

**For immediate release**

**Board of Education**

Denise W. Link  
Board Chair

Louise P. Dempsey, Esq.  
Vice Chair

Anne E. Bingham

Robert M. Heard, Sr.

Willetta A. Milam

Shailetha T. Mitchell

Justin L. Monday, Esq.

Stephanie Morales

Lisa Thomas, Ph.D.

**Ex Officio Members**

Ronald M. Berkman, Ph.D.

Alex Johnson, Ph.D.

***External E-Rate Investigative Report Released:***

**CMSD Board of Education votes to terminate contract with E-Rate Central for failure to help the district obtain reimbursement of more than \$5 million in technology expenditures**

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, which subsidizes the cost of certain technology expenditures by schools, an outside review has found.

Outside lawyers who are experts on E-Rate focused on technology purchased for school construction from 2006 through 2011. While they found no evidence of illegal activity, the investigators' report faults the two former 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 in March 2015 by the Bond Accountability Commission. That report raised key questions, but the Commission acknowledged that it was unable to answer all of them on its own.

In response to the BAC Report, CEO Eric Gordon hired the law firm of Squire Patton Boggs to conduct a thorough, independent review of the district's participation in the E-Rate Program during and after the applicable 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.

The investigators' report details in its Executive Summary, and in subsequent chapters, a series of factors that led to the district's failure to obtain the maximum reimbursement for which it had been approved.

The Conclusion assigns primary blame for the failure to collect some \$5.3 million in certain reimbursements to two former district staff members and to E-Rate Central, and the report contains recommendations designed to avoid such problems in the future. The report suggests that the prospect of obtaining any additional reimbursement from the E-Rate Program at this point is highly unlikely.

-more-

## **CMSD News Release – Page 2**

In response to the investigators' report, which is being released to the public in its entirety, the Cleveland Board of Education voted unanimously Tuesday 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 report acknowledges the quick action taken by CEO Gordon 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. 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, CEO Eric Gordon says that the results of the investigation are still disappointing due to the fact that many people have worked hard to restore public confidence in recent years.

"Given the work of so many people across the district in the last four years to restore public confidence in CMSD, we are determined to do everything in our power to try to recoup as much as possible of the more than \$5 million in reimbursement money for which we had been approved under this federal program. We owe this, and more, to the people of Cleveland."

Denise Link, Chair of the Cleveland Board of Education, said she is pleased the report acknowledged that the district is currently receiving, and has otherwise received, substantial E-Rate Program funding since the program's inception in 1998 and the Board is grateful to the BAC for identifying the problem during the period cited.

Link had advocated last year for increased engagement and oversight by the Bond Accountability Commission as the district begins new construction projects slated for this summer.

###

### **For information, contact:**

Roseann Canfora 216-647-6072