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Auditor Yost and Inspector General Meyer:

On three separate occasions in 2014, the Office of University Compliance and Integrity at The Ohio State University received anonymous complaints from employees. Two said they faced significant retaliation after accusing a politically potent state vendor, IQ Innovations, of failing to deliver on a \$1.2 million dollar state contract. The third reported retaliation after cooperating with an investigation into the initial two complaints. Each said the retaliation came from a top-ranking employee of the Ohio Board of Regents – who used to work for IQ.

IQ Innovations is owned by William Lager, one of the largest political donors in Ohio. Lager also is the founder of the Electronic Classroom of Tomorrow, (ECOT) a Columbus-based online charter school company that consistently ranks among Ohio's worst-performing charter schools.

OSU's Office of University Compliance and Integrity conducted a limited investigation of the three employees' complaints. In its May 9, 2014, [report](#) on the investigation, the office conceded that "the vendor's level of performance under a contract is a level of concern ... " but said the investigation was limited to "whether the concerns raised are protected under OSU Whistleblower Policy 1.40 and whether the allegations implicate the policy's retaliation protections."

OSU reached this conclusion:

Three OSU employees conveyed credible information that they faced significant retaliation after questioning the performance of IQ. Yet we cannot draw conclusions about their allegations without investigating Board of Regents employees, which is beyond the scope of our mandate.

ProgressOhio and Opportunity Ohio have been unable to determine whether Ohio State referred its findings to any agency with authority to investigate the Regents. Since both the Auditor of State and Office of Inspector General have jurisdiction over the vendor's performance, possible misspent state money and allegations of retaliation, we respectfully request that you conduct such an investigation.

The Auditor of State is responsible for verifying that public funds are spent appropriately and lawfully.

The Office of the Ohio Inspector General is authorized to examine alleged wrongful acts or omissions committed by the executive branch of state government. The IG's jurisdiction includes the Governor, the Governor's cabinet and staff, state agencies, departments, boards and commissions and state universities.

PERTINENT BACKGROUND

Ohio law requires the Chancellor of the Ohio Board of Regents to establish and maintain a Distance Learning Clearinghouse through which K-12 schools, colleges and universities and other course providers can offer online courses for a fee set in statute. While the Clearinghouse is located at Ohio State, the Chancellor is charged with adopting technical specifications for the common statewide platform used to deliver the digital texts and courses.

When former Ohio Auditor and Attorney General Jim Petro served as Chancellor, he [directed Ohio State to negotiate a contract with IQ](#) “for the development and deployment of the common statewide platform...” The Ohio Resource Center, which is housed at OSU’s College of Education and Human Ecology, serves as the host and operator of the statewide platform, now called iLearn Ohio.

In a January 4, 2013, letter, OSU authorized the transfer of \$1,207,441 for the project.

According to the investigatory report from OSU, ECOT buys its “online-learning platform from IQ,” and “IQ shares its Chief Information Officer with the Electronic Classroom for Tomorrow (ECOT) and Altair Learning Management,” another Lager-owned firm. The report also states that John Conley, Assistant Deputy Chancellor of Educational Technology at the Ohio Board of Regents is a former employee of IQ. Conley is among the Regents’ employees identified as retaliating against workers who questioned IQ’s performance.

The complex structure of the distance learning system was put into place in 2011 when Gov. John Kasich and the legislature added language to House Bill 153, the biennial budget, to require Ohio State and the Ohio Board of Regents to implement the “distance learning clearinghouse.” According to the bill, the clearinghouse would allow Ohio schools and “for-profit course providers” to “offer on-line or other distance learning courses” to Ohio students.

The bill also created the Ohio Digital Learning Task Force which was charged with developing “a strategy for the expansion of digital learning.” According to the blog, Plunderbund, among Gov. Kasich’s appointees to the task force were Susan Stagner, the VP of State Relations for the online charter school Connections Academy and Scott Kern, Chief Financial Officer at ECOT at the time. Kern is now the CEO of Altair, another Lager-owned company.

Please determine whether public funds were spent appropriately and whether state workers who attempted to ensure that the vender met its contractual obligations were subjected to retaliation or any undue influence.

Sincerely,

Matt Mayer
Opportunity Ohio CEO

Sandy Theis
ProgressOhio Executive Director