



**J. Michael Clára**  
Salt Lake City School Board  
District Two

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14 January 2014

DELIVERED VIA UNITED STATES POSTAL SERVICE  
Ms. Dana C. McKay, Resident Agent in Charge  
U.S. Department of Education  
Office of Inspector General (OIG)  
1244 Speer Boulevard, Suite 604A  
Denver, CO 80204-3582

**Re: Fraud/Federal Grant<sup>1</sup>**

Dear Ms. McKay,

I am currently serving as a member of the Salt Lake City Board of Education. I have reason to believe that McKell Withers, Superintendent and Janet Roberts, Business Administrator are fraudulently using federal grant money. More specifically they have fraudulently paid Charles Hausman and Angelina Castagano \$60,000.00<sup>2</sup> from School Improvement Grant (SIG) money<sup>3</sup> disguised as payments for “evaluation and appraisals”<sup>4</sup>. It appears that no evaluations as per the SIG grant application exist and I believe that Mr. Hausman and Ms. Castagano are not entitled to the grant money. Furthermore, Mr. Hausman is a former associate superintendent of the Salt Lake City School District (SLCSD) and is a close friend of the Superintendent Withers and is being paid for work that does not exist.

Additionally, I am calling into to question the method and amount of money that has been paid to instructional staff in the form of “achievement bonuses as incentive pay”.

Based on the limited<sup>5</sup> information that I have been able to view, I believe that the Salt Lake School District is not implementing the Transformation Intervention Model as per the SIG grant requirements.

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<sup>1</sup> The School Improvement Grants (SIG) program is authorized by Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended (Title I), Section 1003(g), which authorizes formula grants to States to assist LEAs with meeting their school improvement responsibilities under Title I, Section 1116. Title I, Section 1003(g)(6) requires States to give priority to LEAs with the lowest-achieving schools that demonstrate the greatest need for the funds and the strongest commitment to using such funds to meet school improvement goals.

<sup>2</sup> SIG Evaluation and Appraisal Contract with Horizonte (undated)

<sup>3</sup> School Improvement Grant –Horizonte High OMB Number:1810-0682

<sup>4</sup> Board of Education Purchase Reports: 01/03/12, 11/20/12, 05/21/13, 01/07/14

<sup>5</sup> Due to the SLCSD & USOE refusal to provide me with requested information

**“Local school boards are the bedrock of our society, yet they are invisible to the public”**

Señor Florez –Deseret News

More specifically, I believe the district has improperly administered funds in the following required areas:

- use rigorous, transparent, and equitable evaluation systems for teachers and principals that take into account data on student growth as a significant factor as well as other factors and are designed and developed with teacher and principal involvement;
- identify and reward school leaders, teachers, and other staff who, in implementing this model, have increased student achievement and high school graduation rates, and remove those who have not done so;

**On January 7, 2014**, the Salt Lake City Board of Education held its regularly scheduled public meeting. The purchase report<sup>6</sup> for the meeting had a line item for \$5,000.00 for Charles Hausman and \$5,000.00 for Angelina Castagano paid out of the Business Administrators Office but not associated with any particular school program. I exchanged emails<sup>7</sup> throughout the day with District Business Administrator, Janet Roberts in an attempt to ascertain what the payments were for.

Business Administrator Roberts stated in the email exchange that the expenditure was for the Horizonte High School SIG grant evaluations.

Roberts sent me an undated copy of the contract between the school district and Hausman/Castagano. I asked Roberts for a copy of the evaluations and she referred me (via email) to Associate Superintendent Patrick Garcia. Garcia did not provide me with the requested evaluations.

On that same day, I had a phone conversation with Garcia because I was questioning the \$10,000.00 expenditure. Additionally, I questioned why the principal at Horizonte High had fired the para-pros right before the winter break<sup>8</sup>. Garcia indicated that he would need to check with the principal.

Garcia called me back and advised me that the principal told him that she had to fire the para-pros in order to pay the teachers their bonus pay. Garcia advised me that the grant called for paying bonuses to the teachers, yet that funding was not in the budget of the grant.

Later that evening, at the public school board meeting,<sup>9</sup> I questioned the absence of the evaluations. Roberts initially, verbally confirmed what she said in her email, namely, that the Horizonte evaluation was available through the office of the associate superintendent Garcia. Later in the meeting she reversed what she initially stated in the email and in the meeting and said that there was no evaluations.

Superintendent Withers maintained throughout the meeting that there was no evaluation and that there would be none until the SIG grant was timetable ran its course, concluding in 2015.

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<sup>6</sup> Board of Education Purchase Report: 01/07/14

<sup>7</sup> Emails between Board Member Clara and Business Administrator Roberts

<sup>8</sup> Back in December of 2013 several of the teachers from Horizonte High School expressed their frustration about the abrupt firing of this group, as they felt that it was contrary to the purposed of the SIG Grant for the students to lose that individualized learning that they were receiving. At the time, the principal informed the teachers that the par-pros were fired because the "grant ran out of money". The teachers wondered how that could be. They also questioned why para-pros at the beginning of the school year, only to fire them three months later. The teachers felt that this action was disruptive to the student's progress.

<sup>9</sup> Board of Education Video: 01/07/14

In that same meeting, the superintendent maintained that the payment (\$60,000.00 to date) for the evaluation process associated with the Horizonte SIG grant was paid for out of the SIG grant funding.

Following the meeting, I went on line to the Utah State Office of Education (USOE) web page and located the Horizonte High School SIG Grant.

The grant calls for an evaluation process that starts with an “appraisal” evaluation and ends with an “appraisal” evaluations. It also calls for an “executive summary of findings” evaluation twice a year.<sup>10</sup> This description corresponds with eight \$10,000.00 payments called for over the life of the three year grant.<sup>11</sup> I also noted in the budget allocation of \$185,211.00 para-prose for each year and \$234,000.00 for each of the three years.

As of this writing, I have been unable to confirm that the budget that is attached to the grant application on the USOE web page is the actual budget that the school is working from, as the SLCSD and USOE have refused to send me the most current budget.

**On January 9, 2014**, I sent an email to Associate Superintendent Garcia, asking him, when could I expect to receive the evaluations and budget associated with the Horizonte SIG grant? He replied that he was out of town and would not return until next Wednesday.

**On January 10, 2014**, I went to the offices of USOE and hand delivered a letter to Dr. Karl Wilson, Director of Special and Federal programs.<sup>12</sup> They informed me that Dr. Wilson was out of town. I gave the staff my letter and pointed out the SLCSD superintendent stated that USOE had copies of the evaluations because of their oversight role for these SIG grants. The letter also requested copies of the evaluations. They informed me that I would need to see Dr. Wilson in order to obtain those evaluations. I pointed out the last paragraph of the letter that stated I would file a complaint with the U.S. Department of Education’s Office of the Inspector General if I did not receive a copy of the evaluations by the close of the business day on Friday.

Within about ten minutes of that conversation, I received a phone call from associate superintendent Garcia who said he was out of town but would send me what he could.

Following that phone conversation, I received a call from Dr. Wilson of USOE who said that he was out of town and would send me the requested information on Monday.

Later that evening, I did receive two documents via email from Garcia. One was a five page document authored by Dr. Hausman<sup>13</sup> and the other was a five page document authored by Castagano<sup>14</sup>.

**On January 13, 2014**, I received an email from Dr. Wilson of USOE responding to my request. He sent me the same two documents that I received from Garcia on Friday night.

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<sup>10</sup> School Improvement Grant –Horizonte High OMB Number:1810-0682 pg. 31-32

<sup>11</sup> SIG Evaluation and Appraisal Contract with Horizonte (undated)

<sup>12</sup> USOE Wilson Letter: 01/10/14

<sup>13</sup> SIG Site Visit/Executive Summary, October 2011

<sup>14</sup> SIG Site Visit/Executive Summary, March 5, 2013

I replied to Dr. Wilson asking for a copy of the initial appraisal evaluation as well as the other executive summary of finding evaluations called for in the grant (twice a year).

I stated the following in my email:

*Sadly, it appears that the field notes for March 2013 are saying things are falling apart.*

*Based on my reading of the Horizonte grant application that is published on the USOE web page there should be a formative (initial) needs assessment evaluation that was created utilizing the USOE Title I System of Support Handbook Tools. **Am I correct to conclude the document does not exist?***

*Furthermore, there should be two executive summaries per year. **Am I correct to conclude that these documents do not exist?***

*Even if we were to count the March field notes as one of the "executive summaries":*

1. ***Where are the two for the 2011 -2012 School year?***
2. ***Where is the other one for the 2012-2013 school year?***
3. ***Where is the one for this school year?***

*The March field notes don't seem to report the findings regarding what the grant application stated i.e. the planning, on going evaluation model etc....<sup>15</sup>*

I did **not** receive a reply from Dr. Wilson, **nor** did he answer my questions about the spending discrepancies of the SIG grant. Accordingly, I believe that USOE has in place internal control deficiencies that has allowed the SLCS D to wastefully administer Federal education funds and programs at Horizonte High School.

I believe that the SLCS D is not meeting its obligation to use funds reasonably and in a manner consistent with stated requirements of the grant. Moreover, I believe that the administration of SLCS D is robbing our children of their futures by diverting SIG grants funds away from their intended purposes and away from their intended recipients which in turn will not allow the implementation of the grant to achieve its intended results. I assert, by not fully implementing the stated intervention model (which hinges on regularly scheduled evaluations) in Horizonte High, SLCS D has not demonstrate the strongest commitment to raising student achievement.

On behalf of the students in my district, I respectfully ask that your office promptly review the allegations that I have set forth in this letter and compel the SLCS D and USOE to take corrective action.

Shalom,



J. Michael Clára  
Board Member, District 2



<sup>15</sup> Clara email to Wilson 01/13/14

