

SECTION 1:

Transforming Public Education



There's a revolution underway

in America: A growing force of education entrepreneurs, unwilling to stand by while generations of low-income and minority children miss out on a chance to attend a great public school, and determined to take action.

Like others in this struggle, these entrepreneurs know that our public schools are failing many of our children, especially those low-income and minority students for whom a strong school can be a foothold on the future. The system in which we educate students was designed for another era, one in which most young people would not need a high school diploma and few would attend college. But in today's economy, all students need – and deserve – the opportunity to receive a strong education that includes college. Yet fewer than half of fourth-graders are reading and doing math at grade level, with few catching up beyond that point.



The situation is particularly dire in our cities, where poverty is most concentrated. In Los Angeles – the country's second-largest school district, with more than a half million students – it takes 10 ninth-graders to yield a single college student. Of every 100 students who enter high school there, 59 drop out without a diploma; of the 41 who do graduate, just 19 have the skills necessary to attend college in the state, and a mere 9 will attend two- or four-year universities.



Over the last decade, education entrepreneurs have taken action to right this wrong by creating dozens of new organizations explicitly focused on changing the opportunity equation for low-income students. At the hub of this work is NewSchools Venture Fund. NewSchools itself emerged from outrage over the failures of education in low-income communities. In 1997, venture capitalists John Doerr and Brook Byers of the Silicon Valley

firm Kleiner Perkins Caufield & Byers visited a number of public schools while considering an investment in an educational technology company. Soon after, at a conference of technology and business leaders, they listened as then-Vice President Al Gore implored the audience, “If you Silicon Valley types are so smart, why can’t you do something to create new schools?” Frustration from the school visits turned to action as Doerr and Byers set out to meet Gore’s challenge. They drew on an approach they had seen create so many advances in technology: empowering bright, driven entrepreneurs to come up with new approaches to solving old problems.

Doerr and Byers turned to Kim Smith – an entrepreneur in her own right who had founded several startup organizations – to figure out whether this approach could work in public education. Together with Doerr and Byers, and aided by a handful of advisors, Smith created NewSchools. This new nonprofit venture philanthropy firm would identify promising education entrepreneurs, provide them with early-stage funding to get up and running, and guide them as they built strong organizations. Just as important, NewSchools would forge connections between these entrepreneurs – enabling them to rely on one another for support – and ensure

DEVELOPING GREAT SYSTEMS OF SCHOOLS

Even in the places where schools struggle most, there are oases of success to be found. It’s multiplying that success that has proved to be one of education’s most vexing – and crucial – challenges.

“Hollywood has shown us great inner-city classrooms led by heroic teachers, and entire books have been written about individual ‘beat-the-odds’ schools,” says Paul Hill, co-director of the Center on Reinventing Public Education. “But it’s nearly impossible to find a high-performing public school system that delivers a great education to a large number of low-income students.”

This was a challenge that longtime educator Don Shalvey knew all too well. As a teacher, administrator and superintendent in California, Shalvey saw the immense difficulty of organizing these large systems in a way that would enable them to serve all students well. So in 1993, when California passed a charter school law, Shalvey leapt at the opportunity to open a charter school – the first in the state, and one of the first in the country – as a path toward innovation in his district.

Yet Shalvey’s aims went well beyond a single charter school. Shalvey believed he could do far more good if he started an entire system of charter schools – which would demonstrate

what an effective school system could look like when it’s built from the ground up rather than the top down. With support from NewSchools, he traded his superintendent’s seat for the risk of entrepreneurship and created Aspire Public Schools – America’s first charter management organization, or CMO.

Today, Aspire operates 21 public charter schools serving 6300 students in grades K-12 across the state of California – making it larger than three-quarters of the state’s traditional school districts. In a feat that most districts can only hope for, Aspire’s schools are consistently excellent: each of its schools is not only outperforming its host district, but is also improving annually on the state academic measures, with all approaching or having reached the state’s academic achievement targets. The word is spreading: Aspire receives five applications for every “seat” it has available, and has been growing rapidly to meet community demand.

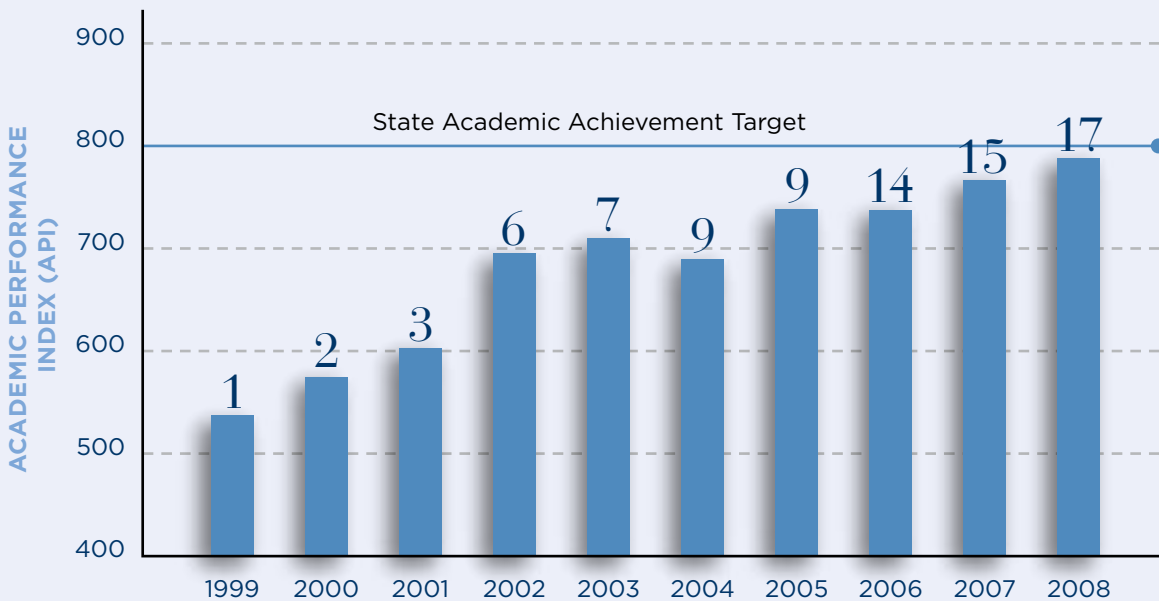
NewSchools, meanwhile, has fueled the growth of the CMO idea, seeking out and supporting entrepreneurs to create nearly 20 CMOs in key cities across the country. This group of organizations is demonstrating that public school systems can in fact reliably achieve excellent results for low-income students across many schools.

that their efforts informed and inspired the school improvement work taking place in districts, states, research firms, think tanks, and foundations across the country. In this way, Smith believed that entrepreneurs could not only create high-impact organizations that make a difference for children, but also foster real change throughout the public education system in a way that benefits all children.

In the 10 years since, NewSchools' support has encouraged dozens of courageous education entrepreneurs to take this challenge on. Some of America's most strategic and visionary philanthro-

pies - the Bill and Melinda Gates Foundation, the Broad Foundation, the Walton Family Foundation, and others have made this work possible through their generous support. Bold innovators, fed up with waiting for small changes to turn into big ones, have ventured out on their own to create brand-new, independent organizations, in order to reach more students more quickly, rather than waiting for bureaucratic systems to change. These new organizations are providing an increasing number of low-income students with the excellent education they deserve, with everything that implies: a real chance for success in college, career and beyond.

Aspire Public Schools: Building Schools, Growing Achievement



■ Aspire average score on California's Academic Performance Index (API)

Number of schools

The Academic Performance Index (API) is the cornerstone of California's Public Schools Accountability Act of 1999; it measures the academic performance and growth of schools on a variety of academic measures.



Some, like longtime educator Don Shalvey, have sought to create entirely new systems of public charter schools. A onetime district superintendent, Shalvey helped open the state's first charter school, arguing that charter schools were "a way of demonstrating that public schools can be responsive, can grow, can change." Charter schools, he said, could be nimble and responsive to the needs of students and communities, "like coming to work in a flotilla of kayaks, rather than sailing in on an ocean liner." With early support from NewSchools, Shalvey left his district job to create a network of charter schools that now span California, and a supporting organization to manage them. That organization, Aspire Public Schools, became the first nonprofit charter management organization in the country. Today, it is demonstrating that low-income students can achieve at high levels - not just in one magical school with the right combination of talent and

**Of every 100 students
who enter high school
in Los Angeles,
9 will attend college.**

PROVIDING PUBLIC CHARTER SCHOOLS WITH AFFORDABLE BUILDINGS

Charter school entrepreneurs often set out to serve some of the nation's neediest public school students, but they are behind before they even begin. Public charter schools receive an average of 22% fewer dollars – that's nearly \$2,000 less per pupil – to do the same work that district schools do. What's more, few receive a dime to rent or buy a school building. This is unfair to aspiring education innovators, forcing them to divert millions of dollars and countless hours away from instructional needs and into real estate. It's also wrong for students, who often squeeze into buildings unsuitable for learning or find their way to a new school site each year.

In 2002, through its work with the growing Aspire charter management organization, NewSchools recognized the mounting difficulty these organizations faced in financing and developing facilities, even as parent demand for such schools was increasing. To help address this challenge, NewSchools helped start and scale a new type of intermediary organization called a "nonprofit real estate trust" designed to take the burden of real estate development off the shoulders of charter school operators. NewSchools moved quickly to support two such entrepreneurial organizations that would acquire, develop, and lease high-quality school facilities to charter organizations at affordable rates.

Civic Builders was founded by entrepreneur David Umansky. With funding and guidance from NewSchools, Umansky turned the organization into a full-service real estate development firm that has since turned a former salami factory, a parking garage, a church vestry, and other properties into schools for organizations such as Achievement First, Uncommon Schools and Lighthouse Academies that will eventually house 1,150 students.

To support the growth of a number of charter management organizations in Los Angeles, NewSchools incubated Pacific Charter School Development, recruiting experienced school facilities executive Glenn Pierce to start and build the organization. Pacific has since transformed urban manufacturing facilities and office complexes into 11 schools for organizations such as Green Dot Public Schools, Alliance for College-Ready Public Schools, and Inner City Education Foundation that can now serve close to 8,000 students.

These "nonprofit real estate trusts" provide key expertise and service in real estate development to charter school operators. As a result, these school developers have been able to meet community demand, opening new schools in buildings designed for education, and at a fraction of the cost and effort of doing it on their own.



RECRUITING EFFECTIVE LEADERS AND EDUCATORS

Studies have proven what every parent understands intuitively: nothing can do as much to transform a child's possibilities as a brilliant, caring teacher. Nowhere is that more true than in underserved communities. A few lousy teachers in a row can be devastating, while four consecutive years of great teaching can actually close the racial achievement gap. Yet today, inner-city schools get far less than their share of excellent teachers and leaders.

However, some ambitious entrepreneurial organizations are turning these systemic problems on their head, and infusing inspiring talent into schools with the greatest need. Among the most accomplished is New Leaders for New Schools, a highly selective program that recruits new talent to the ranks of K-12 principals and prepares them in instructional and organizational leadership through a year-long training program. Unlike traditional principal preparation programs, New Leaders provides its principals with hands-on training alongside mentors in urban schools like the ones they will lead.

Since 2000, NewSchools Venture Fund has supported New Leaders from the ground up, working with education entrepreneur Jonathan Schnur and his team as they turned a graduate school business plan into a new organization. With NewSchools' ongoing support, New Leaders has grown to recruit and train 565 principals in 9 cities. These leaders have had a profound impact on over 250,000 students to date, with the vast majority of veteran New Leaders outperforming their district counterparts in both math and reading, and many posting dramatic year-over-year gains in excess of 20 percentage points.

A great school leader recognizes that recruiting, preparing and developing teachers is the single most important ingredient to student success. An array of entrepreneurial organizations in the NewSchools portfolio are focused on ensuring that the strongest possible individuals work in the highest need classrooms and subject areas across our nation's cities. Teach For America (TFA) has recruited over 20,000 recent graduates of top colleges to enter teaching, and The New Teacher Project (TNTP) has recruited over 33,000 career-changers. Together, these two highly selective organizations alone have touched the lives of nearly 6 million students and, like New Leaders, they are committed to measuring the direct impact that they have on student achievement. The students of TFA teachers make more progress in a year than their peers, with especially dramatic gains in mathematics when compared with the students of other teachers in their districts.

With investments like New Leaders, TFA and TNTP, NewSchools has helped build and accelerate organizations that harness and develop great talent in order to improve the lives of students.





luck, but consistently across a group of schools the size of a small school district. Schools managed by charter management organizations like Aspire now regularly outperform those managed by nearby urban districts, and they are beginning to close the achievement gap between their students and their wealthier peers. Other entrepreneurs, like David Umansky and Glenn Pierce, have figured out how to develop affordable school buildings for these charter school providers – a huge challenge that has hindered organizations like Aspire in their quest to open new schools in communities that need them.

Meanwhile, entrepreneurs like Wendy Kopp have turned their attention recruiting, preparing and training the talent that schools need. For years, schools of education have failed to attract the most promising candidates into the profession. Kopp developed Teach For America to challenge this unfortunate dynamic. She created a rigorous recruitment and preparation program aimed at reaching low-income students. Today, that pro-

gram is among the most prestigious opportunities for top college graduates. In the process, Kopp has seeded an enormous pool of talented corps members who have gone on to become principals, superintendents, politicians, and education entrepreneurs.

The results of these entrepreneurial efforts have shattered long-held beliefs about what public schools can accomplish. What's more, the individual efforts of these ambitious education entrepreneurs have begun to coalesce into something even more powerful: a national movement of action-oriented leaders, united in their belief that all children can learn and that it is their responsibility to make that happen. Together, these entrepreneurs are not only delivering a better education to children they reach – they are also reimagining the American system of public education, with the audacious goal of ensuring that it meets the needs of all students. ■