PRESENTATION OVERVIEW

▪ Background

▪ **Video:** The Mission

▪ **Audio:** The Controversy

▪ The Law

▪ Ethical Failures

▪ Takeways

▪ Discussion
Background: Families for Excellent Schools

- Families for Excellent Schools is a traditional 501(c)3
- However, it works in partnership with Families for Excellent School - Advocacy 501(c)4 a Social Welfare Organization
- The organization donated $15 million in favor of Massachusetts ballot initiative Question 2
- Question 2 promoted the expansion of charter schools in Massachusetts
Video: Families for Excellent Schools
The Controversy: Radio

http://www.wnyc.org/story/behind-pro-charter-school-group-fighting-de-blasio/
The Law

The sub-vendor reporting requirement also applies to individuals, groups and entities other than ballot question committees that make expenditures to support or oppose ballot questions. For example, a group pays $50,000 to a political consultant to support a ballot

- Office of Campaign and Political Finance Commonwealth of Massachusetts

- Used 501(c)4 to take anonymous donations, donated them to support ballot initiative while concealing donors
- Massachusetts requires disclosures of all donors supporting a ballot initiative organization
Ethical Failures

Chief Executive Officer, Jeremiah Kittredge

- Solicits and funnels money from large donors through 501(c)3 and 501(c)4
- Failed to disclose donors to the state’s Office of Campaign and Political Finance
- Organization fined a record $475,000 penalty

Paul Sagan, Chairman of Massachusetts Board of Education

- Donated $500,000 to Families for Excellent Schools
- Potential conflict of interest
- Calls to be ousted from position
Takeaways

Public Relations Crisis

- “Dark money” and 501(c)4’s
- Chairman of Board of Education’s potential conflict of interest

Legal Ramifications

- Just because it’s legal, does not make it ethical
- $475,000 penalty

Casting a Shadow
Discussion Questions

From a personal/leadership perspective:
- Which key players from Families for Excellent Schools should have intervened, and at what point in the development?
- What conflicts of interest, if any, can be observed in this case in regard to stakeholders and donors?

From an organizational (nonprofit) perspective:
- In the examples presented in the case, did FES/FESA hold true to the organization’s stated values (*collaboration*, *results*, *grit*, and *respect*)? Could these values have contributed to unintended negative outcomes?
- Does funding elaborate rallies to promote charter schools positively or negatively impact the image/brand of the organization?
Discussion Questions (continued)

From a systemic (sectors) perspective:
- What potential problems do the actions of Families for Excellent Schools pose for organizations with similar education-based missions in the sector?

From an ethical perspective (theory):
- From a Utilitarian perspective, does the mission of FES/FESA promote the greatest good for the most people? Why or why not?
Resources

- http://www.familiesforexcellentschools.org/about
- https://www.guidestar.org/profile/45-5565952
- https://www.guidestar.org/profile/45-2870970
- https://www.law.cornell.edu/uscode/text/26/501
- http://www.ocpf.us/Reports/DisplayReportmenuHidden=true&id=624589
- https://www.huffingtonpost.com/alan-singer/how-success-academy-chart_b_12308004.htm
- http://www.wnyc.org/story/behind-pro-charter-school-group-fighting-de-blasio/