

The District of Columbia Government
Office of the Chief Financial Officer



District of Columbia Public Schools

Pamela D. Graham, Chief Financial Officer

TO: Chancellor Michelle Rhee
DC Public Schools

FROM: Pamela D. Graham
CFO, DC Public Schools

DATE: November 21, 2007

RE: FY 2008 Projected Deficit

The DCPS OCFO has recently discussed with DCPS officials the budget issues addressed in this memorandum. We believe it is in everyone's best interest to clearly spell out those issues to avoid any misunderstanding on the scope and urgency of these matters. Further, it is understood that during this time of transition to new leadership within DCPS, this is probably a most unwelcome development.

Previously identified budget pressures have accelerated to the point where DCPS has a projected budget deficit in the current fiscal year 2008. Early numbers indicate that without an adequate budget reduction plan, the deficit could be as high as \$100 million (see Attachment 1). Immediate measures are required to stop the deficit from being realized.

Effective immediately, we will work together to implement the following:

1. Freeze all new hiring in DCPS central administration and schools including all selected candidates who have not been notified.
2. Identify all individuals who have been notified of their selection for hiring but have not yet begun work.
3. Identify all employees who are working in schools who have not yet been processed and process them immediately so they can be paid for the work they have done.
4. Produce a deficit reduction plan by December 7, 2007 that includes the unknown costs that are associated with number three above. In this plan, we should consider the elimination of all funded vacancies, freezing all supply and equipment spending, an overhaul of all existing MOAs, MOUs and contracts, and realigning the original supplemental request to deficit needs.

The practice of overriding process and procedure in hiring new employees must not continue. No one should be made an offer of employment until the budget certification process is completed. In Attachment 2, there is a list of recently-added employees who can not be

processed into our payroll system because adequate budget authority does not exist to legally complete the process.

Of foremost concern to all of us should be the payment of employees who have been on the job, in most cases unaware that their hiring is not funded. Our payroll customer service employees have been overwhelmed with complaints from those new hires who are not receiving pay checks. As part of our deficit reduction plan, we need to ensure that anyone who has put time into a job gets paid for the work they have done.

Attachments

cc: Natwar M. Gandhi, Chief Financial Officer
Lucille Dickinson, CFO Chief of Staff
Kaya Henderson, Deputy Chancellor
Lisa Ruda, DCPS Chief of Staff
Allison Allis, Budget Director, DCPS

Attachment 1

PROJECTED FY08 DEFICIT

	<i>(in thousands)</i>	In the Supplemental	Not in the Supplemental
Projected PS Overspend			
FTE's not reduced on Oct 1	(7,252.9)		(7,252.9)
DC Jail	(901.2)		(901.2)
Facilities Maintenance Overtime	(2,250.0)		(2,250.0)
Spanish Immersion Program	(205.3)	(205.3)	
Gifted Teachers	(2,876.6)	(2,876.6)	
Special Education Cluster Schools Program	(5,583.9)		(5,583.9)
Labor Reinstatements	(1,192.5)		(1,192.5)
FY06 Retro Active Pay	(7,700.0)	(6,000.0)	(1,700.0)
Cola Requirement for Non-Union	(900.0)	(900.0)	
Leave and Severance Costs	(3,133.0)	(3,133.0)	
FY08 Pay Negotiations	(15,300.0)	(15,300.0)	
52's Pending Budget Certification	(8,198.5)		(8,198.5)
Additional Transportation Needs	(1,669.0)		(1,669.0)
TOTAL	(57,162.9)	(28,414.9)	(28,748.0)
Projected NPS Overspend			
Office of Human Resources	(1,050.0)		(1,050.0)
JROTC	(64.0)		(64.0)
SPED Non Public Tuition	(3,000.0)		(3,000.0)
DC Jail	(94.0)		(94.0)
Attorney Fees	(804.9)		(804.9)
Logistics	(308.0)		(308.0)
Procurement	(311.4)		(311.4)
Food Services	(5,000.0)	(5,000.0)	
Fixed Costs	(5,905.0)	(900.0)	(5,005.0)
Spanish Immersion Program	(45.0)	(45.0)	
Security	(1,892.7)		(1,892.7)
NIT/Connect ED Contract	(266.0)	(266.0)	
DHS/School Readiness & Early Childhood MOU	(4,656.9)		
Additional Transportation Needs	(975.0)		(975.0)
TOTAL	(24,372.9)	(6,211.0)	(13,505.0)
Reallocated Cost Savings	2,989.0	0.0	2,989.0
TOTAL PROJECTED DEFICIT	(78,546.8)	(34,625.9)	(39,264.0)
Unfunded Strategic Priorities*	(21,709.0)	N/A	N/A
Total Unfunded Need	(100,255.8)		
Amount of Supplemental to Offset Unfunded Need	(34,625.9)		
Total Unfunded with Supplemental Funding	(65,629.9)		

*Strategic Priorities developed and costed out after supplemental request

Pending Request for Personnel SF- 52 Status Report as of 11/21/2007

Org Code	Effective Date	Date Received	TITLE	Type of Action Requested	Avg. Salary Cost	Benefits	GROSS
5610	08/21/07	11/05/07	Media Specialist	Change from PT to FT	\$52,292.99	\$10,458.60	\$62,751.59
6550	10/29/07	11/05/07	Principal	Change Pay grade	\$109,044.00	\$21,808.80	\$130,852.80
7170	08/21/07	11/05/07	Special Education Coordinator	Change rate begin date	\$88,084.00	\$17,616.80	\$105,700.80
5440	09/03/07	11/19/07	Teacher	Change step	\$71,819.00	\$14,363.80	\$105,700.80
7120	09/04/07	11/19/07	Registrar	Change step	\$32,816.00	\$6,563.20	\$39,379.20
6210	08/08/07	11/02/07	Teacher	Convert probationary to permanent	\$71,819.00	\$14,363.80	\$86,182.80
7250	08/15/07	11/06/07	Teacher, English	Convert probationary to permanent	\$71,819.00	\$14,363.80	\$86,182.80
5160	09/11/07	11/20/07	Teacher	Correction of initial salary	\$71,819.00	\$14,363.80	\$86,182.80
5720	08/21/07	11/06/07	Teacher, Art	Correct Step	\$52,292.99	\$10,458.60	\$62,751.59
5940	09/17/07	10/23/07	Spanish Teacher	Correct Step & Service Code	\$52,292.99	\$10,458.60	\$62,751.59
6310	08/21/07	10/18/07	English Teacher	Correction of Appointment	\$45,194.00	\$9,038.80	\$54,232.80
7220	08/21/07	10/29/07	Teacher, Computer Science	Correction of Assignment	\$80,460.00	\$16,092.00	\$96,552.00
5690	08/05/07	08/05/07	Teacher, SPED	Educational Level Promotion	\$77,708.00	\$15,541.60	\$93,249.60
7901	08/21/07	11/20/07	Teacher, SPED	Educational Level Promotion	\$77,708.00	\$15,541.60	\$93,249.60
5930	08/22/07	11/20/07	Teacher, ES	Educational Level Promotion	\$71,819.00	\$14,363.80	\$86,182.80
5490	01/07/07	10/12/07	Special Education Teacher	Educational Level Promotion	\$52,292.99	\$10,458.60	\$62,751.59
7150	08/21/07	11/09/07	Math Teacher	Educational Level Promotion	\$48,254.99	\$9,651.00	\$57,905.99
7110	11/12/07	11/09/07	English Teacher	Educational Level Promotion	\$46,234.99	\$9,247.00	\$55,481.99
5830	09/03/07	10/23/07	Teacher (Grade 1-6)	Educational Level Promotion	\$43,782.00	\$8,756.40	\$52,538.40
1201	07/17/07	10/22/07	Project Manager	Educational Level Promotion	\$91,182.00	\$16,640.00	\$107,822.00
3301	10/01/07	11/06/07	Coordinator	New Hire	\$83,200.00	\$16,640.00	\$99,840.00
3501	08/21/07	10/23/07	School Psychologist w/ OSE	New Hire	\$81,464.00	\$16,292.80	\$97,756.80
1201	11/19/07	11/07/07	Executive Assistant to Chancellor	New Hire	\$80,238.00	\$16,047.60	\$96,285.60
6580	10/12/07	11/02/07	Vocal Music Teacher	New Hire	\$77,708.00	\$15,541.60	\$93,249.60
5140	10/29/07	11/08/07	Teacher, ESL	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
7140	10/30/07	11/06/07	Spanish Teacher	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
7870	11/06/07	11/06/07	Teacher, English	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
6180	11/09/07	11/20/07	Teacher	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
6180	11/26/07	11/20/07	Teacher	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
7300	11/26/07	11/19/07	Teacher	New Hire	\$71,819.00	\$14,363.80	\$86,182.80
1201	10/29/07	11/05/07	Data Analyst	New Hire	\$65,464.00	\$13,092.80	\$78,556.80
3301	11/26/07	11/20/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	11/15/07	11/20/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	11/26/07	11/20/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	11/26/07	11/20/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/01/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00

Pending Request for Personnel SF- 52 Status Report as of 11/21/2007

Org Code	Effective Date	Date Received	TITLE	Type of Action Requested	Avg. Salary Cost	Benefits	GROSS
3301	10/01/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/01/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/01/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/01/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/15/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/15/07	11/06/07	Facilitator	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
3501	10/15/07	11/06/07	Speech Language Pathologist	New Hire	\$62,400.00	\$12,480.00	\$74,880.00
1201	11/26/07	11/09/07	Administrative Assistant	New Hire	\$50,277.00	\$10,055.40	\$60,332.40
7270	10/14/07	11/06/07	Administrative Aide	New Hire	\$47,196.00	\$9,439.20	\$56,635.20
7270	11/05/07	11/06/07	Custodial	New Hire	\$39,483.00	\$7,896.60	\$47,379.60
6330	11/26/07	11/19/07	Custodian	New Hire	\$37,801.92	\$7,560.38	\$45,362.30
7180	10/30/07	11/19/07	Custodian	New Hire	\$37,758.00	\$7,551.60	\$45,309.60
3301	11/26/07	11/20/07	Educational Program Support Asst.	New Hire	\$37,758.00	\$7,551.60	\$45,309.60
3301	11/26/07	11/20/07	Educational Program Support Asst.	New Hire	\$31,384.06	\$6,276.81	\$37,660.81
3301	10/01/07	11/20/07	Educational Program Support Asst.	New Hire	\$31,384.06	\$6,276.81	\$37,660.81
3301	10/01/07	11/20/07	Educational Program Support Asst.	New Hire	\$31,384.06	\$6,276.81	\$37,660.81
3301	11/26/07	11/20/07	Educational Program Support Asst.	New Hire	\$31,384.06	\$6,276.81	\$37,660.81
2301	10/01/07	10/26/07	Clerical Assistant	New Hire	\$31,384.06	\$6,276.81	\$37,660.81
5230	10/22/07	11/06/07	Educational Aide	New Hire	\$30,864.00	\$6,172.80	\$37,036.80
6250	10/15/07	10/12/07	Educational Aide	New Hire	\$25,522.00	\$5,104.40	\$30,626.40
6040	11/07/07	11/06/07	Educational Aide	New Hire	\$25,522.00	\$5,104.40	\$30,626.40
6090	10/22/07	10/30/07	Spanish Immersion Educational Aide	New Hire	\$25,522.00	\$5,104.40	\$30,626.40
7120	11/19/07	11/19/07	Special Education Aide	New Hire	\$25,522.00	\$5,104.40	\$30,626.40
3301	10/01/07	10/01/07	Educational Aide	New Hire	\$25,522.00	\$5,104.40	\$30,626.40
3301	10/01/07	11/06/07	Educational Aide	New Hire	\$25,239.37	\$5,047.87	\$30,287.24
7800	11/06/07	11/08/07	Special Education Aide	New Hire	\$25,239.37	\$5,047.87	\$30,287.24
3501	10/26/07	11/05/07	Dedicated Aide	New Hire	\$23,989.00	\$4,797.80	\$28,786.80
5530	10/01/07	11/06/07	Educational Aide	New Hire	\$23,151.62	\$4,630.32	\$27,781.94
6250	10/15/07	10/29/07	Educational Aide	New Hire	\$22,431.00	\$4,486.20	\$26,917.20
7220	11/07/07	11/06/07	Special Education Aide	New Hire	\$22,230.74	\$4,446.15	\$26,676.89
7270	11/13/07	11/06/07	General Aide	New Hire	\$20,300.00	\$4,060.00	\$24,360.00
7310	09/20/07	10/17/07	Teacher, EDP (WAE)	New Hire	\$20,300.00	\$4,060.00	\$24,360.00
7310	10/31/07	11/19/07	Teacher	New Hire	\$8,537.40	\$1,707.48	\$10,244.88
7310	11/26/07	11/19/07	Employment Counselor (WAE)	New Hire	\$8,537.40	\$1,707.48	\$10,244.88
5880	10/22/07	11/06/07	Reading Tutor, WAE	New Hire	\$8,537.40	\$1,707.48	\$10,244.88
7450	10/01/07	11/01/07	Teacher, ESL	New Hire, Reinstated	\$8,537.00	\$1,707.40	\$10,244.40
1201	09/21/07	11/09/07	Regional Superintendent	Process in G2 and Transfer	\$48,276.80	\$9,655.36	\$57,932.16
3501	10/01/07	10/29/07	Director	Promotion	\$140,550.00	\$28,110.00	\$168,660.00
				Promotion	\$92,330.00	\$18,466.00	\$110,796.00

Pending Request for Personnel SF- 52 Status Report as of 11/21/2007

Org Code	Effective Date	Date Received	TITLE	Type of Action Requested	Avg. Salary Cost	Benefits	GROSS
7800	10/28/07	10/29/07	Math Teacher	Reassignment, No CAPPs #	\$42,370.00	\$8,474.00	\$50,844.00
3301	10/15/07	11/06/07	Program Coordinator	Rehire	\$83,200.00	\$16,640.00	\$99,840.00
6410	10/15/07	11/06/07	Substitute Teacher	Rehire	\$65,458.00	\$13,091.60	\$78,549.60
3301	10/15/07	11/20/07	Facilitator	Rehire	\$62,400.00	\$12,480.00	\$74,880.00
3301	10/15/07	11/06/07	Facilitator	Rehire	\$62,400.00	\$12,480.00	\$74,880.00
7800	08/21/07	11/01/07	Teacher, Spanish	Rehire Correction	\$71,819.00	\$14,363.80	\$86,182.80
3501	08/27/07	10/30/07	Compliance Specialist	Rehire -Unfreeze	\$71,889.00	\$14,377.80	\$86,266.80
3501	08/27/07	10/30/07	Compliance Specialist	Rehire -Unfreeze	\$71,889.00	\$14,377.80	\$86,266.80
5580	10/01/07	10/31/07	Educational Aide	Rehire-Unfreeze Position #	\$25,522.00	\$5,104.40	\$30,626.40
5440	08/21/07	11/19/07	Administrative Aide	Remove pos. place on new	\$39,483.00	\$7,896.60	\$30,626.40
6000	08/21/07	10/23/07	Elementary Teacher	Salary Adjustment	\$45,194.00	\$9,038.80	\$54,232.80
7120	08/20/07	11/19/07	Custodian	Salary Corr. Corr. Job class	\$37,758.00	\$7,551.60	\$45,309.60
5800	08/22/06	11/19/07	Teacher	Step & Salary Corr.	\$71,819.00	\$14,363.80	\$86,182.80
5690	08/22/06	11/19/07	Teacher	Correction of salary placement &	\$71,819.00	\$14,363.80	\$86,182.80
4501	10/29/07	11/06/07	IT Specialist	Temporary Promotion	\$42,126.00	\$8,425.20	\$50,551.20
5460	08/21/07	11/20/07	Spec. Ed. Coordinator	TOD needs to reflect 80	\$88,536.00	\$17,707.20	\$106,243.20
6450	08/21/07	10/31/07	Teacher, Social Studies	Transfer	\$71,819.00	\$14,363.80	\$86,182.80
					\$6,769,000.73	\$1,426,745.74	\$8,198,509.97