

Schools

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Detroit schools emergency financial manager gives teachers bonuses

BY JENNIFER CHAMBERS THE DETROIT NEWS 29 COMMENTS



Roberts (Detroit News, file)

Detroit — Bonuses are being given to 8,000 employees of Detroit Public Schools by Emergency Financial Manager Roy Roberts — despite a \$75 million deficit in the beleaguered district, which has endured repeated rounds of school closings and teacher layoffs.

The president of the school board, which has battled Roberts in court over control of the state's largest school district, questioned the wisdom of paying bonuses and accused Roberts of overstepping his authority.

Under the program announced Friday, for each \$5 million of general fund operating surplus the district has at the end of the 2011-12 and 2012-13 fiscal years, each eligible DPS employee will receive a 1 percent bonus equal to a staff member's base annual salary.

Because DPS projects a surplus of \$11.9 million for the 2011-12 school year, employees are looking at a 2 percent bonus. For 80 percent of teachers, that would mean a check between \$1,600 and \$1,800, said Keith Johnson, president of the Detroit Federation of Teachers.

All DPS employees received a pay cut of 10 percent last school year that continues in the new budget cycle. Roberts imposed a contract on all union employees on July 1 rather than negotiate, which drew the ire of the unions and led to protests outside his office.

Asked whether the bonus — which will cost \$1.7 million in the first year — was the right move during the district's financial crisis, Roberts said the deficit will still get paid off under the district's five-year deficit elimination plan.

The plan calls for closing more schools and cutting more teachers to reduce the deficit to zero by 2016. Gov. Rick Snyder appointed Roberts in 2011.

"It's about how do we bring people together — that's why the investment was made," Roberts said.

The bonuses are on top of a 2.5 percent wage restoration for unionized employees, negotiated in a March court settlement, that's expected to arrive by the end of the month.

The wage restoration was negotiated after four DPS unions sued Roberts and state Treasurer Andy Dillon to stop "an unprecedented power grab" under the state's emergency manager law, Public Act 4. They reached a settlement in court that included the boost in pay based on 2011-12 earnings.

Board of Education President LaMar Lemmons objected to Roberts' new bonus plan during a news conference Friday at Golightly Education Center. In front of the news media, Lemmons and John Telford, appointed by the board to be superintendent for the district, demanded that Roberts answer their questions.

"My question is how soon will the financial emergency be rectified?" Lemmons said. "I think you are overstepping your boundaries."

The Detroit Board of Education regained authority over academics at DPS in mid-August after Public Act 4 was suspended.

The board took Roberts to court soon after, trying to take back 15 schools given to the Education Achievement Authority. That move was voided in court, but the board has issued several subsequent decisions trying to break contracts and fire staff members who work for Roberts.

Friday, Roberts initially told Lemmons and Telford the news conference was intended for the media, but after the two persisted with questions, Roberts responded: "Your plan will take 20 years. We can get it done in five years."

At the news conference, Roberts said eligible employees would get payments in December because DPS ended its most recent fiscal year June 30 with a surplus of more than \$10 million.

"Thanks to the hard work and sacrifice of all Detroit Public Schools employees, we project the district's financial positioning for the fiscal year ended June 30, 2012, to be better than predicted," Roberts said. "In fact, we anticipate that the district will experience a budget surplus of approximately \$11.9 million for the 2011-12 fiscal year."

Roberts said since he joined the district in May 2011, DPS has shrunk its deficit from \$372 million to about \$75 million. Much of that reduction was accomplished through a bond sale.

"This bonus program is proof that we are making definite progress and are moving in the right direction — both financially and collaboratively," Roberts said.

The DFT still plans to file a lawsuit against Roberts after DPS laid off 422 union members for receiving ineffective ratings on their recent evaluations. Johnson said the district's process violated the law and is unfair.

Asked whether the union was considering a strike before the start of school on Tuesday, Johnson said no.

"Why do people always ask that? 'Strike' is a sexy word but that's not going to do us any good," he said.

Jim McTevia, a financial turnaround specialist based in Oakland County, says Roberts' decision makes sense, considering the sacrifices employees have already made in terms of pay cuts, health care cost increases and other changes DPS has made as it downsizes.

McTevia also thinks the money will make employees happy during a tough time in the economy.

He said, "\$1.7 million is a long way away from solving the debt, but it goes a long ways toward helping the lives of people."

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