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## SF Schools Flunking Payroll

**Dollar Amount: \$140,000,000**

That was the San Francisco Examiner's February 18, 2002 headline on a story about Proposition F on the March 5 ballot, a measure to create an oversight committee for spending San Francisco school construction bond money. Angie Marshall, in the summer of 2000, applied for a speech pathologist job with the district, then turned it down to take a better offer in San Bruno. Then, in September 2000, she got a paycheck from the S.F. district. Another came in October. November's check included a raise. The three checks together exceeded \$13,500. She sent them back, informing the district that she had never worked for it. Then, in September 2001, she got another check, with a bonus, despite her repeated phone calls. Ms. Marshall also wondered why the checks were sent to an old address in Spokane, Washington. She said, "I know that what happened to me is most likely indicative of a much larger problem. I have no clue what's going on. I'm just glad I didn't accept a job, because if I did, maybe I wouldn't be getting a paycheck." The Examiner said district officials refer to Ms. Marshall as an isolated incident and insist that no one else was paid accidentally. The district's finances have been the subject of more than one newspaper report of questionable – if not illegal – spending practices. For example, it has been reported that the district didn't know how many teachers were on its payroll. Also, an independent audit found the district misspent \$140 million in bond money meant for school construction with most of the money going into paychecks for district staff. For reaction to the Marshall case, the newspaper quoted Kent Mitchell, teachers' union president: "It's disturbing, but not shocking. The number of payroll problems is much less than it used to be, but that doesn't excuse even one. Doing payroll is not exactly rocket science."

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** SF Examiner - Feb. 18, 2002

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## L.A. School Board Cuts teacher Funding to Give New Benefit to Part-Time Cafeteria Help

**Dollar Amount: \$105,000,000**

A new health benefit for part-time cafeteria workers was approved by a 5-2 vote of the Los Angeles Unified School Board on August 28, even though the board acknowledged that the district did not have a plan to pay the \$105 million, three-year cost of the new benefit. Board member Marlene Canter summed it up: "It sets the precedent that collective bargaining can happen through board motions, that part-time workers can get health insurance – and they passed a policy where nobody knows where the money will come from. It's just irresponsible to pass motions we can't afford." Service Employees International Union director Bill Lloyd said, "I know it's hard but sometimes the kids and workers have to come first." A week later, the board voted 4-3 to approve a plan to pay for the new \$37 million-a-year benefit by cutting back on classroom teachers, and by using a one-time accounting gimmick. The plan includes a hiring freeze in the district's administrative offices and a reduction in the number of teachers who can be hired to fill unexpected vacancies. More than half the money will come from funds that were recouped after the district overestimated some of last year's expenses – a one-time shift that won't be available to cover the new costs in future years. According to press reports, Mayor Antonio Villaraigosa called his allies on the board, and urged them to support the motion. However, one of the four he endorsed – Tamar Galatzan – voted against the proposal. Another 18,000 part-time employees do not have health coverage, and extending the same benefits to them would cost the district another \$250 million. (Sources: Los Angeles Daily News, August 31; Los Angeles Times, September 5.)

**Region:** So. California

**Jurisdiction:** City

**Source:** Los Angeles Times, Sept. 5, 2007

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## Oakland Schools

**Dollar Amount: \$100,000,000**

A February 9, 2000 column by Phillip Matier and Andrew Ross of the San Francisco Chronicle cited an audit of the Oakland Unified School District that found, among other irregularities and mismanagement, 400 teachers who were on the payroll but were not included in the district's budget. The state audit, according to the San Jose Mercury News in a February 2, 2000 report by Dana Hull and Renee Koury, included 1,000 recommendations, including fiscal management. Another Chronicle article, in 2000, cited a state audit that discovered suspiciously high attendance figures in Oakland schools that could have padded state funding by \$10 million. One would think that such scathing assessments of Oakland schools would have prompted improvements. Yet two years later the district's fiscal performance is still in shambles. The Oakland Tribune on November 26, 2002 reported in a story by Alex Katz that there had been "gross overspending" by the district, leaving it with a \$32 million deficit in 2001. County officials, according to the story, said the deficit in the current year could be "as high as \$50 million." The Chronicle (December 8, 2002) reported that Oakland's 48,000-student district will ask the state for an estimated \$100 million bailout. Among the district's woes, the newspaper reported, was a 4,300-student drop in enrollment as students switched to charter schools, a 24 percent pay raise for teachers and an antiquated budgeting system that miscalculated overspending in nearly every department. The district failed to account for replacing 700 rookie teachers with credentialed teachers who are paid \$8,000 more per year, according to the report by Meredith May.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** See text

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## Los Angeles Teachers Say It's Time to Junk \$95 Million Payroll System

**Dollar Amount: \$95,000,000**

Los Angeles Unified School District's new \$95 million payroll system is so bad that the teachers' union wants to scrap it altogether. A.J. Duffy, union president, said, "It's an 8.9 on the Richter scale. It's very bad and promises to get worse when traditional school starts." School officials apparently are ready to spend another \$37 million at the system to try to fix it. On August 3, the most recent certificated pay date, there were nearly 4,000 errors. David Holmquist, the district's interim chief operating officer, said the most viable solution now is negotiating with the union to change the annualized pay process, because rewriting system software to calculate 1,100 job classifications is too difficult for consultants. Mr. Duffy said this isn't the solution. "It can't be fixed," he said. (Source: Los Angeles Daily News, August 27.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - Aug. 27, 2007

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## **\$95 Million Computer System Flunks LAUSD Payroll Work**

**Dollar Amount: \$95,000,000**

More than 10,000 employees of the Los Angeles Unified School District were without paychecks for two weeks due to problems with the \$95 million computerized payroll system. Furthermore, district officials expect similar problems in March. Officials say they will review the contract and possibly consider legal action against the suppliers. Charles Burbridge, district chief financial officer, said there was inadequate training and insufficient staffing, along with technological glitches that plagued the first pay period under the new system. There also have been questions about the district's choice of SAP Public Services for the system, despite a history of problems at other schools, according to the Los Angeles Daily News. It reported that a lobbying firm representing SAP also represented the district in seeking legislation that allowed the district to use a less-stringent bidding process. The district's new superintendent, David Brewer III, said there would be "due diligence to see if it was as good deal." (Sources: Los Angeles Daily News and Los Angeles Times, February 14.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Feb. 14, 2007

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## **Did School District Misspend State Funds?**

**Dollar Amount: \$90,000,000**

The State Allocation Board is looking at a Riverside County school district's spending of state funds on construction of state-of-the-art athletic stadiums, a 5,000-square-foot weight room and elaborate locker facilities. The board, which oversees spending of state school construction bonds and district hardship allocations, took no action at a hearing on April 25, but wants to look into the matter in greater detail in May. It has been reported that the Val Verde Unified School District, which borrowed to supplement state grants, could lose as much as \$90 million in state aid for future construction projects. State regulations allow reductions in state funding if a district issues bonds after it has been certified as a financial hardship case. Auditors discovered in 2005 that the district incurred debt, and state officials now are concerned with solvency of the district. The bonds supplement \$340 million in state funding for 26 projects. The district contended that the debt was necessary because of more than \$20 million in project cost overruns. The athletic facilities are justified because the district needs them to compete with wealthy districts, according to district officials. State Senator Bob Margett, a member of the allocation board, said, "I think we have a train wreck coming financially. From the information that I have, they just – financially – are over their heads." Val Verde Superintendent C. Fred Workman said earlier in the week that concerns are unwarranted and that the district, which includes Perris, Moreno Valley and Mead Valley, is not near bankruptcy. (Source: Los Angeles Times, April 26.)

**Region:** So. California

**Jurisdiction:** County

**Source:** LA Times - April 26, 2007

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## **UC Regents Give Go-Ahead to Unneeded Law School**

**Dollar Amount: \$87,000,000**

The University of California Board of Regents on July 19 gave the go-ahead to build a law school at UC Irvine despite objections from the California Post-Secondary Education Commission that the state doesn't need another public law school. Without debate, the regents voted unanimously to proceed with construction of the school. The education commission, a state entity funded by taxpayers to provide independent advice to policy makers, argued that the state doesn't need more lawyers, that the costs (\$70 million for construction, plus \$16 million in annual instructional costs and \$2.9 million a year for maintaining a public library) are not justified and that the existing UC law schools in Los Angeles, Berkeley, Davis and San Francisco are sufficient. UC Irvine's web site includes a list of questions and answers about the proposed law school, but the site carefully sidesteps the question of how much it will cost taxpayers. The site says only that the school "will be funded through professional student fees, campus enrollment growth and private gifts." The education commission report points out a potential problem: "It is possible that the Legislature and the Governor might not support expending scarce State operational and capital funds for growth in a doctoral professional program that lacks a public need." (Sources: Los Angeles Times, July 20; California Postsecondary Education Commission report, March 20-21, 2007; UC Irvine web site.) (Cal-Tax: When the UC regents ask for money in the state budget, they should be required to first answer questions about this spending decision.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** LA Times - July 20, 2007

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## School Bailout: Vallejo

**Dollar Amount: \$60,000,000**

A \$60 million state bailout to the seriously mismanaged Vallejo schools (SB 1190, Chesbro) cleared the Senate on May 18 on a party-line 24-12 vote. The bill also provides the state will take over the troubled district. Republicans, who opposed the bill, argued that it should contain reforms to prevent future state bailouts when local school boards give away the store to employee unions. Such reforms are contained in AB 2756 (Daucher). Senator Wes Chesbro, who represents the district, argued that "I hope we can agree that we cannot punish the children of Vallejo for the mistakes of adults." Because of the Republican call for reform, Mr. Chesbro removed the urgency clause from the bill, reducing the vote requirement from two-thirds to a majority. According to the Vallejo Times-Herald, the school district needs the cash flow now, not next January when non-urgency bills take effect. As a result, the urgency clause will have to be added back in the Assembly, giving Republicans leverage to push for reform. In a related development, the Times-Herald reported on May 19 that Vallejo district Superintendent Gladys Phillips-Evans, who is on administrative leave but still drawing her salary, was lambasted in a 231-page audit report for failing to spot problems in the Inglewood School District, where she was head of personnel from 1992 to 1995. During this period, a custodian supervisor who Ms. Phillips-Evans oversaw, embezzled \$441,000 while the district teetered on insolvency. At the time, one of the authors of the audit, Leonard Faller, said, "The incompetence level is hard to fathom. It would have to take incompetence beyond belief."

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** Vallejo Times-Herald - May 19, 2004

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## SF School Spending

**Dollar Amount: \$60,000,000**

When voters approved bonds and special property taxes to build and fix San Francisco school buildings, they expected the money to be used for that purpose. San Francisco Unified, since 1989, spent \$60 million from bond funds on operations, not buildings. (San Francisco Chronicle, November 21, December 2 and 5, 2001.)

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** SF Chronicle - Nov. 21, Dec. 2 and 5, 2001

## Los Angeles Unified Overpaid Employees \$53 Million

**Dollar Amount: \$53,000,000**

As a result of problems with its new \$95 million payroll system, Los Angeles Unified School District has overpaid 36,000 employees about \$53 million, and is trying to get the money back. That may be easier said than done. The district's chief financial officer, Joseph Zeronian, sent letters to employees with the details and gave them until December 10 to decide to pay the money back in full or on an installment plan – or to make their own call on how much they should send back, if anything. On the flip side, there also are some 7,000 employees who have been underpaid by \$7 million and are still waiting for their rightful amounts. David Holmquist, the district's interim chief operating officer, urged the employees to trust the district. The district also has decided to forgive overpayments of \$250 or less, at an unknown cost to taxpayers. Despite district assurances that the payroll problem has been fixed, a number of teachers told KNX radio on November 6 that it just isn't so. One teacher said she has not been paid, period. (Source: Los Angeles Unified School District web site; KNX Radio, November 6; Los Angeles Times, November 10.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Nov. 10, 2007

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## LA School Bond Oversight

**Dollar Amount: \$51,300,000**

Management fees for the \$2.4 billion Measure BB school construction bond in Los Angeles are averaging 20 percent, and that's well above industry standards. The Los Angeles Times reported March 30 that the district's top investigator, Inspector General Don Mullinax, did not blame companies involved or make formal recommendations. However, he said high costs could result from a lack of an initial budget, pressure to begin projects soon after the bond was approved in 1997, staff changes and lack of coordination between the district, the outside managers and a citizens' watchdog committee. The Los Angeles Daily News said as much as \$51.3 million has been wasted on management fees that could have gone into school construction and repairs. The fees consumed between 18.5 percent and 20.7 percent of all money spent, more than twice the percentage recommended by the state, according to the two-month investigation. "That's not reasonable. What we're paying here in Los Angeles is definitely higher than elsewhere," Mr. Mullinax said.

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - Mar. 30, 2000  
and others

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## State Paid School District \$47 Million, Now Says More Than \$45 Million Was Unjustified

**Dollar Amount: \$47,000,000**

Los Angeles Unified School District improperly claimed and was paid \$45.4 million in state funds for the Pupil Promotion and Retention Program, according to an audit released July 5 by State Controller John Chiang. The controller said LAUSD was paid \$46.6 million in reimbursements for a state-mandated program when it should have received only \$1.19 million. The state reimburses school districts for the costs of adopting policies that involve offering additional instruction, including summer school, to help struggling students earn promotion to the next grade level. The state controller audited LAUSD's claims from June 1997 through June 1999, and from July 2001 to June 2003. Mr. Chiang said his office determined that 97.4 percent of the charges were for costs not allowed by the state, and that the state will settle the books by deducting \$45.4 million from future payments to LAUSD. Auditors found that LAUSD claimed payment for: unallowable operational and oversight costs; ineligible summer school programs; teacher salaries that were based entirely on estimates and were not supported with paperwork; unsupported costs for substitute teachers and for excessive hours and benefits. The school district said it agrees with the audit's findings, and LAUSD's lawyer said the consultants and a key employee who filed the claims have not worked for the district for several years. The audit was triggered when the Commission on State Mandates noticed that LAUSD's claims for reimbursement were far out of proportion to claims from other school districts around the state. (Sources: Audit Report From Controller John Chiang, July 5; Los Angeles Daily News, July 6.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - July 6, 2007

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## Computer Project Snafu at LA Office of Education

**Dollar Amount: \$40,000,000**

Mistakes at the Los Angeles County Office of Education have put one computer upgrade project \$20 million over budget, and delayed another project by at least one year with no end in sight. A project to adjust its accounting codes to new ones required by the state was expected to run around \$18 million, but the total tab is around \$40 million. A \$3.5 million project to shift payroll to a new system is still not finished, although it was supposed to be done by July 2005. Ken Shelton, assistant superintendent for business services, is conceding the cost may exceed \$6 million. One factor is that the county has been at odds with the vendor hired to manage the plan and is engaged in complicated negotiations. When inquiries were made, the county school chief, Darline Robles, would only agree to release a written statement and not answer questions from the press. (Source: Los Angeles Times of January 29.)

**Region:** So. California

**Jurisdiction:** County

**Source:** LA Times - Jan. 29, 2007

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**Report: Funding Ploy Admitted****Dollar Amount: \$36,000,000**

The Orange County Register, which in December 2002 exposed community college classes for high school athletes that were no more than team practices if they met at all, reported that 37 of 72 districts admitted illegally claiming state funding through improper enrollments. The Register based its June 12, 2003 article on a review released by the state community college chancellor's office that high school students represented 5 percent of the total enrollment at 108 community colleges in 2001-02, costing taxpayers up to \$36 million in illegal enrollment. The Department of Finance's Anita Gore said the report, while confirming the problem, doesn't quantify it. She said the governor would ask the Legislature to approve a formal audit of the colleges.

**Region:** So. California**Jurisdiction:** UC/CSU**Source:** OC Register - June 12, 2003**UC Merced Dorms are Hurting****Dollar Amount: \$31,500,000**

Yet another story pointing to the boondoggle that is UC Merced: It can't fill dorm rooms to provide the revenue to pay the \$1.7 million-a-year mortgage costs for student housing. And it is building a \$31.5 million student housing project on campus with two more dorms to open in late summer and in 2008. Yet there are so many empty beds in existing dorms that students are being asked to reconsider their choice of living off campus, some of whom responded to requests to move out of dorms to make room for freshman enrollment that wound up below expectations. There are 371 students in dorms designed for 586. (Caltaxletter: 12/15/06 from Modesto Bee, 12/5/06.)

**Region:** C. Valley**Jurisdiction:** UC/CSU**Source:** Modesto Bee - Dec. 5, 2006**UC Riverside Spending More Than \$30 Million to Buy Gated Community for Professors****Dollar Amount: \$30,000,000**

The University of California at Riverside is in escrow to buy a gated, 78-house development near campus, with plans to use the community as subsidized housing for faculty. The sale price was not revealed by the university, but reportedly will be more than \$30 million. The deal requires approval by the UC Board of Regents before it can be finalized. University officials said subsidized housing is needed to attract quality faculty. The Riverside Press-Enterprise reports that such arrangements don't always work as planned: "Risa Dickson, executive assistant to the president of Cal State San Bernardino, said the city of San Bernardino set aside money to help faculty members buy houses in the city but few have taken advantage because of strict eligibility limits based on income." (Source: Riverside Press-Enterprise, August 10.) (Cal-Tax: It certainly is important for universities to have qualified instructors, but is taxpayer-funded housing really the right answer? Rather than continually expanding government's role, government officials should look for ways to reduce the cost of housing in California, starting by eliminating laws that encourage costly red tape and litigation.)

**Region:** So. California**Jurisdiction:** UC/CSU**Source:** Riverside Press-Enterprise - Aug. 10, 2007

## UC Santa Cruz Extension Spending More Than Coming In

**Dollar Amount: \$29,000,000**

The University of California at Santa Cruz Extension has been running a deficit for the past seven years, and in 2006 it grew from \$20 million to \$29 million. The extension is headquartered in Cupertino, and pricy rental space and generous staff salaries have contributed to the deficit. Plunging enrollments in Silicon Valley also have been a factor. Allison Galloway, a UCSC faculty member since 1990, took over management of the program September 1, and now faces the task of turning around the finances. (Source: Santa Cruz Sentinel, August 31.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** Santa Cruz Sentinel, Aug. 31, 2007

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## Charter School Execs Accused of Waste and Misuse of Public Funds

**Dollar Amount: \$25,600,000**

State Schools Chief Jack O'Connell released audit findings of a charter school operation that was taking millions of public school dollars to enrich the owner and members of his family. The audit found executives of the California Charter Academy, which closed last year, misused \$25.6 million in public education money, including \$2.6 million for such personal expenses such as travel, health spa visits, Disney-related merchandise and more. The audit said two employees paid their income taxes with \$42,000 in school funds. "The magnitude of waste of precious education funds outlined in this audit is appalling," Mr. O'Connell said. He added that he sent the 107-page audit to the state attorney general and to district attorneys of San Bernardino and Orange counties, where the school had been headquartered from 1999 until it went out of business in 2004. The California Charter Academy was founded by C. Steven Cox, its chief executive, as a for-profit management company to run a network of satellite campuses. The audit found that Mr. Cox personally received more than \$1.1 million in public education funds and spent \$1.2 million more to hire members of his family. Mr. Cox allegedly used public funds as venture capital to form other companies, such as Everything For Schools, a supplier of textbooks and supplies. It marked up textbooks and supplies by as much as 57 percent and charged the schools \$920,000, the audit said. According to the San Francisco Chronicle, Gary Larson, speaking for the California Charter School Association, said, "Clearly we need a higher level of accountability on the school districts that authorize charter schools." The Associated Press reported that Mr. Cox did not return a message left at his Educational Administrative Services Corporation offices in Arizona. (Audit findings, April 14, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** State Audit - April 14, 2005

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## LA School Spending on "Professional Experts" Needs Evaluation

**Dollar Amount: \$23,900,000**

The Los Angeles Unified School District spent \$23.9 million in fiscal 2004 to employ 6,007 individuals in the class codes of "professional expert and or temporary certificated assignment." A review by the district's Office of Inspector General found: "(i) many individuals were hired for the positions on a recurring basis in breach of stated policy, (ii) Board authorizations sometime were not requested as required, (iii) some professional experts did not meet the appropriate qualifications or were used to perform duties normally performed by classified employees, and (iv) there was no formal monitoring or performance evaluation system in place. As a result, there was little assurance that the individuals serving in these positions were appropriate, qualified, and effectively used. (Information from 2005 "Annual Report to the Board of Education," Office of the Inspector General, Los Angeles Unified School District.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** 2005 Annual Report to the Board of Education (LAUSD)

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## Grand Jury Finds Mismanagement in San Mateo High School District

**Dollar Amount: \$23,800,000**

A 37-page report of the San Mateo County Grand Jury, released June 6, said the San Mateo High School District "neglected its duties, was fiscally irresponsible, and allowed hundreds of thousands of dollars of public money to be squandered." According to the report, thousands were paid with no documentation for consulting overtime, false certifications were used to qualify for \$23.8 million in state funds, and transfers from the building fund to the instructional fund were never repaid. District officials said Bob Arnold, former chief business officer, followed all standard procedures in applying for the state grant. The district is expected to hire a consultant for \$19,000 to prepare arguments in its favor. False certification to the state could cost the district millions. The grand jury said grant applications for state bond money for Aragon, Burlingame, Hillsdale and Mills high schools indicated that the district had entered into contracts for 50 percent of the work. Audits by the state revealed this was false information. The jury also raised questions about the documentation for the back overtime pay of \$88,000 for the former executive assistant, who continues to do contracting work for the district. The district in 2006 also loaned \$1 million from the building fund to the general fund to pay for water damage in the San Mateo High gym, but the jury said it could find no evidence that they money was ever paid back. (Sources: San Mateo County Times and San Francisco Chronicle, June 7, and Redwood City Daily News, June 8.)

**Region:** Bay Area

**Jurisdiction:** County

**Source:** SF Chronicle - June 7, 2007

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## UC Separation Agreements Cost \$23 Million

**Dollar Amount: \$23,000,000**

In the past five years, UC negotiated at least 700 separation agreements worth about \$23 million. They include a UC Berkeley associate athletic director who was passed over for promotion in 2005, but then got \$183,000 over three years while taking a full-time job elsewhere. In 2002, UC Berkeley forced an Athletic Department administrator to quit, then agreed to keep him on the payroll for 2 ½ years at \$86,000 a year so he could reach retirement age and qualify his family for health care benefits. (Caltaxletter: 5/19/06 from San Francisco Chronicle, 5/17/06.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 17, 2006

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## Los Angeles Unified Superintendent's Effort at Cost Savings Rejected

**Dollar Amount: \$18,000,000**

A cost savings plan (intended to save \$14 million to \$18 million) supported by David Brewer, superintendent of the Los Angeles Unified School District, was rejected by a 6-1 vote of the school board on November 27. Mr. Brewer said the district needs to reduce staffing at schools with declining enrollment. (Cal-Tax: This action and others, such as the \$30 million added to the budget for benefits for part-time cafeteria workers, may be setting the stage for the district to come to Sacramento asking for a big state bailout.)

**Region:** So. California

**Jurisdiction:** City

**Source:**

## Natomas School District Blasted for Land Purchase Priorities

**Dollar Amount: \$13,400,000**

The Natomas Unified School District recently came under criticism for spending \$13.4 million to buy land that is zoned for agricultural use, has no public utilities, and is outside Sacramento city limits. Now, parents and others are criticizing the district for backing out of another deal to buy 13 acres in a development with more than 2,600 homes. The purchase had been in the planning stages since 2005, but the school board recently put the cancellation of the purchase on its closed-session agenda. The matter has not yet been taken up, and a May 23 public forum has been scheduled to discuss the district's school needs in light of declining enrollment. (Source: The Sacramento Bee, May 3.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Sacramento Bee - May 3, 2007

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## Expensive Legal Battle Over School Conditions

**Dollar Amount: \$13,000,000**

The state of California has spent \$13 million in the last three years to fight a lawsuit that claims public school conditions are substandard. In an April 18, 2003 New York Times article, state Senator John Vasconcellos said, "To spend \$13 million on lawyers from Los Angeles instead of on education is really a crime." And, the newspaper reported, that figure is likely to increase. Williams v. State of California is a class-action suit filed by civil rights groups, and others, on behalf of school children. It contends the state allows students to attend poorly maintained schools, including unsanitary restrooms, with untrained teachers and inadequate resources (students having to share books). It focuses on 46 schools, where students are disproportionately non-white and many are learning English as a second language. According to the newspaper, the suit puts Governor Gray Davis in the awkward position of announcing state initiatives to improve education while his lawyers are arguing that many problems are not the state's responsibility and should be dealt with by local districts. (Cal-Tax Update: The state finally settled the lawsuit early in the Schwarzenegger Administration.)

**Region:** Statewide

**Jurisdiction:** Schools

**Source:** New York Times - April 18, 2003

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## UC Employment Lawsuits Cost Millions

**Dollar Amount: \$12,000,000**

In cases involving such allegations as sexual harassment, discrimination and "consensual relations" with students, the University of California has paid out at least \$12 million in settlements over three years. (Caltaxletter: 9/15/06 from San Francisco Chronicle, 9/14/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Sept. 22, 2006

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## Substitute Teachers are Costly

**Dollar Amount: \$10,000,000**

According to the Contra Costa Times (December 15, 2004), substitute teachers cost the four largest school districts in Contra Costa County \$10 million a year. Mt. Diablo district required substitutes an average of 19.9 days per teacher in the 180-day school year. Teachers are allowed to use sick days for personal necessity, not just illness, 100 percent of the time in Mt. Diablo and 70 percent of the time in West Contra Costa, the paper reported.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** Contra Costa Times - Dec. 15, 2004

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## Turning Point Academy

**Dollar Amount: \$10,000,000**

The state spent more than \$10 million to create and run (with a staff of 34) a military-style academy for troubled youths. A pet project of Governor Gray Davis, it opened in March 2001. As of November, it had eight students, which amounts to \$500,000 per student. (Sacramento Bee, November 25, 2001.) (Cal-Tax Update: The academy's budget fell victim to the 2002 budget crunch.)

**Region:** Statewide

**Jurisdiction:** Schools

**Source:** Sacramento Bee -- Nov. 25, 2001

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## - Upgrade of University's Records Is \$9 Million Over Budget at the Halfway Point

**Dollar Amount: \$9,000,000**

Has fiscal accountability "bought the farm" at the University of California at Davis? The school's project to convert medical records from paper files into computer files is running \$9 million over budget, and is only halfway finished despite having a deadline of late 2006. An audit found that the project, started in 2002 with a projected cost of \$76 million, has cost taxpayers \$85 million so far. The Sacramento Business Journal reports that the audit "concludes there's nothing to show why existing staff was not assigned to do what the university paid outside consultants \$17 million to do." A previous audit found that consultants were paid approximately \$1,300 for fitness club dues and printing expenses that should not have been billed to the university. Most of the consultants are no longer working on the project, and the current CEO of the UC Davis Health System said tighter oversight measures have been put in place to avoid future problems. (Source: Sacramento Business Journal, March 9.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Sacramento Business Journal - March 9, 2007

## Millions Spent to Lure Teachers

**Dollar Amount: \$9,000,000**

With financially strapped school districts giving out thousands of layoff notices, does it make sense for the state to spend more than \$9 million this year operating six teacher recruitment centers and holding job fairs? Since 2000-01, the state has spent more than \$330 million on programs designed to increase the number of teachers. The \$9 million would keep 200 young teachers on district payrolls. The report by columnist Daniel Weintraub was in The Sacramento Bee (March 18).

**Region:** Statewide

**Jurisdiction:** Schools

**Source:** Sacramento Bee - Mar. 18, 2004

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## Lax Oversight of Student Loan Program

**Dollar Amount: \$8,300,000**

EdFund, a nonprofit arm of the California Student Aid Commission that administers the student loan program, spent thousands on executive bonuses, parties and travel while facing an \$8.3 million operating deficit. The Bureau of State Audits said lax oversight and questionable spending decisions raise doubts about the state's ability to sustain the program. Caltaxletter: 4/28/06 from Oakland Tribune, 4/21/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** Oakland Tribune - Apr. 21, 2006

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## UC Halts Exec Pay Plan

**Dollar Amount: \$8,000,000**

The University of California decided to phase out its Senior Management Severance Pay Plan and replace it with a new benefit. The decision to end the program, which has drawn considerable criticism, was prompted by concern that it could run afoul of federal tax rules on deferred compensation plans. UC has given 119 executives some \$8 million in severance when they quit or retired. (Caltaxletter: 2/3/06 from San Francisco Chronicle, 2/1/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Feb. 1, 2006

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## S.F.'s Waste Symbol

**Dollar Amount: \$7,700,000**

The symbol of wasteful spending in the San Francisco school district - \$7.7 million for the 91-year-old Pacific Bell building - was scheduled to be unloaded via an auction. That was the unanimous school board decision on April 27. The district, facing a \$10 million budget problem, could not justify last year's purchase of the seven-story building, which has remained vacant. Teachers and parents have criticized use of district general fund money, which is needed for operations, to buy the building. District Superintendent Bill Rojas, meanwhile, has decided to take a similar job in Dallas. Board members don't remember when they voted to buy the building, according to a report in the San Francisco Chronicle. The auction was set for June 18.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** SF Chronicle - June 18, 1999

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## Jury Gives Ignored and Hassled Whistle-Blower \$7.6 Million

**Dollar Amount: \$7,600,000**

Maybe if the state continues to appeal, another jury will give an ignored and hassled whistle-blower millions more. Here's the rather bizarre story: James Lindberg, a veteran employee of the Department of Education, reported corruption and fraud between 1995 and 2000 with funds that were doled out to community-based organizations – some of which didn't exist – to teach English to adults. Not only were his reports ignored by then-Superintendent Delaine Eastin, but he also was transferred to another job with no responsibilities. Job stress was blamed for two heart attacks that have made him wheelchair-bound for the rest of his life, according to his lawyer. In 2002, a jury found that Mr. Lindberg had been retaliated against by the department, Ms. Eastin and a department manager. Mr. Lindberg was awarded \$4.5 million. The state appealed, and the 3rd District Court of Appeal remanded the case for retrial on the damage award. On April 23, the second jury returned with a verdict of \$7.6 million. A lawyer for the defendants could not immediately be reached for comment and a response to the question of whether there would be another appeal. (Source: The Sacramento Bee, April 25.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Sacramento Bee - April 25, 2007

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## State department of Education has \$4 Million to Pay Private Attorneys in Questionable Legal Battle

**Dollar Amount: \$7,600,000**

The State Department of Education has set aside \$4 million to pay private attorneys to defend itself and former schools chief Delaine Eastin against charges of misappropriation of federal money and a related "whistle-blower" case. Department records indicate that some of the funds for the legal fees were taken from adult and special education programs. Hilary McLean, a department spokeswoman, said the documents were mislabeled, and that the money came from the General Fund. In 2002, a jury found Ms. Eastin and some associates guilty of causing health problems of a whistle-blower due to mistreatment after he exposed misspending. His award has grown from \$4.5 million to \$7.6 million. Assemblyman Michael Duvall is questioning who is authorizing the case to continue, and he wants to know more about the source of the funds to pay legal costs. (Source: San Jose Mercury News, May 10.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** San Jose Mercury News - May 10, 2007

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## Retirement Health Benefits More Lucrative for Administrators Than Teachers in Sacramento-Area School District

**Dollar Amount: \$7,200,000**

In the sprawling, 45,000-student San Juan Unified School District in suburban Sacramento, school administrators have one-upped the rank and file on retiree health benefits. Management can retire at 50 with 5 years of service and get 100 percent of their medical and dental benefits paid until 65. For teachers, they must wait until 55 to retire to get the same benefit. For those keeping score, the cost to the district for this benefit is \$7.2 million, of which \$2.2 million is unfunded under Governmental Accounting Standards Board standards.

**Region:** C. Valley

**Jurisdiction:** City

**Source:** SJUSD Board Meeting

## \$7 Million Spent to Save Money in UC President's Office

**Dollar Amount: \$7,000,000**

As part of a plan to save money in the University of California's oft-maligned fiscal and administrative operations, UC has hired a consultant for about \$7 million to study an efficient reorganization of the office of President Robert Dynes. Any savings would be shifted to other needs, including higher pay, reduced class sizes and better facilities, according to UC Regents Chair Richard Blum. The study by a Massachusetts firm, the Monitor Group, is expected to take about a year. (Source: San Francisco Chronicle, April 24.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - April 24, 2007

**Report: Budget to Fund UC Labor Think Tanks**

**Dollar Amount: \$6,000,000**

It wasn't in the budget presented January 10 by Governor Arnold Schwarzenegger, but Assembly Speaker Fabian Nunez says the governor has assured him that \$6 million for labor studies centers was "inadvertently" left out of the 2007-08 budget plan. The Assembly speaker, a member of the UC Board of Regents, commented as the regents, at their San Francisco meeting, approved a motion to name the program after the late Los Angeles union leader, Miguel Contreras. Mr. Nunez said the governor promised to add the money to the final budget to pay for the centers on the Berkeley and Los Angeles campuses. Since taking office in 2003, the governor has eliminated state money several times for the centers, which research employee issues and teach union leaders how to organize. Republicans have said it is inappropriate to use tax dollars for such activity. UC has kept the centers going with other university funding but Katie Quan, associate chair of the Berkeley center, said it has been difficult for the program's 12 full-time employees. "Instead of staffing up, we've had to set aside some money to avoid layoffs." (Cal-Tax: How about having the unions, whose members' dues produce many, many millions of dollars for political campaigns, pay the freight for these centers. After all, they are reputed to be little more than propaganda mills for union causes?) (Source: Contra Costa Times, January 18.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** Contra Costa Times - Jan. 18, 2007

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**School District Gave \$5 Million to Law Firm Without Approval**

**Dollar Amount: \$5,000,000**

Administrators of the Mt. Diablo Unified School District in the Concord area have paid \$5 million to a law firm without authorization from the school board, a violation of board policy. By eliminating an open meeting on the payments, the administrators eliminated public oversight. Board President Gary Eberhart called for an internal investigation, saying, "If it is happening in the instance of a single legal contract, where else is it happening?" The San Francisco Law Firm of Miller, Brown and Dennis was used to help in collective bargaining. Board member Paul Strange, who was a lawyer for the school district prior to being elected to the board, called the law firm's rates exorbitant. But Board member Linda Mayo said the firm offered good service. On October 9, the board voted 3-2 to approve a new contract with the law firm. (Source: Contra Costa Times, October 12.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Contra Costa Times - Oct. 12, 2007

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**Oakland Schools Running a Big Deficit**

**Dollar Amount: \$4,700,000**

Oakland schools, which already have received a big state bailout because the district was in the red, are running a new deficit. Interim CFO Leon Gastler told the Oakland School Board that the district was poised to spend \$4.7 million above its means. (Source: Oakland Tribune, August 31.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Oakland Tribune - Aug. 31, 2007

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## CSU Pay Audit is Ordered

**Dollar Amount: \$4,000,000**

The Joint Legislative Audit Committee on April 17 ordered an investigation of the California State University system's provision of special perks and extra compensation to its top executives. The Bureau of State Audits probe was requested by Assembly Speaker Fabian Nunez and two other legislators, stemming from reports in the San Francisco Chronicle last summer that as much as \$4 million in special benefits and compensation has been given to departing CSU officials in the past decade without disclosure by the chancellor or the system's trustees. The audit of the 23-campus system is projected to cost more than \$316,200. No date was set for its completion. (Source: San Francisco Chronicle, April 18.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - April 18, 2007

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## Boulder Creek School Closure

**Dollar Amount: \$3,500,000**

The San Lorenzo Valley Unified School District on April 8 decided to close a relatively new elementary school and keep open an older one needing \$3.5 million in repairs, the Santa Cruz Sentinel reported on April 9, 2003.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** Santa Cruz Sentinel - April 9, 2003

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## Education False-Claims Settlement

**Dollar Amount: \$3,400,000**

Mandated Cost Systems, Inc., of Rancho Cordova has agreed to pay \$3.4 million to settle a whistle-blower lawsuit that alleged the company, which contracts with hundreds of school districts, routinely filed false claims to get more money from the state. The whistle-blower, Chris Marquez, got \$884,000 of the settlement, The Sacramento Bee reported on May 21, 2003. In the settlement filed April 2 in Sacramento County Superior Court, the company denied violating the state's False Claims Act. However, Senior Assistant Attorney General Christopher Ames said: "They paid \$3.4 million. That speaks volumes."

**Region:** C. Valley

**Jurisdiction:** Schools

**Source:** Sacramento Bee - May 21, 2003

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## School Mismanges \$3.2 Million Due to 'Clerical Errors.'

**Dollar Amount: \$3,200,000**

Santa Ana Unified School District received \$3.2 million in state money that it was not supposed to receive last year, and Superintendent Jane Russo said September 11 that clerical errors are to blame. Errors reportedly occurred when two staffers were calculating enrollment figures for summer classes in 2005 and mistakenly counted the number of hours students attended class each day rather than the daily number of students. The miscalculation meant that the district filed for four times the funding it should have received – and the state paid the extra money. The state is expected to reduce future funding by \$3.2 million to recoup the money. The superintendent said district officials are investigating why the mistakes were not caught by supervisors before paperwork was filed with the state. (Source: Orange County Register, September 12.)

**Region:** So. California

**Jurisdiction:** City

**Source:** OC Register, Sept. 12, 2007

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## **UC Fined \$3 Million for Allowing Woman to Take Nuclear Weapons Data Home to her Trailer**

**Dollar Amount: \$3,000,000**

The University of California has been fined \$3 million by the U.S. Department of Energy's National Nuclear Security Administration for a security lapse in which an employee of a subcontractor downloaded more than 1,000 pages of classified documents – including data on nuclear weapons design – and took them to her mobile home. The breach of security occurred last year at the Los Alamos National Laboratory in New Mexico. The purloined data was discovered during a drug raid that targeted another resident of the mobile home. The federal government said UC exhibited "a fundamental, and disturbing, misunderstanding of the proper approach to security matters." UC has 30 days in which to pay the fine or challenge it, and a spokesman said the university has not yet determined which path it will take. The Los Alamos facility was managed by the UC from 1943 through May 2006. It now is overseen by a partnership consisting of UC, Bechtel International, BWX Technologies and Washington Group International. The illegal download of sensitive information occurred after UC's exclusive management ended, but the federal investigators determined that UC's failure to institute required safeguards led to the breach. (Source: San Francisco Chronicle, September 29.) (Cal-Tax: This is scary. The lapse was discovered on a fluke – a drug raid on a third party who happened to live with the woman who took the nuclear secrets – which raises the question of whether other thieves who didn't associate with drug users may have gone undetected.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Sept. 29, 2007

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## **Pomona Schools Misspend Computer Dollars**

**Dollar Amount: \$2,400,000**

The Pomona Unified School District has misspent at least \$2.4 million from a taxpayer-funded program to connect schools in low-income areas to the Internet. Despite federal guidelines prohibiting spending e-rate funds for personal lap top computers for teachers, the district purchased 460 such computers. The district purchased 48 servers for Marshall Middle School. Curtis Lee, director of technology for the Walnut Valley Unified School District said, "There's no reason for a middle school to have 48 servers. In a typical school, you may need one to five servers." In addition, invoices showed that Pomona Unified paid hundreds of dollars more than the retail price for the computers. (Inland Valley Daily Bulletin, July 22, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** Inland Valley Daily Bulletin - July 22, 2005

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## **Report: UC Davis Misspent at Least \$2.3 Million in Federal Funds Intended for Nutrition Program**

**Dollar Amount: \$2,300,000**

One sixth of the budget for a federal nutrition program (\$2.3 million) was misspent by the University of California at Davis, according to a report of campus auditors unearthed by The Sacramento Bee after a public records request. Funds intended to teach poor state residents how to eat nutritious foods were used for computers, remodeling and unrelated research on chocolate. The campus has pledged to repay the misused funds, meaning the cost will come out of the pockets of taxpayers and students. Financial records for another three years are being looked at by an independent accounting firm. According to The Bee, much of the first audit report that was released was censored. Federal grants for nutrition are supposed to be monitored by the California Department of Social Services. Department spokesman Oscar Ramirez said, "It is not acceptable for this to have occurred." The university declined to tell The Bee whether anyone was fired or resigned for this episode, and the former chair of the nutrition department, Carl Keen, did not return phone calls from the newspaper. (Source: The Sacramento Bee, November 21.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Sacramento Bee - Nov. 21, 2007

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## School District Fraud Probers Need Help

**Dollar Amount: \$2,000,000**

The new inspector general of the Los Angeles Unified School District says his efforts to find and stop fraud in the mammoth district is hampered by understaffing. Jerry Thornton said his 52 auditors and investigators can examine only 3 percent of the district's awarded contracts. Unless there are tips, fraudulent activities are likely to go unnoticed and cost taxpayers millions of dollars. "My concern there, having a background in the FBI," Mr. Thornton said, "is you've got billions of dollars in the construction program and (if) you're not finding any significant fraud, you're probably missing something." (Los Angeles Daily News, September 16, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Daily News - Sept. 16, 2005

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## Audit Provides More Detail on Santa Ana Class-Size Fudging

**Dollar Amount: \$2,000,000**

Superintendent Jane Russo of the Santa Ana Unified School District, commenting on the loss of \$2 million in state funding for mismanagement of class-size reduction: "It's regrettable. We will do everything we can to correct it, see where errors occurred and make sure it doesn't happen again." The district was audited as a result of reporting in the Los Angeles Times detailing how the district moved some students off class rosters, even though they remained in the same classrooms, to meet the 20-students-per-teacher requirement for class-size reduction in first, second and third grades. Teachers from at least eight elementary schools have alleged that they were asked to sign attendance rosters that omitted several of their students. District officials turned to long-term substitute teachers in hopes of salvaging some class-size reduction funding when attendance didn't shrink as much as expected following the winter holiday. Auditor Christy White of the accounting firm of Nigro, Nigro & White said the improper alteration of class rosters has been corrected, and the effort to hire long-term substitutes failed due to poor instruction from district administrators, failure to hire enough of them and a lack of classroom space. Superintendent Russo said she has contacted the state's Fiscal Crisis and Management Assistance Team to review the problems, and a report is to be completed by mid-May. (Source: Los Angeles Times, April 25.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - April 25, 2007

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## \$1.5 Million Audit confirms UC Pay Perks

**Dollar Amount: \$1,500,000**

A \$1.5 million outside audit of the University of California's system of quietly compensating senior executive essentially confirmed numerous press reports of extra pay and benefits without proper approval by the Board of Regents. The PricewaterhouseCoopers audit found 91 exceptions to policy and procedures over the past decade, with 44 executives benefiting without regents' knowledge. Missing from the audit: what happened, when and why, said Senator Gloria Romero. "How do you have heads roll if you don't know which heads will roll?" Caltaxletter: 4/28/06 from San Francisco Chronicle, 4/26/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Apr. 26, 2006

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## School District Loses 14-Acre Gift by Irritating Donor

**Dollar Amount: \$1,400,000**

The Elk Grove Unified School District has irritated the donor of 14.4 acres so much that he says he is withdrawing the gift. A year ago, Paul Frank said he would give the land to the district so a new elementary school could be built there, and the district has paid \$1.9 million in taxpayer dollars on engineering and other expenses, plus the salaries of district employees working on the project. But Mr. Frank told The Sacramento Bee that district officials have been unprofessional, at one point asking for more land and \$1.4 million for road improvements. "I'm not negotiating," he said. "You go write a check to the Red Cross, they don't negotiate, they say thank you." Previously, the district attempted to acquire 40 acres of Mr. Frank's nearby property through eminent domain after negotiations to purchase the land fell through. (Source: The Sacramento Bee, April 19.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Sacramento Bee - April 19, 2007

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## Community College President Gets Paid \$1 Million to Leave

**Dollar Amount: \$1,000,000**

Victoria Munoz Richart, the president of MiraCosta College who recently made headlines by authorizing a six- to seven-figure investigation that led to a single conviction of an employee for stealing a palm tree worth \$306, is going to receive more than \$1 million in taxpayers' money to leave her job. College trustees announced June 20, at 5:40 a.m. after an all-night meeting, that Ms. Richart will receive a settlement of \$650,000 in damages, \$43,500 for attorney fees, along with full salary and expenses for 18 months, which amounts to another \$383,490. In addition, she and her husband will receive full health benefits until age 65 (she is 58 now), and then a Medicare supplement until age 75. Ms. Richart had worked for the college just three years. Recently, she was criticized for hiring an expensive private investigator to delve into an alleged plot by some employees to use college resources to sell donated palm trees for their own gain. The investigation yielded just one minor conviction, but cost more than \$200,000. Additional expenses and litigation could increase the cost to more than \$1 million, according to some observers. (Source: San Diego Union-Tribune, June 21.)

**Region:** So. California

**Jurisdiction:** City

**Source:** San Diego Union-Tribune - June 21, 2007

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## School Spends Estimated \$1 Million to Investigate Theft of \$305 Tree

**Dollar Amount: \$1,000,000**

Money doesn't grow on trees, but critics say the president of MiraCosta College in San Diego County has been spending as if it does. President Victoria Munoz Richart is being targeted for ouster by professors, students and others over her handling of an expensive 15-month investigation into alleged fraud in the college horticulture program involving employee sales of palm trees. A whistleblower said employees had been growing and selling palm trees on campus for personal profit over an eight-year period. Several employees were disciplined or dismissed during the investigation, and former professor Alleen Texeira pleaded guilty May 10 to felony grand theft of \$305.33 (earning a sentence of three months probation, a \$2,500 fine, \$305 in restitution and 250 hours of community service). The president's critics note that she authorized spending \$195,000 on a private investigator to crack the case that netted only one conviction for a mere \$305 theft. Her detractors estimate that the investigation and related administrative actions have cost the school more than \$1 million, with more spending likely thanks to at least four related lawsuits that are pending. Prosecutors charged only one person, citing a lack of evidence against other employees. "Taxpayer funds have been squandered on investigations, legal costs and paid leaves, as well as on the considerable expense of the district attorney's investigation," said a letter signed by five former trustees, two former administrators, seven former deans and 16 former instructors. Ms. Richart, who suffered a landslide no-confidence vote by full-time MiraCosta professors in November, declined Tuesday to comment on the letter for a story in the North County Times. No-confidence votes carry no legal weight, and current trustees have chosen not to discipline or dismiss Ms. Richart, who has defended the investigation by arguing that abuse of taxpayer money by public employees must be investigated aggressively. (Source: North County Times, May 16 and May 23.) (Cal-Tax: While we agree wholeheartedly that allegations of theft should be investigated thoroughly, we wonder why a \$151-an-hour private investigator was hired, when taxpayers already pay for a perfectly good police force, including the MiraCosta College Campus Police Department, which lists 11 officers on its web site.)

**Region:** So. California

**Jurisdiction:** City

**Source:** North County Times - May 16, 2007

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## \$1 Million Wasted on Unused Software

**Dollar Amount: \$1,000,000**

Alameda County schools have wasted \$1 million on a package of software and services that was neither needed nor used, the Oakland Tribune reported November 11, 2004. County school officials announced that they will have to spend the million on an old debt for the software that has gathered dust in storage and has become outdated. Local school district officials told the paper it is a "terrible waste of money" that schools can ill-afford.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** The Oakland Tribune - Nov. 11, 2004

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## UC Officials Ignore Rules, Hand Out \$1 Million in Executive Pay Raises

**Dollar Amount: \$1,000,000**

During the 15 months following a scandal involving executive compensation, University of California President Robert Dynes and the system's Board of Regents have given more than \$1 million in extra pay and perks to 70 executives – despite a rule saying such payouts should not be awarded. "The extra compensation was allowed under rules that let Dynes and the regents grant exceptions to policy – in effect overriding regulations that otherwise would not allow the payouts," the San Francisco Chronicle reported. "The extras include stipends and bonuses, auto allowances, relocation incentives, below-market home loans, and extended temporary housing for new hires." UC officials say the spending is needed to attract and retain the best employees. But Senator Gloria Romero, a vocal critic of the UC's practices, said she will hold hearings on "these egregious 'exceptions' which we know now are no exception at all." Ms. Romero called the latest raises "shameful, arrogant acts of defiance which should not be tolerated – especially as students and parents face a 10 percent increase in tuition." Spending included 13 round-trip airline tickets to the East Coast and \$21,000 for temporary housing for a new vice chancellor of administration at UC Riverside; a \$100,000 relocation allowance – in addition to actual moving expenses – and two house-hunting trips from Illinois for a new vice provost for information and educational technology at UC Davis; and below-market home loans to several executives. In 2005 and 2006, the Chronicle reported on millions of dollars in extra pay and perks approved for executives without public disclosure, leading to legislative hearings and proposals to require executive pay decisions to be made in public meetings (this year's SB 190, by Senator Leland Yee, cleared the Senate on a 39-0 vote in April). (Source: San Francisco Chronicle, May 25.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 25, 2007

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## Former Official Profits From Unauthorized Purchase of His Book

**Dollar Amount: \$931,000**

Matthias Vheru, a former Los Angeles Unified School District curriculum director, has been accused by the district of unauthorized spending of \$3.4 million to buy a math book that he wrote. From the order, the district alleges he profited by more than \$931,000 in royalties. About 48,000 copies of an Algebra I book he authored were purchased, and about half are still sitting in a district warehouse. A civil suit filed by the district against Mr. Vheru came to light September 15 in the annual report of the Inspector General of the sprawling district. Los Angeles Schools Chief Roy Romer said there weren't sufficient checks in place to detect the purchase. David Baum, representing Mr. Vheru, denied the charges and said he did not know how the books got on the list of approved materials. He said Mr. Vheru had been told by others to buy the books. (Information from the 2005 Annual Report of the Office of the Inspector General, Los Angeles Unified School District and from the Los Angeles Times of September 16, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Times - Sept. 16, 2005  
and others

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## Useless Video Project

**Dollar Amount: \$712,500**

LAUSD spent \$712,500 on a useless teen-age health video series, according to a report in the Los Angeles Times. School Board Member David Tokofsky said, "Like much in the district, we led with our heart, we reached and grabbed any money and we didn't have a plan, oversight or controls. And there isn't a kid who benefited." District auditors were unable to establish a paper trail of responsibility for the project, funded from National Guard money made available because Congress downsized the military. A review panel of teachers and others gave the series, 18 months in production and 50 percent over budget, a flunking grade: "Programs were rambling and poorly organized - took too long to present any information. Main characters are unrealistic, acting is staged. Actors spoke too fast." The 1994 contract was awarded to a company that was no longer listed in the telephone directory, according to The Times' report, published in November 1998.

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Times - Nov. 1998

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## Feds Open New Chapter in Sacramento Library's Maintenance Overbilling Scandal

**Dollar Amount: \$650,000**

The Internal Revenue Service, the Federal Bureau of Investigation and local prosecutors all are investigating a scandal in which the Sacramento Public Library apparently was overbilled an estimated \$650,000 for maintenance work. The Sacramento Bee uncovered the story and reported that the 16-member library board – including several elected officials responsible for overseeing the library and its finances – was lax in reviewing maintenance bills. Many bills were submitted by the library's security chief for work done by a company set up by his wife. The security chief was vice president of the company doing the work, but the conflict of interest was not caught by the library board. The company, Hagginwood Services, operated as a billing middleman between the library and the handymen who actually performed services like fixing lights, assembling shelves and hauling items at branches throughout the county. In one case, a contractor replaced ceiling tiles and submitted a bill to Hagginwood for \$3,250. Hagginwood destroyed the invoice and then sent its own bill to the library, charging \$10,480 for the job. In another instance, a contractor billed Hagginwood \$360 for assembling shelves at the Central Library, and the company turned around and charged the library \$690 for the job. An investigation commissioned by library officials (after The Bee reported on the billing scandal) revealed that Hagginwood "took no role in supervising or inspecting the work," and that "the only identifiable effect resulting from the insertion of (Hagginwood) into the maintenance repair system ... was to ... create a stream of revenue" for the wife of the security chief – and, by extension, for him. The security director, James Mayle, is still employed by the library, and has a pending worker's compensation claim related to pain sustained after falling off his chair in December 2005. IRS and FBI officials met with library officials October 3, but the agencies have not yet disclosed what charges they may be considering. Meanwhile, the Contractors State Licensing Board is investigating whether Hagginwood should be prosecuted for acting as a contractor without a license. (Source: The Sacramento Bee, October 2 and October 4.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Sacramento Bee - Oct. 2, 2007

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## UC Spends to Polish Image

**Dollar Amount: \$500,000**

In what was described as an "uphill climb," the University of California has spent about \$500,000 trying to learn what people think of UC and how it can change the people's picture of the institution. Three outside consultants have been hired to conduct research seeking a frank assessment in the wake of relentless investigative reporting of fiscal mismanagement. The impression that UC wastes money and spends too much on executive compensation existed before the compensation practice scandals began making headlines late in 2005, reported the San Francisco Chronicle, noting that UC is \$500,000 into this process and "still hasn't settled on a message nor spent a penny on getting the word out." (Caltaxletter: 12/15/06 from San Francisco Chronicle, 12/5/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle Dec. 5, 2006

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## Ex-UC Davis Vice Chancellor is Paid Well for Nothing

**Dollar Amount: \$460,000**

A secret legal settlement, unveiled by the San Francisco Chronicle (December 19), involves a former UC Davis vice chancellor who resigned last summer and got a new title, a \$20,000-a-year raise, and no requirement to do any work. The newspaper said the legal settlement or agreement, reached June 1, was negotiated to avoid a potentially embarrassing lawsuit alleging race and gender discrimination. Celeste Rose, 55, is allowed to stay on the payroll for two years at \$205,000 annually as "senior advisor to the chancellor" with no specified duties. She no longer has an office on campus, where she had been vice chancellor of university relations for the past seven years. She cannot be fired no matter how little she does. She gets all benefits of a senior manager, including health care, severance pay and a growing pension, the paper wrote. Even if she quits, she is entitled to what's left of her two-year salary, plus the university agreed to give her a \$50,000 transition payment to help her find a new job, a letter of recommendation and a promise to tell reporters that she voluntarily resigned her old position. Ms. Rose's attorney, Melinda Guzman, said the settlement was achieved under threat of a lawsuit, which was not filed. Ms. Guzman said the UC Davis chancellor, Larry Vanderhoef, had told Ms. Rose, who is African American, in a private meeting that she needed to resign by the end of June and didn't offer a reason. Ms. Guzman said UC has had a record of repeated failure to recruit or retain minority executive managers at the UC Davis campus. UC Davis quickly settled and officials denied they discriminated against Ms. Rose or anyone else. Citing privacy rights in personnel issues, they said they could not comment on the claim that she was fired without a reason. The "separation agreement" – not a settlement – was not reported to UC regents for their approval. Meanwhile, Ms. Guzman said her client is ready to work but is still waiting for her first assignment as an adviser to the chancellor. The legal agreement says Ms. Rose and the UC Davis chancellor have to mutually agree on any duties. UC Davis spokeswoman Lisa Lapin told The Sacramento Bee (December 20, 2005) that so far Ms. Rose had declined suggested assignments. Mr. Vanderhoef, who had personally hired the woman in 1998, released a statement saying she has considerable experience in fundraising and government relations. He said he expects her to continue to help refine initiatives for a major campus fundraising campaign. UC Regents Chairman Gerald Parsky announced an outside auditor would review compensation and severance packages for top administrators throughout the 10-campus system. In an effort to provide "greater oversight and understanding about UC compensation policies and practices," Mr. Parsky issued an order creating a regents' Compensation Committee. A task force also was named to review UC compensation practices and their public disclosure.

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Dec. 19, 2005  
and others

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## UC Fined \$450,000 for Anthrax Release

**Dollar Amount: \$450,000**

In a congressional hearing on October 5, it was discovered that the University of California had been fined \$450,000 for the September 2005 release of anthrax from a package improperly packed by workers at the Lawrence Livermore National Laboratory. The university managed the facility at the time. As a result, the lab suspended research into anthrax and other deadly biological substances for seven months. (Source: Oakland Tribune, October 6.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** Oakland Tribune - Oct. 6, 2007

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## Natomas Schools Award No-Bid Contracts to Firm With Ties to District Official

**Dollar Amount: \$433,900**

The Natomas Unified School District, already in the news for its questionable land purchases (see item below), has been awarding no-bid construction management contracts to a firm founded by the official who is awarding the contracts. The five no-bid contracts, worth \$433,900, were awarded by Frank C. Harding Jr. to his former company, Education Facilities Program Management. Mr. Harding has said he was no longer involved with the firm when he awarded the taxpayer-funded contracts to it, but The Sacramento Bee reported the business was listed as an asset in his divorce documents more than a year after he was hired by the district in January of 2004. Mr. Harding recently left the Natomas district for a similar contract-awarding job with the Elk Grove Unified School District. His replacement in Natomas is the man who has been running Education Facilities Program Management since 2004. (Source: The Sacramento Bee, April 29 and May 2.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Sacramento Bee - April 29, 2007

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## Oakland Schools Severance Pay

**Dollar Amount: \$389,000**

While the state provides a \$100 million bailout for Oakland schools, ousted superintendent Dennis Chaconas received 18 months of severance pay – or \$389,000, the San Francisco Chronicle reported June 4, 2003. The severance pay was written into his contract, so the district had no choice, said Rick Miller, from the office of state Superintendent of Public Instruction Jack O'Connell. Mr. Chaconas agreed to leave after a brief telephone conversation with Mr. O'Connell. The Chronicle's Phillip Matier and Andrew Ross questioned whether Mr. Chaconas might have been fired for cause, or at least be bought out for less, since the district has such severe budgetary problems. School Board President Greg Hodge, a Chaconas supporter, said there would have been a "long and messy" fight. It was better to let him leave "with his head up." The newspaper quoted state and county officials as saying the severance deal was pretty much standard in superintendent contracts. When the state Senate on April 24 approved legislation to bail out the district with \$100 million in state money, Senator Don Perata said Oakland's mess was not a result of fraud or malfeasance – no criminal conduct is under investigation. He said a new school board and administration, in its zeal to turn around a chronic under-achieving system, "lost sight of a fundamental issue: They have to pay for everything they do. There is no excuse."

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** SF Chronicle - June 4, 2003

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## Emeryville Schools Chief Quits Under Fire

**Dollar Amount: \$360,000**

Despite a high-profile history of mismanagement as Compton's schools chief, J. L. Handy was hired as superintendent of schools in Emeryville (between Oakland and Berkeley) seven years ago. Early this year, he received a vote of confidence from the school board in the form of a three-year extension of his \$115,000-a-year contract. However, according to newspaper reports, the 60-year-old Handy rang up \$62,000 on his district credit card in just two years, while the three-school, 900-student district struggled, requiring more than \$600,000 in bailout loans from the Alameda County Education Department. He resigned on September 30 in the midst of a county grand jury investigation of alleged credit card misuse. There were reports that authorities were examining how the district handled millions of dollars in school construction bonds. In 1990, Mr. Handy was demoted from his assistant superintendent post in Sacramento prior to taking the Compton job. In 1992, as the 31,000-student Compton district's \$5 million debt prompted a state takeover, Mr. Handy was ousted from that job. He landed in Emeryville. The school board reportedly was unaware that he charged some personal expenses to the district while on trips to Hong Kong, China, Montana, New Mexico, New York and Monterey since 1998, the San Francisco Chronicle reported. Credit card statements obtained by the newspaper showed that he purchased leather goods and luggage (\$800) and pet supplies (\$140), and bought items at a cigar store in Florida. A vacation stay at the Crowne Plaza in Manhattan: \$2,359. He made 13 trips to the Orange County Airport in Santa Ana, without explanation. He used the credit card almost daily for lunches at a café in Emeryville, and he spent thousands on Emeryville hotel rooms, including several \$275 charges last November. The Chronicle reported on September 27 that parents wanted both the school board and the superintendent to resign. They cited a \$995 expense for a week-long class at Harvard University in July that Mr. Handy did not attend. Mr. Handy said that if he had broken rules, "it was only for the kids." Also questioned were three \$180 payments in one month to a hotel near the district office, which Mr. Handy told the Chronicle were for luncheons for male staff members put on by the Image of Tomorrow Agenda, a nonprofit mentoring group that teaches self-confidence and public speaking, as well as how to play the stock market. Mr. Handy, listed as the registered agent for the group, was quoted in the paper as saying the seminars were "trying to recognize these men as a cut above." Holding the meeting in a school library would not project the right image, he added. Reacting to the resignation, an Alameda County School Board trustee, Jerome Wiggins, told the Chronicle: "The buck stops in the superintendent's office. This is in the best interest of the kids."

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** SF Chronicle - Sept. 27, 2000

## LAUSD Review: Lack of Accountability is a Big Problem

**Dollar Amount: \$350,000**

A 115-page report billed as a top-to-bottom analysis of the Los Angeles Unified School District has reached this conclusion: "The most apparent and inhibiting deficit standing in the way of instructional coherence in LAUSD today is a lack of accountability. Currently, directives are given but few, if any, consequences are enforced for noncompliance." The report by Florida-based Evergreen Solutions also noted that recommendations from past studies have rarely been implemented. The analysis was ordered by new Superintendent David Brewer, who promises a culture change in the mammoth district, starting with a temporary "transformation team" of outside experts who will be on the job by mid-May. He plans to submit a five-year strategic plan by June 30. The retired Navy vice admiral said he will focus first on instruction, the district's core mission, and then on the district's budget to "get our finances and instruction properly aligned." On the budget side, the latest report cited progress – mainly, the \$95 million computer system that is expected to improve purchasing and budgeting. However, the computer system has been plagued with widespread problems when processing payroll. Teacher union leadership reportedly has misgivings about bringing in outside expertise instead of tapping into the knowledge of 100,000 district employees. So far, the district has paid \$350,000 to consultants who worked on the report. (Source: Los Angeles Times, April 21.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - April 21, 2007

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## Fired LA Schools Lawyer Gets Severance Deal

**Dollar Amount: \$342,000**

Los Angeles Unified School District is obligated to a severance package worth up to \$342,000 for its fired chief counsel, the Los Angeles Daily News reported June 10, 2003. District Superintendent Ray Romer decided Hal Kwalwasser, his top counsel, had to go "for the good of the institution." Mr. Kwalwasser, who was a consultant for Mr. Romer when he ran for governor of Colorado in 1994, had been under criticism for using outside legal counsel. His office expenditures jumped from \$20 million in 2000 to \$36 million in 2002.

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Daily News - June 10, 2003

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## Berkeley Chancellor Used Relocation Allowance to Buy Car, Furniture

**Dollar Amount: \$326,763**

Chancellor Robert Birgeneau of the UC flagship campus at Berkeley got a \$97,500 relocation allowance in addition to his \$390,000 salary, but UC also paid a private moving company \$20,615 for the actual costs of moving his stuff from Toronto and Massachusetts. UC then spent \$131,703 to remodel his office and \$76,945 to renovate his on-campus mansion that is provided by the university. He used his relocation allowance to buy a car and furniture. Senate Education Committee Chair Jack Scott suggested placing a cap on campus chancellor salaries that provides no extra perks. (Caltaxletter: 2/24/06 from Oakland Tribune, 2/22/06, and San Francisco Chronicle and Santa Cruz Sentinel, 2/23/06.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Feb. 23, 2006  
and others

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## Severance Pay for Retiring Executives is Criticized

**Dollar Amount: \$322,534**

About two-dozen top UC executives a year receive severance checks when they retire. When UC President Richard Atkinson retired in 2004, he got more than a pension and a retirement party. He got \$322,534. Why are severance checks issued to those who are retiring or voluntarily leaving their jobs? A UC spokesman said it is one way the university competes with other major universities. Officials at Stanford, MIT and the University of Virginia reported nothing similar to the UC Senior Management Severance Pay Plan. (Caltaxletter: 1/27/06 from San Francisco Chronicle, 1/27/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Jan. 27, 2006

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## High School Superintendent Will Be Paid \$320,000 to Leave

**Dollar Amount: \$320,000**

The superintendent of the Fallbrook Union High School District in San Diego County is resigning, and he will be paid nearly \$320,000 by the taxpayers after he leaves. Superintendent Tom Anthony's buyout agreement, approved December 10 on a 3-2 vote of the school board, will provide him 18 months of salary (\$281,000) after his last day on January 11, along with medical insurance and other benefits through 2010, when his contract would have ended. The buyout also includes \$22,731 for 30 days of unused vacation time, \$9,000 for 18 months of car allowances and \$7,200 for 18 months of expense allowances. The North County Times reported that nobody would discuss the reason for the 62-year-old superintendent's departure, but noted that "district teachers have complained for years about what they call his intimidating leadership style." Mr. Anthony has been the superintendent since 1997. In 2001, he was involved in controversy when the district's technology director was fired for surreptitiously listening to the district-managed telephone voicemail of teachers who were protesting salary issues. The technology director claimed that he had been acting on Mr. Anthony's orders. The three school board members who voted for Mr. Anthony's buyout were elected last year with the support of the teachers' union, and had campaigned on a platform that included dumping the superintendent. The 3,000-student school district operates one comprehensive high school, one independent study high school, one continuation high school, and a satellite campus on the Pala Indian Reservation. (Sources: North County Times, December 11; Fallbrook Union High School District website.)

**Region:** So. California

**Jurisdiction:** County

**Source:** North County Times - Dec. 11, 2007

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## Departing Merced Chancellor Keeps Salary

**Dollar Amount: \$260,000**

With paint hardly dry on the new UC Merced campus, chancellor Carol Tomlinson-Keasey, 63, decided to step down. She will continue to receive her \$260,000 salary for a one-year administrative leave while she prepares to go back into teaching and research, and working on a book about the new campus. (Caltaxletter: 3/17/06 from Merced Sun-Star, 3/17/06.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Merced Sun-Star - Mar. 17, 2006

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## UC Davis Payoff

**Dollar Amount: \$255,000**

UC Davis Chancellor Larry Vanderhoef, talking with the Sacramento Bee editorial board, said he was told that six or seven members of the Legislature's Black Caucus had contacted a UC regent urging a fair settlement agreement for Celeste Rose. Her husband worked for a member of the caucus. Ms. Rose threatened to file a discrimination suit claiming she was pressured to resign her position as vice chancellor for university affairs. She didn't file such an action and received her \$205,000 annual salary for two years with no duties to perform, plus \$50,000 to drop her threat. Caltaxletter: 2/3/06 from Sacramento Bee, 2/3/06.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Sacramento Bee - Feb. 3, 2006

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## UC Defends "Secret" Payment

**Dollar Amount: \$248,000**

UC spokesmen defended a secret \$248,000 payment to UC San Diego Chancellor Marye Anne Fox in 2005 that was in addition to her \$350,000 salary. She requested and received the value of a sabbatical that she had earned as president of North Carolina State University but had to forfeit when she accepted the UC San Diego job. (Caltaxletter: 1/20/06 from San Francisco Chronicle, 1/20/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Jan. 20, 2006

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## Guarding the School Chief

**Dollar Amount: \$173,308**

The Oakland Tribune (September 15, 2004) reported that providing a personal bodyguard for the state's Oakland schools administrator will cost as much as \$173,308 with overtime figured in. The cost to the financially troubled district for a California Highway Patrol officer was initially to be \$70,000, and then it was adjusted to \$140,000 for a full year. The officer, from the CHP's dignitary protection detail, works the same long hours as the administrator, Randolph Ward, the paper noted. There have been a number of settings and circumstances perceived as threats, the paper said, citing a school district file. Mr. Ward declined comment at the September 14 board meeting. About nine months ago, a parent at a public hearing commented about bullets flying in Mr. Ward's direction, The Tribune reported. Mr. Ward said people can criticize what he's doing, but it won't change his decision to have the protection. "I haven't heard anybody step up to say they would take care of my family or send my kids to college," he said.

**Region:** Bay Area

**Jurisdiction:** Schools

**Source:** The Oakland Tribune - Sept. 15, 2004

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## Former CSU Chancellor Paid Well for One Class

**Dollar Amount: \$163,776**

The hiring of a former California State University chancellor to a "trustee professor" position to teach one class at CSU Los Angeles has prompted anger from the California Faculty Association. Barry Munitz, who quit CSU eight years earlier, is teaching one English course and performing other duties, including fundraising. For this, he gets \$163,776 for the year, which is about \$50,000 more than a full professor's pay. Mr. Munitz left CSU to become president of the J. Paul Getty Trust. He resigned from the trust earlier in 2006 amid allegations regarding spending practices. (Caltaxletter: 5/12/06 from San Francisco Chronicle, 5/10/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 10, 2006

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## Los Angeles Unified Paying \$100,000 to Firm to Help Payroll Fiasco

**Dollar Amount: \$100,000**

Los Angeles Unified School District in 2005 purchased a \$95 million payroll and accounting system that has produced major errors in payroll this past year. On September 19, the district announced it will pay the firm of Hess and Associates \$100,000 to help improve the system. Board member Tamar Galatzan said, "If we can not fix the problem here, we must look elsewhere for help." Hess and Associates successfully implemented the city of Los Angeles payroll system. (Source: Los Angeles Daily News, September 20.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - Sept. 20, 2007

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## Cost to Taxpayers to Find New UC Merced Chancellor: \$80,000

**Dollar Amount: \$80,000**

The University of California spent \$80,000 to find its new UC Merced Chancellor. The search firm, Edward W. Kelley and Partners of Monterey Park, charges one-third of the first year salary for its effort. The new Chancellor, Sung-Mo Kang, was found at the UC Santa Cruz campus. He will earn \$295,000 (plus a free residence, a \$9,000 car allowance, \$10,000 in moving expenses and access to funds for "official" entertainment) to preside over the small campus that is having trouble attracting students. Critics have lambasted UC Merced as a "boondoggle" and waste of taxpayer dollars. UC spokeswoman Brandy Nikaido defended the cost, saying there are many benefits that accrue from using an outside consultant. (Source: Modesto Bee, April 2.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Modesto Bee - April 2, 2007

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## Hefty Pay Raise for UC Official

**Dollar Amount: \$78,100**

The San Francisco Chronicle (June 19, 2003) slammed the University of California's regents for approving a "generous raise" for a top official while the system is so financially stretched that it has to raise student fees. Senior Vice President Joseph Mullinix, who handles business and finance, received the 27 percent increase on May 1, after he received a competing offer from the University of Michigan. Thus Mr. Mullinix 's pay goes from \$291,900 to \$370,000, which exceeds the UC president's salary of \$361,400. The UC policy of handing out raises to keep key administrators from being lured away with better deals was articulated in a December 2002 letter from President Richard Atkinson. He said increases for senior administrators would be inappropriate because of budget problems – unless there was a firm job offer from elsewhere. He figured that it would cost UC more than just a talented administrator, but the costs of searching for another and possibly having to pay a replacement even more. Claudia Horning, leader of the UC clerical union, told the newspaper: "It is a crime against the taxpayers of the state. It is an insult to the students and to everybody who works for the university. They are managing it as though it is like Enron."

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - June 19, 2003

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## UC Davis Pays John Edwards \$55,000 for a Speech on Poverty

**Dollar Amount: \$55,000**

The University of California at Davis paid former Senator John Edwards \$55,000 last year to deliver a speech titled, "Poverty, the great moral issue facing America." Mr. Edwards spoke to a crowd of 1,787, including, presumably, many students who struggled to pay the student ticket prices that started at \$17.50. The UC Davis speaking fee was the highest of the nine he received for speaking at colleges and universities last year. A \$16,000 fee was the lowest. Mr. Edwards made more than \$285,000 from discussing poverty at the nine institutions in 2006. Carla Marinucci of the San Francisco Chronicle notes that Mr. Edwards has urged that "every financial barrier" be removed for American students who want to go to college. (Source: San Francisco Chronicle, May 21; The California Aggie, Jan. 5, 2006.) (Cal-Tax: We note that while the event was billed primarily as a conversation with students, if the entire audience had been comprised of students paying the \$17.50 rate, the event would have lost almost \$24,000 from Mr. Edwards' speaking fee alone.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 21, 2007

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## Dog Run for UC Chancellor

**Dollar Amount: \$30,282**

The university spent \$30,282 on a dog run at the residence of UC Santa Cruz Chancellor Denice Denton, noted the Sacramento Bee as it urged the Board of Regents to exercise more control. The editorial said the regents reacted to the scandal by giving a veneer of accountability and vesting more authority in the system president to set salaries as high as \$750,000. "This board no longer runs the university system. The chancellors do," said The Bee. (Caltaxletter: 1/27/06 from Sacramento Bee, 1/22/06.) (Note: Chancellor Denton, who also was under fire for hiring her partner to a high-paying UC management position, committed suicide June 24, 2006 when she jumped from a 42-story San Francisco apartment building.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** Sacramento Bee - Jan. 22, 2006

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## **Audit Reveals CSU Perks Including \$27,000 Kitchen Remodel for Campus President**

**Dollar Amount: \$27,000**

The president of California State University at Sacramento received \$27,000 to have his kitchen remodeled, even as his salary was increasing 33 percent over four years, a state audit revealed. The November 6 report from State Auditor Elaine Howle found many problems with CSU's compensation practices, including: Compensation for some managers who were no longer performing services for the university; Generous moving and relocation expenses awarded "under a broad policy that sets few monetary limits."; Raises totaling nearly \$226 million over the past five years, approved for executives "despite concerns raised by various entities". The Sacramento Bee noted that Sacramento State President Alexander Gonzalez, who is referred to in the audit report only as "the new president," is a case study of the university's questionable spending. In addition to the expensive kitchen and the large pay raises (which brought his salary to \$295,000 a year, plus a \$60,000 housing stipend and a \$12,000 car allowance), the president was given \$65,000 for closing costs on his home, \$19,000 for moving expenses, and \$233,000 in loans at a 1.69 percent interest rate to cover escrow costs and mortgage payments. A CSU official said the kitchen remodeling was needed to make his home suitable for entertaining guests, including potential donors to the school. The loans and kitchen remodeling were not paid for by taxpayers. They were financed through a non-profit foundation that receives its revenue from campus-related businesses. John Travis, political action chairman for the California Faculty Association, said the money "should be going toward the classroom and education," not executive perks. Assembly Speaker Fabian Nunez issued a statement indicating that the audit will not be put on a bookshelf to be forgotten. He said: "The report reinforces the concerns I had when I requested the audit in the first place. CSU clearly needs to establish vigorous standards and be more transparent when it comes to its hiring and retention practices. This is public money we're talking about and the CSU needs to ensure that it's used appropriately. I expect the Legislature will keep a close watch to make sure the increased accountability called for in this report actually happens." The chair of the CSU Board of Trustees, Roberta Achtenberg, had a very different reaction. She told reporters: "We feel vindicated in that no violations of policy or law were brought to light as a result of this audit. And we are intent on seeing to it that our executives are not micromanaged." (Sources: California State Auditor report, November 6; The Sacramento Bee, November 7; Assembly Speaker's press release, November 6.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Sacramento Bee - Nov. 7, 2007

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## **City College Money Used for Political Campaign Instead of Students**

**Dollar Amount: \$10,000**

An administrator at the City College of San Francisco used \$10,000 in college funds for a political campaign promoting a bond measure that benefits the school, the San Francisco Chronicle reported. The money was in the form of a rent payment from a motorcycle drivers' training school that used a college parking lot on weekends. Assistant Vice Chancellor James Blomquist reportedly urged the motorcycle school to pay its rent in advance, offering a 10 percent discount if it did so, then steered the money into the campaign for Proposition A. That 2005 measure, approved by voters, calls for \$246 million in bonds to build new college facilities. School officials previously were criticized for appearing to make a contract to operate a campus coffee shop contingent on the vendor giving \$20,000 to the Proposition A campaign. (Source: San Francisco Chronicle, April 6.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - April 6, 2007

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## Hanford Elementary School Officials Get New York Junket

**Dollar Amount: \$8,000**

Four officials of the Hanford Elementary School District (5,400 students) are traveling to New York City on the taxpayers' dime (actually, \$8,000) this weekend. Included on the Big Apple trip are the outgoing superintendent and two school board members. They are staying at the \$447-per-night Westin Times Square, and the four got a total of \$7,130 in cash advances for meals and transportation in addition to \$736 to \$822 for airline tickets. Outgoing Superintendent Rebecca Presley said the trip is to attend training classes at the Teachers College in New York. (Cal-Tax: We thought California had world-class universities.) Approval for the trip was granted March 7 on a 3-1 vote of the school board. Ms. Presley added the item to the agenda at the last minute, rather than including it on the regular meeting agenda. School officials refused to provide information about the trip to the press, so information was secured by a Public Records Act request. According to the Hanford Sentinel, reservations for the travel and the cash advances were made March 2, prior to the board's authorization. (Source: Hanford Sentinel, March 22.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Hanford Sentinel - March 22, 2007

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## Taxpayers to Pay to Put Three Taxpayers in Different School District

**Dollar Amount: \$5,000**

Santa Clara County spent over \$5,000 to put Measure D on the ballot, which moved the property of three homeowners from Campbell area school districts to Los Gatos area schools, according to the Los Gatos Weekly Times, (November 10, 2004). All the votes have been counted and Measure D in November passed 3-0. The issue was snob appeal, because of a perception that Los Gatos schools are better, which can boost values (as much as 20 percent, according to one source) of homes in the area.

**Region:** Bay Area

**Jurisdiction:** City

**Source:** Los Gatos Weekly Times - Nov. 10, 2004

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## Payroll Problems Continue at LAUSD

**Dollar Amount: \$0**

Officials of the Los Angeles Unified School District report that glitches have not been resolved a month after serious problems were reported in the new payroll system (which cost \$95 million to set up). Officials said they still were trying to deal with a backlog of complaints from employees, 10,000 of whom got paychecks that were erroneous or received none at all on their early February payday. Now, officials say an unknown number of employees will be affected again this month. Superintendent David Brewer said the district would contact banks and credit companies to ensure employees that their accounts and credit ratings would not be hurt, and the district would pay any overdraft or bounced-check expenses. He warned that future payroll problems could be expected in coming months. (Source: Los Angeles Daily News, March 4.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - March 4, 2007

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## Sickly School Employees

**Dollar Amount:**

More employees in the sprawling Los Angeles Unified School District are calling in sick, costing taxpayers \$430 million a year, the Long Beach Press Telegram reported April 30, 2004. The district's 70,000 employees have missed 1.5 million hours of work so far this school year. About 25 percent of teachers are considered chronically absent, missing 10 or more days annually over the past few years, the paper reported.

**Region:** So. California

**Jurisdiction:** Schools

**Source:** Long Beach Press-Telegram - April 30, 2004

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## Money for Kids Going Into School Official's Pocket

**Dollar Amount:**

Regina Ellen Boroff, the chief financial officer for the East Nicholas Joint Union High School District (in Sutter County) was arrested December 11 on suspicion of using a school credit card for personal items including a washing machine, refrigerator, dryer, computer and two cell phones. Sutter County Undersheriff J. Paul Parker said Ms. Boroff bought these items in the past year using the district's credit card. (Source: Marysville Appeal-Democrat, December 12.)

**Region:** C. Valley

**Jurisdiction:** County

**Source:** Marysville Appeal-Democrat - Dec. 12, 2007

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## Fresno City Council: Ice Cream Vendors Not as Bad as Sex Offenders When School is Out **Dollar Amount:**

A Fresno city ordinance treating ice cream vendors as if they were sex offenders by not allowing them within 1,000 feet of schools was modified by the City Council on December 4. Ice cream vendors still will be treated similar to sex offenders when school is in session, with no sales within 1,000 feet, but after 7 p.m. at night and on weekends, they can peddle ice cream near the schools. Harry Gill, an insurance agent who spoke on behalf of 150 ice cream vendors, said, "If you look at the map and put a 1,000-foot circle around every school, it doesn't leave a lot of places for the vendors to work. Those schools also all have stores nearby that can sell beer or alcohol, but we can't sell ice cream." (Source: Fresno Bee, December 5.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Fresno Bee - Dec. 5, 2007

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## Trustee Hits Community College Junketing

**Dollar Amount:**

"This lavish travel and wasteful spending in our community college must stop!" That was Peralta Community College Trustee Marcie Hodge's statement in a mailer sent to 13,000 east Oakland residents. She was referring to spending in the district's \$500,000-a-year program to recruit foreign students. She is asking about Jacob Ng's stays at luxury hotels on dozens of overseas trips. She has also filed a Public Records Act request to see how many foreign students there are since the district's general counsel couldn't come up with an answer. Chancellor Elihu Harris, former Oakland mayor and ex-assemblyman, insists that the program has provided a valuable service to thousands of foreign students. On November 16, board members voted to censure Ms. Hodge for her comments that "publicly castigated the character and performance" of district employees, including Chancellor Harris. Board Member Linda Handy: "Marcie is so out of hand that she is jeopardizing the image of Peralta that we have worked so hard to bring up." (Oakland Tribune, November 17, 2005.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** Oakland Tribune - Nov. 17, 2005

## Anaheim School Building Plagued by Shortfall

**Dollar Amount:**

Three years ago, voters in the 37,000-student Anaheim Union School District approved a \$132 million bond measure, but the district is experiencing a \$49 million shortfall of its construction plans. An audit ordered by the district's trustees also found problems with project oversight and a failure to gain tens of millions of dollars in matching state funds. Overspending has put at risk projects at three high schools and five junior high schools. Applications for nearly \$40 million in state funding have been awaiting a district signature since February, when the facilities manager departed. The audit by Construction Controls Group said bond program management "has been inadequate. In fact, many of the key operational areas that were reviewed have significant weaknesses." (Los Angeles Times, September 7, 2005.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Times - Sept. 7, 2005

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## Payroll Fraud in LA Unified

**Dollar Amount:**

A career advisor/teacher improperly claimed 40 hours of illness leave while on vacation with her husband, who was a senior district official. During the vacation, the teacher called in ill to her job location with her husband's knowledge. (Information from 2005 "Annual Report to the Board of Education," Officer of Inspector General of the Los Angeles Unified School District.)

**Region:** So. California

**Jurisdiction:** Schools

**Source:** 2005 Annual Report to the Board of Education (LAUSD)

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## Some School Districts are Considering Giving Teachers a Bonus to Teach While Sick

**Dollar Amount:**

An idea with dramatic public health consequences is being considered by several school districts. They want to pay teachers a bonus to teach instead of using their sick leave. In suburban Sacramento, the San Juan Unified School District is considering giving teachers a bonus of 25 percent of their daily salaries to teach on days they would otherwise call in sick. In addition to the public health ramifications of having sick teachers infect students, the idea doesn't appear to pencil out. Although the school districts say it will save money, it more likely is an additional benefit being sought by teachers' unions. In the San Juan district, advocates for the proposal say it will save money because substitutes cost \$100 a day, and 25 percent of a daily teacher stipend would range from \$75 to \$109. However, this analysis fails to take into account all the days of sick leave that teachers do not now claim where teachers will be paid the bonus for what they are doing now. For example, if a teacher at the \$80 bonus level currently uses 7 of 10 days of sick leave, under this proposal, if the teacher teaches all 7 days he or she is sick, the district will save \$140 (7 x \$100-\$80). However, the \$80 payment for the three days currently not used for sick leave will cost the district \$240 (\$80 x 3). In this example, the district loses \$100. Further, the sick leave not taken, for which teachers will be paid a bonus, can be carried forward and used in subsequent years or used to calculate a higher retirement benefit. The proposal also does not account for the cost to districts for more student absences because they are infected by sick teachers who are teaching.

**Region:** C. Valley

**Jurisdiction:** City

**Source:**

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## Non-Public Schools are to be Controlled by the State

**Dollar Amount:**

AB 167 (Bass) repeals current asset limitations for eligibility for the CalWORKS (welfare) program and provides "there shall be no limit on the assets of an individual or a family as a condition of aid under this chapter." (Cal-Tax: Under the bill, could a family with all assets (other than a home and car which are now exempt from the asset limit) tied up in \$10 million worth of stock in a growth company not paying dividends and minor other income could qualify for welfare? The author of the bill is the majority floor leader, Number 2 Democrat in the Assembly.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** AB 216 of 2007

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## UC Tears Down Architecturally Significant building

**Dollar Amount:**

An architecturally significant building at the University of California Irvine campus, designed by the renowned architect Frank Gehry, was demolished by the university last weekend. Mr. Gehry has become world famous for his design of the Guggenheim Museum in Bilbao, Spain, and the Walt Disney Concert Hall in Los Angeles. Time Magazine featured the demolished building, which was paid for by hard-earned taxpayer dollars, prominently in a recent story on Mr. Gehry, calling it "improbably beautiful." James Herbert, chair of the art history department at the campus, said that destroying buildings without regard to their architectural significance was not the answer. About 100 of the 1,800 faculty members signed a petition in protest of the demolition. Campus officials said they intend to put a six-story engineering building in its place and need the site. Campus architect Rebekah Gladson said, "This campus is going to become very dense. We are going to grow to over 30,000 students, and we are going to have to take down some of these interim fixes." According to Sarah Whiting, an architectural historian at Princeton University, there are Gehry buildings on a number of college campuses, but UCI will be the only one that has torn one down. (Source: Orange County Register of January 23.)

**Region:** So. California

**Jurisdiction:** UC/CSU

**Source:** OC Register - Jan. 23, 2007

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## UC Merced: Boondoggle II?

**Dollar Amount:**

As in good movie sequels, the UC Merced campus, a politically connected boondoggle that is having difficulty attracting enough students, may spawn Boondoggle II. Sung-Mo Kang, the newly appointed chancellor, says bringing a new Medical School to the campus is a top priority. He told the Merced Sun-Star that he would like to see a new medical school started in five years. The enrollment at the mega-million dollar campus this year is 1,285, much lower than administrators predicted. (Source: Merced Sun-Star, January 20.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** Merced Sun-Star - Jan. 20, 2007

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## Chico Teacher Busts School Bus Window

**Dollar Amount:**

An unidentified teacher at Chico's Hooker Oak School broke a school bus window February 6 in a dispute with the school bus driver. The teacher, driving a pick-up truck, was trying to pull out of the school driveway when the school bus turned and blocked the pick-up. Following a short argument, the teacher slapped the bus window, with one student on the bus, and broke it. The teacher pleaded ignorance ("I didn't know the window would break") and agreed to pay for the damage. As a result, the police didn't arrest him and the school's principal, Rob Williams, declined to say if there would be discipline imposed. (Source: Chico Enterprise Record of February 7.)

**Region:** C. Valley

**Jurisdiction:** City

**Source:** Chico Enterprise Record - Feb. 7, 2007

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## Fairy Shrimp Again Impact UC Merced Plans

**Dollar Amount:**

Years ago, when owners of property near Merced faced serious environmental hurdles, they donated land to the University of California for a new campus. UC went ahead with the campus despite strong warnings from the federal Army Corps of Engineers that even if they built the first phase of the campus, there was no guarantee future campus expansion would be allowed. The nearby vernal pools were considered extremely fragile as habitat of endangered fairy shrimp and other protected creatures. Now, UC wants to grow the controversial campus to the north and east with new dorms, lecture halls, classrooms and other facilities to handle a projected enrollment of 25,000 by 2030. The preferred site is 910 acres, 86 of which the Army Corps of Engineers lists as habitat for the fairy shrimp and could reject development. This might force the campus to look as many as 15 miles away for expansion land. And even more wetlands would be affected by a planned residential community of about 31,000 south of the campus as a joint project of UC and private developers. Army engineers expect to issue an environmental impact statement in about two months. A final report and decision are expected early next year. (Source: San Francisco Chronicle, February 20.)

**Region:** C. Valley

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Feb. 20, 2007

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## LAUSD Board: 600% Pay Boosts?

**Dollar Amount:**

Legislation introduced by Assemblyman Mervyn Dymally, a Compton Democrat, would provide full-time status and 600 percent pay raises for members of the Los Angeles Unified School District's Board of Trustees. The bill (AB 68) would apply only to LAUSD, whose part-time members now make about \$24,000 a year. Mr. Dymally, who wants to link pay to that of Los Angeles City Council members (\$171,000), says it makes sense since the district is so large (708,000 students) and has such complex problems. (Update: Mr. Dymally announced this week that he was dropping the bill, which he had introduced in early December. He said it would be more appropriate to have voters decide, pointing to Measure L on the March 6 city ballot. It would create a salary review committee to set pay for board members every five years, while limiting terms to three and regulating the financing of board elections. (Source: Los Angeles Daily News, February 19 and 21.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Daily News - Feb. 19, 2007

## Theft Indictment of Former UC Employee Raises Oversight Questions

**Dollar Amount:**

Authorities at UC Davis are continuing to investigate financial dealings of a recently retired employee indicted March 15 on a charge of stealing government property. There are allegations that a campus department may have benefited improperly from federal grants to the Food Stamp Nutrition Education Program (FSNEP). Block Joy, director of the program, filed a "whistle blower" complaint with the university after she became concerned about a lack of an official response when she reported trouble in records she examined. Block Joy confronted Ms. Benford in front of the Nutrition Department chairman over a camcorder purchase in March 2006, according to a campus police document.

Block Joy also theorized to campus police that Ms. Benford was being shielded by higher-ups because she helped others obtain equipment for campus operations. A campus police officer told The Bee that, according to a UC Davis audit official, there was "a potential" that some of the merchandise, such as computers and other electronic equipment, is being used in the UC Davis nutrition department for work not involving the FSNEP program.

This would be a "misappropriation of grant funds," the officer wrote in a report obtained by the newspaper.

Ms. Benford, who is scheduled to be arraigned April 5 in federal court, worked for UC Davis from April 1991 until November 2006, retiring with a lump-sum pension "cash out" of \$268,688. A university official said the university cannot withhold or delay a pension payment to anyone under investigation for stealing government funds because they have a right to the pensions earned. (Source: The Sacramento Bee, March 16.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** Sacramento Bee - March 16, 2007

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## Audit of Compton Community College Finds Taxpayers Getting Ripped Off

**Dollar Amount:**

During 2003-04 and 2004-05, Compton Community College ripped off taxpayers on a massive scale, according to an extraordinary audit ordered by the Legislature. A New York investigative firm, Kessler International, was hired to do the audit for the California Fiscal Crisis and Management Assistance Team. For those with strong stomachs who want to read the report, it can be found on the web: (<http://wwwstatic.kern.org/gems/fcmat/compfraud.pdf>). (Sources: "Extraordinary Audit of the Compton Community College District" document and Torrance Daily Breeze of March 14.)

**Region:** So. California

**Jurisdiction:** City

**Source:** Torrance Daily Breeze - March 14, 2007

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## School Superintendent Retiring, but Staying on the Payroll

**Dollar Amount:**

The superintendent of the Davis Joint Unified School District is retiring effective July 31, but he is slated to continue receiving his \$13,400-a-month salary for 10 months after he leaves, reports The Sacramento Bee. The superintendent, who said he wants to spend more time with his family, will leave the job in May, then will use two months of vacation time before officially retiring. School board leader Jim Provenza told The Bee that neither party in the generous severance agreement can comment publicly about it, but he said the amount received by the 60-year-old retiree will not exceed \$160,696.60, and will be offset if he finds another job. In the meantime, the school district has hired another person to serve as interim superintendent during the search for a permanent replacement. (Cal-Tax: Will the retired superintendent jeopardize this arrangement by even glancing at a "help wanted" ad? Not likely, when he's being paid so handsomely not to work.) (Source: The Sacramento Bee, March 10.)

**Region:** C. Valley

**Jurisdiction:** County

**Source:** Sacramento Bee - March 10, 2007

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**- Audit: Charter School Criticized on Use of Funds**

**Dollar Amount:**

An audit of the Gorman Learning Center, a charter school, turned up many questionable expenditures by school officials. The audit, released March 16, was conducted by MGT of America on behalf of the Los Angeles County Office of Education. In a response, the school said the deficient business practices "are pages from our history and not part of our current practices." (Source: The Los Angeles County Office of Education, "Results of the Review of the Gorman Learning Center and the Lifeline Education Charter Schools.")

**Region:** So. California

**Jurisdiction:** City

**Source:** LA County Office of Education

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**Santa Ana School Accused of Faking Classes to Get State Money**

**Dollar Amount:**

Officials in charge of the Santa Ana Unified School District allegedly created phony class rosters and misused a substitute teacher to make it appear that the district qualified for state money intended to help elementary schools reduce class sizes, the Los Angeles Times reported. Administrators at Washington Elementary School reportedly created a second-grade roster showing real students in a class that didn't exist, thereby making it appear that their actual classes had fewer students. This qualified the district to meet class-size reduction goals and to collect an extra \$1,024 per student. The school even hired a substitute teacher for the phantom class, then used her for a few hours a month in other classrooms. Eight teachers told a Times reporter that they had been asked to sign falsified class rosters to make the ruse look real. This year, the 54,800-student district has received \$4.3 million and is slated to receive a total of \$16 million from the state for a class-size reduction program. The day after the story appeared in the newspaper, the district announced that it is paying for an independent audit of its class-size reduction program. State schools superintendent Jack O'Connell, who wrote the class-size reduction legislation in 1996, said his office also will be looking into the allegations. A spokesman for a teachers' union said teachers should not have been asked to sign falsified rosters, and added that the union is consulting its attorneys about the matter. (Source: Los Angeles Times, March 28 and March 29.)

**Region:** So. California

**Jurisdiction:** City

**Source:** LA Times - March 28, 2007

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**Audit: \$300 Million in Unchecked UC Compensation**

**Dollar Amount:**

The ongoing scandal heated up again with the release of a Bureau of State Audits report described by Assembly Speaker Fabian Nunez as "the final nail in the coffin of the (UC's) outrageous compensation practices. Over \$300 million in compensation flows unchecked through their system ... We must see immediate and marked improvement in their failed system." However, he joined Governor Arnold Schwarzenegger in urging moderation in the Board of Regents reaction as three members of the state Senate Education Committee called for UC President Robert Dynes to resign or be fired. He needs opportunity to correct problems, according to the Assembly leader and governor. (Caltaxletter: 5/5/06 from San Francisco Chronicle, 5/3 and 5/4/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 3-4, 2006

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## Orange County School Official Censors Broadcast of Public Meeting

**Dollar Amount:**

The Greater Orange News Service reports that for the second time in less than a year, Orange Unified School District Superintendent Thomas Godley has ordered the censorship of a meeting of the district's trustees before the meeting was broadcast on a local cable channel. Mr. Godley ordered two parts of the June 21 meeting to be cut from the public showing. The first edit deleted three minutes of comments from a citizen who criticized trustee Wes Poutsma. The citizen accused the trustee of covering up the alleged drug problem of a recently deceased district employee who was the brother of another trustee. "Mr. Poutsma, when you covered up the drug-induced vehicle destruction of Daniel Ortega, you contributed to his death and endangered the safety of employees in the district, especially the students," he said. The second edit deleted two minutes near the end of the meeting in which trustee Steve Rocco criticized fellow board members, renewing the claim that nothing was done to discipline the employee after a drug-related accident. "Nobody did anything about it and he stayed here until he died," Mr. Rocco said, according to a transcript. "He was a threat to this district and he died. He was never disciplined." Several members of the board, including the deceased employee's brother, walked out during Mr. Rocco's speech. The TV broadcast did not include the speech or the walk-outs, and instead skipped straight to the board president adjourning the meeting. In a related story, Metropolitan News-Enterprise columnist Roger M. Grace wrote July 16 that Los Angeles Superior Court Judge William G. Willett, in the news recently thanks to a legal dispute over a home security fence he built on city property without proper permits, called for a broadcast blackout of a Torrance City Council meeting in 2005. The judge asked that the live feed to the Internet and the local government access channel be cut during his testimony about the dispute, which has cost the city's taxpayers \$200,000 in legal expenses. The city did not comply, and the judge's lawyer later sued, saying the refusal "prevented (the judge and his wife) from testifying before the City Council." The judge, who has received threats in the past, said he had concerns about being shown on TV in a hearing where his home address was disclosed. (Sources: Greater Orange News Service, July 13; Metropolitan News-Enterprise, July 16.)

**Region:** So. California

**Jurisdiction:** County

**Source:** Greater Orange News Service - July 13, 2007

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## Conflict of Interest Issues at UC Back in the News

**Dollar Amount:**

The University of California's financial aid offices' relationships with student loan lenders are "generally not fully disclosed," according to a UC internal audit disclosed May 15. University student loan officials serve on advisory boards for loan companies and get free travel and dinners. Meanwhile, response by faculty and employees to a new requirement that they complete an on-line ethics course has been underwhelming. Less than 40 percent of the faculty and 44 percent of other employees had completed the course by last Friday (May 11) and the deadline is today. Paul Schwartz, a UC spokesman, said, "Completing the training is mandatory and will be enforced if need be." (Source: San Francisco Chronicle, May 17 and San Jose Mercury News, May 17.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - May 17, 2007

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## Categoricals: An Education Labyrinth of Dollars

**Dollar Amount:**

The Legislature's audit committee ordered a formal investigation of \$11 billion in state education funding of categorical programs. The probe was prompted by a February 2-7 series by Deb Kollars in The Sacramento Bee that raised numerous questions about how the money is used and by whom. Categorical programs range from Special Education to Gifted and Talented Education. Senator Tom McClintock: "This is the big one. This is \$11 billion of expenditures, and we really aren't quite sure where they're going." The 100 programs soak up one-third of the state education budget. State Auditor Elaine Howle said the \$185,500 audit will be finished by late summer. The story was in The Bee (March 13, 2003).

**Region:** Statewide

**Jurisdiction:** Schools

**Source:** Sacramento Bee - Mar. 13, 2003

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## Department of Education Continues to Waste Money Fighting Whistle-Blower **Dollar Amount:**

The saga of the Department of Education whistleblower continues, with tax dollars being spent every step of the way. Cal-Taxletter readers will remember that former department official James Lindberg discovered discrepancies in the way the agency, then run by Superintendent of Public Instruction Delaine Eastin, was spending millions of dollars in federal funds intended to help recent immigrants learn English and become citizens. The money was being used for other purposes, such as to buy fancy cars and pad the salaries of executives for the non-profit groups that were supposed to be providing the services. Mr. Lindberg and two other whistle-blowers tried to stop the fraud, but were demoted or reprimanded for their efforts. The other two received some compensation after some of the non-profit execs were prosecuted, and Mr. Lindberg decided to sue the department, Ms. Eastin and one of her aides. In 2002, he was awarded \$4 million. Rather than acknowledging wrongdoing, the Department of Education appealed, and after a new trial, the award climbed to \$7.6 million. In a column titled "Sorry tale of millions squandered," columnist Dan Walters of The Sacramento Bee provides the latest update: "This month, Sacramento Superior Court Judge Talmadge Jones denied the state's request for a third trial. The Department of Education, now headed by Jack O'Connell, says, however, that it will appeal again. The Department of Education has spent millions of dollars to defend itself against the Lindberg suit, and the Associated Press reported that much of the money was shifted from funds designated for educational purposes. ... Taxpayers' money meant to educate children is, instead, being spent to fight a whistle-blower. What's wrong with this picture? Everything." (Source: The Sacramento Bee, June 24.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Sacramento Bee - June 24, 2007

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## Schools Using Tax Dollars to Ask Voters About New Taxes

**Dollar Amount:**

School districts throughout the state are using taxpayers' money to conduct polls to help officials craft tax-hike proposals that are more likely to succeed at the ballot box. The Burlingame Elementary School District recently budgeted \$60,000 to pay for a political consultant and election expenses, including a 400-voter survey to gauge support for a proposed tax on homeowners. The tax of \$30 per \$100,000 of assessed value would cover a school bond. The survey showed that 66 percent approved when few details were provided, but approval dropped to 58 percent when respondents were told about the financial impact on property owners. Meanwhile, the Placentia-Yorba Linda Unified School District paid an unreported amount for a similar 400-voter survey to gauge support for a proposed \$190 million bond, with 62 percent saying they would vote for a bond. And in Contra Costa County, the Mt. Diablo school board hired a consultant to determine voter support for a possible \$500 parcel tax. The consultant conducted a 623-voter poll that revealed 60 percent of voters might vote for the tax – less than the two-thirds majority needed, but enough to convince the board to forge ahead with meetings to discuss such a tax. (Sources: San Mateo Daily Journal, June 26; Orange County Register, June 27; Contra Costa Times, June 26.)

**Region:** So. California

**Jurisdiction:** City

**Source:** OC Register - June 27, 2007

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## UC and Drug Firm Illegally Bury Thousands of Truckloads of Toxic Soil

**Dollar Amount:**

Thousands of truckloads of toxic soil from the University of California's Richmond Field Station were illegally buried at the site of a proposed 1,330-unit housing complex, according to a letter from Charlene Williams, chief of the Department of Toxic Substances Control's Enforcement and Energy Response Program. She ordered the university and the Anglo-Swedish pharmaceutical firm AstraZeneca to establish a schedule for removing and treating the soil. Assemblywoman Loni Hancock said, "The university and AstraZeneca both said things were fine. Now we know that was incorrect." She added that at least 3,000 truckloads had been illegally buried at the site in Richmond. According to the department, the university used at least nine trucking companies that didn't possess the required state hazardous waste hauling registrations. (Source: Berkeley Daily Planet, July 3.)

**Region:** Bay Area

**Jurisdiction:** UC/CSU

**Source:** Berkeley Daily Planet - July 3, 2007

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## **Snafus Contine for Los Angeles Unified Payroll System**

**Dollar Amount:**

The expensive new payroll system instituted five months ago by the Los Angeles Unified School District still is plagued with problems, with 1,100 paychecks containing errors in the last pay period. New board member Richard Vladovic said, "This is more than a tragedy and we have to correct it now." A.J. Duffy, head of the teachers' union, said there will be a massive work stoppage if the problem isn't fixed by September. (Source: Los Angeles Daily News, July 11.)

**Region:** So. California

**Jurisdiction:** County

**Source:** LA Daily News - July 11, 2007

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## **Accused of Misusing School Resources, Former Superintendent Gets Taxpayer-Funded Lawyer**

**Dollar Amount:**

The former superintendent of the Capistrano Unified School District, charged by an Orange County grand jury with using school resources and records for political purposes, is asking the taxpayers to pay his \$400-an-hour legal fees. James Fleming, who retired in August 2006 after 15 years as superintendent, has pleaded not guilty to charges that he used school resources to create two "enemies lists" of political opponents during and after a 2005 recall effort. The lists included names of parents who solicited signatures for the recall, along with information on their children who attended school in the district. One woman claims her son was left out of a school video and denied an elementary school award as retribution for her participation in the recall attempt. In September, school trustees agreed to pay nearly \$8,000 to Mr. Fleming's lawyer as the superintendent was being investigated by the grand jury. The payments ended in March, but Mr. Fleming now is asking for additional tax dollars. Trustees are scheduled to consider the request at their August 13 meeting. (Source: Orange County Register, May 25 and July 23.)

**Region:** So. California

**Jurisdiction:** County

**Source:** OC Register - May 25, 2007

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## **State Report Blasts Waste and Mismangement at Los Gatos Elementary School District**

**Dollar Amount:**

Affluent school districts are not immune from waste and mismanagement. A July 26 report from the state's Fiscal Crisis and Management Assistant Team blasted the Los Gatos (Santa Clara County) Elementary School District for wasting tax dollars. School officials said they were concerned about how the report will affect the effort to renew a \$290 parcel tax, according to the San Jose Mercury News. Scott Mosher, a district parent, said, "We need to move forward with the parcel tax campaign." District Superintendent Suzanne Boxer-Gassman said the district has taken steps to tighten internal controls. Wendy Dillingham, president of the Los Gatos Teachers Association, told the Los Gatos Daily News that the school board and superintendent should have been aware of what was going on. She added that the district has not been open about the problems. (Sources: "Extraordinary Audit of the Los Gatos Union Elementary School District" by FCMAT; San Jose Mercury News, July 30; and Los Gatos Daily News, July 27.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** San Jose Mercury News - July 30, 2007

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## Ma Calls for State Audit of San Francisco City College Bond Spending

**Dollar Amount:**

Assemblywoman Fiona Ma, in an August 23 letter, requested the Joint Legislative Audit Committee to investigate how the City College of San Francisco spent the proceeds of two bond issues: a \$195 million bond approved in 2001 and a \$246.3 million bond approved in 2005. "Numerous reports of questionable spending have fueled calls for performance audits," she said in her letter. (Source: San Francisco Chronicle, August 24.)

**Region:** Bay Area

**Jurisdiction:** City

**Source:** SF Chronicle - Aug. 24, 2007

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## State Health Department Gives Thousands of Toxic Lunch Boxes to Kids

**Dollar Amount:**

For the past year, the State Department of Public Health has distributed 56,000 free lunch boxes to children. The purpose was to promote healthy eating. The problem: the lunch boxes, which were imported from China, have been found to be toxic, because of "elevated" levels of lead. Dr. Mark Horton, director of the department, in a September 20 press release, urged families not to use the lunch boxes. Charles Margulis, of the Oakland-based Center for Environmental Health, said the boxes are unlikely to cause acute poisoning that can be fatal. Rather, the concern is the accumulation of lead exposure over time that causes a number of problems. It was not disclosed how much taxpayers paid for the free lunch box program. (Sources: State Department of Public Health press release, Sacramento Bee, September 21.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Sacramento Bee - Sept. 21, 2007

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## Report Blasts UC for Waste

**Dollar Amount:**

A report released by the University of California (Monitor Group Report to the Regents) blasts the administration of the University for waste and mismanagement. Among the findings: the president's office hands-down ill-suited decisions without explanation, capital projects suffer unnecessary delays "costing the university tens of millions," information technology systems are inadequate, individual units operate redundant administrative functions, the president's office imposes solutions that do not meet campus needs and add to their costs, and the current method of budgeting funds and auditing is inadequate. Last month, University President Robert Dynes announced his resignation. Prior to this action, the Monitor Group report was presented privately to a group of Regents and others. Professor Michael Brown of UC Santa Barbara, president of the system-wide faculty Senate, said the findings in the report reflect a growing consensus on what is wrong and what needs to be done. Cal-Tax has a copy of the report for anyone interested in reviewing it. (Sources: Monitor Group report, San Francisco Chronicle, September 15.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** SF Chronicle - Sept. 15, 2007

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## State Slow in Revoking Teaching Credentials of Sex Offenders

**Dollar Amount:**

After a seven-month investigation, the Associated Press found delays of months and sometimes years before the California Commission on Teacher Credentialing took action to revoke the teaching credentials of convicted sex offenders. In one case, a former Palmdale Unified Elementary School vice principal was sentenced to 27 months in federal prison for sending child pornography over the Internet. During the case and for seven months after he was sentenced, his credential remained valid. Senator Jack Scott, chair of the Senate Education Committee, said it is essential that the state act quickly to get sex offenders out of the classroom. (Source: San Jose Mercury News, November 12.)

**Region:** So. California

**Jurisdiction:** City

**Source:** San Jose Mercury News - Nov. 12, 2007

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## Problems at San Diego Head Start Provider

**Dollar Amount:**

Perhaps one of the reasons voters trashed Rob Reiner's initiative last year to increase taxes to fund expansion of Head Start/pre-school programs was trouble with the existing programs. One example would be the Neighborhood House Association, founded in San Diego in 1888 as a settlement house to assist immigrants. It is now the largest multi-purpose non-profit agency in San Diego, holding 83 state licenses, with a Head Start enrollment in excess of 10,000. It is funded by taxpayer dollars. According to the San Diego Union-Tribune, on November 2, a child wandered away from the Zamorano Head Start in Bay Terrace, the 15th time since 2002 that the program has lost track of a child. (The child subsequently was found.) Rudolph Johnson III, the agency's president, said November 14 that the state has cleared the organization of deficiencies originally cited. However, on November 26, regulators from the State Department of Social Welfare filed to revoke the license of the Zamorano facility. And the department already was working to revoke the licenses of 12 others. Enrollment issues also have been raised. While there is a waiting list to get in, the Union-Tribune said internal records showed September enrollment at 63 percent. The agency has since claimed 100 percent enrollment, but would not provide documentation to the paper. (Source: San Diego Union-Tribune, November 19 and 27.)

**Region:** So. California

**Jurisdiction:** City

**Source:** San Diego Union-Tribune - Nov. 19, 2007

## Waste in School Bond Money in LA

**Dollar Amount:**

According to an inspector general's report obtained by the Los Angeles Daily News on April 19, 2003, the Los Angeles Unified School District paid enormous sums of school bond dollars for overhead. The report (which was obtained from a source after several district officials refused to release it) found that the district contracted with real estate consultants at "absurd" rates without competitive bidding or any performance evaluation standards. For example, one invoice charged \$3,000 for 12 hours spent at a chamber meeting; another charged \$1,440 for 4.8 hours spent at a school board meeting.

**Region:** So. California

**Jurisdiction:** Schools

**Source:** LA Daily News - April 19, 2003

## UC Adopts Pay Scale

**Dollar Amount:**

UC Regents adopted a pay scale designed to lure the best faculty with higher salaries for 400 employees, including chancellors and hospital administrators. Without regents' approval, which used to be required on all salaries over \$168,000, the president can pay the chief executive at UC Davis Medical Center up to \$792,000, compared to the current pay of \$420,000. The UC Davis chancellor, now paid \$288,000, could top out at \$447,000 without regents' approval. Also, UC President Robert Dynes must approve any renovation of a chancellor residence that costs more than \$25,000. UC spends \$1 million a year maintaining the spacious residences of top administrators. (Caltaxletter: 3/17/06, from San Francisco Chronicle, Sacramento Bee, and Los Angeles Times, 3/17/06.)

**Region:** Statewide

**Jurisdiction:** UC/CSU

**Source:** LA Times - Mar. 17, 2006  
and others

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