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

For Immediate Release: Monday, January 3, 2022

Contact: Will Fletcher (773) 534-9400 or inspectorgeneral@cpsoig.org

CPS Inspector General Releases Annual Report:

Pandemic-Relief Funding Windfalls; Nearly $200,000 Stolen by Assistant Principal; Improper Recruiting Tactics by Local University; and 12 Severe Sexual Misconduct Cases

Chicago — The Covid-19 pandemic depressed the number of complaints received by the Office of Inspector General for the Chicago Board of Education last school year — but also sparked cases involving pandemic relief programs, the OIG's latest Annual Report indicates.

The OIG's latest Annual Report reveals that several cases closed during the last school year (July 1, 2020, to June 30, 2021) were related to or stemmed from the pandemic, including the unusual financial situations Covid-19 triggered.

That includes an OIG performance review which found that CPS issued $28.5 million in "good-faith" payments to 14 bus vendors during Spring 2020 school closures with no written conditions. This resulted in the layoffs of hundreds of bus drivers and aides — the exact opposite of what CPS intended.

CPS distributed the good-faith payments with no services in return under the assumption vendors would continue to pay workers and stay "mission ready" for the resumption of normal classes and busing. The good-faith payments were based on advice to school districts from the Illinois State Board of Education. However, ISBE also urged districts to work with their bus vendors to ensure that drivers and bus aides were paid during school closures and even suggested districts might amend their busing contracts to guarantee this outcome.

Instead, CPS's payments to the 14 bus vendors carried no written conditions, no controls, no verification system and no consistent, organized messaging about when or how much vendors would be paid and what they should do with that money, the OIG's Performance Analysis Unit found. Amid this uncertainty, 10 of 14 bus vendors laid off more than 600 bus drivers and aides for varying amounts of time, allowing the companies to keep money intended for those workers.

Nine vendors also obtained a total of $13 million in federal Covid-related Paycheck Protection Program loans, which were forgivable if used in part on payroll. Between CPS good-faith payments and PPP, these nine vendors received two different sources of taxpayer funds intended to help cover their payrolls.

And, eight of those nine vendors laid off bus drivers and aides for varying lengths of time, likely entitling those workers to an extra $600 a week in unemployment benefits under another Covid-related enhancement. If those workers received unemployment benefits — as some bus vendors reported — then three different sources of taxpayer funds were issued to help cover bus vendor wages.

Following a September 2020 special OIG interim memo on these issues, CPS conducted a bus vendor payroll audit to determine how much drivers and bus aides may have been shorted, as well as a PPP reconciliation to identify how much of each PPP loan was attributable to each bus vendor's CPS business. This audit eventually led to bus vendor agreements to repay CPS roughly $3 million. In addition, two bus companies issued, in total, about $710,000 in back pay following OIG and CPS payroll inquiries.

Other Covid-impacted cases resulted in findings that:

- 38 CPS charter schools received more than $43 million in forgivable Paycheck Protection Program loans while being paid in full by CPS during the pandemic. Although the charter entities were likely eligible for such loans, it turns out most clearly did not need their PPP proceeds to maintain their operations. Instead, buoyed by PPP, many of the schools saw their cash reserves improve significantly.
- A group of security officers intentionally changed their work schedules and manipulated CPS timekeeping records so their reduced work hours would qualify them for enhanced Covid-19 public benefits.
- A CPS employee organized a secret basketball recruiting event that violated city and CPS Covid-19 restrictions. During this event, a community college basketball recruit collapsed and later died.

Another notable case from the OIG's General Investigations Unit resulted in findings that an assistant principal of a CPS elementary school stole $195,000 in school funds by diverting $175,000 of afterschool program fees to her personal bank account over the course of two years and also issuing more than $20,000 in fraudulent school checks to herself.

In addition, the OIG determined that the school's administration mismanaged an additional $125,000 in school funds that were collected for the afterschool program and never spent.

The assistant principal resigned from CPS during this investigation — just days after the OIG asked to speak with her about this case.

In another case, the OIG found that a high school teacher accepted more than $56,000 in payments from a four-year Chicago university to recruit students. This CPS teacher also paid other CPS employees to promote the university and illegally distributed a roster of senior CPS students, their SAT scores and GPAs to the university.

The OIG found that the university's covert recruiting tactics were particularly alarming given its very poor student outcomes, including extremely low graduation rates coupled with onerous debt obligations.

The CPS teacher resigned following the OIG's investigation and her personnel file has been flagged with a Do Not Hire designation. The OIG also recommended discipline for other CPS employees involved in the teacher's recruitment efforts. Those discipline proceedings are pending.

With respect to the university, the OIG recommended that CPS alert its postsecondary advisors about the university's track record of enrolling and educating CPS graduates and also recommended that CPS take measures to safeguard CPS students against the school's unscrupulous recruitment practices. A new Illinois law bars school guidance counselors from intentionally soliciting or accepting most gifts from colleges. In addition, the OIG recommended that CPS bar all of its employees from engaging in secondary employment involving student recruitment for postsecondary institutions.

The work of the OIG's Sexual Allegations Unit is also discussed at length in the OIG's Annual Report. Since the OIG began these investigations in October 2018, the OIG has substantiated sexual misconduct in 63 cases and substantiated non-sexual policy violations in 175 additional cases.

Last school year the OIG completed 12 SAU investigations that involved particularly severe sexual misconduct. The offenders have been criminally charged in two of those matters.

This year's Annual Report also highlights the legislative and administrative shortcomings that prevent the OIG's findings in these sexual misconduct matters from protecting children outside of CPS. Currently, staff members who are either under investigation for, or have been found to have committed, sexual misconduct with children can exploit loopholes to obtain jobs working with children outside CPS. Legislators and administrators need to ensure that sexual misconduct findings, or notice of pending investigations, are shared with other districts and employers so that children are better protected.

A copy of the Fiscal Year 2021 Annual Report can be found online at cpsoig.org.

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