

**Baltimore City Public Schools**

**Response**

**Case # 24-0001-I**

September 26, 2023

Isabel Mercedes Cumming  
Inspector General for Baltimore City  
City Hall, Suite 635  
100 N. Holliday Street  
Baltimore, MD 21202

RE: OIG Case # 24-0001-I

Dear Inspector General Cumming:

On behalf of Baltimore City Public Schools (“City Schools”), I want to express our gratitude for the thorough review conducted by the Office of the Inspector General for Baltimore City (“OIG”) regarding enrollment of our employees in the City’s Retirement Savings Plan (“RSP”). As acknowledged in the OIG’s report, dated September 12, 2023, and discussed further below, City Schools has already taken steps to remedy the issues identified, in collaboration with the Baltimore City Employee’s Retirement System (“BCERS”).

As background, most of City Schools’ approximately 10,000 full-time employees, including all teachers and principals, participate in the Maryland State Retirement & Pension System (“MSRA”). The approximately 2,000 employees who are not eligible to participate in MSRA, including custodians, cafeteria workers, school bus drivers, and non-certificated administrative staff, must become members of RSP through its hybrid or non-hybrid plans. RSP-eligible employees who do not select a retirement plan are defaulted to the hybrid option. As the OIG found and both City Schools and BCERS acknowledge, a group of employees who did not choose a retirement plan and, thus, should have defaulted into the hybrid option, were not properly enrolled between 2014 and 2022. The OIG determined that this administrative oversight occurred “because the [enrollment] process was so manual.” The OIG commended City Schools and BCERS for working together to implement “system changes that partially addressed the issue and prevented it from affecting employees hired after May 2022.” Significantly, “City Schools implemented automation to enroll employees who defaulted to the hybrid plan.”

Unfortunately, these changes did not address the group of employees who should have automatically defaulted into the hybrid plan between 2014 and 2022. In its report, the OIG recognized that the challenges of responding to the COVID-19 pandemic, as well as staff turnover, delayed City Schools’ and BCERS’ efforts to remedy this issue. Once the leadership of BCERS resurfaced this issue in direct communications to the leadership of City Schools in the summer of 2023, the two agencies engaged in productive collaboration that led to swift action to remedy the situation.


As the OIG noted in its report, City Schools wired \$5,179,434 to BCERS on September 7, 2023 to fully fund the total amount of missed employee and employer contributions, as jointly agreed upon by the two agencies. The following day, City Schools sent letters and a Frequently Asked Questions document to affected employees. In those letters, we apologized for City Schools' administrative error and recognized that employees might face significant hardship if we were to require immediate repayment of their missed contribution amount or the excess salary overpayment that resulted from the delay in starting payroll deductions. To minimize the adverse impact, City Schools waived reimbursement of missed contribution amounts and salary overpayments for all affected employees. Prior to implementing these steps, City Schools leadership consulted with the leadership of BCERS and OIG, and we appreciate their constructive feedback.

City Schools agrees with the OIG's recommendation for continued communication between BCERS and City Schools senior leadership. Both agencies share a commitment to elevating significant issues for prompt resolution going forward.

Additionally, City Schools agrees with the OIG's recommendation that it should complete a formal data-sharing agreement with BCERS in the near term, which should streamline pension enrollment and administration in the future, while also appropriately safeguarding the privacy of employee data. The agencies will then review the agreement after City Schools implements its enhanced Human Capital Information System by 2025 to determine if it needs any adjustments due to the new system. City Schools' enhanced enterprise resource systems will reduce our reliance on manual payroll and employee benefit processes. For this reason, we have prioritized their overhaul by devoting scarce resources to a systemwide upgrade that we are in the process of implementing.

Please feel free to reach out to our Chief Legal Officer if you have any questions or concerns.

Sincerely,



Sonja Brookins Santelises  
Chief Executive Officer

cc: Brandon M. Scott, Mayor, Baltimore City  
Marvin James, Interim Chief of Staff, Baltimore City  
Ebony M. Thompson, Acting City Solicitor, Baltimore City  
Faith Leach, Chief Administrative Officer, Baltimore City  
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