

Los Angeles school district threatens teachers with financial punishment over payroll glitch

Ramón Valle

21 November 2007

The computer glitch in the payroll system that has ensnared teachers, counselors, janitors and other service workers of the Los Angeles Unified School District (LAUSD) in a financial nightmare since last January continues unabated.

The snafu has thrown between 48,000 (*Los Angeles Times*) and 78,000 (CBS 2) of them into financial crisis. They have been overpaid, underpaid, or not paid at all. No matter which one of these categories employees have fallen into, the toll on them has been enormous. “Like the war on terror,” one teacher told the WWS, “it has no end.”

Many who received underpayments or no payment at all have been forced to cut back on expenses, delay bill payments, max out their credit cards, or take out loans to pay for mortgages and other basic necessities such as groceries, gas and rent.

Thousands of others have had travel to the school district’s downtown headquarters and wait for hours to rectify the paycheck blunders for which they are not to blame. Because of the problems with the computer system, office personnel often cannot even track down the employees’ records.

One teacher working in the adult division of LAUSD in the San Fernando Valley section of Los Angeles told the WWS: “I have not been paid my full paycheck since January 2007. But I guess I should feel relieved that I am not alone. Like thousands of other LAUSD employees, I am trying to rob Peter to pay Paul to pay my bills and keep my good credit rating.”

Recently, the question of overpayment took center stage when the district gave the overpaid teachers an ultimatum: they have until November 10 to pay the money back. They must decide on one of four options: pay back the overpayments, ask for a payment plan, make a partial repayment, or refuse to pay back any money at all.

The *LA Times* reported recently that Genie Penn, a teacher at Overland Elementary, had suddenly been asked to pay back \$9,000. She admits that she owes some money, but definitely “not that much.” She claims that in the summer she was told she owed \$200. Now she’s being assessed \$9,000, even though she makes only about \$4,000 a month! There are thousands in the same situation.

There is also no reason why teachers and other employees should trust the accuracy of the bureaucracy’s assessment of the overpayments. The *Times* wrote November 10, “After

months of mounting confusion and frustration, many are dubious of the computer system’s ability to accurately calculate overpayments.” In fact, the last attempt by the district to “accurately” assess overpayments, underpayments or zero-payments ended in a miasma of inaccuracies.

A teacher told the WWS: “Now, you tell me. I don’t know how much they overpaid me, but it wasn’t much. And now they’re asking me to pay them back thousands of dollars? How am I going to pay that back? And now the holiday season is upon us.”

Another teacher, anger straining her voice, commented, “I can think of no other group of professionals who would allow this kind of intimidation and still continue working while not getting paid correctly. What’s wrong with this picture? It’s unbelievable!”

She added, “Many teachers have also had their ‘illness pay’ incorrectly recorded, too, and consequently are not receiving pay when they are out on illness leave. Principals refuse to authorize sick pay unless credit has been correctly tabulated, and the district payroll system considers this issue very low priority. Many teachers are out sick and not getting paid the illness pay they are entitled to receive.

“How will the district retroactively pay back teachers who missed being paid for sick leave, and may have only received half-pay illness pay, or none at all? These issues further trickle down to confuse the issue logarithmically. Will this system ever recover? How many more administrators will it take to fix it?”

In addition, the foul-ups have skewed determinations of future retirement benefits through the California State Teachers’ Retirement System (CALSTRS), which periodically calculates the benefit amounts as a percentage of teachers’ paychecks.

The district has sought to sweeten the pill and keep the employees’ anger from boiling over by “forgiving” the approximately 12,000 employees that have been overpaid by \$250 or less. Those who agree that they owe a larger amount will receive a credit for \$250. Some sources have estimated that approximately 2,000 employees have been overpaid \$5,000 or more.

In order to put this plan into effect, the LAUSD has formed a

team of about 35 “financial counselors” who will try to meet with the teachers before the December 10 deadline. Their purpose: to review, along with the employees, their personal histories with the glitch, as well as determine how the overpayments occurred. But it is expected that about 8,000 employees will demand such hearings, no doubt quickly overwhelming these 35 counselors with far more caseloads than they can handle.

It should be noted that the previous month the superintendent of schools, James Brewer, a retired navy admiral with no background in education, had made a not-so-veiled threat: that the employees had better not spend that money. He urged them to put it in “interest-bearing” savings accounts until the school district came knocking at their doors to recoup “its” money.

Brewer’s suggestion about the interest-bearing savings accounts comes with problems of its own: soon the school district’s offices will issue inaccurate income tax forms that, according to the *Los Angeles Times*, will “wreak havoc as employees try to file their state and federal taxes.”

Brewster justified his demands by stating at a public meeting, “We are what we are.” One teacher in Reseda, a district of Los Angeles, told the WWS, “I know exactly what those words mean: ‘I’m perfectly happy with my \$300,000 salary,’ which, of course, includes perks and other things. Never mind that both Brewer and his predecessor got big increases or that neither has a background in education.”

Another teacher told the WWS, “Brewer and the Board of Education recently approved a plan to spend \$10 million to hire EPI-USE, part of a firm that had originally competed with Deloitte [the company that installed the computer program which resulted in the glitch] for the contract. That’s in addition, mind you, to the approximately \$95 million that was originally paid to install the program plus another \$37 million to repair the system it failed miserably to install correctly, ending in other teachers and me having to go into hock.”

But perhaps more ominous than any of Brewer’s threats were those made by Kevin Reed, top attorney for LAUSD, back in September when he sent a letter to teachers’ union (UTLA) president A.J. Duffy, warning him that any teachers’ action that have been proposed, such as walkouts during class time or any work stoppage, would be considered illegal as per the labor contract. Brewer reminded Reed that, according to the contract with the school district, the union “cannot cause, encourage, condone or participate in any strike, slowdown or work stoppage.”

At a public hearing organized by State Senator Gloria Romero (Dem.—LA), he denounced the district’s reaction to payroll debacle and promised, according to *Breaking Point*, that there would be walkouts “to cripple the district” if the system wasn’t repaired soon. In a later interview, however, his militancy predictably weakened; he stated that there were no “immediate plans for teachers to leave their classrooms.”

The fact is that the union, United Teachers of Los Angeles

(UTLA), has had little effect in resolving the debacle under Duffy’s leadership. In April, UTLA filed a lawsuit, claiming that the ongoing problems were in violation of state education codes and labor law. According to a May 4 “Member Alert,” the lawsuit requested that the court “order LAUSD to issue correct, on-time paychecks; pay interest on amounts paid late; and reimburse our members for lost wages, penalties and fees.”

The union also voiced its support for a bill sponsored by Assemblywoman Betty Karnette that would create new penalties for school districts. The bill, AB 618, “would authorize the Superintendent of Public Instruction to withhold money from a school district if it does not pay employees accurately or on time. A penalty can be assessed every month there is a problem, but the total amount cannot exceed one half of the annual salary of the superintendent.”

In July, attorneys for LAUSD successfully argued before Superior Court judge Dzintra Janavs that the payroll debacle was not an emergency, and should not be resolved in the courts. The union’s attorneys have appealed the decision.

Adult education teacher James Palumbo spoke with the WWS: “LAUSD management and politicians are not the only problem we have to contend with. Several months into ‘The Debacle,’ Duffy held a press conference in which he sounded very militant, but then, in a subsequent private meeting with the teachers, he was asked why the union couldn’t even consider a one-day stoppage and he stated that ‘I am not as powerful as you think.’

“What the hell did that mean, ‘I am not as powerful as you think’? So, you see, this problem has many layers: the software glitch, LAUSD’s response to put the entire burden on the teachers. And then there’s the union leadership, which tries to keep doing things it did before, things that used to work but no longer do, and it does them over and over and over again. Who said that that is the definition of insanity? You know, doing things over and over despite the fact that they don’t work anymore.”



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