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Attached please find the final report of the three-person panel that was convened in February of this year to investigate the budget deficit in the Baltimore City Public School System ("BCPSS"). Specifically, the Panel was charged with investigating whether wrongdoing by any individual or individuals within key management units of the central office administration may have contributed to the creation of the budget deficit or to a lack of adequate disclosure about the extent of the deficit. The volunteer Panel interviewed twenty-nine individuals and reviewed thousands of pages of documents over a five-month period. The report's findings cover a number of important areas, including:


- Severe breakdowns in communication within BCPSS as well as between BCPSS staff and the Board of School Commissioners with respect to the most important aspects of budget priorities.
- A lack of overall structure, discipline and accountability within BCPSS, particularly at the management level.
- A lack of communication among the various parties to the City-State "Partnership."
- Inadequate attention within the legislation to the practical aspects of transitioning BCPSS from a city agency to an independent school system, and a perception among many stakeholders that the transition was temporary.
- A failure within BCPSS and externally to respond with urgency to the various alarms that were raised over the course of several years about the financial situation.

With respect to the issue of criminal misconduct, the Panel noted that it did not receive any specific allegations of theft or misappropriation of funds outside of those which already exist in the public domain; nor did it receive any hard evidence of individual fraud at a level which would have resulted in any meaningful portion of the budget deficit. According to the Panel, while such misconduct could have occurred given the lack of systems and accountability, it did not contribute significantly to the deficit.

The Panel's report concludes with a series of important recommendations concerning areas that the Panel investigated and believes are deserving of further inquiry. These recommendations relate to school operations (transportation, food services, special education, procurement, information technology and facilities) and fiscal issues (school principal accounts, funding obligations between Baltimore City and BCPSS, thefts of school property, accounts payable/payroll, school activity funds and reimbursement procedures).

The panel, chaired by Judge Barbara Kerr Howe and also including Sanford Teplitzky of the law firm of Ober Kaler and Craig Thompson of the Law Offices of Peter Angelos, committed tremendous time and effort to the review and have delivered a report that is extremely insightful. The Panel's findings provide important information and guidance as we move forward in reforming the Baltimore City Public School System.

Sincerely,

  
Nancy S. Grasmick  
State Superintendent of Schools

## APPOINTMENT AND PROCESS OF PANEL

On February 13, 2004, State Superintendent of Schools Nancy S. Grasmick announced the formation of a three member panel (the "Panel") "to launch an investigation of financial practices in the Baltimore City Public School System" ("BCPSS"). (Press Release attached at Exhibit 1) The undersigned agreed to serve on the Panel. According to the Press Release issued at the time, "the Panel is specifically charged with examining key budget actions in an attempt to pinpoint problems in the BCPSS finance system. It will delve into whether individual wrongdoing may have contributed to the creation of the deficit or to a lack of adequate financial disclosure about the extent of the deficit."

Accompanying the Press Release was a "Charge to Panel" ("Charge") (attached at Exhibit 2). Expanding on the press statement, the Charge to the Panel was to:

Investigate whether wrongdoing by any individual or individuals *within key management units of the central office administration* may have contributed to the creation of the current BCPSS deficit or to a lack of adequate disclosure about the extent of the deficit.

The Charge noted that BCPSS had "agreed to cooperate fully with the inquiry and to make all of its records and current employees available, as necessary." Of particular note, the Charge indicated that "the report may include the recommendation to refer findings of possible criminal conduct to appropriate governmental authorities for further inquiry." Despite a number of public statements and press accounts, the Panel was not charged to "find the guilty parties" or to "turn over every stone."

As part of the Charge document Secretary Grasmick provided a brief chronology, beginning in October 2002, of "three key budget events" which the Panel was asked to examine. The Charge instructed the Panel to complete its inquiry no later than May 15,

2004, and to make a full report to the Maryland State Board of Education and the State Superintendent of Schools, the Baltimore City Board of School Commissioners, the Mayor, the Governor, the Attorney General, and other key stakeholders. As a result of the extensive effort required by the Panel, the Panel requested, and was granted, an extension to file its report.

As noted by Secretary Grasmick, at least two independent reviews had been completed prior to the appointment of the Panel. The first was conducted by the Greater Baltimore Committee and the President's Roundtable. The second report, which was not yet public at the time the Panel was convened but was subsequently released to the BCPSS, was conducted by the accounting firm of Ernst & Young in conjunction with Abrams, Foster, Nole & Williams, P.A. It is the understanding of the Panel that an implementation plan for the recommendations included in that report has not been finalized to date.

The members of the Panel interviewed 29 individuals and reviewed thousands of pages of documents. The Panel conducted at least 20 meetings, covering a total of more than 50 hours. Additionally, each member of the Panel spent a considerable period of time reviewing documents independently.

A list of the individuals interviewed by the Panel is attached at Exhibit 3. These individuals were identified by the Panel as possessing relevant, even if not direct, information regarding the issues to be addressed by the Panel. They consisted of employees of the Maryland State Department of Education ("MSDE"), current and former employees of BCPSS, the Mayor's office, the Board of School Commissioners, elected officials, and others. With no subpoena authority, all interviews were voluntary. The interviews were informal in nature and were neither recorded nor transcribed. Additionally, Panel members were contacted by others who offered to be interviewed. Time constraints, and the view of Panel members that they must maintain a focus on the Charge to the Panel, led to a decision to limit interviews to those included in Exhibit 3.

The purpose of the interviews was to gather as much context and information as possible in order for the Panel to pursue its Charge. In most cases, it was not possible for the Panel to independently verify information provided to it by these individuals, although corroboration and contradiction was obtained through other interviews and the review of documents. The Panel believes that each individual interviewed was candid and open with the Panel, although the Panel also recognizes that each individual may have seen events and developments in light of their own personal positions and agendas. This is not to suggest that any individual intentionally misled the Panel, but rather that it was necessary for the Panel to judge both the credibility and comprehensiveness of the information provided by each individual it interviewed. The Panel concludes that the individuals interviewed provided sufficient information to permit the Panel to reach its conclusions and to make the recommendations contained in this report. Only two individuals declined to be interviewed: former BCPSS CEO, Carmen Russo, and Crystal Gardner in the Office of the Chief Academic Officer.

Members of the Panel received numerous telephone calls and other communications from citizens throughout the Baltimore region. It was not possible for the Panel to follow-up on every one of these communications. However, where Panel members concluded that further review of the matters raised in these communications would be appropriate, those recommendations are included with this report.

The documents reviewed by the Panel were varied and extensive. As will be noted in the body of the report, the Panel focused on Senate Bill 795 (1997) which established the original city-state partnership and House Bill 853 (2002) which has been referred to as the new city-state partnership bill. It became readily apparent to the Panel that beginning its review with developments in 2002 would not be sufficient for the Panel to carry out its Charge. Thus, the Panel decided to review developments beginning with the negotiation and enactment of Senate Bill 795 in 1997.

Other documents reviewed included the GBC and Ernst & Young reports noted above. The Panel also reviewed portions of the December 2001 report prepared by

Westat regarding the organization and management, and sufficiency of funding, of BCPSS. Each year, State Superintendent Grasmick issues an annual report on BCPSS to the state legislature and the reports from 2001 through 2004 were reviewed by the Panel. The Panel also reviewed the BCPSS audited financial statements for years ending June 30, 2002 and June 30, 2003. A number of additional documents were provided to the Panel by MSDE, including a history of the BCPSS budget deficit.

The Panel also reviewed documents provided directly by BCPSS through Anthony Trotta, counsel to BCPSS, including those documents which were requested by others under the Maryland Public Information Act. These documents included extensive agendas, video tapes, and minutes from BCPSS meetings of the Board of School Commissioners, as well as of certain committees of the Board. A complete list of the documents reviewed by the Panel is attached at Exhibit 4.

As a final note regarding the process, the Panel understood, from its very first day, that its report would not answer all outstanding questions. In fact, this report may ultimately lead to more questions. However, the Panel believes that its report will set forth a comprehensive chronology of the events leading to the BCPSS budget deficit, a context within which the deficit was developed, and a road map for pursuing unanswered questions.

## CHRONOLOGY OF EVENTS

In 1997, the State of Maryland and the City of Baltimore agreed to create what has become known as the Baltimore City Public Schools City-State Partnership (“The Partnership”). The Maryland State Legislature passed Senate Bill 795 (“SB 795”), developed a new entity known as the New Baltimore City Board of School Commissioners (“Board” or “School Board”) and identified new responsibilities for BCPSS. The Partnership that supported SB 795 included the City of Baltimore and the Mayor, the State of Maryland and the Governor, the General Assembly, the State Board of Education and the Maryland State Department of Education, and the School Board and BCPSS. Prior to the Partnership, BCPSS acted as a city agency, and did not control its own spending or create its own budget. Although SB 795 was designed to place Baltimore City in line with other jurisdictions<sup>1</sup>, the legislation did not adequately address or completely define a number of important areas, including the structure of the system, transition to the new system and management of the new system. Consequently, the Partnership was destined from its birth to struggle with finding an identity, while attempting to educate children in one of the state’s largest school districts.

During the initial stages of the Partnership, the School Board itself assumed operational responsibilities for the system. Several committees were created by the Board to assist with those operational tasks<sup>2</sup>. However, the full Board did not take part in reviewing information gathered by each committee prior to making decisions affecting BCPSS. Instead, the Board relied on one or two individual Board members assigned to each committee, and generally deferred to the judgment of those individuals when making crucial votes. In many cases, the Board also deferred to the judgments and recommendations of BCPSS staff, often after receiving little or no briefing or supporting information.

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<sup>1</sup> Other local education agencies (often referred to as “LEAs”) in Maryland, although receiving a majority of their funding from county government, operate separate from local government.

<sup>2</sup> The school board consisted of, among others, prominent members of the local business community who were viewed as possessing superior knowledge and skill in certain areas. Those individuals became the de facto “experts” in a given area of interest (i.e. facilities, finance).

The Partnership was designed to disengage BCPSS from Baltimore City<sup>3</sup> and to create a new leadership structure comprised of a Chief Executive Officer (“CEO”), Chief Academic Officer (“CAO”), Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”). These positions were never clearly defined in SB 795 and the Board was often unable to determine what was needed to satisfy the mandates of SB 795<sup>4</sup>. In addition, certain aspects of the governance structure were unique, including the involvement of the state legislature, the Mayor of Baltimore City, the State Superintendent of Schools, and the Governor in the selection of Board members.

The leadership of BCPSS has changed significantly and often during the course of the Partnership. There have been four CEOs, three CFOs and at least two CAOs in the six years following the passage of SB 795. This “musical chairs” form of leadership at the top of the system has played a significant role in the development of serious management gaps<sup>5</sup> that have yet to be filled, even at the time of this report.

The payroll/human resources functions of the BCPSS were handled by the city of Baltimore prior to the creation of the Partnership. Unfortunately, a centralized system of

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<sup>3</sup> It should be noted that the general perception was that SB 795 would “sunset” or terminate after a five year period. As noted below, many individuals interviewed stated that a number of the problems faced by the BCPSS are rooted in the belief amongst employees that the new structure was temporary and did not warrant buy-in or acceptance. In 2002, the state legislature passed HB 853 and extended the provisions of SB 795 for an additional five years .

<sup>4</sup> Prior to the passage of 795, Baltimore City was successfully sued in federal and state courts regarding students enrolled in Special Education courses and inadequate funding respectively. SB 795 was designed, in part, to address the funding shortfall and budget quagmire caused by these cases. As noted below, however, issues relating to the implementation of such court orders may also have added to the ever increasing BCPSS budget deficit.

<sup>5</sup> Parenthetically, it should be noted that a single individual served as CFO and COO for a significant period of time during much of the most serious financial and budget challenges. Also, the system went without a CFO for almost two years.

tracking data, payroll and budget was not implemented when it should have been. Consequently, BCPSS was never able to clearly and adequately track spending in the area of human resources. With an operating budget greater than \$900 million and 80% of that budget dedicated to a payroll of over 12,000 employees, a streamlined system of tracking those expenses is critical<sup>6</sup>.

BCPSS failed to adequately control its spending in the area of payroll, because it was unable to coordinate expenses in various areas of human resources. In addition, the absence of a functioning tracking system caused the financial managers of the system to develop budgets based on average salaries, instead of actual salaries. Obviously, budgets prepared without actual head counts and/or salaries cannot be relied upon. However, the Board did rely on these budgets as presented by the CEO and CAO, and made important budgetary decisions without proper and accurate information before them over the course of several years. More important, the system's failure to implement a centralized tracking system opened the gates of opportunity for some within the system to misspend, misappropriate, hide and remove funds from BCPSS.

Although the Panel did not receive any specific allegations of theft or misappropriation of funds outside of those which already existed in the public domain (although as noted below, the Panel did receive a number of general allegations and suspicions), the human resources/payroll issue is an item which may warrant further forensic review by an entity possessing subpoena powers and the authority to prosecute. It is clear to the Panel, however, that any theft or misappropriation of funds that may have taken place

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<sup>6</sup> After the creation of the Partnership, BCPSS announced plans for the implementation of HRMS, the Human Resources Management System, a budgeting and management computer system designed to centralize payroll expenditures for accurate tracking of personnel data, including the number of employees and accurate salary information. The Panel discovered that there is an ongoing and open controversy regarding the basis for the system's failure to implement the HRMS. Most interviewees agree, however, that if the HRMS had been instituted when the Partnership was created, the severe budget deficit currently faced by the BCPSS would be significantly lower than at present or even non-existent.



during the years following the creation of the Partnership did not contribute significantly to the current budget crisis<sup>7</sup>.

The Partnership created by SB 795 was designed to synthesize a smooth inter-relationship between BCPSS, the City of Baltimore, the State of Maryland and the State Department of Education. Although SB 795 describes generally the nature of those relationships, the expectations, duties and responsibilities of each entity were never clearly defined, forcing each to fly blind into the new system. This lack of communication between the stakeholders caused significant financial damage to the system.

For example, key officials of the Mayor's cabinet and MSDE were members of the BCPSS finance committee, which met periodically to discuss financial issues within the BCPSS budget. In the year 2000, the system overspent its budget by more than \$30 million, causing an end of year budget deficit of almost \$20 million. The Panel has heard varying accounts of "who knew what" and "when did they know it." However, it was obvious to the Panel that city and state officials should have known about the initial challenges with the budget as early as 2000. For various reasons, city and state officials failed to intervene and aggressively work to assist BCPSS with the deficit identified at that time<sup>8</sup>.

In and around 2001-2003, BCPSS was under significant pressure to increase test scores and to develop programs to raise the quality of education for students in Baltimore City.

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<sup>7</sup> The Panel also received several suggestions that the spending of Title I Funds, particularly in Fiscal Years 2003 and 2004, may have been handled improperly in certain instances relative to payroll and employee tracking. It is not clear whether such activities constitute fraudulent and/or intentionally inappropriate behavior. Thus, this is another area for which an additional forensic review may be appropriate.

<sup>8</sup> Statements ranging from "we at the state level had no authority to intervene" to "that's just the way the city school system does things" to "the mayor and CEO did not communicate" were heard several times by the Panel in response to questions regarding the lack of governmental involvement.

The leadership of BCPSS<sup>9</sup>, in response to challenges from state and local officials, began to develop and implement methods of enhancing the quality of education in the city. These methods included increases in teacher salary<sup>10</sup>, the hiring of “Academic Coaches” to assist with classroom instruction, the reduction in average class size, and mandatory summer school for students in danger of failing<sup>11</sup>. The costs of these programs were significant, and the Board and BCPSS leadership failed to adequately budget for these programs. The Panel was repeatedly told that “financial controls were overrun by academic issues.” Although the Board and BCPSS leadership were aware of a cash flow problem and the growing deficit, the decisions to follow through on these programs were made, and the system had to scramble to find the funds to pay for these ambitious programs, often after the actual expenses were incurred. The effort to identify available funds was compounded by the fact that the communication between BCPSS leadership was woefully inadequate.

The Panel heard statements from a significant number of interviewees who identified ego problems, fiefdoms and personality conflicts as reasons for poor communication between senior staff and mid-level staff and between senior staff and Board leadership. Consequently, the funding for the above-referenced programs was doomed from the start, because the budget of the Chief Academic Officer was created and maintained separate and apart from the budget of the Chief Financial Officer. It appears that there was a refusal on the part of the Chief Academic Officer and Chief Financial Officer to communicate effectively to determine budget priorities.

In addition, the panel heard testimony suggesting that the CFO attempted to communicate with the CEO and Board to discuss budget inadequacies for funding the new

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<sup>9</sup> Most specifically, the School Board and the Chief Executive Officer.

<sup>10</sup> The ranking for teacher’s salaries in the BCPSS rose from the lowest in the state to fourth highest in the state over the course of two years.

<sup>11</sup> The summer school initiative was developed in response to numerous calls for the end of social promotion in the BCPSS.

academic programs, but was advised to “find the money” and “make it happen” by members of the Board and the CEO. The programs identified above, although important, could not have been adequately funded given the budget situation at the time. However, senior staff and leadership of the Board maintained the importance of these projects and forged ahead notwithstanding the impact on the budget. The Panel also received testimony regarding the Board’s willingness to accept and implement the above programs only after being assured by the CEO and CFO that the system could afford to pay for them. In either situation, it was obvious to the Panel that communication amongst and between the leadership of BCPSS was inadequate, bordering on non-existent, regarding the most important aspects of budget priorities.

### **GENERAL FINDINGS**

Recognizing that our charge is quite limited, the Panel believes that it is both useful and appropriate to set forth the context within which, in our view, the BCPSS budget deficit developed. The Panel further believes that this context provides support and explanation for our ultimate conclusions.

As noted above, BCPSS, for many years, existed as a department within the Baltimore City government. Thus, it was not necessarily easy to determine whether the system was operating with a surplus or a deficit. The Panel was told by a number of people that budget deficits existed as early as 1990 or 1991, but that any such deficits were covered by other Baltimore City revenues.

Substantial effort was expended in the development, negotiation, and enactment of SB 795 which was an attempt to establish a school system which would “look like all of the others.” Although the term “Partnership” was used from the very beginning, the Panel believes that the term was used, not because it was necessarily applicable, but because it allowed each of the parties to the negotiations to feel like they were playing a meaningful role. Moreover, and perhaps more importantly, it avoided the use of the term “takeover.” In fact, the Panel does not believe that any of the parties intended to create a “partnership” in the truest

sense of the term. Rather, they created a school system which could hold itself out to be independent, but which would receive oversight from the State, services from the City of Baltimore, and funding from both. However, despite the best efforts of all of the participants, errors and omissions made during the discussions of SB 795 would haunt BCPSS and everyone involved for many years to come. It appears to the Panel that the legislature erred in a number of ways, including the following:

- Overestimating what BCPSS could do on its own;
- Underestimating what the City of Baltimore would continue to do in an effort to assist BCPSS in achieving independency;
- Failing to focus on the development of true oversight by MSDE; and
- Failing to maintain any meaningful follow-up or to initiate any corrective action when critical deficiencies were identified.

Again, although the legislation appears to lay out the roles for the various parties, there were no definitive guidelines with respect to the establishment of structure, infrastructure, and operational protocols to assist BCPSS to exist on its own. For example, there was no guidance with respect to the establishment of a human resources system, maintaining communication between human resources and payroll, grant management, or even the most basic budget process. Together with the overlay of the federal and state court cases involving special education students and general funding issues, the lack of direction with respect to “who is in charge” would, in the view of the Panel, lead to many of the issues and problems facing BCPSS to this date.

Thus, a struggle between the various parties existed almost from day one. Specifically, the state legislature took action in passing SB 795 and for all intents and purposes, ended its oversight while trusting others to take care of the details. Baltimore City appeared to be glad to get rid of the day-to-day operations of the system, while maintaining

certain functions which it wanted to retain, irrespective of whether retaining them benefited the system. Clearly, MSDE did not want to take over the system and chose, for all intents and purposes with respect to financial issues, to function only in an oversight role, similar to the role it maintained with other school districts throughout the state, notwithstanding the fact that BCPSS had no past independent operating history. The new Board of School Commissioners wanted to demonstrate that they could, in fact, run an independent school system, although lacking the structure and leadership to ask the right questions or to set the right directions. Finally, the Senior Administrative Staff of BCPSS was new, with no sense of working together or continuity, and with a general distrust of all of the parties listed above.

Additionally, it is clear to the Panel that almost everyone believed that SB 795 would run its course in five years and that everything would go back to the way it was before. In the interim, middle administrative staff, including central office personnel and school principals, did not change. Thus, although SB 795 was accompanied by a significant influx of new dollars to BCPSS, the makings of a disaster were there from the beginning, including:

- No continuity of leadership;
- No system of internal communication;
- No discipline;
- No meaningful oversight;
- A sense in middle management that new initiatives need not be followed because senior management would change;
- No accountability; and
- No sanctions for failure to perform.

The Panel has a clear sense that there was no attention paid to the most basic of issues in terms of establishing an infrastructure and a sense of authority. Nor was there a sense of “being in it together.”

This is not to say that people were necessarily acting in bad faith, although the Panel heard such allegations. However, each individual or entity seemed to focus only on the issues of interest and importance to him or her with a failure to look to the bigger picture. These competing priorities included:

- Responding to the special education court cases and the Special Master;
- A strong desire by BCPSS, and a demand by the public, to raise academic achievement sooner rather than later;
- Ongoing maintenance of an aging facility infrastructure; and
- The need to equip schools with modern technology.

It does not appear that anyone was focusing on the entire system and its budget issues. Virtually each group established its own budget priorities and spending guidelines. The sense was that each department had its own budget which was not accountable to the larger system. Thus, even when a “budget” for BCPSS was adopted by the Board, virtually no one paid attention to it. The Panel was repeatedly told that “I didn’t exceed my budget” and “the deficit wasn’t caused by my Department.”

Of particular concern to the Panel is the fact that many, if not all, of these issues were identified early and often by, at the least, the following:

- The Board’s Audit Committee, which for some period of time was actually disbanded;

- Dr. Grasmick's annual report to the state legislature regarding BCPSS;
- The annual independent audits of BCPSS;
- The annual Management Letters issued to BCPSS;
- The December 3, 2001 report prepared by Westat;
- The report to the Mayor and Baltimore City Board of School Commissioners dated July 2003 by the Greater Baltimore Committee and the President's Roundtable; and
- The report to the Board of School Commissioners by Ernst & Young regarding budget issues.

Are there things that could have, and should have, been done in response to these various alarms? The Panel, in true 20/20 hindsight, believes that many actions could have been taken to avert the budget crisis. These include, but are not limited to, the following:

- The establishment of a consistent message from the Senior Administrative Staff of BCPSS, beginning with the CEO and going through the other senior officers. The development of a "team" approach would have helped immensely;
- The City of Baltimore could have increased its efforts to transfer operational infrastructure to BCPSS at an early date;
- The City of Baltimore could have offered additional assistance with regard to the buildings and land it still owns;

- Notwithstanding Dr. Grasmick's letters to the state legislature, stronger alarms could have been signaled by MSDE. Although the cessation of funding is a threat of major proportions, it might have gotten everyone's attention;
- The federal court was focused on the needs of special education students throughout BCPSS. However, there appears to have been a lack of understanding (if not a total disregard) of the limited resources available to BCPSS and the fact that every dollar allocated to the special education students resulted in fewer dollars that were available to all other students. In fact, the Panel was told that administrative expenses related to the court's oversight exceeded \$1 million per year. Coordination with the budgeting process could have helped;
- The Board of School Commissioners could have asked more questions and demanded more honest answers. There appears to have been too much deference to the administration and staff, even when the Board had a sense that it was not being given either a complete or an accurate picture of BCPSS operations; and
- The legislature could have acted upon the reports it received from Dr. Grasmick which did, in fact, raise significant and systemic issues.

The Panel acknowledges that the issues were not easy to fix. In fact, the Panel views any possible fix as requiring a significant change in culture, systems, accountability, discipline, and the establishment of consequences for inappropriate actions. The "culture of complacency" and the pervasive attitude that "it's not my job," established a situation in which the train was moving down the track and all of the conductors were standing at the station watching it go by.

The Panel was asked to determine whether further review would be appropriate in determining whether criminal action has occurred. As noted below, the Panel did not receive



any hard evidence of individual fraud at a level which would have resulted in any meaningful portion of the \$58 million budget deficit. Rather, the lack of systems and accountability could have, and in the view of the Panel no doubt did, lead to misspending, overspending, duplicate spending, and fraud by some who quickly saw that they could get away with it. For example, in the view of the Panel, the following issues were significant contributors to the budget deficit:

- There was no meaningful communication or spirit of cooperation established between the parties to the “Partnership;”
- CEO Carmen Russo did not instill a spirit of cooperation and collaboration, either within BCPSS or in dealings with the Mayor of Baltimore and MSDE. To the contrary, the Panel was told repeatedly about her resistance to suggestions or guidance from others. Near the end of her tenure, she was frequently absent and disengaged from BCPSS offices, adding further to the sense of a lack of leadership;
- There was no communication between Human Resources and Payroll and thus, it was difficult for the system even to determine who was working for it. Further, anecdotal information indicates that a number of individuals who no longer worked for the system continued to be paid by BCPSS;
- Policy directives issued by the Board, including certain cost cutting measures, were often ignored by the CEO and other senior staff. However, the Board took no apparent action when it learned of those situations;
- A substantial amount of funding was allocated to special education students. The Panel acknowledges and commends these expenditures. However, the failure to coordinate those expenditures and to view them as a part of the overall budget led to a sense that those funds were “untouchable” and that little, if any, oversight regarding the appropriateness of how that money was

spent was needed. Substantial payments have also been made to the Special Master;

- Many programs were developed with the intent to improve the academic achievement of the students. However, little thought was provided, and virtually no discussions were held, regarding how funds would be identified to pay for these initiatives. As noted above, examples include summer school, academic coaches, reducing class size, and the state teacher challenge grant. Each of these activities improved student achievement and increased the budget deficit. As the Panel was told, the “academic override of controls” was rampant;
- Following the enactment of SB 795, and the influx of significant dollars, a sense that money would be available for any projects seem to permeate BCPSS. When funding leveled off, there was no discipline imposed to restrict spending;
- Mid-level employees appeared to have the ability to determine how money would be spent and to approve the expenditures, again without an understanding of the relationship between those expenditures and the system budget.
- The Board was often asked to approve contracts after the actual expenditures had been incurred;
- Changes in curriculum often required changes in textbooks (along with substantial costs) on a frequent basis;
- Bringing technology, including computers and wiring, to aging school buildings was important, but expensive;

- Grant management was largely non-existent. Individuals who were hired with grant funds continued to be paid long after the grant funds were exhausted;
- Chronic gaps in the key financial management positions ensured that the no one individual would be monitoring total BCPSS spending. Additionally, CFO Mark Smolarz, either as a result of pressure from CEO Russo or Board members, or simply to avoid and/or to deflect criticism, provided the Board with budget assumptions and projections which changed frequently and often were unreliable;
- Delays in financial accounting resulted in the Board learning of budget deficits at a time when it was too late to take meaningful corrective action;
- Reports of maintenance and construction contract awards to “friends of the family” outside of a true competitive bidding process are numerous;
- Structural budget deficit issues were acknowledged, but largely not addressed. For example, staff related expenses accounted for approximately \$700 million out of the total BCPSS budget of approximately \$900 million. “Automatic” increases in those expenses, including salary, benefits, and step increases, required an 8% increase each year. However, revenues to BCPSS increased at approximately 2% per year. In other words, 6% of \$700 million, or \$42 million, was needed each year simply to “keep up” with obligations of BCPSS to its employees. Further, there was a repeated failure to accurately project staffing needs. In addition, the salaries and expenses accompanying those staffing decisions were, in many cases, inaccurate; and
- The 2004 report provided to the Board by Ernst & Young evidences an alarming failure to establish a meaningful budgetary process. That report identified “significant underlying problems in the budget preparation and monitoring functions.” It is not clear how BCPSS could continue to operate

with the oversight of the state, city, and its own Board without having to develop even the most basic budgetary protocols and procedures.

As noted above, the Panel does not conclude that intentional action or inaction led to problems which represent a meaningful portion of the budget deficit experienced by BCPSS. Nor does the Panel conclude that any one person, or groups of people in combination, set out to intentionally undermine BCPSS upon the enactment of SB 795. However, the interviews conducted by the Panel, together with the documents reviewed, identified alarming levels of inattention, incompetence, ego struggles, and petty political disputes. Notwithstanding the lack of leadership at almost any level, and the lack of meaningful oversight from any entity, no one person or entity stepped up to take charge. For these reasons, all must be held accountable.

As a final, and perhaps most distressing note, although the Panel met with many well meaning, caring, and concerned individuals, we were struck by the sense of “I was just doing my job” with no real sense of community, coordination, or shared mission. The Panel has not been asked to comment on, nor is it commenting on, the recently proposed Recovery Plan for BCPSS. However, the Panel notes that no organization can succeed in the absence of structure, discipline, and accountability.

### **AREAS FOR FURTHER INVESTIGATION: NEXT STEPS**

#### **OPERATIONS:**

1. Transportation: Significant problems have surfaced and charges of favoritism have been alleged and should be investigated. Taxi cab contracts for the transport of special education students should be reviewed to determine if wrongdoing has occurred. Bus contracts also should be reviewed to determine if the number of routes is accurate and if the number of students actually transported is correct.

2. Food Services: Because this is a daily cash transaction business which receives revenue from non-school sources, there have been substantial allegations of wrongdoing in the handling of the monies. Whereas, in most jurisdictions there is a profit made in this area of the budget, in BCPSS there has been a chronic deficit.

3. Special Education: There is a problem with the identification of specific sources of monies being applied to the payment of the correct account/invoice/salary. Because of the separate set of books kept by this department, and the idea that it is "their budget," different from that adopted by the Board, there has been an opportunity for mischief. The amount of money being spent in this area of BCPSS is not cost efficient and the federal spending mandates, currently without coordination with an overall budget analysis, should be revisited and possibly terminated.

4. Procurement: Steps have been taken to revise the procedures previously utilized by BCPSS. All prior contracts, especially those involving substantial ones in terms of dollars spent and scope of work performed, should be reviewed to ensure that the award was in conformity with proper procedures, and that payments were made only for work actually performed or for services actually rendered.

There have been allegations that some contracts were awarded to the second lowest bidder, that change orders were issued without proper approval, and that cost overruns occurred, all of which were paid almost without question. The Panel was informed that "emergency" approvals were often made by the Board in situations where contracts had already been signed, and where it appears that the "emergency" was created so that the proper bid procedure did not have to be used.

5. Information Technology: There have been significant cost overruns in this area, including payments to outside consultants, without the appropriate procurement and approval process having been followed. These contracts should be investigated fully. In the budget for FY03, the ongoing HRMSS contract cost led to a surprise cost of \$9.9 million, which added to the deficit.

6. Facilities: In the areas of maintenance and repairs, there appear to be significant irregularities in the manner of the award of contracts and the lack of oversight in the performance of work billed for and paid. Painting contracts are but one example of this problem. It also appears that there were irregularities in other contracts that were performed without prior and proper approval by the Board.

7. Federal Court Litigation Costs: Expenses relating to the federal litigation regarding special education students have been substantial. The Panel recommends an overall accounting of all litigation costs, including outside counsel fees, payments to the Special Master, and other fees and expenses incurred by BCPSS.

It appears that some contracts were awarded for partial performance of work, both for repairs and for school construction, when it should have been obvious that the scope of the work ultimately necessary was larger than that which was being requested. Some of these contracts were requested on an “emergency” basis, were approved, and then when the additional work was needed, it was more expensive than if it had been included in the original budget request.

### **FISCAL ISSUES:**

1. Principal Accounts: Principals were authorized to incur costs and submit invoices up to certain amounts without prior approval. It appears that some invoices were submitted one dollar below the threshold for the necessity of Board approval. In other cases, there were a series of invoices that were submitted in the same manner. Were these contracts totaled, Board approval would have been mandatory.

Some invoices have been held and not submitted for payment in a timely fashion, and in some instances the dates on the invoices may have actually been altered so that they appeared to be timely submitted.

There has been an ability on the part of principals to approve travel relating to educational events and to be reimbursed therefore without prior approval and without even the submission of receipts for the amounts requested for reimbursement.

2. Monies owed by Baltimore City to the BCPSS: Many statements have been made that the City has significantly under funded the System from the beginning of the Partnership, and that the current deficit has been in some measure caused by this fact. For example, title to the real estate/schools has not been transferred according to the schedule that was contemplated. Then, when problems have occurred with lead in the water, and asbestos in some school buildings, for example, BCPSS has had to expend enormous amounts of money to deal with these problems. A dispute remains as to whether the land and buildings should be owned by the City of Baltimore or by BCPSS. This issue must be resolved and the expenses related to those assets should be the responsibility of whichever entity owns them.

3. Theft: Because of a lack of appropriate inventory controls, there have probably been thefts of school property. A review of such assets should be undertaken, with investigation of missing items.

4. Accounts Payable/Payroll: Transactions have not been posted in a timely manner, reports have not been generated in a timely manner, and check storage is not adequately controlled. Some action has been taken; more needs to occur.

In the area of payroll, staff hired with grant funds continued to be paid from BCPSS general revenues after the grant monies had been depleted. In addition, some who had been terminated may have continued to receive pay checks. Investigation into this matter would appear to be appropriate.

5. Implementation of Budget Procedures and Protocols: The plan for implementation of the recommendations contained in the E&Y report should proceed immediately.

6. School Activity Funds: In some instances, schools do not even reconcile their individual checking accounts. In addition, some schools have accounts in excess of \$100,000. and audits are not performed. Investigation should promptly determine how monies are obtained, how they are spent, and how such large account balances have occurred. Any variances should be reviewed further.

7. Reimbursement Procedures: There may be problems with monies paid out for reimbursement for former BCPSS CEO Carmen Russo and for her former driver, Ralph Askins. In some instances, receipts were not included with the reimbursement requests submitted and paid by BCPSS. Without having access to her appointment schedule to cross check the purpose for some expenditures for hotels, meals and other items, it was not possible for us to determine the legitimacy of some reimbursements paid to Ms. Russo and her driver.

### CONCLUSION

There is no question that the Baltimore City Public School System has a large deficit and that part of it may have been caused by “mischief” at best, and by intentional wrongdoing at worst. In a system with almost a complete lack of consequence for overspending, the surprise is that the deficit is not even larger. Some criminal investigations resulting in charges are already public knowledge. Others may follow.

Did the panel find that the deficit occurred because some person(s) ran off with the money? No, we did not. Several reports have previously described in large measure how monies have been spent, how the deficit has been accumulated without adequate protections to “stem the tide,” and the mismanagement of the system which was aggravated by personalities within it.

Also, State Superintendent Nancy Grasmick has issued annual letter/reports which should have sent up an enormous red flag about the financial problems of BCPSS. No one listened carefully enough, in part, because of what has been described to the Panel as the “culture of the system.” Pride can be taken in the strides that were, and are today, being made

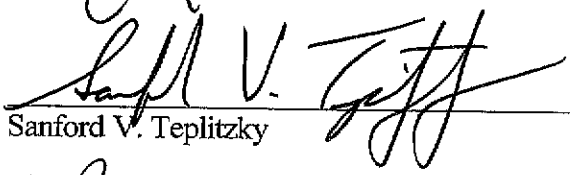


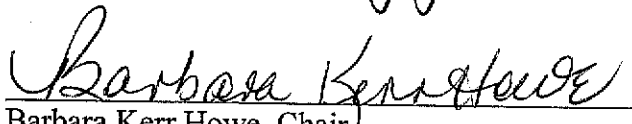
in the academic performance of the students, but the cost to obtain it may have been unnecessarily prohibitively high.

If BCPSS is to succeed in its Financial Recovery Plan, which forecasts a reduction and ultimate elimination of the current deficit, there must be a recognition that the accounting principles for government spending are different from those utilized in the business setting. If that does not occur, there will continue to be problems far worse in the future. There may already be a problem with the misallocation of funds in special education and with funds received from sources outside the State and City funding which will now have to be repaid. This in and of itself could derail the current plan to eliminate the deficit.

The Panel wishes to thank all who appeared before us to share information; they did so voluntarily and without any remuneration whatsoever. The Panel also thanks Superintendent Grasmick for allowing us to participate in this effort to assist the Baltimore City Public School System, for, ultimately, it is the students who matter the most and for whom the schools exist to provide quality education.

  
\_\_\_\_\_  
Craig A. Thompson

  
\_\_\_\_\_  
Sanford V. Teplitzky

  
\_\_\_\_\_  
Barbara Kerr Howe, Chair

DATE: July 20, 2004





Nancy S. Grasmick  
State Superintendent of Schools

200 West Baltimore Street, Baltimore, MD 21201 410-767-0100 410-333-6442 TTY/TDD

FOR IMMEDIATE RELEASE

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## STATE SUPERINTENDENT ANNOUNCES THREE-MEMBER PANEL TO INVESTIGATE BALTIMORE CITY SCHOOL FINANCE

### *FORMER JUDGE TO HEAD REVIEW OF FINANCIAL PRACTICES; SEEK ANSWERS TO CAUSES OF DEFICIT*

**BALTIMORE (February 13, 2004)** – Three highly respected attorneys with backgrounds in both business and education have agreed to launch an investigation of financial practices in the Baltimore City Public School System (BCPSS).

State Superintendent of Schools Nancy S. Grasmick today announced the formation of the panel in a media briefing.

BCPSS has agreed to cooperate fully with the inquiry and to make all of its records and employees available, as necessary. The panel has been requested to complete its inquiry no later than May 15 and make a full report to the Maryland State Board of Education and the State Superintendent of Schools, the Baltimore City Board of School Commissioners, the Mayor, the Governor, the Attorney General and other key stakeholders. The report may include the recommendation to refer findings of possible criminal misconduct to the State Attorney General for further inquiry.

Panel members are:

- **Hon. Barbara Kerr Howe** (chair), a retired judge, served as an Associate Judge on the Circuit Court of Baltimore County from 1988 to 2001. She has served as a Settlement Master, Circuit Court for Baltimore County, since February of 2001 and has been on "recall" to serve in various Maryland courts.
- **Craig A. Thompson** has been an attorney with the law offices of Peter G. Angelos since 1998, specializing in mass tort, medical malpractice, and products liability. He previously served as counsel for the Council for Economic and Business Opportunity, Inc. He has a long history of civic and community

(more)

[marylandpublicschools.org](http://marylandpublicschools.org)



Nancy S. Grasmick  
State Superintendent of Schools

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**STATE SUPERINTENDENT ANNOUNCES  
PANEL TO INVESTIGATE BALTIMORE  
CITY SCHOOL FINANCE  
(Page 2)**

involvement. In addition, Thompson serves as president of his own consulting and communications firm.

- **Sanford V. Teplitzky**, an attorney with Ober Kaler, currently heads the health care practice at the firm. He is a former member of the Baltimore County School Board. He is a former president of the American Health Lawyers Association. Teplitzky served as an attorney for the Office of General Counsel for the U.S. Department of Health, Education, and Welfare, and has a national reputation in the area of Medicare and Medicaid fraud and abuse investigations.

The panel is specifically charged with examining key budget actions in an attempt to pinpoint problems in the BCPSS finance system. It will delve into whether individual wrongdoing may have contributed to the creation of the deficit or to a lack of adequate financial disclosure about the extent of the deficit.

“We are fortunate to have such an outstanding group of individuals willing to provide service to the schools of Baltimore,” Dr. Grasmick said. “They care about the city and have volunteered to do an exhaustive study under a very tight timeframe. They deserve our gratitude and support.”

###



### *Charge to Panel*

To investigate whether wrongdoing by any individual or individuals *within key management units of the central office administration* may have contributed to the creation of the current BCPSS deficit or to a lack of adequate disclosure about the extent of the deficit. As needed, the panel will have available to it forensic accounting resources from the firm of Ernst and Young, which has just completed an extensive report on numerous breakdowns in the budgeting systems and procedures inside BCPSS.

BCPSS has agreed to cooperate fully with the inquiry and to make all of its records and current employees available, as necessary. The panel has been requested to complete its inquiry no later than May 15, 2004 and make a full report to the Maryland State Board of Education and the State Superintendent of Schools, the Baltimore City Board of School Commissioners, the Mayor, the Governor, the Attorney General and other key stakeholders. The report may include the recommendation to refer findings of possible criminal misconduct to appropriate governmental authorities for further inquiry.

The panel is specifically charged with examining three key budget events detailed in the following chronology:

- On July 1, 2002, the Baltimore City Public School System (BCPSS) cumulative deficit stands at \$22 million.
- In October 2002, BCPSS management determines [*Budget Event #1*] that the projected balanced budget for FY 2003 is off track and that, without intervention, the in-year deficit will reach \$30 million, bringing the cumulative deficit to approximately \$52 million by July 1, 2003. Management cites a variety of causes for the deficit, including additional salary and benefit costs, contracted services, and the omission of the Human Resources Management System (HRMS) cost from the original FY 2003 Budget.
- In January 2003, the Board of School Commissioners adopts a variety of cost containment measures intended to address the projected in-year deficit, including an expenditure freeze, a reduction in temporary personnel and the funding of HRMS costs through a capital lease arrangement.
- In June 2003, in a further effort to address the cumulative deficit, the BCPSS Board approves a budget for FY 2004 that is intended to yield \$21 million of deficit recovery.
- In August and September 2003, the initial close out of the FY 2003 financial statements is completed and management determines [*Budget Event #2*] that no progress was made in reducing the in-year deficit of \$30 million that was first projected in October 2002. Therefore, it is estimated that the final close out of FY 2003 (as of June 30, 2003) will show a cumulative deficit of \$52 million. (In fact, when the final audited financial statements are delivered in December 2003,

they show a cumulative deficit of \$58 million, based on the auditors' rejection of a \$6 million receivable for third party billing.)

- In October 2003, an internal review by the System's new management team (Bonnie Copeland, Rose Piedmont and Robert Neall) discovers [**Budget Event #3**] that the \$21 million deficit recovery budgeted for FY 2004 was not proceeding as planned and that in fact, the deficit was increasing at a pace of \$2 million per month. Management determines that, without drastic and immediate intervention, the System will reach the end of FY 2004 with a cumulative deficit far worse than its position as of June 30, 2003.
- Management concludes that Budget Event #2 and Budget Event #3 are attributable to the following:
  - A failure to generate monthly reports or closings
  - A failure to conduct reengineering as planned
  - A failure to implement transportation reforms
  - A failure to implement salary controls, including:
    - Temps not cut-off when projected
    - Actual salaries not considered – used estimates
    - Individuals were paid out of general funds, not grants
    - When grants expired, people were moved onto general funds instead of terminated
- Beginning December 2003, BCPSS begins to implement a cost containment plan intended to stop and reverse monthly losses as well as achieve the original \$21 million deficit recovery projected in the adopted FY 2004 budget (and thereby significantly reduce the cumulative deficit of \$58 million).





### EXHIBIT 3

#### PANEL INTERVIEWS

Gail Amos – Director of Student Support Services, BCPSS  
Dr. Carol Ann Baglin – MSDE  
Ralph B. Bazilio – Thompson, Cobb, Bazilio & Associates , P.C.  
Mary Clapsaddle – Assistant State Superintendent for Business Services, MSDE  
Valerie V. Cloutier, Esquire – Principal Counsel, MSDE  
Bonnie Copeland – current CEO, BCPSS  
Cecil Flamer – Lead Project Partner, Ernst & Young  
Dr. Nancy S. Grasmick – State Superintendent of Schools, MSDE  
Melvy Hall-Bellinger – BCPSS  
Former State Senator Barbara Hoffman  
Darryl Hope – Director of Internal Audit, BCPSS  
Barbara Hutto – Engagement Manager, Thompson, Cobb, Bazilio & Associates  
Dr. Cassandra Jones – former Chief Academic Officer, BCPSS  
John Lang, III – Director of Business Services, MSDE  
Uzma Malik-Dorman – Thompson, Cobb, Bazilio & Associates  
Brian Morris – BCPSS Board Commissioner  
Former State Senator Robert R. Neall  
Mayor Martin O'Malley  
Rose Piedmont – current Chief Financial Officer, BCPSS  
Reggie Robinson – Director of Administrative Services, BCPSS  
John P. Sarbanes, Esquire – Special Assistant to the State Superintendent  
Annabelle Sher – Special Assistant for Education to Mayor O'Malley

Graylin Smith – Principal, Abrams, Foster, Nole & Williams, P.A.

Mark Smolarz – former CFO of BCPSS, accompanied by counsel, Dale P. Kelberman

Yale Stenzler – Interagency Committee on School Construction

Bill Struever – former Board Commissioner

Anthony Trotta, Esquire – Counsel to BCPSS

Ralph Tyler, Esquire – Baltimore City Solicitor (former Board Commissioner)

Peggy Watson – Director of Finance, Baltimore City



## EXHIBIT 4

### SCHEDULE OF DOCUMENTS

- The Greater Baltimore Committee/Presidents Roundtable “fiscal management in Baltimore City Public Schools report to the Mayor and Baltimore City Board of School Committee.” July 2003
- Recent Chronology of Financial and Management Reporting – Baltimore City Public School System, provided by John P. Sarbanes, Esquire
- Ernst & Young: “Review of financial practices of Baltimore City Public School System.”
- Information Book for Committee, including:
  - SB-795 Original City-State Partnership Bill (1997)
  - HB-853 New City-State Partnership Bill (2002)
  - Executive Summary of Westat Report (final evaluation) (12/2001)
  - Westat Report Chapter 7 (organization and management) and Chapter 8 (sufficiency of funding)
  - State Superintendent Annual Report on BCPSS (2/22/2001)
  - State Superintendent Annual Report on BCPSS (1/15/2002)
  - State Superintendent Annual Report on BCPSS (2/12/2003)
  - BCPSS Audited Financial Statements for Year Ended June 30, 2003
  - History of BCPSS Budget Deficit (Prepared by MSDE)
  - Summary of financial condition as of 12/31/02 (Prepared by BCPSS)
- Single Audit: The new Baltimore City Board of School Committee for the Fiscal Year Ended June 30, 1997
- Arthur Andersen: The Baltimore City Public School System - OMB Circular A-133 Supplementary Financial Report for the Year Ended June 30, 1998
- BCPSS Office of Internal Audits - Audit Report Tracking System (ARTS)
- Carmen Russo Expenses: 2001-2002
- Finance Advisory Committee Meeting Minutes - July 2000 - June 2003
- Summary of City Bonding Authority, provided by Y. Stenzler
- Memorandum: IAC Agenda Item for Lakeland Elementary - Baltimore City, provided by Y. Stenzler
- Chart re: Disengagement Outcomes for BCPSS, provided by C.A. Baglin

- Draft - Baltimore City Public School System Cash Flow Forecast - Actual Revenues and Expenditures - updated 3/1/04
- BCPSS Finance Reports - February 20, 2004
- BCPSS Adopted Budget v. Actual Expenditures (by object) June 30, 2003
- BCPSS Adopted Budget v. Actual Expenditures (by office) June 30, 2003
- Documents provided by Dale P. Kelberman on behalf of Mark Smolarz, including:
  - Curriculum Vitae
  - Calendar - January 2003 - October 2003
  - January 9, 2003 Presentation to City Council
  - Fiscal 2004 Options
  - 2002 Annual Report of BCPSS
  - March 3, 2003 Memo to Carmen Russo from Mark Smolarz
  - E-mail correspondence
  - BCPSS Fiscal 2003 Operating Budget
  - BCPSS Revised Budget v. Actual Expenditures 6/30/03
  - GBC Report of 7/12/03
- Documents provided by MSDE, Division of Business Services, including:
  - List of Maryland State Department of Education managers and grants monitored by them
  - Documentation of location of grant fund deposits
  - "Available" minutes of the Finance Advisory Committee meetings
- Grid identifying grant payments in BCPSS
- Cost of Special Education expenditures: 3/10/2004
- Cost of Special Education, Baltimore City expenditures 3/12/2004
- Letter from Nancy Grasmick to Bonnie Copeland requesting documentation of individuals with Disabilities Education Act (IDEA) spending: February 17, 2004
- Letter from former Senator Bob Neall to Governor Glendening, et al, March 8, 2004
- Annual Report by Secretary Grasmick to Maryland State Legislature, March 31, 2004
- BCPSS Budget of CAO

- Letter from Cassandra Jones to Legislators, Pastors, Educators and Concerned Citizens, March 8, 2004
- Employment Contract between the new Baltimore City Board of School Commissioners and Carmen Russo
- Employment Contract between the new Baltimore City Board of School Committees and Cassandra Jones
- Wachovia Capital Lease - Escrow Balances as of February 2, 2004
- Wachovia Capital Lease - Unpaid invoices as of February 12, 2004
- Fiscal 2004 Operating Budget - facsimile sent May 23, 2003
- FY04 Budget Priority Setting Five Step Process
- Statement of Revenue and Expenditures - Actual, Budget and Projected -- General Fund, Special Revenue Fund and Food Services Fund Combined, January 31, 2003 - unaudited
- Statement of Revenue and Expenditures - YTD Actual Comparison, General Fund, January 31, 2003 - unaudited - prepared 3/10/03
- Combined Statements of Revenues, Expenditures and Changes in Fund Balance, All Government Fund Types for the Seven Months Ended January 31, 2003 - unaudited - Printed 3/10/03
- Fiscal 2004 Options - Updated March 31, 2003
- Proposed BCPSS Budget Adjustments Fiscal 2003 January 2003
- Fiscal Year 2004 Operating Budget, Total Expenses by Office
- Key Factors Impacting FY 2003
- Financial Report - Unaudited - June 30, 2003
- Budget Options FY 2003, sent January 3, 2003
- Proposed Fiscal Year 2003-2004 Operating Budget, May 21, 2003
- Memorandum on "Right Sizing" from Mark Smolarz to Carmen Russo, March 3, 2003

- Memorandum on "Deferred Compensation" from Mark Smolarz to Carmen Russo, March 31, 2003
- Proposed BCPSS Budget Adjustments Fiscal 2003, January 2003
- E-mail from Mark Smolarz to Carmen Russo, Board and others, with response from Commissioner Stringfield, followed by individual communications from Mark Smolarz
- Letter from Carmen Russo to Board of School Commissioners and Citizens of Baltimore City, June 24, 2003
- Fiscal 2004 Operating Budget - Revenue by Fund, Total Expenses by Office, Positions by Office Detail, Fiscal 2004 Options Updated June 2003, General Instruction FY 2004
- Fiscal 2003 Operating Budget - 2004 Projection Expenses by Subobject with footnotes - Proposed BCPSS Budget Reconciliation Fiscal 2003, May 2003 - Fiscal 2004 Options Updated March 31, 2003 - FY 04 Revenue Forecast - Fiscal Year 2004 Operating Budget, Capital Budget
- Calendar of Finance Events
- Fiscal 2003 Operating Budget, May 3, 2003; 2004 Projection Expenses by Subobject with footnotes; Proposed BCPSS Budget Reconciliation Fiscal 2003 May 2003; Fiscal 2004 Options Updated March 31, 2003; FY 04 Revenue Forecast; Capital Budget; Master Plan Planning Process, 2003-2004 Annual Update, Cost Summary & Comparison FY 03-04
- 2003-2004 Master Plan Planning Process - Estimated Cost: Strategies and Sub-Strategies for 2003-2004 Master Plan
- FY 04 Revenue Forecast, Revenue by Fund
- Fiscal Year 2004 Operating Budget - Capital Budget
- Proposed BCPSS Budget Reconciliation Fiscal 2003, May 2003
- E-mail from Mark Smolarz to Board members, May 4, 2003, re: FY 03 Update and FY 04 Macro Budget Update
- E-mail between Commissioner Stringfield, Mark Smolarz, Commissioner Jones, Carmen Russo, Commissioner Morris (Welch), and Commissioner Struever (May 26 - May 27, 2003)

- E-mail between Mark Smolarz and the Board, and then Commissioner Stringfield (May 16 - 17, 2003)
- E-mail between Commissioner Stringfield and the Board, Carmen Russo, Mark Smolarz and Bonnie Copeland, followed up by response from Mark Smolarz and then Commissioner Stringfield (May 25 - 26, 2003)
- E-mail from Commissioner Stringfield to Carmen Russo, Mark Smolarz and Commissioners Morris (Welch) and Struever, followed by individual e-mails between Commissioner Stringfield and Mr. Smolarz (May 14 - 15, 2003)
- Minutes from the Finance Advisory Committee Meeting: January 27, February 11, April 24, and May 21, 2003
- Letters to Peggy Watson from Mr. Mark Smolarz
- NCLB Title I Part A - Improving the Academic Achievement of the Disadvantaged - Budget Summary, October 10, 2003
- Combined Statement of Revenues, Expenditures and Changes in Fund Balance, All Government Types, For the Five Months Ended November 30, 2002 - unaudited (printed 1/27/03)
- Statement of Revenue and Expenditures - Actual - General Fund, Special Revenue and Food Services Combined For the Five Months Ended November 30, 2002 - unaudited (prepared 1/27/03)
- Proposed BCPSS Budget Adjustments - Fiscal 2003 - January 2003
- Proposed BCPSS Budget Adjustments - Fiscal 2003 and 2004 - January 2003
- Fiscal 2003 Operating Budget - Fiscal 2003 Adjuster Budget (December 2002), updated January 31, 2003
- Fiscal Year 2004 Operating Budget - Total Expenses by Office, Explanation of Variances
- Areas of Extreme Caution/Problems, October 21, 2003
- FY 2004 Budget Update - August 18, 2003 - Unfavorable - Favorable - Opportunities
- "Financial Recovery Plan" dated May 30, 2004 – Submitted to the Baltimore City Public School System's Board of School Commissioners by the Financial Operating Committee



- Finance Advisory Committee Meeting Minutes –2000 to 2003
- New Baltimore City Board of School Commissioners – Baltimore City Public School System – Procurement Policies and Procedures: July 1, 2000
- Memoranda from Carmen Russo and Bonnie Copeland, Ph.D regarding Procurement Rules and Financial Controls
- Various Reimbursement Slips, Expense Reports and Expense Receipts for Carmen Russo and Ralph Askins
- Draft document dated March 25, 2004 entitled “Baltimore City Schools Moving Forward” provided by Bill Struever
- Baltimore City Public School System/Budget and Purchasing Process Overview, dated March 31, 2000
- Baltimore City Public School System/Review of Procurement Process for Professional Services > \$15,000, dated May 8, 2000
- Arthur Andersen Baltimore City Public School System/Comments and Suggestions for Consideration, dated December 2000
- Arthur Andersen Baltimore City Public School System/Comments and Suggestions for Consideration, dated November 2001
- Baltimore City Public School System 2003 Annual Report Information