

A young girl with braided hair, wearing a white turtleneck, is raising her right hand in a classroom setting. The background is blurred, showing other students and classroom elements. A dark blue horizontal band is overlaid across the middle of the image, containing white text.

# Investing in a Revolution

NEWSCHOOLS VENTURE FUND AND  
AMERICA'S EDUCATION ENTREPRENEURS

**newschools**  
venture fund

## **ABOUT NEWSCHOOLS VENTURE FUND**

NewSchools Venture Fund is a national nonprofit venture philanthropy firm that is working to transform public education so that all children have the opportunity to succeed in the 21st century. We do this by increasing the supply of high-quality public schools for underserved students and by supporting entrepreneurial solutions that enable traditional and charter school systems to become performance-driven in their practices.

Founded in 1998, NewSchools has since raised more than \$100 million for investment in nonprofit and for-profit entrepreneurial organizations. In addition to the direct support we provide to entrepreneurs, NewSchools plays an important role in connecting their work to the broader landscape of public education reform.

For more information, please visit [www.newschools.org](http://www.newschools.org)

## **ABOUT THE PHOTOGRAPHY**

All of the photos in this report were taken at the organizations supported by NewSchools Venture Fund. All students depicted are directly served by these organizations, and photos were taken with their permission. Special thanks to all those who helped to make this possible.

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## FOREWORD

by Walter Isaacson

Those of us who have unruly kids or who care about the challenges of education can take heart from the tale of Albert Einstein: as a young child, he was no Einstein. He was slow in learning how to talk, so slow that he was dubbed “the dopey one.” He also had a rebellious attitude toward authority, which led one schoolmaster to send him packing and another to amuse history by declaring that he would never amount to much. These traits made Einstein the patron saint of distracted school kids everywhere. But they also helped to make him the most creative scientific genius of modern times (or so he later surmised).

His slow verbal development led to his lifelong habit of thinking in pictures rather than just in words. He loved to perform what he called “visual thought experiments” – what you and I might call daydreaming, but he’s Einstein, so he gets to call them thought experiments. These daydreams, he later said, spurred his creativity and led him to imagine new ways of doing things. As for his willingness to challenge authority, that quality led him to question received wisdom with a spirit that the more obedient acolytes in the academy never contemplated. “Long live impudence!” he exulted as a young man. “It is my guardian angel in this world.”

A new generation of educational innovators seems to have inherited Einstein’s spirit. Impatient, creative, imaginative, attentive to results and unencumbered by tradition, this loose alliance of can-do organizations is one of the most important forces today improving education for America’s neediest children. And behind them at each step has been NewSchools Venture Fund.

A generation ago, this nation set out to boost the numbers of young people earning a strong education, amid warnings that we were falling behind in international competitions of military prowess, economic might, and aerospace brilliance. Yet we flagged in our effort to change the basic facts of the battle: school systems that left behind many kids from disadvantaged backgrounds; a deep mismatch between where the best teachers were needed and where they actually ended up.

Today’s generation of education entrepreneurs has begun to change those basic facts of schooling for low-income kids. Courageous visionaries have built networks of schools – Aspire Public Schools, KIPP (Knowledge Is Power Program), Uncommon Schools, Achievement First, Mastery Charter Schools, YES Prep Public Schools, and many others – that defy neighborhood expectations. Teach For America, whose national board I’m proud to chair, has taken the old equation about teachers and flipped it on its head. In a country where the best-educated and most skilled teachers teach the most affluent kids, thousands of Ivy League graduates now compete for spots in inner-city classrooms. Paying no heed to those who claim that broken communities and families are too much to overcome, these bold young entrepreneurs

already have sent thousands of bright kids from tough neighborhoods on to college. And in a closing of the circle that gladdens my heart, alumni are now returning, college degrees in hand, to the schools that changed their lives – to teach the next generation.

What these young revolutionaries have done, though, is bigger than just starting good schools, or training good teachers and principals and sending them to where they're needed. They have changed what people think is possible. They have turned inner-city teaching into the coolest possible career choice, even – especially – for bright young adults previously headed into law or investment banking. They have created schools for low-income kids where success is the norm, not the exception – which helps to make teaching a more welcoming profession. They have shown all of America that while it may not be easy work, it can be done.

The central square for this revolution – the birthplace of its ideas, the meeting place for its generals – has been NewSchools Venture Fund. From the days when Aspire Public Schools and KIPP were just a couple of schools, and no one had heard of a charter management organization, NewSchools has helped to guide change that has benefited hundreds of thousands of children. We have only begun to reap the benefits of this entrepreneurial work. It will be exciting to see what this energy will produce in the next 10 years.

The work has not always been easy. Too often, an entrenched system has spent more time explaining what's not allowed and what can't be done. Fortunately, this new generation of entrepreneurs has paid no attention. One hears a bit of Einstein in the words of Michelle Rhee, a Teach For America alumna who started The New Teacher Project and went on to become Chancellor of the Washington DC schools. Explaining the philosophy that has delivered a lifesaving shock to the heart of the Washington, D.C. school system, she said: "I am somebody who is focused on the end result that I think needs to happen. So if the rule's standing in the way of that, I will question those rules. I will bend those rules."

Long live impudence!

*Walter Isaacson is the President and CEO of the Aspen Institute. He has been the Chairman and CEO of CNN and the editor of Time Magazine. He serves on the board of a number of national nonprofits, including as Chairman of the Board of Teach for America.*



## INTRODUCTION

by Ted Mitchell, CEO and President, NewSchools Venture Fund

We have so little time.

It's this simple fact that awakens America's visionary education entrepreneurs early in the morning, and keeps them up far too late at night. They see the faces and know the names of the children we could lose, and they know we cannot afford to wait. They feel a sense of impatience that Martin Luther King Jr., and more recently Barack Obama, called "the fierce urgency of now." With the conviction of moral clarity, these bold entrepreneurs know that we must act—that we must do whatever it takes to make sure that every child in America has the opportunity for a real education. And they understand that it is already much later than most people think.

We, as a country, are beginning to wake up. In the same way that we have awakened to rising oceans and climbing temperatures, we are awakening to an educational outlook for low-income children that we cannot afford, economically or morally. Our outrage is building over a situation where we have forfeited our position as a world leader in college graduation rates, and where our kids rank behind those in the Czech Republic and Latvia on tests. When half the children growing up in our largest cities face a global marketplace for jobs without even a high school diploma, it strikes at our conscience.

Thanks in part to the work of education entrepreneurs, we have come to understand the crisis we face, and we have begun to grasp that it threatens us not only economically, but morally as well. It's not just that we are hobbled in the race to financial recovery—it's that we won't live up to our own beliefs and ideals. Horace Mann, the great architect of schooling in America, taught that we must build strong public schools because a good education is a right, and a tool to promote equality. And he warned of the consequences of failure: "Jails and prisons are the complement of schools; so many less as you have of the latter, so many more must you have of the former."

As you will read in these pages, Kim Smith, John Doerr and Brook Byers were awake to that knowledge when they set out to build an organization that would embody the fierce urgency of now. Their idea was to find people who shared their impatience, their willingness to break rules, to do whatever it took to provide children with real educational opportunity. NewSchools Venture Fund has identified some of the most visionary and hard-working innovators in education today, and has guided them as they built and grew organizations founded on the same ideals. As you will read, they have taken on some of the toughest challenges in the field—preparing outstanding teachers for the toughest classrooms; establishing systems of excellent inner-city schools; developing the technology tools and platforms that can accelerate achievement—with remarkable success. They are on the front edge of desperately needed innovation, and the lives of hundreds of thousands of children are better because of their work.

In the dozen years since its founding, NewSchools has moved from a couple of desks in Silicon Valley to a national force, uniquely positioned to seek out and support the most promising innovation work in public education. And in those years, education entrepreneurs have moved from isolated success to become a movement and, increasingly, a household concept. Public discussion of their work is common, and policymakers are coming to see them as the leading agents of positive change in public education. This revolution is no longer on the fringes.

These signal successes have energized the work of NewSchools, redoubling our enthusiasm to seek out the innovations that will speed the closing of the achievement gap. The goal that these entrepreneurs have set before themselves—not simply to improve schools, but to erase the gap separating the education of low income kids from that of their more wealthy peers—has not been fully achieved. Despite undeniable progress and the remarkable benefits that it has brought, there is much more to do. We need more good schools in our toughest neighborhoods. We need to do more to fix schools that are broken, to put great teachers in front of the kids who need them most, to find smarter ways to measure kids' learning, to equip teachers and principals with the skills they need.

What is heartening is that new entrepreneurs continue to come to the fore, bringing new ideas for how to make better schools for our children. What these past dozen years have proven is that we can help them turn their plans and ideas into organizations that change the lives of children. More than a decade after our founding, the most crucial work for NewSchools remains ahead, as we look “around the corner” to find the most capable teams and best ideas and guide them to success.

What we know is that we must get this right, and we don't have a minute to waste. As Dr. King reminded us, “There is such a thing as being too late.”



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.

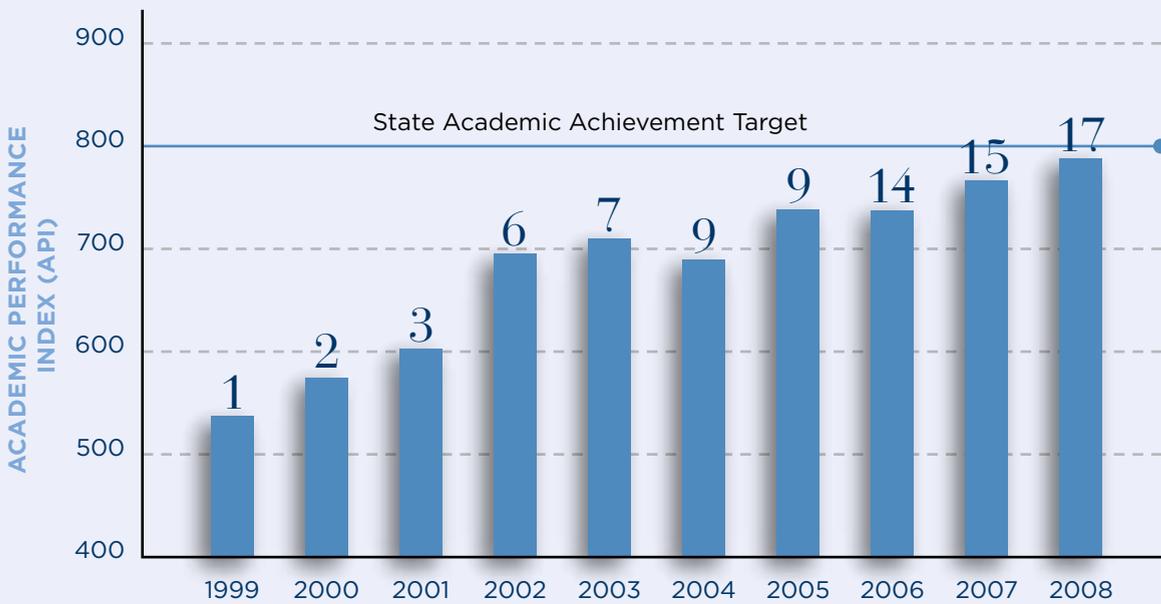
NewSchools, meanwhile, has fueled the growth of the CMO idea, seeking out and supporting entrepreneurs to create nearly 20 CMOs in key cities across the country. This group of organizations is demonstrating that public school systems can in fact reliably achieve excellent results for low-income students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

SECTION 2:

# NewSchools' Support for Education Entrepreneurs



**The work of an education entrepreneur begins with a vision for how public schooling can be improved.**

Equipped with that vision and relentless determination, entrepreneurs set out to create nonprofit and for-profit organizations that are not beholden to the status quo. They bring fresh thinking to the problems of public education, and invent new ways of organizing schooling around the needs of students rather than the interests of adults.



However, these entrepreneurs need more than a dream and determination. They need seed money to help them build a management team and develop their idea. They need guidance as they develop their plan, and as they begin to execute upon it with that first school, first cohort of teacher trainees, or first product – and especially as they grow in size and scope. They need connections with other entrepreneurs so they can learn from experience and problem-solve together. This is where NewSchools comes in.

NewSchools raises capital from individuals and foundations, partnering and working closely with the country's most talented business entrepreneurs and leaders and leading philanthropic organizations. Like the successful venture capital firms that inspired it, NewSchools then identifies the most urgent challenges in public education and determines which are most ripe for entrepreneurial innovation. This was the case in 1999, when increasing public school accountability and school choice heightened the need to provide parents, community members and policymakers with reliable information and data about their local schools. Seeing these trends,

NewSchools invested in a fledgling organization called GreatSchools, which today operates a Web site that reaches an audience of millions each year with tools and resources about public schools. Likewise, in 2002, NewSchools sought to increase the pace of creating and replicating strong charter schools in urban communities. Through a \$50 million fund focused exclusively on this need, NewSchools was able to foster the development of more than a dozen nonprofit charter school management organizations, or CMOs. These organizations operate multiple charter schools and so are able to more quickly and reliably meet the demand by parents for excellent schools in their communities. Likewise, they can meet the demand by educators for more productive work environments where they can make a difference.

Once such areas of opportunity have been identified, NewSchools engages in a rigorous due diligence process designed to identify the entrepreneurs with greatest potential. By taking into consideration the experiences of the founding team, the strength of the initial business plan and the conditions of the market it is operating in,

NewSchools assesses the organization's prospects for making an impact on a significant number of students and on the system that surrounds them. Those ventures selected for support receive not only funding at the critical first stages of development, but also hands-on help. NewSchools takes a seat on the board of these organizations, and brings to bear the lessons learned from helping dozens of other entrepreneurial organizations grow.

These education entrepreneurs are trying to accomplish audacious goals in the face of a public education system that often resists change. Therefore, it is crucial that these entrepreneurs have opportunities to work together, to share the lessons of success and failure, and to problem-solve alongside some of the brightest minds in the public, private and nonprofit sectors. To address this need, NewSchools hosts an annual Summit to connect these entrepreneurs and leaders. NewSchools also convenes a variety of Community of Practice events that bring entrepreneurial practitioners together to learn from one another and from outside experts.



## REACH OF NEWSCHOOLS VENTURE FUND PORTFOLIO

**Market Concentration:**  
Students served by school management organizations in 2009-10

- School management organizations (includes CMOs and district partnerships)
  - + School support organizations
  - ▲ Human capital organizations
- NewSchools target geographies*

### NORTHERN CALIFORNIA

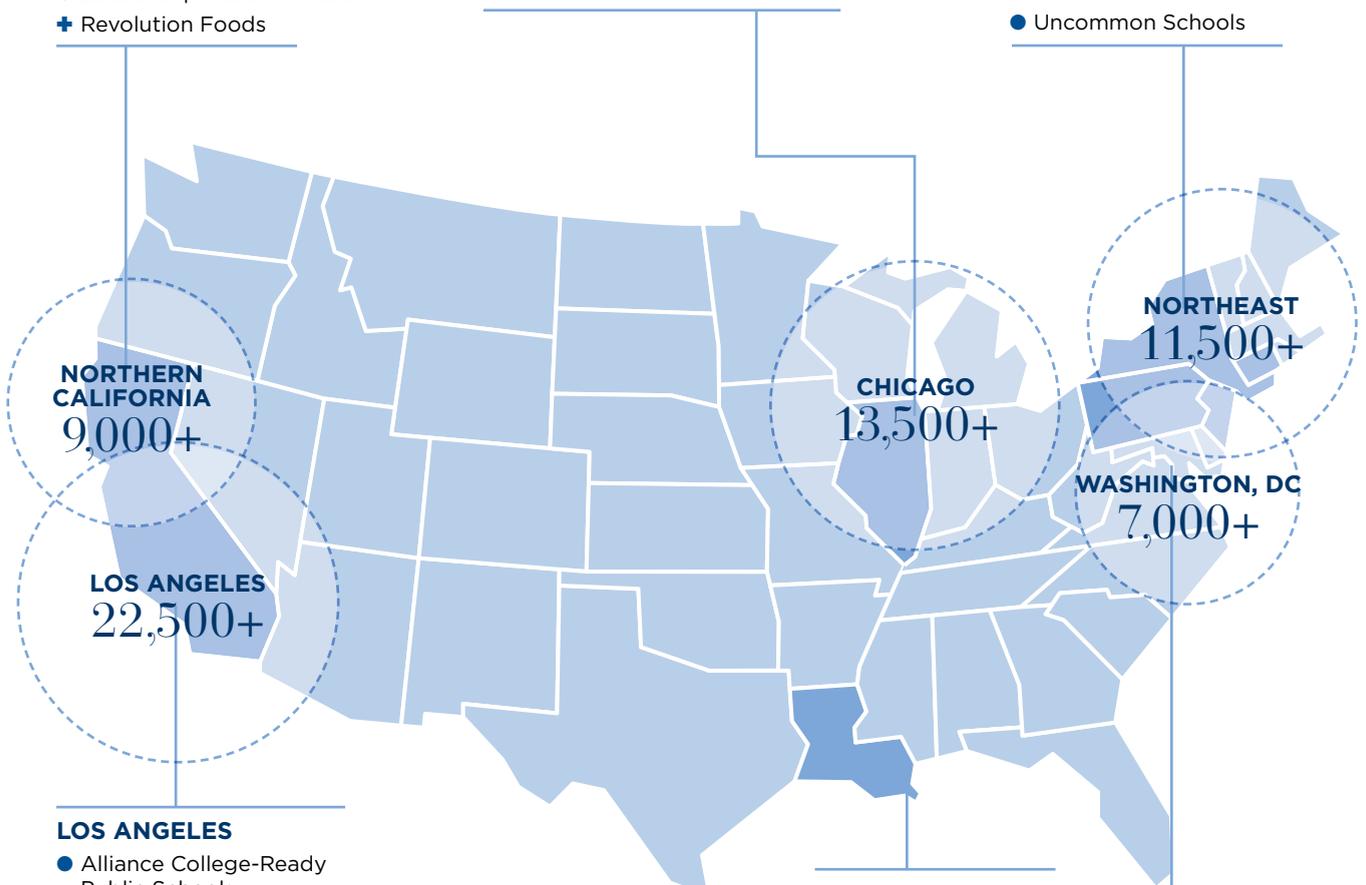
- Aspire Public Schools
- Education for Change
- Leadership Public Schools
- + Revolution Foods

### CHICAGO

- ▲● Academy for Urban School Leadership
- Noble Network of Charter Schools
- Perspectives Charter School

### NORTHEAST

- Achievement First
- + Civic Builders
- Mastery Charter Schools
- Success Charter Network
- Uncommon Schools



### LOS ANGELES

- Alliance College-Ready Public Schools
- Aspire Public Schools
- Green Dot Public Schools
- ICEF Public Schools
- + Pacific Charter School Development
- Partnerships to Uplift Communities

### NATIONAL

- Acelero Learning
- + The Achievement Network
- ▲ BetterLesson
- Lighthouse Academies
- ▲ New Leaders for New Schools
- + Revolution Foods
- ▲ Teach For America
- ▲ The New Teacher Project

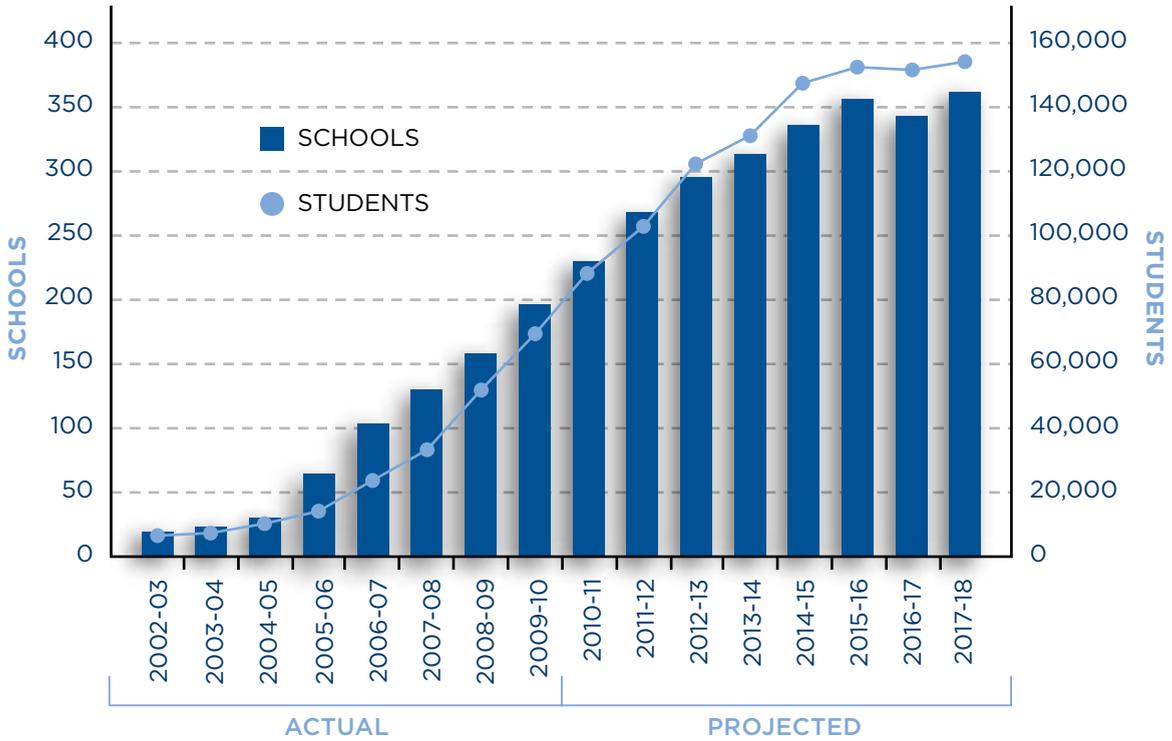
### NEW ORLEANS

- + New Schools for New Orleans

### WASHINGTON DC

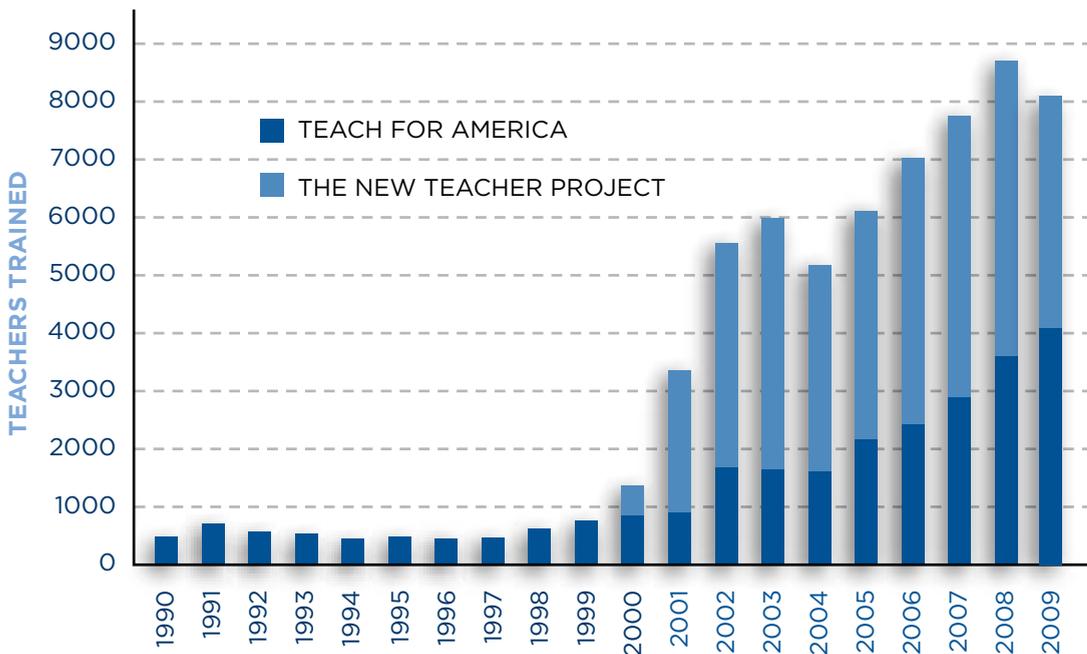
- DC Preparatory Academy
- Friendship Public Charter Schools
- KIPP:DC

### CMO Growth



TODAY: 198 schools | 70,737 students      AT PLANNED SCALE: 354 schools | 157,261 students

### Human Capital Growth



Total teachers trained: 64,000+      Total students served: 8.8 million+



In the face of a public education system that often resists change, NewSchools has built a community based on sharing lessons of success and failure and joining together to solve problems.

Over the last decade, dozens of education entrepreneurs have emerged to tackle some of public education's thorniest challenges – with those directly supported by NewSchools joined by many others who have been inspired by this movement. More than 40 CMOs exist today, giving thousands of students a shot at a better education. A growing crop of organizations focused on the “human capital” needed to run great schools has prepared hundreds of principals and thousands of teachers who in turn reach millions of students every year. These organizations have improved both the quantity and the quality of public education opportunities available to our nation's neediest students. In so doing, they have redefined our sense of what is possible and inspired others to take up these same challenges with new vigor.

What's more, the inspiring energy created by this movement is beginning to have a ripple effect in major cities across the country, sparking larger structural changes that reach far beyond the schools and programs that education entrepreneurs operate. Ultimately, the efforts of education entrepreneurs are leading not only to better outcomes for the students and schools they serve directly, but also to a wider change in the way public schooling works for millions of children. ■

SECTION 3:

# Looking Toward the Future



**The successes of education entrepreneurs are varied and significant, yet the greatest part of the work remains ahead.**

Today, just 22% of 4th graders in large cities read at or above grade level, and still fewer are able to do so by 8th grade. Only half of students in the nation's 50 largest districts earn a high school diploma. The work of education entrepreneurs must accelerate in scale and scope in the years ahead. It must also change practice within the large urban school districts that serve the vast majority of students. As NewSchools looks to its second decade, the unfinished work of providing strong educational choices to every American child defines the task before us.



Indeed, the overarching challenge motivating the education entrepreneur movement is the achievement gap between wealthy and low-income students, and between white and minority students. Despite the enormity of that challenge, we see reasons for great optimism. Entrepreneurs are making remarkable progress toward closing what many have seen as an intractable gap. For example, students attending the charter schools managed by Uncommon Schools in New York and New Jersey already have caught up with – and in some cases surpassed – their state's wealthier peers. These entrepreneurs are not content merely to see students make their way through the K-12 system; they are determined to ensure that their students successfully complete college. Organizations like Noble Network of Charter Schools require all students to apply to college, then track

their progress throughout and provide them with the support they need to succeed. Other entrepreneurs are helping to sustain success by mobilizing teachers, parents and communities as advocates for school quality. In Los Angeles, for example, Green Dot Public Schools has brought together parents and community leaders to demand strong schools. Their Parents Union offers lessons for what schools, families and neighborhoods can achieve together.

To make real progress in closing the gap and ensuring college success, these entrepreneurs know that a supply of new talent – teachers and principals, but also administrators and even entrepreneurs – will be needed to make these schools successful, and that better training and supports will be crucial to ensuring their effectiveness, especially in the classroom. These educators and administrators will need better information about

how students are doing, and ways of analyzing that data so that they can adjust instruction accordingly. Achievement First, for example, is showing how schools can follow the lead of nearly every other industry in assessing performance and acting on data – and is sharing its tools with other school organizations.

Other entrepreneurs are beginning to take on one of the most daunting tasks in education: turning around failing schools. And there are signs of real progress. Philadelphia's Mastery Charter Schools brings fresh thinking to every area of a failing school, from operations to staffing to curriculum. With the same students and the same building, Mastery creates a new culture that demands dramatically improved results – and achieves them. It's the beginning of a potentially vast area of entrepreneurial work.

## CLOSING THE ACHIEVEMENT GAP

America is coming to grips with what many see as the civil rights issue of our time: the gap in educational opportunity between low-income communities and the nation's more affluent places. That gap can be seen in stark comparisons: to take one example, half a century after school integration became law, African-American and Latino high school seniors read and do math at the level of white eighth-graders.

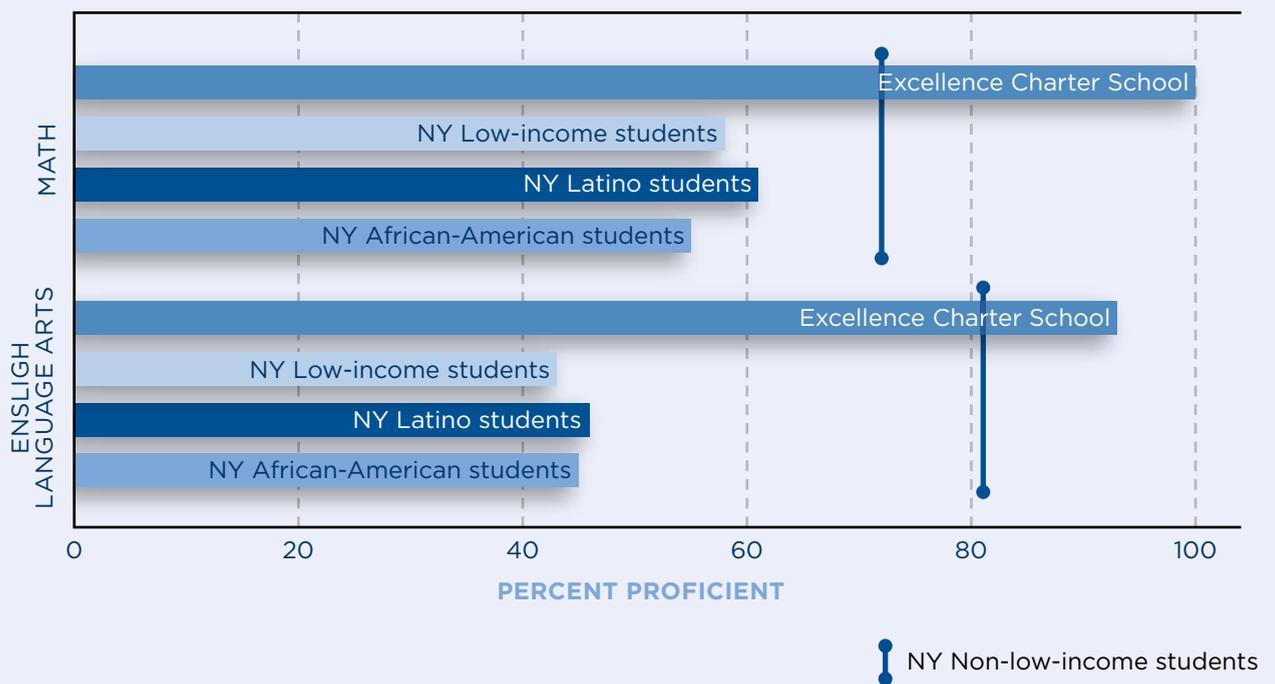
Education entrepreneurs have taken it as their mission to close these achievement gaps. They hold themselves to the goal of delivering a high-quality education that meets or beats what their students would be getting in communities of privilege. Excellence Charter School of Bedford Stuyvesant is one of the remarkable schools in the NewSchools portfolio proving that it can be done. Excellence, which is managed by Uncommon Schools, is located in District 16 in Brooklyn, New York. Across New York State, about two-thirds of non-low-income elementary and middle school students score proficient or higher on reading tests and more than 80% do so on mathematics

tests. By comparison, New York's low-income and minority students perform at significantly lower levels in both subjects.

Although Excellence serves primarily low-income African-American students, they are producing very different results. Students at Excellence are meeting and exceeding the performance of their non low-income peers in New York. In 2008, 100% of Excellence elementary school students scored proficient or better in math, and 94% did so in reading. And Uncommon plans to spread this success to reach more students in more grades: authorized by the State University of New York (SUNY), Excellence is chartered to grow into an elementary and middle school. In addition, Excellence has already begun to develop early learning academies, which ultimately will include a pre-K program. Uncommon is well on the way to accomplishing similar results at its other 10 schools, and over time plans to grow to more than 30 schools in New Jersey and New York that serve over 10,000 students. It is possible to close the achievement gap – and Excellence is proving it.



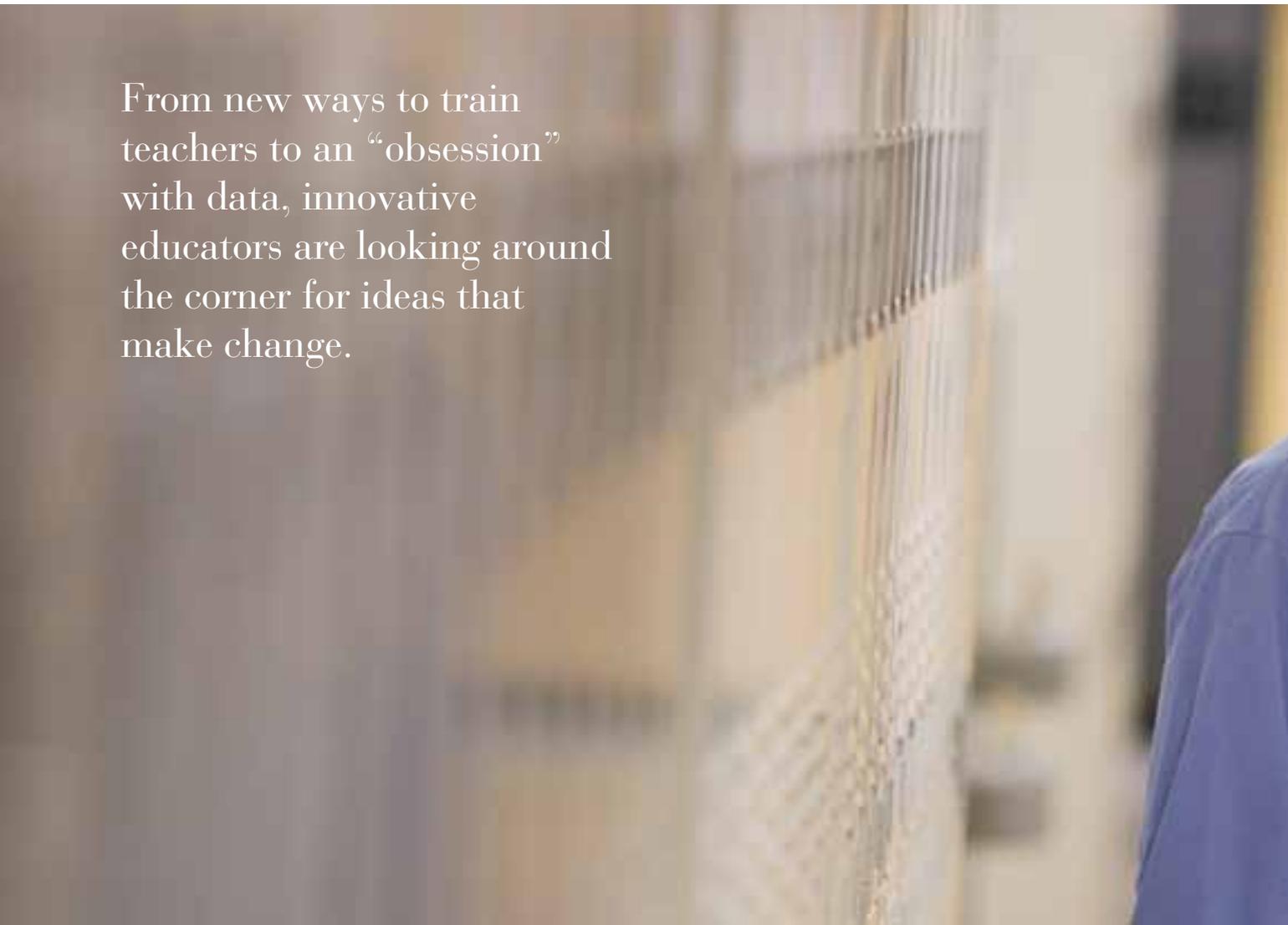
Closing the Gap: Uncommon Schools Excellence Charter School of Bedford Stuyvesant



## USING DATA TO IMPROVE INSTRUCTION

For teachers starting a new job, it's hardly unusual to be handed a thick orientation binder on the first day of work. But for teachers at Achievement First, an exceptionally successful New Haven-based charter school management organization, one section might offer a surprise – as well as some insight on that success. The section is called “Some Key Principles, Or Why Achievement First Is So Obsessed with Using Data and Interim Assessments.” It details the organization’s firm conviction that “student achievement is the shining star,” and explains how Achievement First gathers student data on a frequent basis – and, more importantly, puts it in the hands of all teachers so they can make day-to-day decisions about how to tailor their teaching to meet the needs of each and every student in their classrooms.

Research shows conclusively that data-driven instruction translates into better learning for children – and across the NewSchools portfolio, teachers and principals are committed to this practice. Entrepreneurial organizations like Achievement First are leading the way nationwide. Co-founders Dacia Toll and Doug McCurry weave student data into everything they do, from discussions in departmental meetings to principal-teacher conversations to changes in instructional practice, professional development, and curriculum. Building on this work with NewSchools’ support, Achievement First is now developing software that will make this approach accessible to other schools, serving as just one example of how thoughtful use of data is changing the way schools work for the better.



From new ways to train teachers to an “obsession” with data, innovative educators are looking around the corner for ideas that make change.

## THE NEXT STEP IN PREPARING GREAT TEACHERS

It's hardly a secret that this country could use some new ideas about how to prepare teachers – especially in underserved communities.

Arthur Levine, former President of the Teachers College at Columbia University, has said that “the challenge facing education schools is not to do a better job at what they are already doing, but to do a fundamentally different job.” Entrepreneurial efforts in this area, from The New Teacher Project to Teach For America, have already changed the game for many inner-city and rural schools. Yet other entrepreneurs are hard at work building organizations that contribute different visions for how teachers can learn their craft.

Take for example, the Academy for Urban School Leadership (AUSL), a teacher residency model housed inside a network of Chicago schools where teacher “residents” – as in a medical school – participate in a year-long course of clinical classroom apprenticeship with expert mentors. So far, AUSL has prepared almost 200 new teachers who serve more than 5,000 low-income children, and has maintained an impressive 91% retention rate among its teacher graduates. Others, like Teacher U in New York and High Tech High in San Diego, are also exploring school-based models to prepare educators. It's this kind of innovative thinking that will help make teacher preparation “fundamentally different.”



All of these areas – from school turnaround to new approaches to training teachers and leaders – are examples of the types of new ideas, new organizations, and new facts on the ground are so badly needed. To challenges like these, NewSchools brings a singular capacity to “look around the corner” and identify the ideas with greatest leverage to improve education in underserved communities. In the decade to come, as in the last one, NewSchools will seek out the best ideas and the strongest entrepreneurial teams to meet the most important needs, and provide those teams with the expertise, support and funds that will help them grow to successful scale.

Where is this work headed? Ultimately, NewSchools seeks not only to cultivate individual entrepreneurial successes and progress, but to bring about fundamental change in the way that public education works, so that all children have access to an excellent public education. This will require a shift in the culture of public education, away from incremental changes that protect the traditions and interests of adults, and toward a dynamic system relentlessly focused on delivering better outcomes for students.

In some cities, these entrepreneurial successes already have caught the attention of civic and district leaders, who have invited entrepreneurs to act as partners in the important work of increasing the supply of quality options for students. In others, entrepreneurs’ efforts have lit the fire of competition under their local school district, jostling staid bureaucracies into paying closer attention to the needs of students and into embracing new ways of reaching that goal.

## Entrepreneurial change is beginning to catch on in traditional systems.



## TURNING AROUND CHRONICALLY FAILING SCHOOLS

Two years ago, barely a third of the 8th grade students at Philadelphia's Shoemaker Middle School were proficient in math and less than half in reading. Just two years later, the school has become a rigorous learning community where more than 70 percent of all 8th graders perform at or above grade level in both reading and math.

What happened? Mastery Charter Schools, through a unique partnership with the School District of Philadelphia, took on the challenge of turning Shoemaker around. At Shoemaker, the students have remained, but their performance is radically different: they have closed the achievement gap and are performing at a similar level to their peers statewide. To get such dramatic results, Mastery has brought in a team of great teachers and instructional leaders, expanded both the quality and use of data, and put in place a culture for both students and staff that is well-captured by their motto: "Excellence. No Excuses."

Shoemaker is a bright spot on a dismal landscape of failing schools. Due to chronic failure, over 5,000 schools nationwide are expected to be in some form of federally mandated restructuring by 2009-2010. Given the scale of the need and the difficulty of the task, district and state leaders are searching for innovative ways to turn around and quickly improve performance in such schools, and are increasingly open to partnerships with strong school management organizations. Other organizations, like the Academy for Urban School Leadership in Chicago, are also taking this work on and proving that they can make a difference. Cases like these demonstrate the important role that entrepreneurial organizations can play in support of district efforts to turn around failing schools.

With the vast need in Philadelphia and other large cities across the nation, the turnaround work of Mastery offers a model for many others to follow.

### Turnaround of Shoemaker Middle School by Mastery Charter Schools



## ENSURING COLLEGE SUCCESS

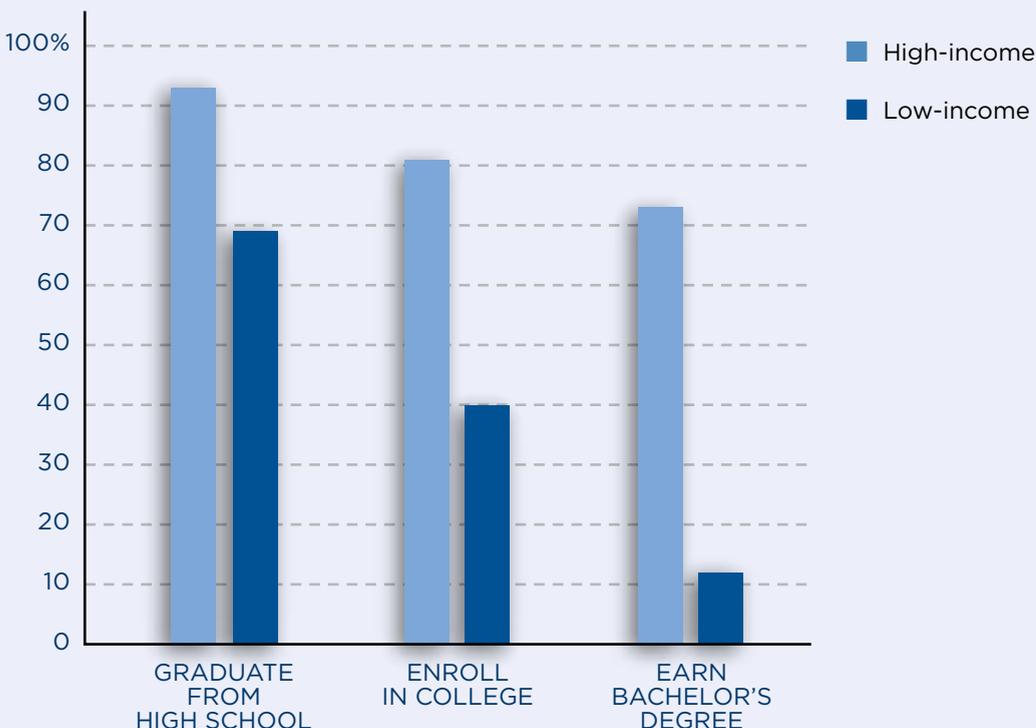
A college degree is a student’s best shot at both fulfillment and financial success. Over the course of a lifetime, college graduates can expect to earn nearly twice as much as those who only complete high school – a gap of almost \$1 million. But just one in ten low-income students earns a bachelor’s degree today.

Education entrepreneurs know that their work cannot stop at just getting students into college – they must also see to it that they get through college. The work starts early in these schools: even kindergartners are surrounded by a college-going ethic, with classrooms are named after universities. By senior year, mottoes like “college for certain” and “climbing the mountain to college” are ingrained in students’ consciousness. That culture supports the central work these schools do: imparting the skills and knowledge students will need in college, often partnering with universities so students earn college credit before they’ve even graduated from high school.

The Noble Network of Charter Schools, which operates seven charter high schools in inner-city Chicago and serves a largely Latino population, understands what it takes to achieve college success. As early as freshman year, students visit local and regional universities, and during their senior year, they take a College Prep class, in which they research colleges, complete applications for admission, and learn about financial aid and scholarship options.

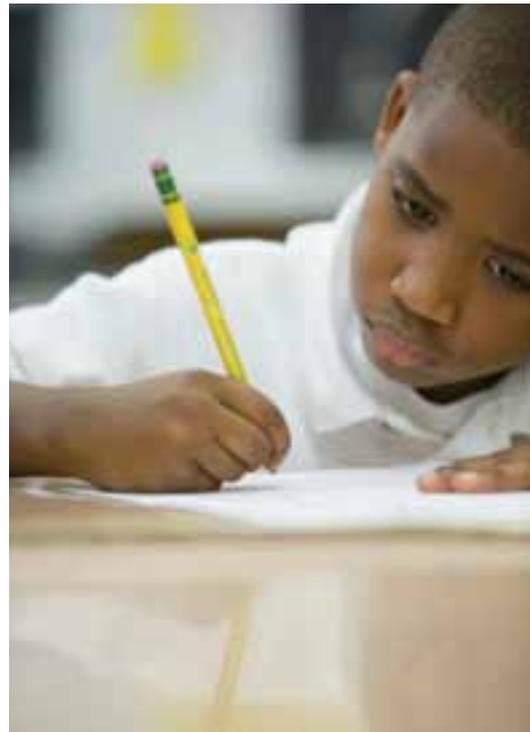
Combined with a rigorous curriculum, these supports are working: about 85% of Noble graduates go on to college – compared with less than 40% of Latino students in Chicago Public Schools. Once Noble alumni have enrolled at a university, Noble’s Alumni Coordinator offers supports ranging from supplemental scholarships to internship and job placement. Like NewSchools’ other portfolio ventures, Noble has set its sights not on college access, but on college success.

### Who makes it through high school and college?



Yet in all these places, one central lesson is clear. By demonstrating that students in urban public schools can achieve at the same level as their suburban counterparts, education entrepreneurs are ushering in a new era. This era will be marked by high expectations for all students and diverse school options for reaching those standards. It will be an age that supports any innovator, inside or outside the system, with a proven ability to help students – and one that aggressively weeds out approaches and organizations that don't work.

Together, entrepreneurs are working toward a genuine transformation of our nation's system of public education, from one that meets the needs of some students some of the time, to one that gives every child a real chance to succeed. ■



## ENGAGING PARENTS AND COMMUNITIES IN IMPROVING SCHOOL QUALITY

“Statistics said my children wouldn't make it,” says Shirley Ford. Raising two boys in South Los Angeles, Ford learned firsthand how parents can beat the odds. Ford was terrified of sending her children to the chaotic local high school and unable to afford private school. In 2002, she chose her own route, enrolling her sons in Animo Inglewood, a public charter school run by Green Dot Public Schools. The choice paid off. Ford was welcomed into a safe school community where both her sons and she thrived. Her sons have graduated and are now attending college. Today, Ford works to help other parents have a positive public school experience.

Along with Green Dot founder Steve Barr, Ford and other Green Dot parents co-founded the L.A. Parents Union, an entrepreneurial effort working across Los Angeles to give parents the information and support needed to raise their voices to demand a high-quality education for their children.

“Parents, especially those with students trapped in low-performing schools, desperately want to be involved and want their students to succeed,” Ford explains. For this to happen, families need relevant, clear, accurate, and understandable information about their choices to empower them to choose and demand high-quality options for their children. With 7,500 parent members and 12 chapters across the city, the Parents Union educates parents about the local politics of school reform and basic community organizing techniques. It helps parents get elected to local school boards, and empowers them to demand more and better schools in their neighborhoods.

In too many communities, parents lack the information and empowerment to exercise real choice over their children's education. Through ideas like the L.A. Parents Union, families are joining with schools to make the changes needed for quality education options.



## AFTERWORD

by Kim Smith, Co-Founder, NewSchools Venture Fund

Our goal is a simple one: to give every child in this country a fair start toward “life, liberty and the pursuit of happiness.” Over the ten years since we created NewSchools, I have learned that everyone supports this goal – left, right, and center. They support it because of their deepest moral values or because it is in our collective economic self-interest, or both.

So why, more than 50 years after Brown vs. Board of Education, are we still so far from our goal?

Mostly because a crisis of leadership. Not a shortage of leaders. Plenty of leaders have made important incremental progress. But powerful orthodoxies and deep institutional inertia have combined to create a crisis of creativity in our leadership. Max DePree writes: “The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant.” For too long, most of our educational leaders have failed to define a bold new reality, instead working inside the debilitating historical norms and inertial forces that surround them. They have failed to be servants to the right constituency – serving the adults in their employ instead of the neediest of children.

For the past decade I have had the privilege of supporting the small but growing community of inspiring entrepreneurial leaders described in this report. What makes these leaders so important? They are optimistic and bold. They have a sense of urgency and refuse to accept no for an answer. But they are not just rebels. Their bold ambitions for our kids combine with their deep pragmatism to drive them beyond the old ways of working. They are bipartisan, and their work bridges the public, private and nonprofit sectors. They are not intimidated by traditional monopolies or oligopolies.

Why should we be hopeful about reaching our goal?

Consider for a moment the lesson of Jean Monnet, who in 1950 – when all of Europe feared another World War was inevitable – conceived of a bold new solution: a European Union. Rejecting the conventional wisdom that France and Germany would always be at odds, Monnet set out to prove that his novel idea was possible. He wrote in his journal:

*The course of events must be altered. To do this, men’s attitudes must be changed. Words are not enough. Only immediate action on an essential point can change the present static situation. This action must be radical, real, immediate, and dramatic; it must change things and make a reality of the hopes which people are on the point of giving up ... We must change the context by transforming the basic facts.*

Monnet observed: “nothing is possible without men, nothing is lasting without institutions.” And so he set out to create new and lasting institutions that overcame Europeans’ belief that peace was impossible, thereby laying the groundwork for the European Union. Education entrepreneurs, like Monnet, have been creating bold new solutions in order to “transform the basic facts,” and prove what’s possible.

Certainly, we need more of these ambitious entrepreneurs – not just to build great schools for our neediest students, but also to develop revolutionary new ways to recruit and prepare teachers and leaders; and to support their work with dramatically better tools and data. These advances are essential to the massive gains we know education must make.

In taking on this challenge, we should take note of Dr. King’s reminder that “human progress never rolls in on the wheels of inevitability. It comes through the tireless efforts and persistent work of men.” We must ask ourselves: what can we do to support these tireless and courageous change agents? The answer lies in wise social capital and policy choices.

Education entrepreneurs need growth capital so their organizations can reach a size commensurate with the problems they are tackling. They need funding that supports the leadership and infrastructure required to accomplish their bold goals, and investments that move beyond traditional philanthropic norms toward a cross-sector approach that will bridge social purpose companies, nonprofits, and hybrid solutions.

Smart new public policies and investments are also essential. They will drive dramatic improvements in teacher recruitment, development, and retention, and will help build better student assessments, allowing us to measure the complex skills students need today. Likewise, better facilities financing and growth capital will increase the supply of strong public charter schools.

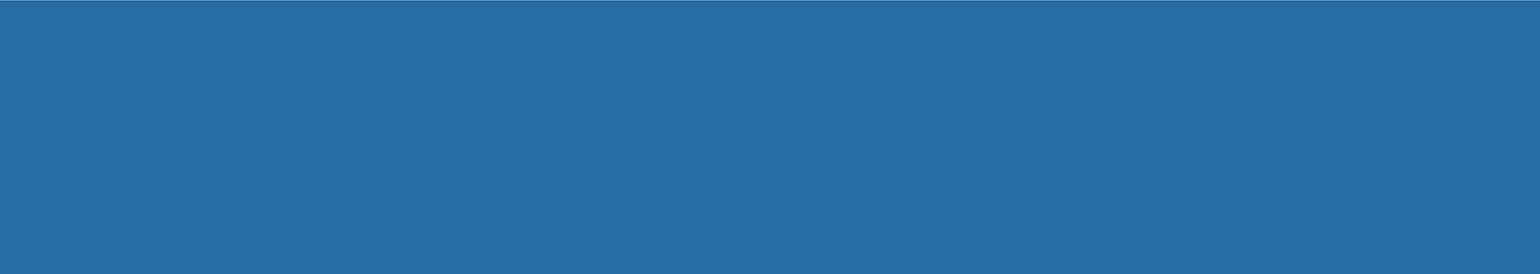
For our own part, we promise to redouble our efforts as a focused, specialized intermediary whose sole purpose is to support these amazing entrepreneurs, because we believe that without their success, we will never reach our goal.

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