



OAKLAND UNIFIED
SCHOOL DISTRICT

*Community Schools,
Thriving Students*

Oakland Unified School District

Final Action - Notice of Intent to Revoke American Indian Model Charter Schools

OUSD Board of Education

March 20, 2013 Special Board Meeting v3

Presented by:

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OVERVIEW

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PART II:	Timeline of Events
PART III:	Board Duties and Obligations as Charter Authorizer
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PART I:

OUSD Priorities and Objectives



Commitments

OUSD is committed to the following:

- Provide the highest level of academic support and services to all students, including students of AIMS charter schools
- Fulfill its obligations as a charter authorizer to ensure that charter schools meet their legal and moral obligations as set forth in their charter and under the law, as well as safeguard the proper use of public funds.

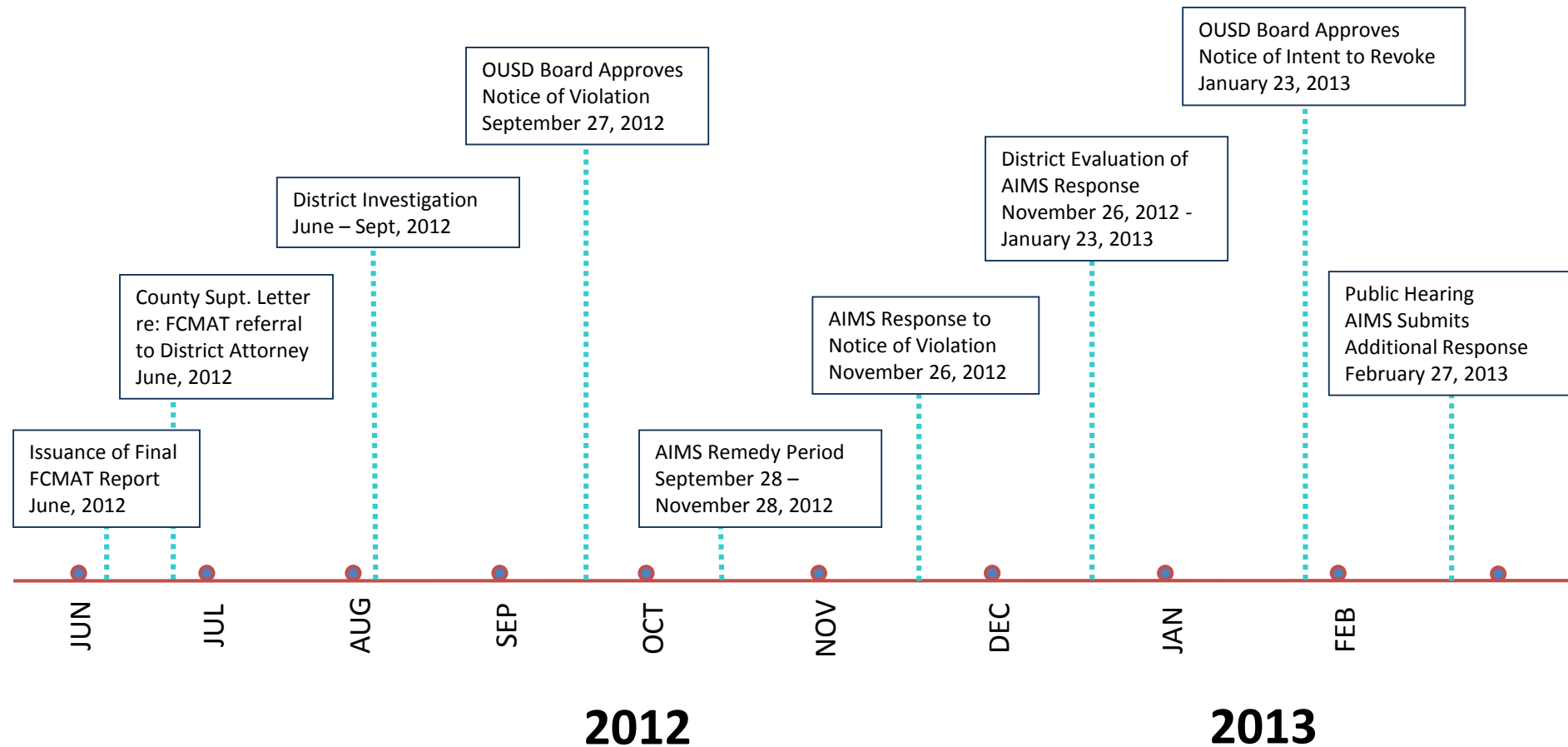


PART II:

Timeline of Events



Timeline Through Notice of Intent to Revoke: January 23, 2013



NEXT STEPS

- March 20, 2013** **Board of Education Decision**
If the Board revokes the charter:
- March/April, 2013** **Alameda County Board of Education Appeal**
If the County supports revocation of charter:
- May/June, 2013** **State Board of Education Appeal**
- June 30, 2013** **Date Revocation Would Take Effect If Upheld**



Key Actions That Have Occurred To Date:

- **Alameda County Superintendent** requested FCMAT Investigation of AIMS
- **FCMAT Investigation Report** found conflict of interest violations resulting in founder and spouse personally profiting from \$3.8 million in public education funding, inadequate governance, and inadequate fiscal oversight
- **County Superintendent** referred the FCMAT report to the District Attorney
- **California Department of Education** terminated ASES funding to AIMS due to misappropriation of funds
- **California Finance Authority** found AIMS in default of Facilities Grant Agreements



PART III:

Board Duties and Obligations as Charter Authorizer



Board's Duty as Charter School Authorizer

- School boards are entrusted with the duty to ensure that the charter schools they authorize:
 - follow the promises made in their charters and the law
 - meet generally accepted accounting principles and use public education funding with integrity
- The legislative intent of Charter Law is that action be taken by the authorizer when grounds for revocation are not remedied.



GROUNDS FOR REVOCATION *Highlight represents AIMS violations*

A) Committed a material violation of any conditions, standards, or procedures set forth in the charter

B) Failed to meet or pursue any of the pupil outcomes set forth in the charter

C) Failed to meet generally accepted accounting principals or engaged in fiscal mismanagement

D) Violated any provision of law



Educational Program Performance

Education Code §47607(c)(2) (eff. 1/1/13)

“The authority that granted the charter shall consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to revoke a charter.”

AIPCS: 974 API 2012

AIPCS II: 981 API 2012

AIPHS: 928 API 2012

- Board is not prohibited from revoking a charter with high academic achievement, but must consider academic performance.
- Balance between AIMS’ academic track record and violations of law and fiscal mismanagement must be taken into account.

Superintendent and staff remain committed to supporting access to high quality school program opportunities.

- ***NOTE: Four public outreach events were sponsored by OUSD in February, 2013 - as well as an extended enrollment window deadline - to support AIMS families in considering alternative charter school and district school options.***



PART IV:

Allegations of Violations against AIMS



Response Summary

VIOLATIONS

- Conflict of Interest Violations: Contracts with Founder and/or Spouse
 - Founder and/or spouse had ownership interest in companies contracting with AIMS (including ADS, Lumbee, SAIL, AAFS*)
 - Construction Contracts
 - Lease for AIMS school sites
 - After School Program
 - Administrative Services
 - Founder and spouse personally profited from those contracts
 - Approximately \$3.8 million in public education funding

** ADS: American Delivery Systems; Lumbee: Lumbee Properties, LLC;
SAIL: Stanford Academic Institute of Learning; AAFS: A&A Business Solutions*



OUSD Review of AIMS Response

- The AIMS board allowed the founder to personally profit by violating conflict of interest laws
- AIMS' response provides no legal or factual justification for these transactions
- AIMS' response does not unconditionally acknowledge wrongdoing, but attempts to justify it
- AIMS' response provides insufficient evidence that the governance or financial oversight has meaningfully improved



PART V:

Areas of Remedy



District's Review of AIMS' Proposed Remedies

The Notice of Violation Identified 5 Areas of Remedy

Management of the AIMS organization to ensure compliance with applicable legal requirements, including enrollment and teacher credentials	NOT REMEDIED
Changes to structure and operation of AIMS governing board to ensure greater fiscal and operational control	NOT REMEDIED
Identification of responsible agent for AIMS fiscal operations	NOT REMEDIED
Institution of conflict of interest enforcement procedures	NOT REMEDIED
Appropriate separation of founder and spouse from all aspects of AIMS operations	NOT REMEDIED



District's Review of AIM's Proposed Remedies

- No new or significantly revised conflict of interest policies, procedures or safeguards
- No new or significantly revised fiscal policies that are responsive to past misconduct
- No significant institutional or organizational changes, or change in fiscal agent
- No introduction of alternative charter management organization
- No significant overhaul in Board procedures or continuing board education/training
- Status of school and governing body relationship with Founder not satisfactorily addressed



PART VI:

Superintendent's Recommendation



Superintendent's Recommendation

The District has clearly identified 5 areas requiring remedy

- Change in management structure
- Change in governing board structure and procedures
- Identification of responsible fiscal agent
- New conflict of interest policies and procedures
- Appropriate separation of founder from operations



Superintendent's Recommendation

- AIMS has not instituted the necessary level of reform
- AIMS' response to the revocation proceedings has demonstrated continued institutional issues
 - Inconsistent statements
 - Representations not supported by AIMS own record
 - Veracity of submitted documentation suspicious



Superintendent's Recommendation

Revocation of the charters of the AIMS Schools effective June 30, 2013 due to failure to adequately remedy the following:

- **material violations of conditions, standards, and/or procedures set forth in the charter**
- **failure to meet generally accepted accounting principals and engagement in fiscal mismanagement**
- **violations of law**

