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# News Release

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## **LAUSD CRACKS DOWN TO RECOUP OVERPAYMENTS**

*District Files Lawsuits against "Big Three" and Refers Others to Collection Agency*

Los Angeles—A Los Angeles Superior Court judge is poised to grant the Los Angeles Unified School District (LAUSD) judgments against two former employees--one who was overpaid \$96,000 and another who received a \$52,000 windfall because of a faulty payroll system. A third has settled for the full amount of the \$40,000 overpayment.

Close to 35,000 employees received nearly \$60 million in extra money in their paychecks in 2007 because of early glitches in the new Business Tools for Schools (BTS) payroll system, which also failed to pay or shorted many employees. Since that time, the system has been fixed and accurate payments are made to District employees on a routine basis.

"BTS is now functioning well. We are paying employees accurately and on time. With an error rate of less than one percent, we are proud of the improvements we have made," Chief Operating Officer James Morris said.

Today, about 2,400 former and current employees still owe the District approximately \$9.4 million. All have received letters directing them to repay the money, which ranges from several hundred dollars to over \$40,000. The average amount is under \$5,000.

"Thousands of honest employees voluntarily paid back the money. We are aggressively pursuing the holdouts who are, in effect, stealing dollars that should be spent on instruction or to save jobs," said LAUSD General Counsel Dave Holmquist.

Those who have not paid are being referred to a collection agency. If they still refuse to pay or make arrangements for reimbursement, more lawsuits may be filed in January.

"Most employees either have repaid the District or have made arrangements to have the amount withheld from their paychecks," said Megan Reilly, Chief Financial Officer. "The money must be paid back. It is also urgently needed at this time to stop some layoffs."

When repaid, that money will go into the District's General Fund, which is used largely to pay salaries and benefits for employees.

"We need every dollar to educate our students and to reduce the number of employees affected by the on-going state budget crisis," Superintendent Ramon C. Cortines said. "Thousands of jobs could be saved if the teacher in the next room, or the building and grounds worker at the school, and other co-workers pay up."

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