

# MEMORANDUM

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**TO: PHILANTHROPY ROUNDTABLE MEETING ATTENDEES**  
**FROM: DAN FISHMAN**  
**RE: MAY 6 EVENING DISCUSSION OF BOSTON'S CHARTER SECTOR**

Enclosed is a brief two page reading, carefully selected to provide you with important facts that will inform your understanding of Boston's charter sector. In addition to this reading, you will find seven (7) exhibits created specifically for the purposes of this case study by Marika Johansson and Robert Yee.

If possible, please complete this reading prior to our May 6 evening discussion with Stig Leschly and Jim Peyser.

This should take you about 20 minutes in total.

## **Boston and the Charter School Cap**

*Adapted from Education Next, Winter 2014*

*By Jim Peyser, NewSchools Venture Fund*

Imagine you live in a city with a set of open-enrollment public schools, serving predominantly low-income children of color, where students learn at twice the rate of their peers in neighboring schools. And what if those high-performing schools were ready, willing, and able to enroll more students, maybe even double or triple in size? Sounds too good to be true, huh?

Well, that city actually exists, and it's Boston. But, remarkably, the powers that be are blocking the city's best schools from growing for the simple reason that they are charter schools.

### **Types of charters**

Two types of charter schools operate in Massachusetts: Horace Mann charter schools are effectively "in-district" charters whose applications must first be approved by a host school district and, with a few exceptions, the local teachers union. Teachers in Horace Mann charter schools must belong to the local union, but they may be subject to a thin contract that waives most of the provisions not associated with compensation. Horace Mann charter schools are authorized by the state board of education and receive their funding through the state, but the amount they can keep and use at their discretion is usually a subject for negotiation with their sponsoring district.

Commonwealth charter schools are fully independent of the local school district. Although Commonwealth charters are authorized by state board and subject to most state laws and regulations governing public schools, they are exempt from certain regulations related to teacher certification and tenure, and they are free from the confines of any preexisting collective-bargaining agreements.

Not surprisingly, most Massachusetts school districts, including Boston's, support more Horace Mann charter schools but oppose any increase in the Commonwealth variety, since Horace Mann charters provide districts with a great deal of discretion and oversight authority. Boston has made particularly effective use of Horace Mann charters, especially as a vehicle for turning around its lowest-performing district schools. Most notably, BPS has supported Horace Mann applications for the nonprofit school-management organization Unlocking Potential to operate two such schools.

### **Barriers to Growth**

State law specifies the number of Commonwealth charter schools that are allowed statewide and, via spending limits, the number of students who can be enrolled in charter schools in any given district. In 2010, the law was amended to double the number of charter students permitted in the state's lowest-performing districts, from about 9 percent to 18 percent of public school students. Since then, seven "proven" school operators have been granted charters to expand their operations in Boston.

As of early 2013, virtually all of the new seats authorized for Boston under the 2010 amendment have been approved, leaving no room for additional growth in city charters. The first casualty of the 18 percent cap was Edward Brooke Charter Schools, one of the state's highest-performing schools.

Facilities are a particular pain point for charter schools.

### **Charter Quality and Outcomes**

What makes Boston's resistance to expanding charter schools so remarkable is that the city's charter sector includes some of the best urban public schools in the country, of any kind.

A 2009 study by a team of Harvard and MIT researchers, which compared middle school students who "won" and "lost" charter-school admission lotteries, found that achievement gains among

Boston charter-school students were significantly higher than those of their peers in either BPS or pilot (in-district charter) schools, especially in math. The impact of Boston charters was so large over the course of middle school that they effectively closed the math achievement gap between students in Boston and those in Brookline, its wealthy suburban neighbor.

In February 2013, the Center for Research on Education Outcomes (CREDO) published findings from an analysis of matched student pairs, comparing state test gains of Boston charter students with demographic “twins” from BPS. The results were even more dramatic. Students in Boston charters gain the equivalent of 259 additional days of instruction in math and 245 days in reading compared to their counterparts in traditional district schools. In other words, Boston charter-school students are learning at more than twice the rate of their district-school peers. “The average growth rate of Boston charter students in math and reading is the largest CREDO has seen in any city or state thus far.” More than 80% of Boston charters outperformed neighboring traditional schools and no charters performed at levels significantly below neighboring traditional schools.

Another MIT study found that Boston charters doubled the rate of AP test-taking, boosted composite SAT scores by more than 100 points, and increased enrollment in four-year colleges by almost two-thirds. The MIT authors conclude that previous findings of strong test performance in middle school are consistent with later measures of academic success, specifically those that are indicators of improved college readiness. “The effects of Boston’s charters are remarkably persistent,” they write.

### **Public Support for Charters**

Boston charter schools are also wildly popular. NewSchools Venture Fund commissioned a poll of 625 Boston voters in 2013. “Increasing the number of students who can attend charters in Boston is a popular idea, with 64 percent in favor and just 23 percent saying the limit should stay. Voters [are] especially supportive of the idea of allowing schools with a proven record of success to expand, with 73 percent in favor of this proposal.” A broad cross-section of business, community, and philanthropic leaders supported lifting the charter cap, both in Boston and statewide.

### **Charter Sector Demographics**

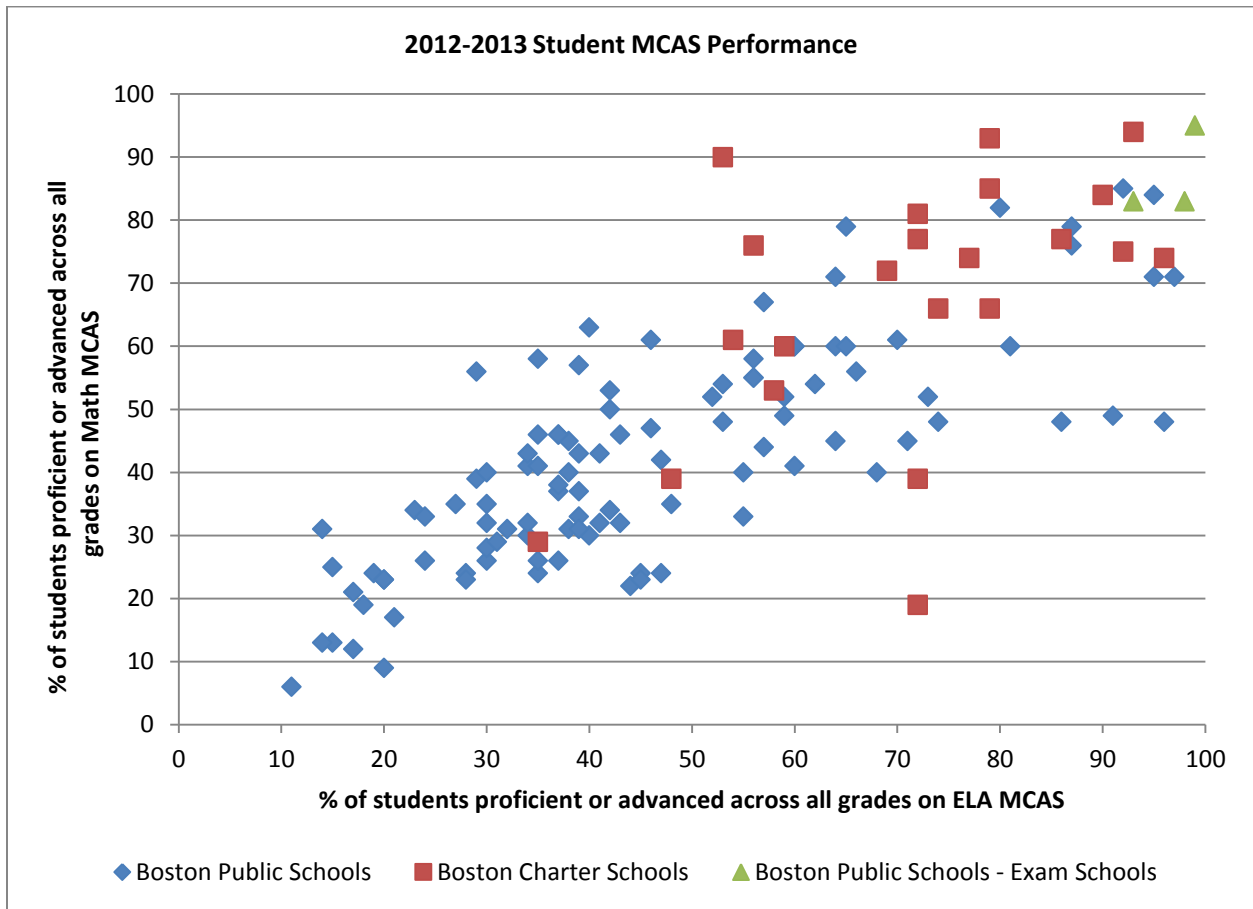
The demographic profiles of Boston’s charter schools do not perfectly mirror BPS, but are roughly similar. Recent data shows that 76 percent of BPS students are black or Hispanic, compared to about 84 percent of charter students. Almost 72 percent of BPS students come from low-income families, virtually the same proportion as in the charter sector. About 19 percent of BPS students are classified as having special needs, while 14 percent of charter school students have disabilities. The biggest demographic difference between BPS and charter schools involves students whose first language is not English. About 45 percent of BPS students come from homes where a language other than English is spoken, compared to 21 percent in Boston charter schools. Part of this difference reflects the areas of the city in which charter schools are located and the makeup of the neighborhoods.

### **Conclusion**

The Boston story over the last two decades is a cautionary tale for charter school proponents everywhere. Even in a city with remarkably strong charter schools, supported by business, philanthropy, and the media, breaking through the barriers that limit growth is a persistent challenge. Mayoral control is often a blessing for reformers, but it can also be a curse. In the end, mayors tend to follow, rather than lead, their constituents. Charter schools in Boston and throughout the country must wean themselves from dependence on a handful of friendly political and district leaders who come and go, and instead take control of their own destiny by becoming a more potent political force. To date, the Boston charter sector has kept a fairly low political profile, in hopes of avoiding attacks while pursuing incremental growth.

What’s wrong with Boston? As Shakespeare might say, “the fault, dear charter schools, is not in our politicians, but in ourselves.” \*\*\*

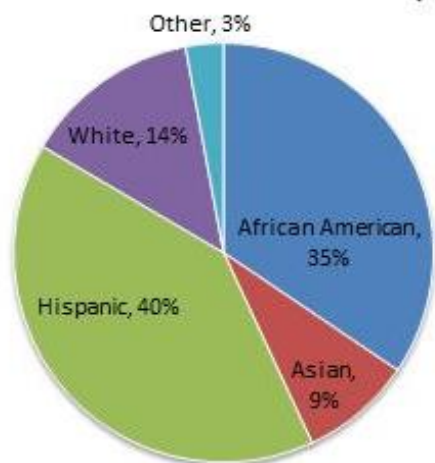
## Exhibit 1: Boston School MCAS Performance



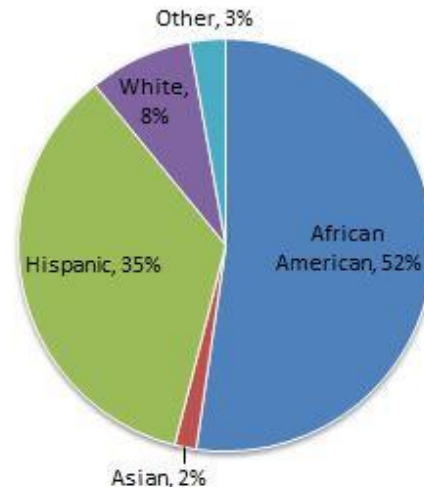
Source: Created with data from Massachusetts Department of Elementary and Secondary Education [http://profiles.doe.mass.edu/state\\_report/mcas.aspx](http://profiles.doe.mass.edu/state_report/mcas.aspx)

## Exhibit 2a: Enrollment Demographics of Boston Schools

Boston Public Schools 2013-2014 Enrollment by Race



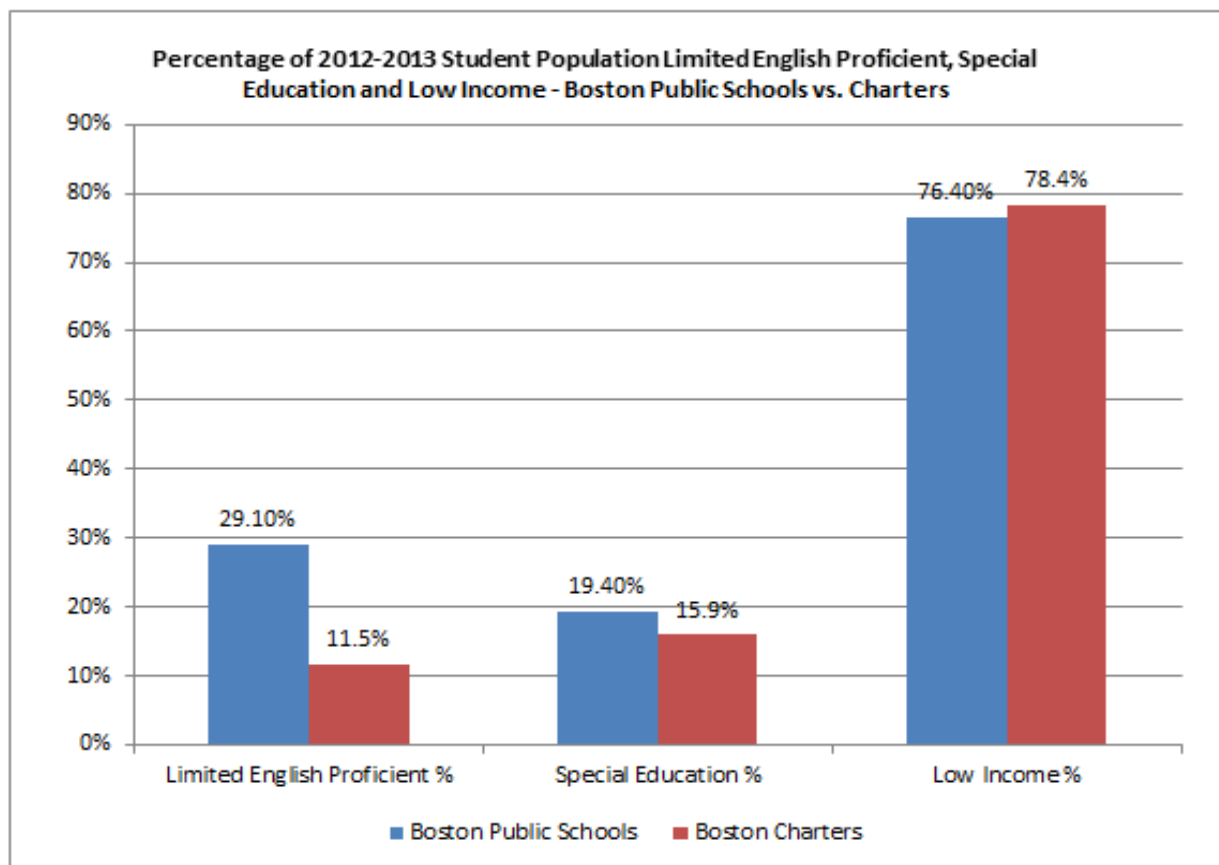
Boston Charter School 2013-2014 Enrollment by Race



■ African American ■ Asian ■ Hispanic ■ White ■ Other

Source: Created with data from Massachusetts Department of Elementary and Secondary

## Exhibit 2b: Student Enrollment by Selected Subgroups



Source: Created from data from Massachusetts Department of Elementary and Secondary Education

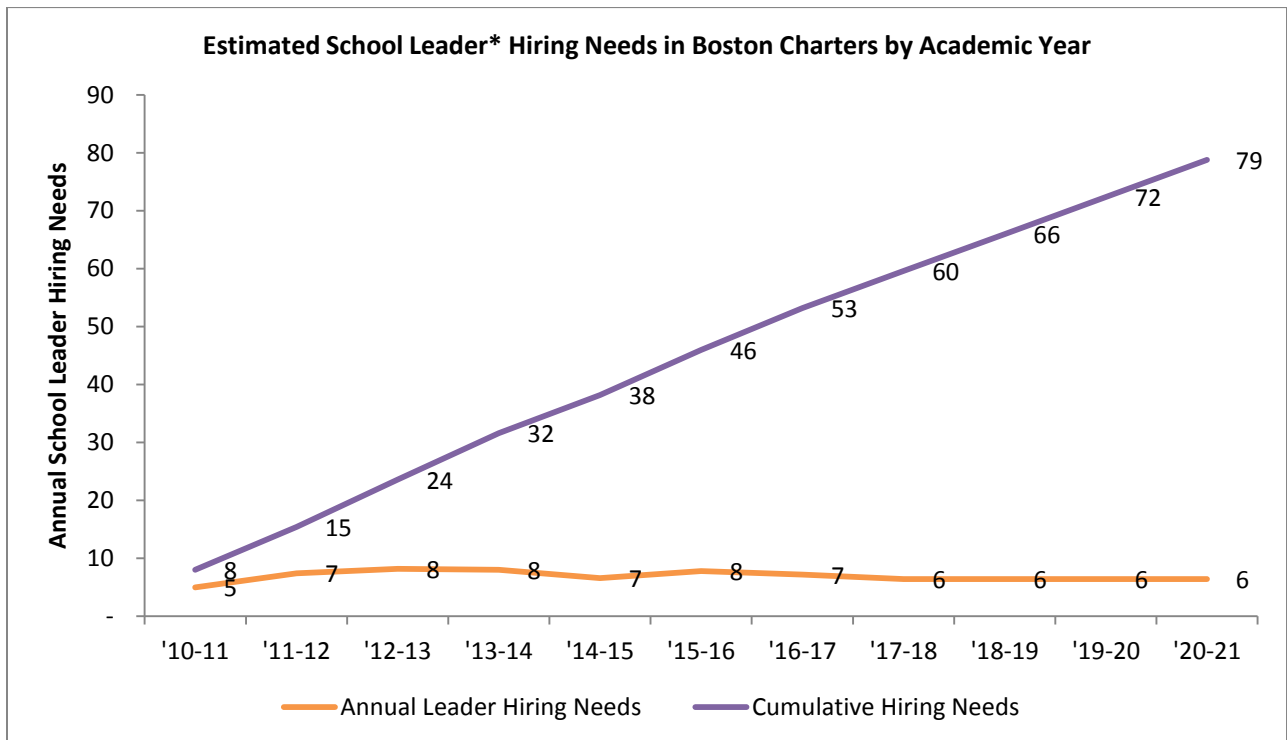
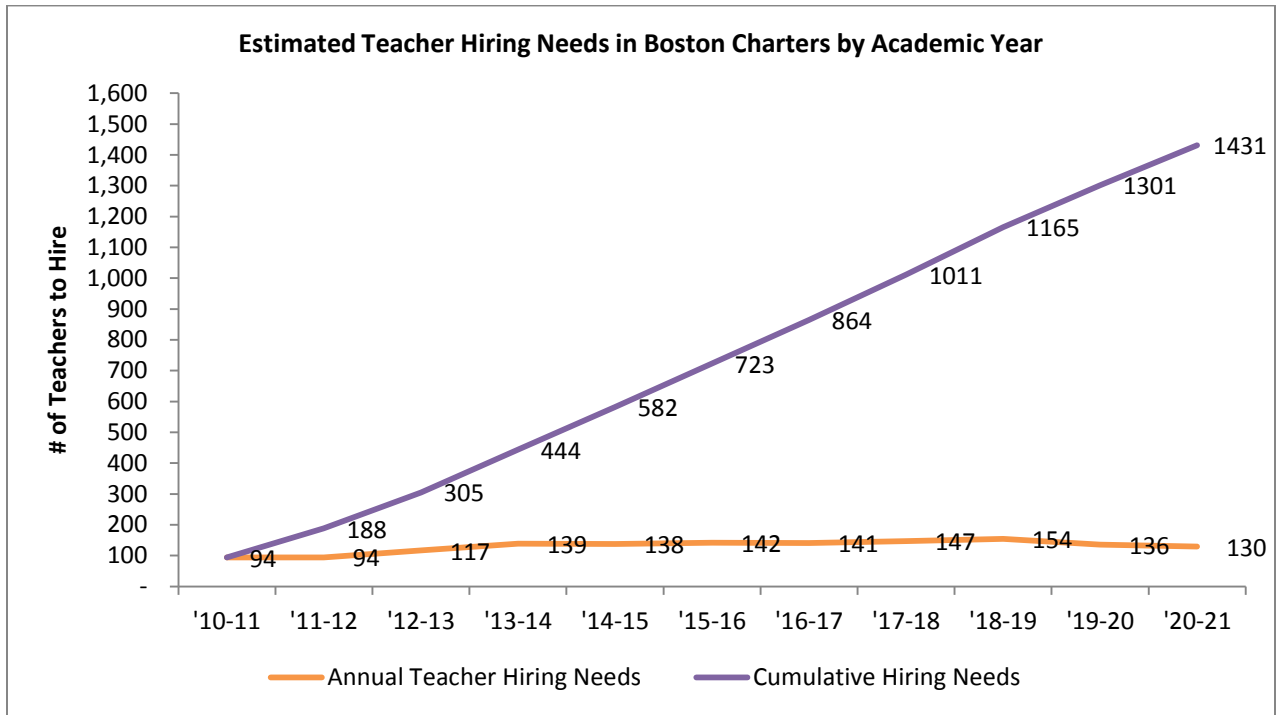
### Exhibit 3: Education Human Capital Organizations with a Presence in Boston

ORGANIZATION	MISSION	CORE ACTIVITIES	SCOPE OF WORK IN BOSTON
Match Education's Sposato Graduate School of Education	"To create unusually effective rookie teachers and to develop evidence-based practices for teacher training."	Offers a fully approved, alternative graduate school of education, granting a Masters in Effective Teaching. Teachers are produced exclusively from a sub-set of tutors who work in Match's schools.  The two-year program is comprised of a "residency" year in a Match school and a second year of coaching in conjunction with a fulltime job in a high-performing school.  The graduate school is partnering with New Orleans to train school leaders on "teacher coaching."	The graduate school produces 45 teachers per year and will grow over the next 3 years to produce 100 teachers per year.  60% of teachers take jobs in Boston area.
Teach for America	"TFA is growing the movement of leaders who work to ensure that kids growing up in poverty get an excellent education"	National organization that recruits, trains and places new teachers in high-need schools for two year placements.	Started in MA in 2009.  2013 TFA corps in MA includes 185 teachers.
Education Pioneers	"Education Pioneers exists to identify, train, connect, and inspire a new generation of leaders dedicated to transforming our education system so that all students receive a quality education"	National organization that recruits and places fellows in education organizations to contribute and deliver on administrative, operations and strategic projects.	27 partners including districts, schools and education support organizations in Boston.
Build Excellent Schools	"Building Excellent Schools (BES) is a national nonprofit committed to improving the academic achievement of underserved students in our nation's urban centers"	National organization providing a fellowship program to train leaders to open and manage urban charter schools.	Two Boston schools associated with BES fellows – Boston Prep and Excel Academy Charter Schools.

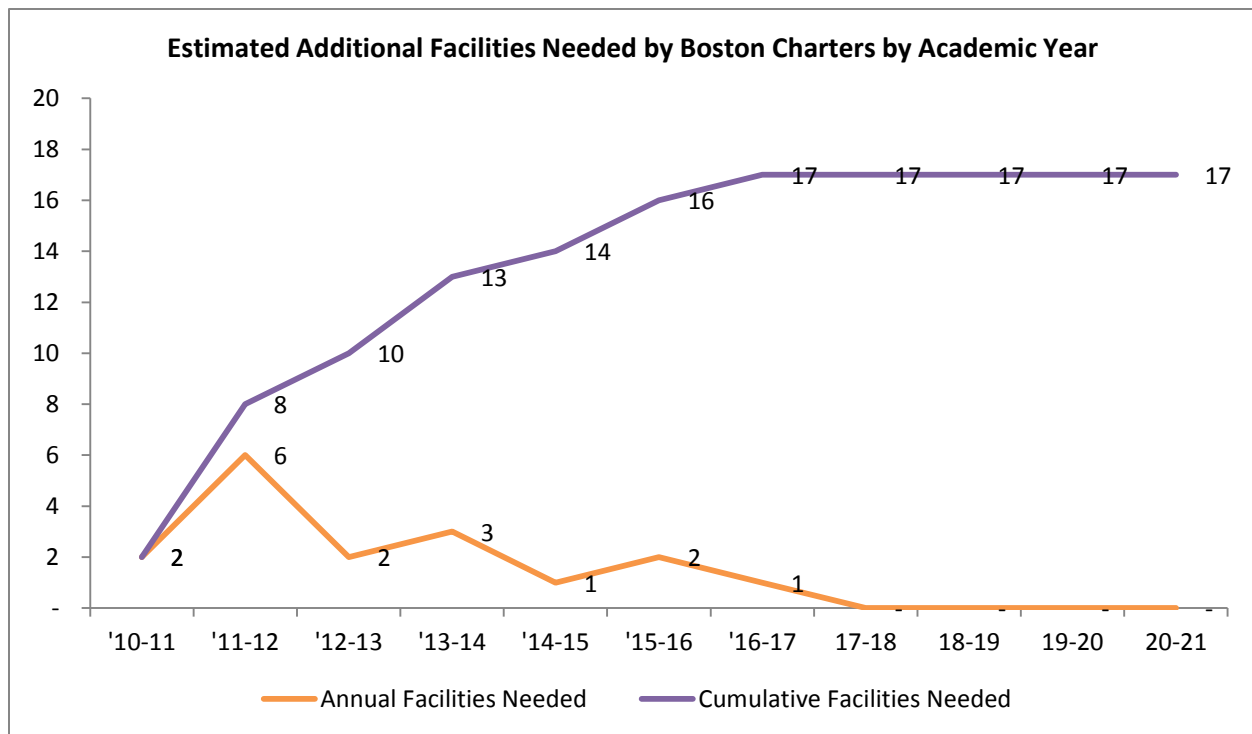
Source: Company websites and discussion with Match Education personnel.

**NOTE: Two well-known human capital organizations, New Leaders and TNTP, are not present in Boston.**

## Exhibit 4: Estimates of Human Capital and Facilities Needs in Boston Charters



\* School leaders are defined as both school executive directors and school instructional leaders



Sources: Projections models created by Stig Leschly and Micah Sagebiel, 2009.

NOTE: The estimates above were created based on anticipated teacher and school leader turnover rates, survey data and projected growth from selected expanding charters in 2009, namely: Edward Brooke, Excel Academy, KIPP, Match, Roxbury Prep. The model assumes the other 10 Boston charters present when the models were created would have constant teacher and school leader needs between 2010-2011 and 2020-2021. These models present the anticipated teacher, school leader and facility needs that resulted from the last charter cap expansion that are currently being experienced by the charter market. Additionally, facility estimates were calculated using expansion projections from these same selected charters.



## Exhibit 5: Analysis of Boston Public School Excess Seat Capacity

Boston Public School Type	Total Seat Capacity	Used Seat Capacity (#)	Used Seat Capacity / Current Enrollment (%)	Excess Seat Capacity (#)	Excess Seat Capacity (%)
High School	19,090	16,090	84%	3,000	16%
Pre K - 8th Grade	55,526	39,570	71%	15,956	29%

Source: NewSchools Venture Fund Analysis

## Exhibit 6: Key Factors Contributing to Boston's High-Performing Charter Sector

### *Policy Environment and Framework:*

- Aligned, stable, bipartisan political leadership
- Aligned, appointed state board of education (sole authorizer)
- Politically savvy commissioner, with credibility in the field
- Comparatively rigorous charter screening process
- Willingness to close schools for poor student outcomes
- High quality standards and assessments

### *Financial Environment:*

- Money-follows-the-child approach to charter financing
- Fair per-pupil funding formula in a relatively high-spending state
- Influx of new funding from the state, which dampened charter opposition

### *City Attributes:*

- Consistent editorial support from major newspapers
- Strong talent pool of entrepreneurial leaders and educators

Source: Jim Peysner, NewSchools Venture Fund

## Exhibit 7: Growth Costs and Philanthropic Need

The figures below include the (projected) budgets of five CMOs in the NewSchools Venture Fund Boston charters portfolio. This includes Edward Brooke, Excel, KIPP, MATCH, and Roxbury Prep.

The average school in this portfolio reaches a breakeven point after 3 years of operation. These CMOs do not achieve breakeven during the 5-year time frame, however, because they are continuing to grow. If we assume that the Boston CMOs stop growing at 18 schools and that in the aggregate they break even in FY2017, the all-in cumulative net operating deficit they incur in order to create 13 new schools is ~\$18.5M, or a little over \$1.4M per school and about \$4,000/seat. These CMOs then capture ~\$80,000,000 in public funding annually, in perpetuity.

ALL NSVF CMOS/SCHOOLS	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Schools	9	13	14	16	18
Number of Students	1,767	2,627	3,542	4,363	5,178
Total Staff	417	569	720	837	927
<i>Home office Staff</i>	57	80	91	94	98
<i>School Staff</i>	360	489	629	743	830
<i>Students per Home Office Staff</i>	31.3	32.7	39.1	46.7	53.1
<i>Students per School Staff</i>	4.9	5.4	5.6	5.9	6.2
Public Revenue	\$27,440,258	\$40,064,147	\$53,528,553	\$65,620,854	\$78,779,467
Expenses	\$32,010,437	\$44,764,205	\$57,401,702	\$69,251,123	\$80,465,680
<i>Home Office Expenses</i>	\$4,687,954	\$6,559,744	\$7,577,557	\$8,259,522	\$8,498,941
<i>School-Site Expenses</i>	\$27,322,484	\$38,204,462	\$49,824,145	\$60,991,600	\$71,966,738
Net Operating Income (Deficit)	(\$4,570,179)	(\$4,700,058)	(\$3,873,149)	(\$3,630,268)	(\$1,686,212)
Cumulative Net Income (Deficit)	(\$4,570,179)	(\$9,270,237)	(\$13,143,386)	(\$16,773,654)	(\$18,459,867)
Public Revenue/Student	\$15,529	\$15,251	\$15,113	\$15,040	\$15,214
Expenses/Student	\$18,116	\$17,040	\$16,206	\$15,872	\$15,540
<i>Home Office Expenses/Student</i>	\$2,653	\$2,497	\$2,139	\$1,893	\$1,641
<i>School-Site Expenses/Student</i>	\$15,463	\$14,543	\$14,067	\$13,979	\$13,899
Net Operating Deficit/Student	(\$2,586)	(\$1,789)	(\$1,093)	(\$832)	(\$326)

Source: Jim Peyser, NewSchools Venture Fund (2011)