

From: [REDACTED]
Sent: Monday, July 30, 2012 10:45 AM
To: Stephanie Smith
Subject: carney letter

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Ms. Stephanie Smith
California Department of Education
1430 N Street
Sacramento, CA 95814

July 26, 2012

Re: Carney Educational Services and ¡Arriba! Education

Dear Ms. Smith:

Carney Educational Services and Arriba Education have been providing tutoring services, both private and group, since 1994. In these past 18 years, Carney Educational Services has had an outstanding reputation for tutoring excellence. While our company saw years of avid success, it is no secret that we have encountered considerable struggles this past year. There have been multiple unfortunate events that occurred, each with repercussions that were more far-reaching than anticipated, hindering our ability to provide our usual, high quality of services.

The first of which, the employee charged with writing our renewal application deliberately added additional pages, pushing the application over the requisite number allowed. We managed an appeal, but by the time the process took effect, we had missed many crucial provider meetings with important districts, including Los Angeles Unified School District, one of our largest clients.

It was later found that this same employee had started his own company and left with many coworkers within that department. We lost many crucial employees and a complete department; at the same time, it became known to us that these employees were attending provider meetings and fairs to establish their own company, not Carney Educational Services as presumed. We are currently pursuing legal action against this employee.

At the same time, it was found that our Director of Human Resources was deceptive, ill-equipped and her performance was severely lacking. Not only was she discovered to have not maintained adequate employee records, but it was also found that she was embezzling money and forging documents that pertained to local and federal tax authorities. This severely

hampered our relationship with one of our financial institutions, and we saw much of our cash flow freeze up at a crucial juncture – the beginning of the school year.

While those were damaging, what became one of the most damaging events of these trials was the lack of support shown by some of our administrative staff. At a time when we needed to consolidate and work seamlessly, the stress of the situation led many to become apathetic at best, and non-communicative and combative at worst. This damaged our reputation and heightened much of the districts' and tutors' frustration with our company; much of the administrative staff simply refused to answer phone calls or emails before they were finally laid off.

With this turmoil, it became clear that many changes needed to be made within the upper echelon of the company. As such, we have done many crucial things to bolster our company, and set Carney Educational Services and Arriba Education on the right path.

Currently, we have down-sized our administrative staff, keeping those staff members who have proven to be honest and to possess strong work ethics. With this smaller staff, we have seen a turn-around in relations with districts; a greater attentiveness can be given to the districts with which to resolve issues and concerns. We have also seen a greater working relationship with our employees, the tutors; with greater communication, tutors feel more connected and more informed, and thus, more inclined to cooperate and help.

As well, we are in the process of revamping the financial aspects of our company. We are monitoring our cash flow continually to ensure any acts like embezzlement do not happen again. We are accounting for all monies, whether payroll, utilities, insurances, or any other cost, and making cuts where available and where necessary. This, combined with the smaller administrative staff, has led to greater accountability; departments are not as segregated, and communication is much more free-flowing between the heads.

We have been invited to renew with nearly all of the districts that we previously contracted with. We have attended all mandatory provider meetings that have occurred and those districts have appeared to be very happy to see us return, and to be back on track.

We know that the three districts provided you with reasons for termination. All of these reasons have been remedied, and going forward, will not be repeated. Out of the 39 students assigned in AV High School, ten students completed less than 50% of their hours; the remaining were close to, or completed. The district never sent us a letter of termination and continues to owe us over \$17,000.00. Lancaster School District had 27 students assigned; ten completed all of their hours, ten completed most of their hours, three were returned to the district and three we were unable to contact. Those students that completed averaged a 20% increase in their test scores. This district continues to owe us \$6,000.00. Elk Grove is a small, remote district from where we are located, and unfortunately we lost our tutors in that area. Out of thirty students assigned, we only had a 40% completion rate. However, all students were returned to the district for reassignment. The district charged us \$1,000.00 for this process.

Every student is important beyond measure. However, all of the effected students were either serviced or returned to their districts.

We have remediated our very formidable challenges in an honorable way. We have a clear path to the school year ahead and look forward to servicing the children outside these districts in the coming year.

Terminating us would amount to the death penalty for our company; the human cost would be enormous. We are amenable to monitoring in any way you see fit. After nearly 2 decades of tutoring our students, and the remedies that we have put in place, we strongly believe this is a case where flexibility is in order. We are worth it.

Sincerely,

Michael Carney
Managing partner

Michael Carney
Owner/CEO
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Arriba Education
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Carney Corral

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