

January 25, 2016

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To: Friends & Supporters of CMSD

This evening, I presented the Board of Education with the findings of an outside investigation into E-Rate practices related to CMSD school construction projects from 2006 through 2011. Investigators identified as experts in E-Rate practices and investigations found that two former CMSD employees and a consultant failed to get the District more than \$5 million in reimbursement for technology expenditures under the E-Rate program.

The full report, posted on the CMSD website, includes a thorough review of the district's participation in the E-Rate Program during and after that time period to determine:

- why the CMSD failed to obtain the maximum reimbursements for which it had been approved;
- who or what was responsible for the failure;
- whether the district could still recover any money, and
- whether any changes in policies or procedures were needed.

While the investigators found no evidence of illegal activity, the investigators' report faults the two CMSD staff members who are no longer with the District, and E-Rate Central, for failure to recapture the \$5.3 million.

This failure initially came to light in a report released last year in March 2015 by the Bond Accountability Commission. In response to the BAC Report, you may remember that I ordered a thorough review of CMSD's past and current E-rate practices and committed to seeking answers from the BAC and E-rate Program regarding how problems rooted in practices implemented nearly a decade ago were only coming to light last year.

I also pledged publicly, including in an Op-Ed in the *Cleveland Plain Dealer*, that I would do everything possible to ensure this breach of public trust did not overshadow the integrity of a vastly improved system and the good work of thousands of people who have dedicated themselves to replacing decades of poor practice in CMSD with improved practices that are real and lasting.

The investigators' report, posted along with corresponding attachments on the CMSD website, details in its Executive Summary, and in subsequent chapters, the factors that led to the district's failure to obtain the maximum reimbursement for which it had been approved.

In response to the investigators' report, the Cleveland Board of Education voted unanimously this evening to terminate for cause its multi-year contract with E-Rate Central and to hire another consulting firm to provide E-Rate support to the district in the future. The Board then moved to Executive Session to review its legal options regarding the recovery of funds.

The E-Rate report just released acknowledges the quick action taken by CMSD to commission an independent and thorough investigation by a noted law firm, and the district's full cooperation throughout the course of the investigation by providing unlimited access to thousands of documents and numerous interviewees.

Beyond pledging transparency and full cooperation with the investigation, the District has already revised certain policies and procedures and is in the process of implementing the investigators' recommendations. The report also acknowledges the district's cooperation with a separate inquiry initiated by the State Auditor.

Despite these positive steps and confirmation that there was no evidence of fraud, theft or illegal activity, the results of the investigation are still disappointing, given the work of so many people across the district in the last four years to restore public confidence in CMSD. In keeping with the increased trust we have earned in recent years, the Board and I will examine every available option to hold those responsible for this lost reimbursement accountable for their actions.

We owe this, and more, to the people of Cleveland.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. S. Gordon', with a stylized flourish at the end.

Eric S. Gordon
Chief Executive Officer