

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

April 15, 2010

Michelle Rhee
Chancellor
District of Columbia Public Schools
1200 First Street, NE – 12th Floor
Washington, DC 20002

Dear Chancellor Rhee,

Recent public discussions regarding the proposed contract with the WTU and indications that you perceive there is a surplus in the DCPS budget, compel me to clarify the position of my office.

As you know, despite the fact that my office was neither consulted nor included in the negotiations regarding the WTU, my staff took the initiative and proactively engaged in the process of analyzing potential resources to support the proposed contract, should a final agreement between the parties be reached. As indicated in an email sent to you by DCPS CFO George Dines on March 29th, his preliminary analysis identified a potential resource about which he had serious concerns and indicated further review and discussion were necessary. In your reply of March 31st, you voiced similar concerns about the validity of the initial findings and agreed that further study was required before drawing conclusions. Specifically you stated “*We just need to carefully review together any projected surplus before we make any decisions relative to its use”.* [emphasis added]

Despite the fact that no further discussion has taken place to date, I was incredulous to learn that in your April 13, 2010 presentation to the Council on the contract, you asserted that a surplus is available to fund the proposed salary increases based on preliminary information. I am at a loss to understand why you did not consult with me directly or with any of my DCPS financial staff about the viability of the proposed package prior to your public announcement.


As you can see from the attached analysis, the \$34 million surplus does not exist. While there is projected under-spending of \$34M in school operations, there is projected overspending in central office operations and other costs which total more than \$30M. Additionally, given the history of the DCPS budget, I am concerned about issues that might emerge, further restricting the availability of funds, particularly in non-personal services.

In addition, I want to clarify the misstatement that the CFO determines average teacher salaries. That average is a straightforward calculation based on a) salary and benefits information and b) the number of teachers, both of which are determined by the DCPS Human Resources department through the PeopleSoft system.

Finally, I want to reiterate my support for George Dines. I have the highest degree of confidence in his capabilities and appreciate his willingness to step in as Interim CFO at DCPS, especially in this challenging fiscal situation.

As always, I am available to discuss these matters with you.

Sincerely,



Natwar M. Gandhi

Attachment

cc: The Honorable Adrian M. Fenty, Mayor of the District of Columbia
The Honorable Vincent G. Gray, Chairman, Council of the District of Columbia
The Honorable David Catania (At-Large)
The Honorable Phil Mendelson (At-Large)
The Honorable Kwame R. Brown (At-Large)
The Honorable Michael Brown (At-Large)
The Honorable Jim Graham (Ward 1)
The Honorable Jack Evans (Ward 2)
The Honorable Mary M. Cheh (Ward 3)
The Honorable Muriel Bowser (Ward 4)
The Honorable Harry Thomas Jr. (Ward 5)
The Honorable Thomas Wells (Ward 6)
The Honorable Yvette M. Alexander (Ward 7)
The Honorable Marion Barry (Ward 8)
Neil Albert, City Administrator

Government of the District of Columbia
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Summary of FY 2010
School Operations Resources

Description	Budget	Actual	Variance
School Operations	437,885,020	403,041,664	34,843,356
Central Operations	110,037,771	130,482,572	(20,444,801)
Totals	547,922,791	533,524,236	14,398,555

Adjustments to Expenditures

Special Pay, Overtime and Other Items (9,727,546)

Adjusted School Operations Resources to Date

4,671,009

Based on March 31, 2010 expenditure data.