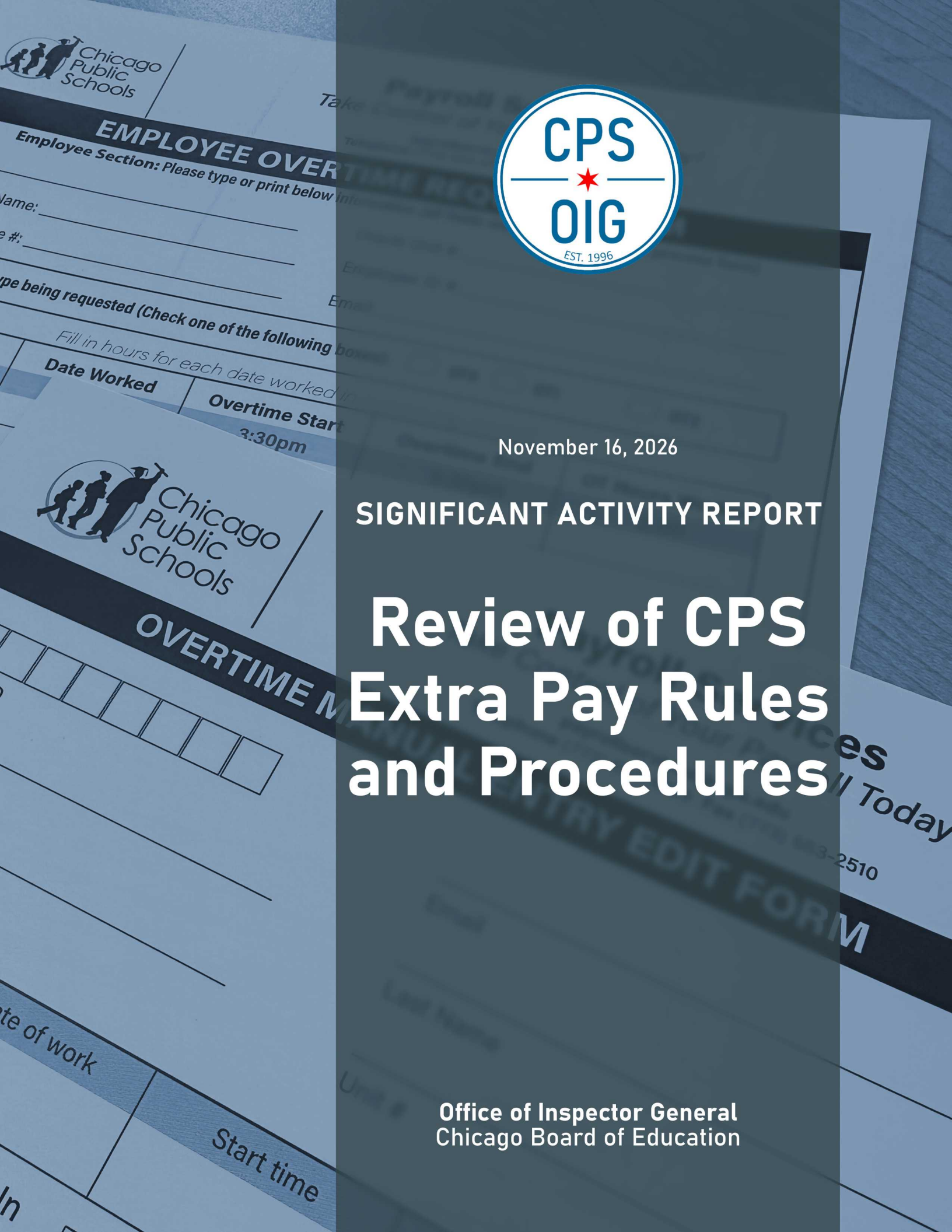


November 16, 2026

SIGNIFICANT ACTIVITY REPORT

Review of CPS Extra Pay Rules and Procedures

Office of Inspector General
Chicago Board of Education

P: 773-534-9400
F: 773-534-9401
cpsoig.org
@cpsoig

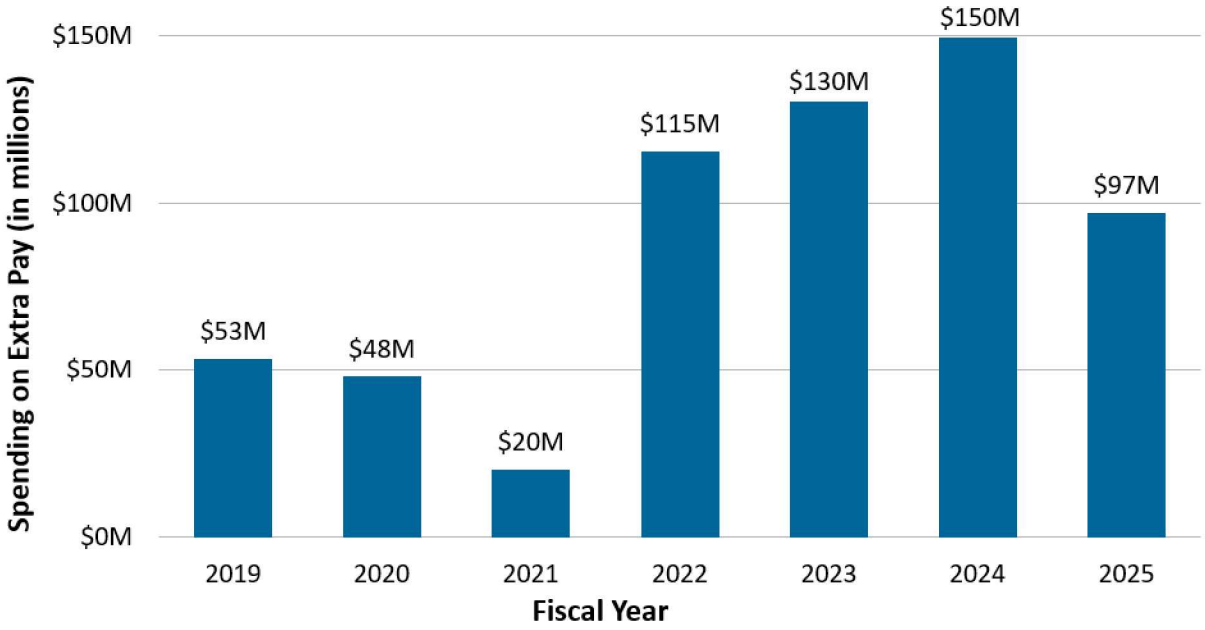
SIGNIFICANT ACTIVITY REPORT:
Review of CPS Extra Pay Rules and Procedures

Monday, November 16, 2026

CPS Extra Pay surged after the district largely failed to implement guardrails recommended by the OIG four years ago. An Office of Inspector General Performance Review found recent Extra Pay levels are substantially higher than pre-Covid. CPS spent $97 million on Extra Pay in Fiscal Year 2025, up 83 percent since the last pre-Covid year, and even higher amounts in previous years, as shown in a chart below. Covid relief funds may have fueled this spending.

CPS has now informed the OIG it intends to implement some key recommendations, including a cap on one form of Extra Pay, and is looking into others. CPS is still evaluating whether to implement the OIG's recommendations on another form, overtime.

SPENDING ON EXTRA PAY DURING FISCAL YEARS 2019–2025



Previous OIG Warnings Overlooked

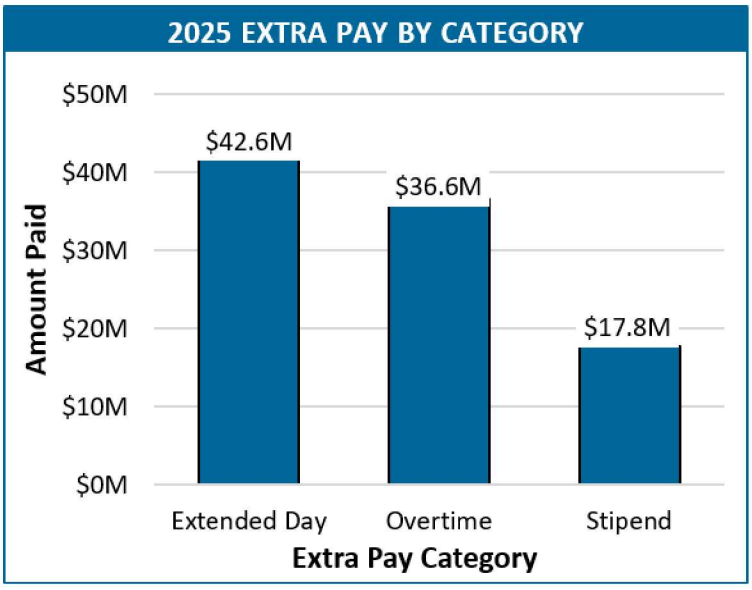
In 2022, an OIG Performance Review flagged a significant increase in spending on three forms of Extra Pay in calendar year 2021: Extended Day Pay, Overtime (OT), and Stipends and raised serious concerns regarding CPS's Extra Pay guidelines, documentation, and monitoring. Extended Day Pay is a form of hourly Extra Pay used to pay Chicago Teachers Union members for work outside of their standard schedule. OT is paid to non-exempt hourly employees for hours above their normal working hours, with hours over 40 in a work week generally paid at 1.5 times the employee's typical rate. Stipends are lump sum payments.

One of the 2022 review's most important recommendations was to monitor Extra Pay both by employee and by school/department and establish cutoffs that would trigger extra scrutiny. The OIG warned that unless CPS established stronger controls on Extra Pay, such spending might continue to rise unchecked, especially with federal Covid relief funding available. (See pages 9-18 of the OIG's 2022 Annual Report for more detail on the 2022 Extra Pay Review). A 2025 CPS internal audit of the system used to pay Extended Day Pay and Stipends raised similar concerns about inadequate policies and procedures.

Unfortunately, the OIG's prediction came true.

Concerning Surge in Extra Pay Including Questionable Overtime Pay

The OIG's 2026 Performance Review again analyzed Extra Pay spending and the rules and procedures governing it. As shown in the chart on the previous page, Extra Pay spending rose from a pre-Covid level of $53 million in Fiscal Year 2019 (July 1, 2018 to June 30, 2019) to $150 million in Fiscal Year 2024—nearly triple the pre-Covid amount. In Fiscal Year 2025, as Covid relief funding petered out,[1] CPS's Extra Pay spending remained far higher than pre-COVID at $97 million. The district's 83 percent increase in Extra Pay from Fiscal Year 2019 to Fiscal Year 2025 was much higher than the 32 percent increase in the district's overall budget.



This chart shows the amount of Extra Pay spent in each of the three categories analyzed by the OIG in Fiscal Year 2025. Extended Day Pay made up about 44 percent of the total, OT about 38 percent, and Stipends about 18 percent.

[1] Fiscal Year 2025 Covid relief funding totaled $233 million, less than one-third of the previous fiscal year's $737 million.

Unusually large amounts of Extra Pay raise several serious concerns. They can lead to reduced productivity, low morale, burnout, high absenteeism, and high turnover. They can reflect favoritism in the assignment of Extra Pay or unrealistic assessment of hiring needs. In some cases, repeated overtime paid at 1.5 times regular pay could be more expensive than hiring an additional employee. Importantly, a large Extra Pay tab also can be a sign of costly clerical errors, waste or fraud.

Some employees were paid for overtime hours that would appear to be unhealthy, the result of clerical error, or even fraudulent. For example, CPS's Fiscal Year 2025 records reflect:

- One custodian punched in and out of work for 77 days in a row, including weekends, during the fall.
- Another earned almost $7,000 for close to 98 hours of OT in a two-week period in the winter, along with $4,400 in base pay.
- A third racked up nearly 100 OT hours by working all 14 days of a pay period.

The OIG analyzed Extra Pay in both dollars and hours by employee and by unit (schools or CPS departments) and found concerning trends, with custodians working for the CPS Facilities Department sometimes earning particularly large amounts. Of the 10 employees with the highest Extra Pay in Fiscal Year 2025, the top 9 were custodians.

Employees Making Large Amounts of Extra Pay During FYs 2022–2025

2022–2025 Extra Pay	Employees Earning More	Extra Pay Per Year to Hit Threshold
$200,000	6	$50,000
$175,000	11	$43,750
$150,000	21	$37,500
$125,000	56	$31,250
$100,000	147	$25,000

Source: OIG Analysis of CPS PeopleSoft Paycheck Data on Overtime, Extended Day and Stipend Pay, FYs 2022–25.

Without regular monitoring or cutoffs for excessive Extra Pay, some CPS employees made exorbitant, potentially questionable amounts of Extra Pay. The table to the left shows the number of employees whose Extra Pay over the last four years exceeded certain thresholds, including 6 employees making more than $200,000, 21 employees with over $150,000, and 147 employees paid $100,000 or more in Extra Pay. The highest Extra Pay earner over the four-year period, a custodian, took home more than $275,000 in Extra Pay alone.

CPS's largest Extra Pay recipient in Fiscal Year 2025, a custodian, earned more than $81,000 in Extra Pay that year on top of his regular salary of $61,000. This was 1 of 16 employees who more than doubled their salaries through Extra Pay in Fiscal Year 2025.

1. *Facilities Led in Extra Pay, Often Kept Insufficient Records*

The OIG's analysis of schools and departments with the highest spending found that the Facilities Department led all CPS units in Extra Pay with $8.8 million in Fiscal Year 2025—

even though this only reflected OT paid to custodians directly employed by CPS, not the many custodians employed by private contractors. In fact, Facilities led in each of the past four fiscal years, 2022 to 2025. This high Facilities overtime may reflect the fact that CPS lost about 160 full-time private custodians in Fiscal Year 2025, dropping from about 1,350 private custodians to just under 1,200, while maintaining the same number of Board-hired custodians, around 1,225.[2] This 6 percent decrease in custodian positions could have increased the need for OT.

The OIG's review of Facilities records revealed widespread issues with missing OT approvals and requests. Only 25 percent of requests in Fiscal Year 2025 were recorded as approved (although supervisors may have given approval verbally or in some other way that was not recorded). In other cases, the OIG found that records for custodians receiving large amounts of OT reflected few, if any, hours requested or approved.

Although Facilities directed custodians and supervisors to record OT requests and approvals in an internal system, their OT is actually paid through CPS's separate Kronos timekeeping system. The extraordinarily high hours observed by the OIG in some instances therefore would reflect time where custodians were swiped in at work, but not whether their OT was approved or even needed. One supervisor told the OIG he generally paid OT for his around 75 custodians based on time swiped in because "None [of my custodians] have ever done me wrong in terms of stealing time and I trust them." Regardless of the level of trust between employees and managers, approval, monitoring, and other controls are necessary to prevent waste, fraud, and abuse.

Improved procedures and accountability are particularly important in Facilities because many principals and custodians have expressed concerns about the custodial staffing and cleaning needs of schools, for example in a CPS survey discussed in a May 2026 Chalkbeat article. The Facilities overtime records reviewed by the OIG were of little value in evaluating staffing needs because so much information was missing from them.

2. *CPS Lacked Crucial Limits and Oversight for Extra Pay, Unlike Other Large Districts*

While the OIG focused most intensely on Facilities because its Extra Pay levels were especially high, the issues analyzed by the OIG were not limited to Facilities. The Performance Review found high levels of Extra Pay to employees with a variety of roles and in a variety of units. It also found significant weaknesses in CPS's policies and procedures for Extra Pay, many of which were already flagged for CPS in the 2022 Performance Review and, in some cases, in the 2025 audit, including

- No regular monitoring for excessive Extra Pay or cutoffs established at which Extra Pay would be flagged for extra scrutiny or require additional approval.

[2] These counts are of custodian positions, some of which are vacant at any given time, not of actual employed custodians. However, the counts exclude 150 positions for roving custodians.

- No protocol for following up with employees or units with excessive Extra Pay.
- Paper timesheets which were not auditable systemwide and often could not be readily located.
- No standardized written guidelines across all schools and departments and no mandatory training for Extra Pay approvers and recipients.

Other large school districts set Extra Pay limits. Los Angeles Unified School District's OT policy does not allow employees to work more than 528 OT hours per school year or more than 44 OT hours per month without an extra approval, to be given in "extreme emergencies." Houston Independent School District's Compensation Plan says that OT "should not exceed 5% of an employee's total annual pay by fiscal year" and charges supervisors with ensuring employees do not exceed this limit. New York City Schools similarly limit OT pay to 5 percent of salary and require written approval to exceed that cap or 400 hours of "per session" pay (similar to CPS's Extended Day Pay). Finally, Clark County (Las Vegas)'s policy limits Extended Day Pay to 50 hours in a calendar month or 360 hours in a school year, although activities on Saturdays and holidays are excluded from this cap.

So, clearly, CPS's unlimited Extra Pay practices have been out of step with several other large U.S. school districts. If CPS applied L.A. Unified's 528-hour OT annual cap in Fiscal Year 2025, 308 CPS employees who earned nearly $8 million in OT would have exceeded it and required extra scrutiny and approval. Including Extended Day Pay hours would bring that number to 320 CPS employees who earned $8.35 in combined Extended Day Pay and OT.

In sum, the OIG's 2026 Performance Review found that, without many of the controls recommended in the 2022 Performance Review and with Covid relief funds available, CPS spending on Extra Pay surged over the past four school years, peaking in School Year 2023-24. While Extra Pay spending receded from that peak in School Year 2024-25, it remained far higher than pre-Covid levels. With Covid relief funding over, and the district facing difficult budget decisions, controlling and reducing Extra Pay spending is crucial.

Summary of OIG Recommendations and CPS Response

The OIG made 10 recommendations about Extra Pay. CPS has committed to implementing some recommendations, including imposing a limit on Extended Day Pay earned in a single pay period. In addition, the district is seeking to modernize and better integrate the district's enterprise technology systems, including financial and timekeeping systems, through an ongoing project named Program BRIDGE. The OIG recommended that CPS use this project as an opportunity to implement some recommended improvements which prior systems may not have been capable of; the district is looking into the possibility of doing so.

The OIG is encouraged by CPS's response to its recommendations on Extended Day Pay, including implementing the key recommendation of limiting such hours and pay for individual recipients in each pay period. However, CPS has not yet adopted most of the OIG's

key recommendations with respect to OT. The district says it is evaluating whether and how to do so. The OIG recommendations and CPS's responses are summarized below:

1. **Establish procedures around Extra Pay limits**, including

   (a) a limit on the number of Extended Day and OT hours employees can work in a school year and over shorter periods of time without an additional layer of approval,

   (b) automatic warning notices to Extra Pay approvers and recipients when employees near periodic or yearly Extended Day Pay and OT limits as well as when limits are exceeded in a pay period, and

   (c) a process for high-level administrators to approve exceeding Extended Day Pay and OT limits when justified.

   Summary of CPS Response: CPS imposed a limit on Extended Day Pay hours and dollars per pay period which requires Network Chief approval to exceed. Paying employees for more than 15 hours or $1,000 of Extended Day Pay in a pay period requires approval. Approval is currently given through email rather than incorporated into the system used to pay Extended Day Pay. They are evaluating whether to set limits on OT based on a study of Facilities Department OT.

2. **Create Extra Pay monitoring and escalation protocols**, tracking combined Extended Day and OT hours and earnings by employee and by unit (department or school). Develop a monitoring dashboard through Program BRIDGE. Require units with the highest Extra Pay to check their records. Share concerning trends with Internal Audit and the OIG as they arise.

   Summary of CPS Response: CPS created monitoring protocols for one type of Extra Pay, Extended Day, checking if individual employees exceed per-pay period limits. It has not yet implemented protocols for excessive OT or for overall spending by unit, though it is monitoring some aspects of unit spending. The district is considering creating dashboards through Program BRIDGE to improve monitoring. They said they would share concerning trends with the OIG and CPS's internal auditors.

   Escalation protocols for Extended Day Pay and Stipends are "currently being refined" but noncompliant staff currently may receive formal reminders of required practices, be required to participate in meetings and receive additional guidance or retraining, have their access to some forms of Extra Pay restricted, or be referred for corrective or disciplinary action. CPS did not commit to requiring units with the highest Extra Pay to check their records.

3. **Ensure that timesheet data is recorded electronically in a database with improved functionality**, by implementing new electronic timesheets across all schools and departments, including those that process their own payroll (such as Facilities). The OIG recommended that the new timesheet include certain fields needed for auditing,

an attestation of accuracy, and warnings of discipline; that they be integrated with CPS's timekeeping system to allow automatic cross-checking; that data be stored in a way that allows systemwide analysis; and that the timesheet require approval before and after employees work extra time.

Summary of CPS Response: CPS implemented a new electronic timesheet using Docusign which includes an attestation of accuracy and warning of discipline. The timesheet data is not currently recorded in a database which can be analyzed systemwide or integrated with CPS's timekeeping system. CPS is evaluating the possibility of making the timesheet information auditable systemwide through the Program BRIDGE project.

4. **Place an automatic payment block on unapproved Extra Pay**.

   Summary of CPS Response: CPS stated that its Docusign electronic timesheet "prevents payment without pre-approval" however the timesheet is checked manually by school personnel rather than payment being automatically blocked if unapproved. The district is evaluating the possibility of an automatic block on unapproved Extra Pay through the Program BRIDGE project.

5. **Establish minimum systemwide guidelines.** Minimum, consistent, easy-to-find written guidelines for approving, working and processing Extra Pay should be established across all schools and departments.

   Summary of CPS Response: CPS updated a manual for the system used to pay Extended Day Pay and Stipends to provide additional guidance and limits. As recommended, the district created a list of approved Stipends which may be paid.

   New OT limits and guidelines have not been implemented but are under review.

6. **Take extra precautions with Facilities**, including new documentation requirements and retraining for employees.

   Summary of CPS Response: CPS is studying Facilities OT to determine if limits will be imposed. Near the end of the OIG's performance review, Facilities issued new Standard Operating Procedures for custodian OT.

7. **Provide mandatory training** for potential recipients, approvers and processors of Extra Pay and post training materials in an easily accessible location.

   Summary of CPS Response: CPS provided some additional training on Extended Day Pay and Stipends in September 2026 and plans to have additional sessions.

8. **Consider adding or re-arranging management to ensure Extra Pay oversight.**

   Summary of CPS Response: CPS implemented quarterly monitoring protocols for its Budget Office, Payroll Department, and schools but has not informed the OIG whether they have re-allocated resources to support Extra Pay oversight.

9. **If possible, place all timekeeping machines under video surveillance.**

   Summary of CPS Response: CPS is evaluating the possibility of implementing this recommendation through the Program BRIDGE project.

10. **Provide enhanced timekeeping reporting** which distinguishes between employees swiping their ID card and typing their ID number as typing is more vulnerable to fraud.

    Summary of CPS Response: CPS is evaluating the possibility of implementing this recommendation through the Program BRIDGE project.

The OIG will continue to monitor this issue and follow up on its Extra Pay recommendations as CPS implements its new enterprise software and manages its ongoing budget constraints.