



LIVERMORE  
SCHOOL DISTRICT

## Livermore Valley Joint Unified School District

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July 19, 2017

**Dr. Kelly Bowers, Superintendent, Livermore Valley Joint Unified School District  
Before the Assembly Education Committee, July 19, 2017**

### **History of Tri-Valley Learning Corporation (TVLC) Charter Schools in Livermore**

- Livermore Valley Charter School (LVCS) came into being after the closure of two open-boundary magnet District schools due to budget constraints in the early 2000's.
  - Upon being denied by the District and Alameda County Board of Education, the SBE granted the petition to form LVCS in 2005.
  - The formation of Livermore Valley Charter Preparatory (LVCP) high school followed when the State Board of Education (SBE) granted its charter for a term starting in July, 2010.
- The District became the authorizer of the TVLC charters in the hopes of healing the divisiveness that occurred within the community when the charter schools were initially formed; having a more defined, collaborative relationship; and to be more responsive to local charter families and student needs, as many families were cross-constituents and we had the advantage of proximity, while the California Department of Education (CDE) conducted oversight remotely.
- The District Board of Education's Cover Sheet for the November 12, 2012 meeting in which it agreed to become the authorizer of LVCS stated as follows:

*"The closure of two District schools in 2004, and subsequent formation of LVCS as an SBE-authorized charter school, was a divisive event for the Livermore community. The first step in the process towards reunifying the community would be for the District to enter a formal authorizer relationship with LVCS. While oversight of LVCS will require hard work by both parties, local authorization of the charter school would be the first step towards the long-term goal of bringing the TVLC charter schools and the District back together as a unified community. The District is committed to carrying out*

*its charter authorizer obligations in a fair manner that protects and promotes the interests of all students.”*

- On October 31, 2014, the District granted the renewal petition and became the authorizer of LVCP, the high school, completing the re-assimilation of the two charter schools into the District community.
- There were bright spots of collaboration, as when the District joined forces with the charter schools and worked together to promote and then voluntarily share the successful renewal of the local Parcel Tax to benefit all Livermore public school students, charter and District.
- Despite best efforts and intentions, over time, as issues continued to surface, relationships with TVLC management and Board deteriorated, while relationships were forged and trust was built with growingly concerned charter families.

### **How the District Views its Roles and Responsibilities with Respect to Charter Oversight**

- The Livermore District’s oversight duties are guided by the following commitments in keeping with our core values:
  - Ensure that the educational needs of all students enrolled in the charter school are being met.
  - Ensure that the well-being and social-emotional needs of all students of the charter school are being met.
  - Ensure that the charter school respects the legal rights of all of its employees.
  - Ensure that the charter school’s governing board operates with full transparency and accountability, and adheres to all legal requirements and sound governing principles.
  - Ensure that the charter school handles public education funding with integrity and responsibility, in compliance with the law.

### **Primary Areas of Concern Relative to TVLC**

- During the 2015-2016 and 2016-2017 school years, the District issued twenty- two (22) Notices of Concern or Notices of Violation to TVLC related to LVCS/LVCP. (See, attached list)

- The damage caused by TVLC's violations affected all of its constituents. TVLC's actions harmed students, parents, employees, and resulted in the misappropriation of public education funding.
- Executive Summary of Most Egregious Violations:
  - Operation of an unlawful foreign exchange program enrolling students from China and charging tuition.
  - Involuntarily transporting two minor female Chinese foreign exchange students to Stockton to transfer them to another school. Bullying, intimidating and demeaning several minor foreign exchange students by the Principal and two other TVLC employees, to coerce them into signing documents without representation under threat of deportation.
  - Failing to report child abuse resulting in LVCP Principal being charged by the Alameda County District Attorney's Office, when a TVLC employee placed a chokehold on a minor foreign exchange student as a means of forcing submission.
  - Incurring nearly \$60 million dollars in public facilities bond funding even though the charter schools were obtaining facilities from the District at a below-market rate, per Prop 39 agreements.
  - Setting up shell corporations through which to funnel public education funds for the establishment and operation of private schools, out of public view.
  - Failing to make payroll, causing problems for teachers with their STRS contributions and reporting.
  - Failing to pay its debts to vendors and employees.
  - Failing to submit its audit report for two consecutive fiscal years.
  - Filing for bankruptcy, initially Chapter 11 re-organization and subsequently Chapter 7, liquidation.
  - Losing WASC accreditation for its high school, LVCP, which harmed the college admissions prospects of its students.
  - Allowing its Principal to change student grades without teacher consent, just to artificially boost the charter school's graduation rates.

- These are just the most extreme examples – the 22 Notices of Concern/Violation detail additional acts of misconduct.

### **TVLC's Web of Deceit**

- As TVLC's web of deceit grew, so did the list of agencies investigating its practices.
- Following is a partial list of agencies who were either monitoring, investigating or receiving complaints about TVLC's practices:
  - Livermore Valley Joint Unified School District
  - Alameda County Office of Education
  - California Department of Education
  - State Superintendent of Public Instruction
  - California Commission on Teacher Credentialing
  - City of Livermore
  - Livermore Police Department
  - Child Protective Services
  - Alameda County District Attorney's Office
  - Western Association of Schools and Colleges (WASC)
  - Fiscal Crisis Management Assistance Team (FCMAT)
  - Office of Congressman Eric Swalwell
  - Office of Assemblymember Catherine Baker
  - Office of Senator Steve Glazer
  - Consulate General of the People's Republic of China in San Francisco
  - United States Immigration and Customs Enforcement (TVLC Foreign Exchange Program)
  - Asian Americans Advancing Justice
  - Federal Bureau of Investigation

### **Barriers to Oversight:**

- The most significant barrier to oversight was TVLC's mentality that it was not accountable to anyone, as borne out in one sentence in its October 12, 2015 response to the District's Notice of Concern regarding TVLC debts: "Any legal,

contractual or any other issue with third parties ... should be of no concern to LVJUSD.”

- The authorizer has oversight over the individual schools and their budgets, etc., but not that of the management corporation. The Corporation does not answer to any entity except for its self-appointed board of directors.
- TVLC used corporate shells to transfer public education funding and hide the use of public education funds from the safeguards and accountability measures used to protect taxpayer funds.
- TVLC’s board members were privately selected, and not elected by the public, which further shielded their decisions from public accountability.
- The Charter law only allows authorizers to use the revocation process to address charter school misconduct. However, revocation is a lengthy process which does not allow for immediate redress, it directly impacts the students and often leads to appeals and lawsuits.
- Authorizers do not have the power to prohibit unlawful practices or compel the charter school to act lawfully. This allows a charter school like TVLC to thumb its nose at authorizers and claim that the charter school’s financial and other practices are outside of the District’s jurisdiction, or just none of its business. Authorizers do not have jurisdiction with California Commission on Teaching Credentialing to report charter educator or administrator misconduct even if documented with affidavits.

### **What the District Did in Response to students leaving LVCS and LVCP**

- LVJUSD’s guiding principle throughout was to serve the best interests of students, regardless of the educational setting.
- Throughout the first half of the 2016-2017 school year, LVCS lost approximately 1,000 students, with its enrollment falling from 1,300 to 300. LVCP lost hundreds of students as well.
- The District had the capacity to open midyear a Satellite school as an extension of Rancho Los Positas Elementary School for K-5 students, and absorbed LVCP students at its two comprehensive high schools, Granada High School and Livermore High School, and alternative Independent Study School, Vineyard, with students and parents soon thriving in their new school communities.

- TVLC announced in a Federal Bankruptcy Court hearing on June 5, 2017 that it had run out of operating funds and would tell its teachers and students not to return the next day, without completing the academic year. LVJUSD attorney John Yeh advised the Court that the District was willing to take steps to protect the students, parents and employees.
- The District voluntarily covered the final payroll period for LVCS and LVCP teachers and support staff to allow continued operation of the schools, to compensate teachers for administering final examinations and grading, and to ensure the students experienced their last day of school with closure, pomp and circumstance.
- The LVJUSD Board voted to revoke the LVCS and LVCP charters on June 27, 2017.
- The following week, TVLC converted from Chapter 11 to Chapter 7 bankruptcy, beginning the process of liquidating its assets.
- The District held a conference call with superintendents of all school districts receiving LVCP students to help them navigate college credit issues and learn about options to meet UC a-g eligibility requirements, that were jeopardized due to LVCP's loss of accreditation.
- On June 13, 2017, after a process that involved the recommendation of students, teachers and parents, the Livermore Board accepted the recommendation to rename the satellite school Lawrence Elementary School, in recognition of the influence of the Lawrence Livermore Laboratory, a cherished and respected institution located in Livermore.

## **SUMMARY OF NOTICES OF CONCERN/NOTICES OF VIOLATION**

During the 2015-2016 and 2016-2017 school years, the District has issued the following notices to Tri-Valley Learning Corporation with respect to the operation of LVCP and/or LVCS:

- October 6, 2015 Notice of Concern
  - LVCP Foreign Exchange Program
  - Debt owed to Las Positas College
- February 3, 2016 Notice of Violation
  - LVCP Foreign Exchange Program
  - Debt owed to Las Positas College
  - Untimely TVLC Audit
  - LVCS Demographic profile
- March 18, 2016 Notice of Concern
  - Involuntary transfer of LVCP foreign exchange students to Stockton
- March 23, 2016 letter
  - Concerns about TVLC Audit
- April 19, 2016 letter
  - Credentialing issues for LVCP teacher
- May 27, 2016 cease and desist letter
  - Use of LVCP name for schools in China
- June 30, 2016 letter
  - Requesting information re Western Association of Schools and Colleges (“WASC”) withholding of LVCP accreditation
- July 13, 2016 Notice of Concern
  - \$400,000 delinquency in reports and payments to California State Teachers Retirement System (CalSTRS)
- July 13, 2016 Notice of Concern
  - Uniform Complaints filed by Matthew Weingart and Kathleen Kozioziemski
- July 20, 2016 Notice of Concern
  - WASC withholding of LVCP accreditation
- July 22, 2016 Notice of Concern
  - Unpaid debts to Las Positas College (insufficient funds), 403b vendors, employee vendors, California State Controller audit rejection, and delinquent City of Livermore assessments
- July 28, 2016 Notice of Concern
  - \$400,000 delinquency in reports and payments to California State Teachers Retirement System (CalSTRS)
- July 28, 2016 Letter re Technical Review of TVLC Budget
- August 19, 2016 Notice of Concern
  - LVCS hiring of principal and homeless shed at LVCP
- August 24, 2016 Notice of Violation

- Foreign exchange program
- Involuntary transfer of students to Stockton
- Using LVCP name to market schools in China
- Failure to make CalSTRS payments
- Failure to remit payments to vendors
- Irregularities in the budgeting process
- Delinquent audit report
- Withholding of WASC accreditation
- Lack of transparency and integrity
- September 15, 2016 Letter
  - PG&E 7-day shutoff notice
- January 12, 2017 Technical Review of TVLC budgets
- January 13, 2017 Notice of Concern
  - Due process complaint against LVCP
- January 13, 2017 Notice of Concern
  - LVCS and LVCP early renewal petitions
- February 10, 2017 Notice of Concern
  - Failure to issue W-2 forms
- February 21, 2017 Notice of Violation
  - Loss of WASC Accreditation; Illegal grade changes
- March 21, 2017 Notice of Violation
  - Failure to submit audit report
- June 14, 2017 Notice of Intent to Revoke
- June 28, 2017 Revocation of LVCS and LVCP Charters