



LEADING APPROACHES TO PHILANTHROPIC INVESTMENT IN THE CHARTER SECTOR:

A Scan of Four Cities

Public Impact for Baptist Community Ministries

Lucy Steiner and Daniela Doyle

PUBLIC IMPACT



About the Authors

LUCY STEINER is a senior consultant with Public Impact. She researches and consults on a variety of critical education issues, including teacher and leader policy, school restructuring, charter school policy, and teacher professional development. Ms. Steiner both conducts her own work and leads project teams to deliver research, training, and consulting. Her work often provides a bridge between district leadership, school leadership, and instruction. A former high school English teacher, Ms. Steiner holds a master's degree in education and social policy from Northwestern University and a B.A. with highest honors from the University of North Carolina at Chapel Hill.

DANIELA DOYLE is a consultant with Public Impact. Her work addresses a wide range of education issues, including teacher quality, school finance, charter schools, early and alternative education, and student engagement. A former elementary school teacher, Ms. Doyle is an alumna of Teach For America and Education Pioneers, a nonprofit bringing innovative leaders to education. She holds a bachelor's degree in public policy from Princeton University, a master's of science for teachers from Pace University, and a master's degree in public policy from Duke University.

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Four-City Scan

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Executive Summary

About this Report

This report is part of a larger project that Public Impact conducted for Baptist Community Ministries (BCM) in 2010 with the twin goals of evaluating the foundation’s past grantmaking and recommending future investments that leverage BCM’s commitment to public schools. The purpose of this scan was to help BCM craft its own strategy by examining how philanthropic organizations in four prominent American cities—Albany, N.Y.; Denver, Colo.; Harlem, N.Y.; and Houston, Tex.—have affected the charter sector.¹ This report includes information about how a select number of philanthropic organizations in each city developed their investment strategies, made investment decisions, and evaluated the impact their investments are having on public education.

The charter school sectors in these four cities have, of course, evolved rapidly since early 2010 when we conducted this research. Yet we hope the lessons learned by these funders offer useful guidance to others engaged in similar activities.

Key Findings

The table below summarizes the findings for each of the report’s research questions.

Table A. Research findings

Research Question	Findings
How do philanthropic organizations determine where to invest strategic education grant dollars aimed at supporting the charter sector?	<ul style="list-style-type: none"> • Foundation officers all described their funding priorities both in terms of the outcomes they hoped to achieve and their “theory of change”—the pathway through which they believe they can best reach those outcomes. • Several foundation officers reported that they focus on a narrow set of barriers that present the greatest challenge in a given situation. These are the obstacles that cause a “bottleneck” in the entire reform process. • Some foundation officers said that they determine where to invest by identifying the underlying cause of the barrier which, if removed, can clear the bottleneck and allow substantive change to occur. • See Table 6 for specific examples of this process for each foundation featured in the report.
How have philanthropic organizations sequenced their investments?	<ul style="list-style-type: none"> • Sequencing investments was not a priority for the foundations interviewed for this report. • A few interviewees commented that sometimes the bottlenecks that stand in the way of success change, which shifts investment decisions. • Rather than committing to a particular funding sequence, interviewees stressed the need for philanthropies to be flexible in an evolving sector.
Where have philanthropic organizations invested strategic education grant dollars aimed at supporting the charter sector?	<ul style="list-style-type: none"> • The most common charter investments were: 1) direct grants to support the development and scale-up of highly successful charter schools; 2) facilities support; 3) human capital development; 4) advocacy; and 5) charter support organizations and charter school associations. • At least one interviewee in every city named access to facilities as one of the biggest barriers to a vibrant charter sector. Nonetheless, few philanthropies seem willing to provide funding to build, renovate, or rent space. • Many grantees commented that philanthropies ought to increase support for

Research Question	Findings
	<p>advocacy efforts that address inequities in charter funding and support.</p> <ul style="list-style-type: none"> • Interviewees said that effective investments address a market failure and concentrate funding. • In contrast, providing a little more money to a struggling project, funding one-off projects, and awarding inflexible grants were all named as ineffective investments. • In addition to picking the right projects, foundations also need to pick the right grantees. Interviewees named mission alignment, sustainability, and effective leadership as important criteria for selecting grantees. • One foundation officer noted that she thinks it is important for everyone on her staff to continually check themselves to make sure they are not swayed by factors that are not aligned with their mission.
<p>What outcomes can we expect from investments in the charter sector?</p>	<ul style="list-style-type: none"> • Foundations often use both interim and outcome measures to assess their investments. • Common outcome measures include: test scores, academic growth, graduation rates, college matriculation, college persistence, lifetime earnings, and positively influencing the field. • To assess progress toward these outcomes goals, foundations often develop robust interim measures that may include academic, operational, and community-based metrics. • Although all of the philanthropy representatives stressed the need to effectively assess their investments, they reported that developing a robust evaluation process is an ongoing challenge. • See Table 9 for examples of metrics used by the foundations featured in this report.
<p>What other lessons have been learned from past investments in the charter sector?</p>	<ul style="list-style-type: none"> • Philanthropies do more than award grants. • Interviewees reported that building relationships and attracting and leveraging the support of national donors are central to what local foundations do to maximize their results. • Foundation officers also reported that they provide a host of supports to their grantees, including helping with business planning, providing formal and informal advice, and hosting conferences and lecture series.

Table B puts these findings in context for each of the foundations featured in the report. It describes each foundation’s theory of change,² one barrier that foundation officers have identified, the underlying causes of the barrier, one project the foundation supports, and how foundation officers plan to assess the effectiveness of the investment.

Table B. Examples of identifying, choosing, and assessing charter-related investments at four foundations, March 2010

	Theory of Change³	Barriers to Change	Underlying Cause of Barrier	Grantmaking Target	Example Interim Metrics	Example Outcome Metrics
Walton Family Foundation	Improve American K–12 student achievement by empowering parents to choose among high-performing schools, thus inserting competition into public education	Virtual monopoly of traditional district schools in low-income neighborhoods	Policies and practices that keep low-income children captive in low-performing schools	Concentrate funding of advocacy and creation of quality schools within designated areas	Parity in charter-to-district funding; student-level attainment and growth	Increased enrollment in high-quality schools in a given region
Donnell-Kay Foundation	Create a strong future for Colorado by increasing the supply of high-quality schools	Lack of strong charter networks in Colorado	Established charter management organizations (CMOs) are reluctant to come to Colorado	Fund the creation and growth of Colorado-based CMOs, school networks, and intermediary organizations	Absolute test scores; academic growth; high school graduation rate; college matriculation rate	Increased number of Colorado students enrolled in high-quality schools
Robin Hood	Ameliorate poverty in New York City by improving education and increasing the graduation rate	Insufficient number of high-quality schools that are not selective and do not address the needs of low-income students	Large system’s inability to have a single-minded and uncompromising focus on teaching and learning	Fund charter schools with an emphasis on CMOs that provide sufficient supports so that their schools remain focused on students	Student performance	Increased high school graduation; college persistence
Houston Endowment	Move children out of poverty by increasing the number of low-income students graduating from college	Not enough high-quality education options for low-income students	CMOs that have been successful at getting low-income students into college have limited space	Scale up successful CMOs	Absolute test scores; academic growth; high school graduation rate; college matriculation rate	College graduation rate

Part I. Introduction

Private philanthropy plays a critical role in America’s K–12 education system. In 2007, private foundations in the United States invested approximately \$2.3 billion in this system.⁴ Historically, foundations interested in improving K–12 education have invested heavily, and sometimes solely, in traditional public schools. After years of pushing for change from within the system, however, an increasing number of foundations have expanded their strategy to include nontraditional efforts, including charter schools.

Charter schools attract many investors because they operate outside the traditional district structure, so they have more options to support student achievement. As public schools that are freed from many of the regulations governing district-run schools, charter schools have more autonomy over budgeting, staffing, and student learning goals than most traditional public schools. But in return for autonomy, charter schools must adhere to a charter contract and meet clear performance benchmarks, or face closure. For philanthropic organizations that want to improve student learning outcomes in meaningful ways, charter schools offer an attractive investment option. Like any other venture, however, investing in the charter sector comes with challenges and risks.

About This Report

This report is part of a larger project that Public Impact conducted for Baptist Community Ministries (BCM) in 2010 with the twin goals of evaluating past grantmaking and recommending future investments that leverage BCM’s commitment to public schools. The scan was intended to help BCM craft its own strategy by examining how philanthropic organizations in four prominent American cities—Albany, N.Y.; Denver, Colo.; Harlem, N.Y.; and Houston, Tex.—have affected the charter sector.⁵ The report includes information about how a select number of philanthropic organizations in each city developed their investment strategies, made investment decisions, and evaluated the impact their investments are having on public education. Although this examination is by no means exhaustive, we hope it will offer some preliminary guidance to others engaged in similar activities.

Research Questions

To meet the goals noted above, this report focuses on the following research questions:

1. How do philanthropic organizations determine where to invest strategic education grant dollars aimed at supporting the charter sector?
2. How have philanthropic organizations sequenced their investments?
3. Where have philanthropic organizations invested strategic education grant dollars aimed at supporting the charter sector?
4. What outcomes can we expect from investments in the charter sector?
5. What other lessons have been learned from past investments in the charter sector?

To answer the research questions, the research team conducted interviews with 12 stakeholders actively engaged with the charter sector in Albany, Denver, Harlem, and Houston. We spoke to local foundation officers, representatives from charter support organizations, and charter school leaders. We also reviewed publicly available documents about philanthropic investment in these four cities. For more detailed information about the study methodology, see the appendix.

Part II. The Four Cities

The four cities included in this report are charter sector leaders. We selected them after considering the amount of philanthropic involvement in the charter sector, the policy structure, and what proportion of all public school children in the area attend charter schools (the level of market saturation). Below are

four tables summarizing the main characteristics of each site, including an overview of the size of the charter sector, the local and philanthropic context surrounding charter schools, and evidence of student achievement in the city’s charter schools. The tables also include a brief profile of the organizations we studied, including their mission, focus, and interesting facts about each.⁶ All research and interviews were conducted in early 2010.

Table 1. Albany, N.Y.

Charter Schools ⁷		Children Served	Market Share	Charter Law Since	State Cap
8		2,589	24.5%	1998	Yes, 46
Local context	<ul style="list-style-type: none"> Because Albany is the state capital and many New York legislators oppose charter schools, there is an intense focus on its charter sector There is also strong charter opposition from the teachers’ union 				
Evidence of high achievement ⁸	<ul style="list-style-type: none"> 3 charter schools received the city’s highest scores on state exams in 2007–08 97%+ of all 3rd- and 4th-graders attending a Brighter Choice Foundation (BCF) charter school were proficient on the 2009 state math exam One BCF charter school has produced gains of up to 69 percentile points since 2007 				
Philanthropy	<ul style="list-style-type: none"> Large investments from individual donors, including members of the Wall Street community Walton Family Foundation is the largest charter donor Mostly small, individual contributions from within Albany itself 				
Walton Family Foundation			Brighter Choice Foundation		
Organization type	Philanthropy		Charter support; CMO		
Interviewee	Jim Blew, director of K–12 reform		Tom Carroll, founder and chairman		
Overview	<p>2008 total giving: \$218,900,000</p> <p>Mission: Invest in programs that empower parents to choose among high-performing schools for their children</p> <p>Staff: 6 full-time professional</p> <p>Application Process</p> <ul style="list-style-type: none"> Identified target school districts to focus K–12 education funding, including Albany, Denver, Harlem, and New Orleans Any school in the target geographies can apply for start-up grants 		<p>Founded: 2002</p> <p>Mission: Build a brighter future for Albany’s children by increasing the quantity of charter schools while maintaining quality</p> <p>Size: Supports 8 of Albany’s 9 charter schools</p> <p>Activities:</p> <ul style="list-style-type: none"> Start-up grants School facilities Revolving loan fund Technical assistance Operates two charter schools Advocacy 		
Interesting fact	Walton has a national focus, and is included under Albany because it is the largest donor. Walton also invests in the other three cities in this scan.		BCF’s advocacy efforts have halted attempts to put a cap on the number of charter schools that can open in Albany.		

Table 2. Denver, Colo.

Charter Schools ⁹	Children Served	Market Share	Charter Law Since	State Cap
24	7,412	10%	1993	No
Local context	<ul style="list-style-type: none"> • Denver’s charter sector developed as a statewide effort to promote choice • Good relationship with district, which has issued bonds for charter schools and provided facilities • Colorado’s charter schools have the second-largest state market share after Arizona • Absence of strong charter networks with multiple campuses 			
Evidence of high achievement	<ul style="list-style-type: none"> • A 2009 CREDO report found that Denver charter schools as a whole produced significantly higher test scores compared with the traditional schools their students were likely to attend, and by a larger margin than any of the other 15 cities and states included in the study¹⁰ • Achievement is mixed across schools 			
Philanthropy	<ul style="list-style-type: none"> • Mix of local and national foundations • Denver is one of the Walton Family Foundation’s target districts 			
	Donnell-Kay Foundation	Colorado League of Charter Schools	Denver School of Science and Technology (DSST)	
Organization type	Philanthropy	Charter support organization	Charter school	
Interviewee	Tony Lewis, executive director Amy Anderson, director of strategic partnerships	Jim Griffin, president	David Greenberg, founder and board chairman	
Overview	<p>2008 total giving: \$852,900</p> <p>Mission: Improve public education and drive systemic school reform in Colorado</p> <p>Staff: 4 full-time professional, 1 full-time support</p> <p>Application process: None. Contributes only to pre-selected organizations</p>	<p>Founded: 1995</p> <p>Mission: Support Colorado’s 160 charter schools</p> <p>Activities:</p> <ul style="list-style-type: none"> • Provide technical support • Engage in advocacy • Offer public relations assistance • Support developing charters 	<p>Founded: 2004</p> <p>Size: 580 students in grades 6 and 9–12</p> <p>Focus: College prep liberal arts school with a science and technology focus</p> <p>Results: 100% of first senior class were accepted into four-year colleges</p>	
Interesting fact	Donnell-Kay spends more than half of its budget internally and contracting with private entities toward problem-solving and launching new initiatives.	The league focuses on building capacity and identifying strong charters early in their development.	Denver Public Schools authorized the replication of four new DSST campuses and will provide facilities.	

Table 3. Harlem, N.Y.

Charter Schools ¹¹	Children Served	Market Share	Charter Law Since	State Cap
21	6,765	12%	1998	Yes, 200 (114 in New York City)
Local context	<ul style="list-style-type: none"> • Several nationally prominent charter operators work in Harlem, including Harlem Children’s Zone, Success Charter Network, and Village Academies • Harlem’s historical importance and visibility in Manhattan have supported a strong charter sector, according to interviewees • Harlem is the only New York City neighborhood that gets start-up funding from the Walton Family Foundation 			
Evidence of high achievement	<ul style="list-style-type: none"> • A 2009 report by Stanford economist C. Hoxby and a 2010 CREDO report both found that New York City students attending charter schools outperformed their peers in traditional district schools¹² • Achievement is mixed across schools 			
Philanthropy	<ul style="list-style-type: none"> • More than 900 local philanthropies in New York City make education-related grants • Several individual philanthropists make significant contributions to public education • Harlem is one of the Walton Family Foundation’s target districts 			
	Robin Hood	New York City Charter School Center	Success Charter Network¹³	
Organization type	Philanthropy	Charter support	CMO	
Interviewee	Emary Aronson, managing director, relief fund & education	James Merriman, CEO	Eva Moskowitz, founder and CEO	
Overview	<p>2008 total giving:¹⁴ \$140,000,000</p> <p>Mission: Target poverty in NYC</p> <p>Staff: 60 full-time, 5 part-time, 10 full-time support</p> <p>Application process</p> <ul style="list-style-type: none"> • Philanthropy NY Common Application Form • Involves multiple site visits before grant decision • Rolling selection 	<p>Founded: 2004</p> <p>Mission: Increase the number of high-quality charter schools to improve public education in New York City</p> <p>Activities:</p> <ul style="list-style-type: none"> • Leadership development • Assessment and data management modeling • Real estate/facility support • Advocacy 	<p>Founded: 2006</p> <p>Size: 4 schools enrolling almost 1,500 K–4 students</p> <p>Results:</p> <ul style="list-style-type: none"> • The first year Success Charter students took the state math exam, they scored higher than any other public school in N.Y. • 3rd-graders outperformed the district by nearly 25 percentage points on the state English exam 	
Interesting fact	Robin Hood doesn’t have an endowment—it raises its funds every year and the board of directors underwrites all administrative costs.	New York City Chancellor Joel Klein was key to the center’s founding, and he continues to sit on the board.	Moskowitz is a former city council member.	

Table 4. Houston, Tex.

Charter Schools ¹⁵	Children Served	Market Share	Charter Law Since	State Cap
106	33,474	15%	1995	Yes, 215 ¹⁶
Local context	<ul style="list-style-type: none"> • State cap on charter schools allows only current charter operators to open new schools • KIPP and YES Prep are undertaking an expansion plan to open 55 schools in eight years, eventually serving 30,000 students from Houston and surrounding districts, a population equal to about 15% of total enrollment in Houston’s largest school district 			
Evidence of high achievement	<ul style="list-style-type: none"> • The relationship between the district and charter schools is supportive • All YES Prep and KIPP 8th-, 9th-, 10th-, and 11th-grade classes outperformed the district on the 2009 state exams¹⁷ • Both YES Prep and KIPP campuses in Houston were featured in a 2003 report that the Texas Education Agency produced profiling high-performing charter schools in Texas • Achievement is mixed across all Houston charter schools 			
Philanthropy	<ul style="list-style-type: none"> • Mix of local and national foundations and wealthy entrepreneurs • Donors include: Houston Endowment, Walton Family Foundation, Bill and Melinda Gates Foundation, Dell Foundation, Charter School Growth Fund 			
	Houston Endowment	Leo Linbeck	YES Prep	
Organization type	Philanthropy	Charter support	Charter management organization	
Interviewee	George Grainger, grant officer	Leo Linbeck, local entrepreneur and advisor to KIPP and YES Prep charter schools	Chris Barbic, founder and CEO	
Overview	<p>2008 total giving: \$76,400,000</p> <p>Mission: Improve life for the people of the greater Houston area</p> <p>Staff: 15 full-time professional, 9 full-time support</p> <p>Application process</p> <ul style="list-style-type: none"> • Requires a 1-page cover letter and 3–5 page proposal • No formal application • No grant deadlines 	<ul style="list-style-type: none"> • Described as the KIPP-YES “growth architect” by <i>Philanthropy</i> magazine • Provides expertise related to facilities and overall business planning 	<p>Founded: 1998</p> <p>Size: 7 campuses serving more than 3,500 students in grades 6–12</p> <p>Results:</p> <ul style="list-style-type: none"> • 100% of graduating seniors accepted to four-year colleges • 100% of 11th-graders passed the English / Language Arts exam in 2009 	
Interesting fact	The endowment aggregates funding around large projects and makes multiyear grants.	Linbeck’s relationship with KIPP began when KIPP asked his company to build a new elementary school.	The founders of YES Prep and KIPP act as sounding boards for each other.	

Part III. Key Findings

The study team spoke with a dozen philanthropies, charter support organizations, and charter school representatives in early 2010. Interviewee responses to the research questions outlined on page one fell into six categories, addressing a range of decisions that philanthropies make during the grantmaking process, as well as how and why philanthropies select one investment over another:

- 1) Choosing to invest in charter schools;
- 2) Deciding what to target;
- 3) Identifying potential areas for investment;
- 4) Selecting grantees;
- 5) Defining and measuring results; and
- 6) Extending impact beyond grantmaking.

Below are the key findings in each of these areas.

1. Choosing to Invest in Charter Schools

Ten years ago, charter-related giving represented no more than 1 percent of the education portfolio for the Denver-based Donnell-Kay Foundation. Today, charter giving makes up more than 60 percent. Donnell-Kay, like the other foundations we spoke to, is agnostic about the charter schools themselves. The foundation has chosen to increase its charter giving so significantly in the past decade because it strives to get more children into high-quality schools, and the foundation's experience suggests that investing in charter schools in Denver offers the best opportunity for achieving that goal.

Like Donnell-Kay, all of the foundation officers the study team spoke to reported that they invest in the charter sector because charter schools have the potential to produce high test scores, graduation rates, and college enrollment among the country's most disadvantaged children, enabling the foundation to provide families with better education options. The foundation officers did not set out to fund charter schools, but decided to do so when they saw evidence of outstanding academic results. The philanthropies differed, however, in the rationale driving their investment strategy and how that strategy has unfolded.

Developing an Investment Strategy

Foundation officers' decisions to invest in the charter sector stemmed from the outcomes they hoped to achieve and their "theory of change"—the pathway through which they believed they could best reach those outcomes. The theory of change plays an important conceptual role for these philanthropies because it acts as the link between their organizational goals and the specific types of projects they fund (see Table 5).

At the Houston Endowment, senior grant officer George Grainger said that one of the foundation's highest priorities is finding ways to move the city's low-income children out of poverty. Grainger calls the number of poor students in Texas graduating from college—and Hispanic students in particular—"abysmal." Meanwhile, a college diploma is a validated precursor of increased lifetime earnings. Under the endowment's theory of change, the best way to move poor children out of poverty is to ensure that as many students as possible graduate from college. This theory drives all of the Houston Endowment's investments in education.

The Donnell-Kay Foundation aims to build a strong future for Colorado. Since the state's children will eventually be responsible for Colorado's success, the education and well-being of children is critical to

Donnell-Kay’s mission. Staff members believe that *networks* of high-quality charter schools, rather than independent charter schools, have the greatest potential to make a deep and significant change to Colorado’s education landscape. By high quality, the foundation refers not only to academic achievement, but also to children’s health and wellness. As it considers potential investments, Donnell-Kay’s staff narrows its focus to projects and organizations it believes will have the greatest impact on education policies and reforms. Staff members believe that all students statewide deserve access to high-quality school options that will prepare them to lead productive, healthy lives—an objective Donnell-Kay is in the process of defining more precisely.

The Walton Family Foundation’s primary goal for its education initiative is to dramatically improve academic achievement for all children. The foundation’s leadership believes that empowering families to choose among high-performing schools leads to more competition, providing an incentive for all schools to improve. The foundation has targeted its giving according to this theory of change, investing in charter schools as a way to encourage competition in public education, and donating to the traditional education system only in cities and states where district leaders respond constructively to competition.

Robin Hood’s organizational mission is to fight poverty, and its staff members believe that education is the best available method for alleviating poverty. Robin Hood therefore directs its education funding into two main areas: 1) supporting superior schools in the city’s poorest neighborhoods; and 2) supporting efforts that prevent students from falling behind in school.

Table 5. Getting to the goal: four “theories of change”¹⁸

Philanthropy	Theory of Change for K–12 Education
Walton Family Foundation	Improve American K–12 student achievement by empowering parents to choose among high-performing schools, thus inserting competition into public education
Donnell-Kay Foundation	Create a strong future for Colorado by increasing the supply of high-quality schools
Robin Hood	Ameliorate poverty in New York City by improving education and increasing the graduation rate
Houston Endowment	Move children out of poverty by increasing the number of low-income students graduating from college

2. Deciding What to Target

In addition to considering their theories of change, these philanthropies identify barriers to change and the underlying causes of those barriers to decide where to target their investments. All said they prefer to identify and respond to barriers as they emerge rather than deciding in advance how they will sequence their investments. As a result, sequencing investments was not a priority for these foundations. A few interviewees stressed that they deliberately choose to remain flexible because, in their experience, the barriers standing in the way of reaching particular goals often change. In addition, foundations may need to adjust their focus over time as other funders assume responsibility for certain barriers. We include examples of such shifts below.

Although there are often several barriers to any given change effort, these philanthropies try to focus their attention on a narrow set of barriers that present the greatest challenge in a given situation. These are the obstacles that cause a “bottleneck” in the entire reform process, according to one interviewee. In addition, philanthropy staff members try to identify the underlying cause of the barrier, which, if removed, can resolve the bottleneck and allow substantive change to take place.

All of the philanthropies shared the same goal—to increase the supply of high-quality schools. They varied, however, in what they believed was the greatest obstacle toward meeting that goal, and therefore, which investments would have the greatest impact (see Table 6).

Table 6. Examples of barriers, causes, and solutions identified by funders, March 2010

	Theory of Change ¹⁹	Barriers to Change	Underlying Cause of Barrier	Grantmaking Target
Walton Family Foundation	Improve American K–12 student achievement by empowering parents to choose among high-performing schools, thus inserting competition into public education	Virtual monopoly of traditional district schools in low-income neighborhoods	Policies and practices that keep low-income children captive in low-performing schools	Concentrate funding of advocacy and creation of quality schools within designated areas
Donnell-Kay Foundation	Create a strong future for Colorado by increasing the supply of high-quality schools	Lack of strong charter management networks (CMOs) in Colorado	Established CMOs are reluctant to come to Colorado	Fund the creation and growth of Colorado-based CMOs, school networks, and intermediary organizations
Robin Hood	Ameliorate poverty in New York City by improving education and increasing the graduation rate	Insufficient number of high-quality schools that are not selective and do not address the needs of low-income students	Large system’s inability to have a single-minded and uncompromising focus on teaching and learning	Fund charter schools with emphasis on CMOs that provide sufficient supports so that their schools remain focused on students
Houston Endowment	Move children out of poverty by increasing the number of low-income students graduating from college	Not enough high-quality education options for low-income students	CMOs that have been successful at getting low-income students into college have limited space	Scale up successful CMOs

The staff at the Houston Endowment, for example, asked why the number of low-income students graduating from college was so low. They concluded that there were simply not enough schools capable of providing low-income students with the skills and incentives they needed to attend and succeed in

college. The handful of charter management organizations (CMOs) that are successful in this respect are limited in size, so only a small percentage of Houston’s students can benefit. At one point, the endowment therefore applied a large portion of its available education budget to fund expansion projects to scale up two highly successful CMOs that originated in Houston: the Knowledge is Power Program (KIPP) and Youth Engaged in Service (YES) Prep.

Program officers at Donnell-Kay also identified a lack of high-quality education options as a barrier to change. Unlike Houston, which benefits from the presence of existing high-performing CMOs, Colorado’s charter sector is dominated by stand-alone charters, many of which do not intend to scale up. Donnell-Kay tried to recruit CMOs from other parts of the country to come to Colorado and grow the state’s supply of high-quality schools, but it found that the CMOs it approached did not want to expand to Colorado. Donnell-Kay concluded that Colorado would have to grow its own charter networks to support high-quality education for all charter students.

Sometimes the bottlenecks that stand in the way of success change, which shifts investment decisions. Walton, for example, identified three charter-related funding priorities: 1) creating new high-quality schools, 2) improving existing schools, and 3) advocacy. Since establishing these priorities, a number of other philanthropies have begun funding start-ups, easing that bottleneck. As a result, Walton is shifting more of its resources to advocacy, where fewer funders have been willing to contribute.

Unexpected events can also cause a philanthropy to identify new barriers as the most pressing. After 9/11, New York City faced pressing mental health issues. Robin Hood began funding mental health programs specifically related to 9/11, and it has expanded that work into a school-based mental health initiative. Furthermore, although there were issues around space and grantee capacity before 9/11, the terrorist attacks underscored the need. Some of Robin Hood’s grantees lost access to their buildings, and for many, new or better space was not available because real estate in New York City is expensive, and real estate projects require expertise. Grant officers at Robin Hood told the board that they thought facilities funding should become a high priority. They spoke with real estate experts and presented the information to the board, which agreed with their analysis. Shortly thereafter, Robin Hood established an ongoing capital fund for both renovation and new construction projects, and hired real estate experts to join its staff to assist with future investments in facilities.

3. Identifying Potential Areas for Investment

As described above, the process of identifying bottlenecks highlights multiple opportunities for investment. The projects mentioned in the previous section reflect only a small sample of the investments these organizations make in the charter school sector (see box, “What Are They Working On?”). Based on their experiences, our interviewees produced dozens of examples of “effective investments,” from the perspective of both funders and grantees. All of the responses, however, fit into five major areas: 1) direct grants to support the development and scale-up of highly successful charter schools; 2) facilities support; 3) human capital development; 4) advocacy; and 5) charter support organizations. Below is a description of each.

Direct Grants to Support the Development and Scale-Up of Highly Successful Charter Schools

In some cities, the greatest need in the charter sector is for more high-quality schools. Where strong providers already exist, replication is often the priority. For example, the Houston Endowment awarded KIPP and YES Prep \$10 million each in unrestricted grants to help open 55 new charter schools in the next eight years. Elsewhere, in places such as Colorado, an adequate supply of high-quality providers willing to scale up does not exist, so start-ups are needed. Donnell-Kay is therefore supporting the creation of a new Colorado-based CMO that operates secondary schools with a project-based learning focus. The first school, Leadership Prep, opened in Denver in 2009, and Donnell-Kay plans to open five more in the state. The Walton Foundation has invested heavily in building a supply of highly successful charter schools in Albany, under the auspices of the Brighter Choice Foundation.

Facilities Support

Interviewees in every city named access to facilities as one of the biggest barriers to a vibrant charter sector. Studies have shown that most charter schools do not receive facilities funding, and are often denied access to empty taxpayer-funded buildings.²⁰ Consequently, many charters spend a significant portion of their budget on rent or facility debt, often in non-traditional or shared school spaces that may not have a cafeteria, gym, or library. Two CMO founders, Eva Moskowitz (Charter Success Network) and Chris Barbic (YES Prep), said that they spend about 30 percent and 60 percent of their time, respectively, dealing with facilities issues—time that could be spent raising student achievement.

What Are They Working On?

Each of the philanthropies included in this study is engaged in multiple projects. In addition to the projects outlined in Table 6, some of their other charter investments include:

Walton Family Foundation:

- funding the California Charter Schools Association, which aims to increase student achievement by supporting and expanding California’s quality charter school movement
- supporting the Charter School Growth Fund, which gives proven educational leaders the resources they need to replicate their successes and create networks of high-quality public charter schools

Donnell-Kay Foundation:

- increasing the number of high-quality, sustainable, and affordable charter school-based early childhood education centers
- funding Get Smart Schools, a nonprofit organization that supports the creation of new high-performing schools serving low-income students

Robin Hood:

- providing funding to support several high-performing charter schools and charter school networks, including Achievement First, KIPP, Success Charter Network, and Uncommon Schools, Inc.
- funding the New York City Charter Center
- building a high school for Achievement First and Uncommon Schools

The Houston Endowment: *

- supporting the Charter School Policy Institute, to improve public school choice by promoting outstanding charter schools and disseminating information about their successes
- funding the Resource Center for Charter Schools, which provides technical assistance and professional development for charter school administrators, teachers, and boards

* The Houston Endowment’s investment in the KIPP-YES Prep expansion is by far its largest charter-related project. The projects listed here represent *previous* investments made within the past five years. The policy institute and the resource center have been folded into the Texas Charter School Association since receiving funding from the Houston Endowment.

The interviewees shed light on a few creative ways philanthropies can help address facilities challenges apart from paying for the construction of new buildings. The Gates Foundation pledged \$10 million to back a \$62 million facilities bond for KIPP's Houston expansion, which saves the CMO millions over the life of the bond.²¹ The Houston Endowment grants to KIPP and YES were unrestricted, thereby enabling each organization to use grant funds, at their discretion, for facility needs as part of their expansion strategies. In Albany, the Brighter Choice Foundation was founded in large part to address facilities challenges. BCF received a \$15 million program-related investment, in the form of a line of credit from the Walton Foundation, to devise a system through which it has been able to get eight charter schools off the ground and into facilities, while putting money back in a loan fund to support new projects each year. Elsewhere, the Walton Foundation offers grantees unrestricted start-up funding to cover whatever needs a school may have, including facilities. Walton has also funded a variety of credit enhancement and loan pools through Local Initiatives Support Corporation and others. As described below, advocacy offers another pathway for philanthropies to help charter schools secure facilities affordably.

Nonetheless, many interviewees told us that few philanthropies are willing to provide funding to build, renovate, or rent space, even though those activities represent some of the greatest needs of charter schools. Interviewees cited several reasons why they believe philanthropies avoid funding facilities. Tom Carroll, founder and CEO of the Brighter Choice Foundation, noted that foundations likely stay out of facilities funding because it is such an expensive and risky stage in a school's development. Another interviewee reported that he thinks facilities funding does not appeal to foundations that prefer to fund more direct efforts to help students.

Advocacy

In every city, we heard that schools and charter support organizations are eager for philanthropies to be more involved in advocacy. Broadly speaking, advocacy issues in the charter sector are either policy-related or involve building public understanding and support for charter schooling. For example, studies show that charter schools receive on average more than 20 percent less funding per pupil than traditional schools.²² In cities such as Albany, where there are enough charter schools to offer the traditional system real competition, the teachers' union and other charter opponents have tried to pass laws capping the number of charter schools permitted in a particular city and state, setting wage laws on charter construction, and blocking new construction projects. As James Merriman, CEO of the New York Charter City Center explained, chartering is a political act, and a foundation and the people behind it must to be willing to be political.

"Being political" can take many forms, according to interviewees. Philanthropies can take a direct role, such as publishing white papers that illustrate inequities between charter schools and traditional public schools; hosting forums; making funding for traditional schools contingent on freeing space for charter schools; or writing to editorial boards to promote such charter issues as stronger chartering laws and changes to funding formulas. These activities put pressure on and provide political cover for district administrators to make bold changes.

There are also more indirect approaches that philanthropies can pursue to support advocacy efforts, such as providing grants to local organizations engaged in advocacy work. Carroll observes that half of BCF's identity is as an advocacy organization. Although none of its funders have given money explicitly to support advocacy work, funders understand that BCF uses a substantial part of its funding for that. As a result of nondeductible private funding, BCF has successfully fought anti-charter legislation in the state capitol and mobilized parents throughout the city. Of course, philanthropies face legal limits on their

involvement in political affairs, but interviewees generally agreed that funders could do a great deal to support advocacy within these constraints.

Human Capital Development

Another barrier to building capacity in the charter sector is a lack of teachers and school leaders who are able to educate at-risk students at high levels. This dearth of talent presents a bottleneck to other expansion efforts, including starting new schools or CMOs and growing existing ones.

Philanthropies can support human capital development by creating or funding organizations that help build a talent pipeline within the sector, or even within a particular CMO. Some examples include Get Smart Schools, which has received funding from the Donnell-Kay Foundation for its work recruiting and training new principals to lead schools serving high proportions of disadvantaged students. Similarly, Teach For America (TFA) provides teachers for low-income schools, both public and private, in 35 regions across the country. All four philanthropies have awarded grants to TFA for this work. Philanthropies can also become thought partners with others trying to solve human capital constraints by conducting research, holding conferences, and engaging in similar activities aimed at problem-solving, an informal role that program officers at the Houston Endowment have played.

Charter Support Organizations and Charter School Associations

In addition to funding charter schools directly, several philanthropies we interviewed fund charter school associations, which support the sector in a particular city or state through advocacy efforts, and charter support organizations, which provide technical support. According to Merriman, the charter sector in every city needs an overall convener or catalytic “bringer together” to speak for the sector as a whole. In addition to serving as a unified voice, charter centers have the ability to provide technical assistance that may not be practical or cost-effective for individual schools to learn.

The Colorado League of Charter Schools, for example, has dedicated a significant amount of time and energy to build systems that allow schools to interpret their data. In most cases, it would not be practical for individual schools to each develop their own such systems because the process is both time- and resource-intensive. The benefits are substantial, as better data analysis allows schools to identify students’ strengths and weaknesses and adjust instruction to provide the specific support that students need. Similarly, the New York City Charter School Center, which Robin Hood helps fund, provides training for new schools, helps schools navigate the state’s teaching licensure laws, and has secured group purchasing agreements, all of which were much more cost-effective for one entity to create and share than it would have been for each school to do individually. The Resource Center for Charter Schools in Texas and the Brighter Choice Foundation in Albany play similar roles and have benefited from the financial support of the Houston Endowment and Walton, respectively.

Table 7 summarizes the kinds of activities in each of the categories just described:

Table 7. Examples of common charter-related projects

Topic Areas	Project Examples
Direct grants to support the development and scale-up of highly successful CMOs	<ul style="list-style-type: none"> • Scaling up existing CMOs • Nurturing new CMOs
Facilities support	<ul style="list-style-type: none"> • Funding the construction of a new facility • Backing a bond • Offering unrestricted funding that can support facility costs
Human capital development	<ul style="list-style-type: none"> • Recruit and train new teachers • Identify, recruit, and train school leaders • Provide teacher/leader residency programs • Work with districts to hire more effective personnel in both district and charter schools
Advocacy	<ul style="list-style-type: none"> • Charter School Associations • Conferences on charter-related topics • Informational publications on charter-related issues (e.g. funding gap between charter and traditional schools; facilities challenges that charters face) • Financial support for advocacy campaign • Financial support for political campaigns, if legally possible
Charter support organizations	<ul style="list-style-type: none"> • Create and offer ongoing support of charter school support organizations • Organize charter efforts in a state or community

General Investment Recommendations

In addition to project areas, we asked interviewees to broadly identify “effective” and “ineffective” investments. We consistently heard several of the same characteristics, namely that strong investments address a market failure and concentrate funding. In contrast, weak investments tend to allocate inadequate sums of money on discrete projects and have strict rules about how recipients can spend grant money. Table 8 describes characteristics of effective and ineffective investments in greater detail.

Table 8: Recommendations from interviewees on effective and ineffective investments

Effective Investments
<p><u>Address a market failure:</u> A bottleneck in the sector that others are unwilling to fund or have not yet identified. This involves both knowing the sector and knowing what others are doing. This knowledge allows funders to avoid replicating work already in progress and to identify and act on neglected areas.</p>
<p><u>Concentrate funding:</u> Fund fewer organizations more deeply rather than providing less funding to more organizations. Philanthropic donations to public education represent a pittance compared with the more than \$500 billion spent each year in public dollars; foundations need to leverage their funds strategically so their investments have a measurable impact on student performance.</p>
Ineffective Investments
<p><u>Provide “a little more money”:</u> If an organization is not getting results, chances are a little more money, or even doubling the funding, will not make a difference.</p>
<p><u>Fund one-off projects:</u> One-off projects or activities, such as after-school or tutoring programs, often do not have the ability to change the education market more broadly, and therefore have a limited effect.</p>
<p><u>Award inflexible grants:</u> Inflexible grants prevent grantees from adjusting to new bottlenecks and using money in the most effective way. Prescriptive grants require extra effort from organizations that have to find ways to direct funds to needed projects and stay in compliance with foundation requirements.</p>

4. Selecting Grantees

Even after deciding how to spend their money, philanthropies still face the challenge of deciding which organizations are likely to use their funds most effectively. In response to questions about why they select particular grantees, foundations officers consistently listed three considerations—mission alignment, sustainability, and effective leadership.

Mission Alignment

Each of the philanthropies we spoke to explained how the projects they fund advance their overarching organizational goals. Although mission alignment may seem like an obvious prerequisite for any investment, one interviewee admitted that sometimes a self-check is necessary to make sure that investment targets are aligned with needs and opportunity. Robin Hood funds about one-third of New York City’s charter schools, but it chooses not to fund the remaining two-thirds because those schools either do not meet their quality criteria or because they do not enroll enough low-income students to meet Robin Hood’s mission to fight poverty. As a result, Robin Hood’s grant officers report that they must sometimes say no to people and projects that they admire in order to stay true to their mission.

Sustainability

Most projects will eventually have to become self-sufficient in order to survive. Unless philanthropies wish to continue investing in one organization for decades, which is uncommon and arguably low-impact because it ties up money for new programs, it is wise for foundations to ask grantees for evidence that they can eventually operate without the foundation’s funding. Two of the philanthropies we interviewed explicitly stated that they look for evidence of sustainability from grantees. The Houston Endowment began to focus on sustainability during the application process after years of investing in

teacher preparation programs. “Some of the projects were successful projects,” Grainger noted, “but they died after the money ran out. Now we say, ‘Show us your financial models, and if there’s a point in time when your organization no longer needs a recurring philanthropic subsidy to operate, we have a deal.’” While some kinds of activities, such as advocacy, will likely never be funded with fee-for-service or public revenue, even those organizations can shift their revenue base significantly toward membership dues, individual contributions, and other alternatives to large foundation grants.

Sustainability was also key to Walton’s support for the Brighter Choice Foundation, which provides start-up loans, school facilities, and a revolving fund loan to charter schools in Albany. “Every funder wants to see a viable plan for individual schools to survive without outside philanthropy,” explained Tom Carroll, BCF’s founder and chairman. With the aid of BCF’s funding, the schools it supports are ultimately able to function solely with the public dollars that charter schools receive for each student enrolled.

Effective Leadership

Three program officers highlighted the importance of grantees having strong leadership that they can rely on to see the organization move forward. Philanthropies are not in the business of running schools, George Grainger from the Houston Endowment explained, so they need to trust in their grantees to make effective decisions. He argued that foundations should “find smart people with good ideas, give them money, and move out of the way.” Similarly, when Jim Blew, director of Walton’s K–12 giving, went through the list of cities his foundation invests in, he commented specifically and positively on the people shaping the charter sector in those cities—Tom Carroll in Albany, Chris Barbic in Houston, Eva Moskowitz in Harlem. The philanthropy representatives stressed that any grant they give is as much an investment in the people responsible for running the project as in the project itself.

5. Defining and Measuring Results

Every foundation wants to know how its investments are performing, especially in the current economic climate. But defining and measuring educational outcomes is challenging because the outcomes that foundations care about most, such as eliminating poverty and increasing college graduation rates, are so far in the future that they are not helpful in gauging the short-term effectiveness of a particular investment. For this reason, the foundations that we interviewed each developed a set of interim measures at the project’s start to let them know that their investments are on the right track, as well as outcome measures toward which their projects aspire. The foundations differed, however, in their selection of both interim and outcome metrics and in the level of oversight and reporting they require (see Table 9). Below is a description of the metrics commonly used by these interviewees to measure the tangible results of their investments, as well as information about the challenges they encountered.

Choosing Metrics

Choosing metrics begins with deciding what you want to accomplish, according to the foundations. Appropriate metrics should reflect the scope and purpose of the activity and include both long and short-term measures.

Interim metrics. Interim measures indicate progress toward outcomes. Our interviewees identified several interim measures that we organized into three buckets: 1) academic, which measure student achievement; 2) operational, which consider the organization’s capacity to succeed at the project; and 3) community-based, which reflect public opinion and parent and community support for the project.

Table 9. Examples of results metrics linked to foundations' projects, March 2010

	Theory of Change²³	Barriers to Change	Underlying Cause of Barrier	Sample Grantmaking Target	Example Interim Metrics	Example Outcome Metrics
Walton Family Foundation	Improve American K–12 student achievement by empowering parents to choose among high-performing schools, thus inserting competition into public education	Virtual monopoly of traditional district schools in low-income neighborhoods	Policies and practices that keep low-income children captive in low-performing schools	Concentrate funding of advocacy and creation of quality schools within designated areas	Parity in charter-to-district funding; student-level attainment and growth	Increased enrollment in high-quality schools in a given region
Donnell-Kay Foundation	Create a strong future for Colorado by increasing the supply of high-quality schools	Lack of strong charter networks in Colorado	Established CMOs are reluctant to come to Colorado	Fund the creation and growth of Colorado-based CMOs, school networks, and intermediary organizations	Absolute test scores; academic growth; high school graduation rate; college matriculation rate	Increased number of Colorado students enrolled in high-quality schools
Robin Hood	Ameliorate poverty in New York City by improving education and increasing the graduation rate	Insufficient number of high-quality schools that are not selective and do not address the needs of low-income students	Large system's inability to have a single-minded and uncompromising focus on teaching and learning	Fund charter schools with emphasis on CMOs that provide sufficient supports so that their schools remain focused on students	Student performance	Increased high school graduation; college persistence
Houston Endowment	Move children out of poverty by increasing the number of low-income students graduating from college	Not enough high-quality education options for low-income students	CMOs that have been successful at getting low-income students into college have limited space	Scale up successful CMOs	Absolute test scores; academic growth; high school graduation rate; college matriculation rate	College graduation rate

Together, metrics from each of these buckets can provide a fairly comprehensive view of a project, even if the ultimate goals are still far in the future. For example, since it will take more than a decade for staff at the Houston Endowment to fully assess its investment with KIPP and YES Prep, program officers keep an eye on test scores, graduation rates, new school openings, waiting lists, and news coverage of the two CMOs.

Outcome metrics. Outcome metrics are directly linked to the project’s primary goal. For charter investments, these are related to specific student outcomes (e.g., sustained levels of high student achievement, high school graduation rates, college persistence). For some organizations, the appropriate metrics are easy to identify. For example, the Houston Endowment believes that college graduation is a tool with which to fight poverty, so college graduation rates are the most obvious outcome measure. The endowment expects that after reaching capacity over 15 years, KIPP and YES Prep will annually produce three times the number of low-income college graduates that Houston’s largest schools system (Houston ISD) produces while teaching just 15 percent as many students.

Robin Hood uses a cost-benefit analysis to link all the activities it funds to poverty-based outcomes. To develop these measures, Robin Hood has worked with a number of researchers and consultants to identify “poverty multipliers.” These are values—often monetary—based on statistical relationships that allow Robin Hood to translate easily measurable school-level metrics, such as high school graduation rates or standardized test scores, into adult, poverty-related outcomes such as lifetime earnings.

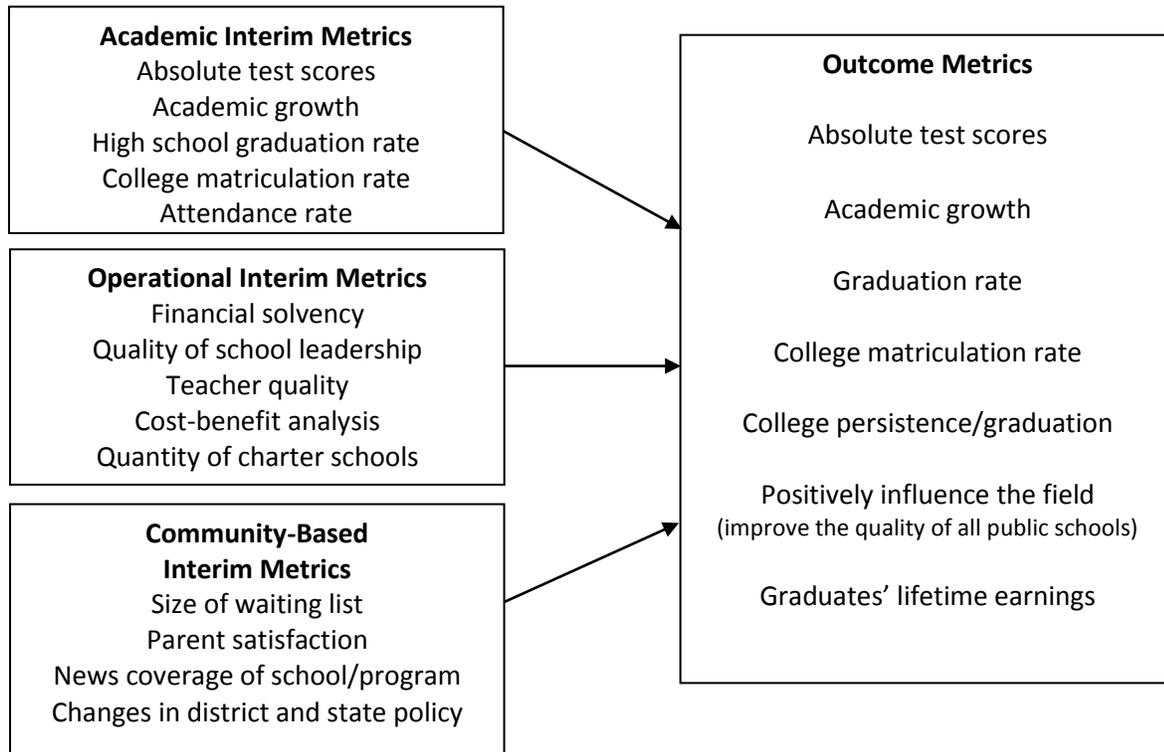
Figure 1 summarizes charter-related metrics that the interviewees’ have used. The boxes on the left side show different buckets of short-term metrics, while the box on the right side lists long-term metrics. As noted before, all of the outcome metrics relate to student outcomes. Some projects have more ambitious goals than others, so there is some overlap between academic interim measures and outcome metrics. A project may, for example, aim to turn around a failing school, so test scores or academic growth over a certain period serve as the outcome metric. Meanwhile, for projects with more distal outcomes, such as college graduation, test scores in K–12 serve as an interim measure instead.

Measurement Challenges

Collecting and analyzing data can be a time-consuming process that takes time away from the work that grantees are trying to accomplish. A few grantees told stories of compiling 60-plus-page reports for funders, and consuming countless hours in the process. Although such an extreme example may be easy to avoid, finding the right balance between meaningful data analysis and the time required to produce it is often difficult. Representatives from the foundations we spoke with have been careful to capture the necessary information from their grantees while respecting the time required to collect it. Their approaches include conducting analyses internally, using third-party information sources, and conducting site visits.

Robin Hood, for example, sometimes asks grantees to submit their raw data, but then Robin Hood staff members conduct the analysis internally. Similarly, the founder and board president of the Denver School of Science and Technology, David Greenberg, has told funders that if they want a high-level analysis, it would be best to hire a third party to conduct it. Although DSST staff will provide data with their own interpretation, Greenberg sees value in funders receiving both DSST and third-party evaluations. The Houston Endowment, meanwhile, prides itself on being a hands-off donor that monitors program progress by observing grantee sites in person and using informal channels.

Figure 1. Common charter-related metrics



According to many interviewees, close proximity makes it easier for local philanthropies to keep track of their investments through informal channels, compared with their national peers. Grainger noted that local philanthropies have the ability to track test scores, graduation rates, and the length of waiting lists by reading the newspaper, meeting with grantees, and seeing program implementation with their own eyes, saving grantees valuable reporting time and energy. Although the Houston Endowment does not have extensive reporting requirements, grantees insist that the foundation has a strong sense of its grantees' project progress.

Ultimately, measuring program success is an imperfect science. As Robin Hood explains in a 2009 report, there are simply many things that metrics are not.²⁴ They are not, for example, exact or unchanging. They also are not the only criteria for making grant decisions, or a replacement for other critical pieces of information. Ultimately, a breadth of information is needed to guide evaluation—including insights from effective program officers and anecdotal reports from grantee and community members, *as well as* accurate metrics. Although all of the philanthropy representatives stressed the need to effectively assess their investments, they reported that developing a robust evaluation process is an ongoing challenge.

6. Extending Impact beyond Grantmaking

In addition to providing funding, the foundation staff members we interviewed maximize their impact by leveraging their unique position within the community and engaging in activities that do not involve grantmaking, but still advance their mission. Interviewees described these activities, including building

relationships, leveraging national donors, and helping grantees, among others, as central to what they do to maximize their results.

Building Relationships

Two grant recipients noted that local philanthropies are members of a very influential circle within their community, which allows them to leverage their impact beyond grantmaking to include informing and influencing powerful people. According to Eva Moskowitz, founder and CEO of the Success Charter Network, the primary strength of a local foundation is its ability to develop a wide network of relationships. Local philanthropies are uniquely positioned to use their clout in the community to support reform activities. Interviewees described a variety of such efforts, including organizing meetings with powerful stakeholders and writing to editorial boards.

Leveraging Larger Donors

Local philanthropies have the potential to attract the attention of larger local, and even national, donors to particularly promising investments, according to interviewees. For example, Donnell-Kay tries to leverage its own giving by attracting other, larger funders to partner with them on key initiatives. Although a relatively small donor itself—Donnell-Kay awards less than \$1 million annually—the foundation works to identify promising investments in their nascent stages and recruit larger partners to invest alongside them. To do this successfully, foundation officers at Donnell-Kay reported that they foster relationships with other foundation staff through conferences, philanthropic association meetings, and informal networking.

Helping Grantees

Foundation officers also reported that they consider how they can build their internal capacity to provide additional resources and services to grantees (see Table 10). Depending on how they have built out their staff's capacity, foundations provide a host of supports to their grantees, including helping with business planning, providing formal and informal advice, and hosting conferences and lecture series.

According to Leo Linbeck, a local entrepreneur and advisor to KIPP and YES Prep charter schools, the Houston Endowment provides significant intellectual support and counsel to both CMOs. Similarly, Robin Hood has deliberately hired a large staff—more than 60 people—so that it has the capacity to provide a comprehensive level of support to the organizations it funds, including management and technical assistance; strategic and financial planning advice; help with recruiting, organizational, and legal concerns; and assistance with capital needs. Emary Aronson, a managing director at Robin Hood, estimates that program officers spend between 60 and 70 percent of their time at project sites.

Other “Non-grant” Activities

Finally, the philanthropy staff members described a number of direct activities they engaged in to advance their mission without making grants. At the time of our interview, Donnell-Kay had just four full-time staff members, but it chose to spend more than half of its budget internally and through contracting with private groups in order to actively participate in finding solutions to pressing educational problems. For example, when the Colorado governor said that he wanted to cut the state's dropout rate in half, Donnell-Kay used its time, money, and people to start the Colorado Graduates Initiative, for which it partnered with other nonprofit organizations to analyze the dropout issue across the state and identify promising intervention strategies. Donnell-Kay also hosts a regular lecture series and hosts symposiums to raise awareness of and increase dialogue around education-related issues, including those related to the charter sector.

Table 10. Philanthropic activities in addition to grantmaking

Philanthropy	Philanthropic Activities in Addition to Grantmaking
Walton Family Foundation	<ul style="list-style-type: none"> • Brainstorm/problem-solve with grantees
Donnell-Kay Foundation	<ul style="list-style-type: none"> • Conduct or commission research • Carry out advocacy • Host lecture series • Host symposiums
Robin Hood	<ul style="list-style-type: none"> • Develop strategic plans for and with grantees • Provide technical assistance • Assist in financial planning • Coach grantee leaders • Frequently visit current grantees and applicants
Houston Endowment	<ul style="list-style-type: none"> • Brainstorm/problem-solve with grantees • Engage in frequent on-the-ground conversations with grantees

Part IV. Conclusion

This report provides an overview of charter-related giving in four places with thriving charter sectors. Although it is primarily a “scan,” the 12 interviews included in the report represent leaders in each city’s charter sector, and provide some insight into the needs and challenges that charter schools face across the country, as well as advice on developing a successful charter giving strategy.

Table 11 summarizes the findings for each of the report’s research questions.

Table 11. Research findings

Research Question	Findings
How do philanthropic organizations determine where to invest strategic education grant dollars aimed at supporting the charter sector?	<ul style="list-style-type: none"> • Foundation officers all described their funding priorities in terms of both the outcomes they hoped to achieve and their “theory of change”—the pathway through which they believe they can best reach those outcomes. • Several foundation officers reported that they focus on a narrow set of barriers that present the greatest challenge in a given situation. These are the obstacles that cause a “bottleneck” in the entire reform process. • Some foundation officers said that they determine where to invest by identifying the underlying cause of the barrier which, if removed, can clear the bottleneck and allow substantive change to occur. • See Table 6 for specific examples of this process for each foundation featured in the report.
How have philanthropic organizations sequenced their investments?	<ul style="list-style-type: none"> • Sequencing investments was not a priority for the foundations interviewed for this report. • A few interviewees commented that sometimes the bottlenecks that stand in the way of success change, which shifts investment decisions. • Rather than committing to a particular funding sequence, interviewees stressed the need for philanthropies to be flexible in an evolving sector.
Where have	<ul style="list-style-type: none"> • The most common charter investments were: 1) direct grants to support the

Research Question	Findings
<p>philanthropic organizations invested strategic education grant dollars aimed at supporting the charter sector?</p>	<p>development and scale-up of highly successful charter schools; 2) facilities support; 3) human capital development; 4) advocacy; and 5) charter support organizations and charter school associations.</p> <ul style="list-style-type: none"> • Interviewees in every city named access to facilities as one of the biggest barriers to a vibrant charter sector. Nonetheless, few philanthropies seem willing to provide funding to build, renovate, or rent space. • Many grantees commented that philanthropies ought to increase support for advocacy efforts that address inequities in charter funding and support. • Interviewees said that effective investments address a market failure and concentrate funding. • In contrast, providing a little more money to a struggling project, funding one-off projects, and awarding inflexible grants were all named as ineffective investments. • In addition to picking the right projects, foundations also need to pick the right grantees. Interviewees named mission alignment, sustainability, and effective leadership as important criteria for selecting grantees. • One foundation officer noted that she thinks it is important for everyone on her staff to continually check themselves to make sure they are not swayed by factors that are not aligned with their mission.
<p>What outcomes can we expect from investments in the charter sector?</p>	<ul style="list-style-type: none"> • Foundations often use both interim and outcome measures to assess their investments. • Common outcome measures include: test scores, academic growth, graduation rates, college matriculation, college persistence, lifetime earnings, and positively influencing the field. • To assess progress toward these outcomes goals, foundations often develop robust interim measures that may include academic, operational and community-based metrics. • Although all of the philanthropy representatives stressed the need to effectively assess their investments, they reported that developing a robust evaluation process is an ongoing challenge. • See Table 9 for examples of metrics used by the foundations featured in this report.
<p>What other lessons have been learned from past investments in the charter sector?</p>	<ul style="list-style-type: none"> • Philanthropies do more than award grants. • Interviewees reported that building relationships and attracting and leveraging the support of national donors are central to what local foundations do to maximize their results. • Foundation officers also reported that they provide a host of supports to their grantees, including helping with business planning, providing formal and informal advice, and hosting conferences and lecture series.

Finally, all of the foundations stressed that, inevitably, some projects will fail, so it is essential to build a tolerance for risk from the beginning. Despite the risks, however, everyone we spoke to agreed that charter schools are a viable tool for changing the status quo in public education and ensuring that more children achieve at high levels.

Appendix—Methodology

Selecting Interviewees

To select interviewees, we conducted research on the charter sector in each of the target cities to identify major charter-related projects and organizations. We then reached out to at least one high-level individual involved in those efforts, including the founders and CEOs of charter management organizations and support organizations, senior program directors within philanthropic organizations, principals, and local charter-supporting entrepreneurs. Based on the recommendations stemming from our earlier interviews, we identified other key players in each city's charter sector until we were able to speak with someone representing philanthropic work, charter support, and charter operations in each city.²⁵ We therefore conducted interviews with the following people:

Albany

Walton Family Foundation
Jim Blew, director of K–12 reform

Brighter Choice Foundation
Tom Carroll, founder and chairman

Denver

Donnell-Kay Foundation
Tony Lewis, executive director
Amy Anderson, director of strategic partnerships

Colorado League of Charter Schools
Jim Griffin, president

Denver School of Science and Technology (DSST)
David Greenberg, founder and board president

Harlem

Robin Hood
Emary Aronson, managing director, relief fund & education

New York City Charter School Center
James Merriman, CEO

Success Charter Network
Eva Moskowitz, founder and CEO

Houston

Houston Endowment
George Grainger, grant officer

Leo Linbeck, local entrepreneur and advisor to KIPP and YES Prep charter schools

YES Prep
Chris Barbic, founder and CEO

Analyzing Interview Responses

After each interview, we reviewed our notes looking for responses that addressed the research questions. We organized the notes in an Excel spreadsheet broken down by city, interview type, and topic, allowing us to identify commonalities between cities and overall trends. We based the report's findings on this analysis.

¹ Although Harlem is not actually a city, for the purposes of this report, it is treated as such.

² These descriptions are Public Impact's attempts to distill each funder's complex approach into a simple statement for ease of display and comparison.

³ These descriptions are Public Impact's attempts to distill each funder's complex approach into a simple statement for ease of display and comparison.

⁴ Foundation Center. (2009). *Foundations for education excellence*. Retrieved from <http://foundationcenter.org/educationexcellence/statistics.html>

⁵ Although Harlem is not actually a city, for the purposes of this report, it is treated as such.

⁶ All data on children served and market share come from the National Alliance for Public Charter Schools' "Public Charter Schools Dashboard" unless noted otherwise. Retrieved from <http://www.publiccharters.org/dashboard/home>. Total giving figures for each philanthropy come from the Foundation Directory Online, retrieved from <http://fconline.foundationcenter.org/>

⁷ National Alliance of Public Charter Schools. *The public charter schools dashboard*. Retrieved from <http://dashboard.publiccharters.org/dashboard/students/page/overview/district/NY-2/year/2010>

⁸ Based on publicly available state test results, retrieved from <http://www.GreatSchools.org>

⁹ Colorado League of Schools. *Charter school finder*. Retrieved from <http://www.coloradoleague.org/colorado-charter-schools/school-finder.php>. Data are for the 2008–09 school year.

¹⁰ CREDO. (2009). *Multiple choice: Charter school performance in 16 states*. Retrieved from http://credo.stanford.edu/reports/MULTIPLE_CHOICE_CREDO.pdf

¹¹ Based on figures from a special request with the New York City Department of Education. Figures are accurate as of November 30, 2009. The number of students enrolled in Harlem districts used to determine market share comes from <http://www.GreatSchools.org>. Depending on how the Harlem boundaries are defined, however, these figures may be larger.

¹² Hoxby, C. (2009). *How New York City's charter schools affect achievement*. Retrieved from http://www.nber.org/~schools/charterschoolseval/how_NYC_charter_schools_affect_achievement_sept2009.pdf; CREDO. (2010). *Charter school performance in New York City*. Retrieved from http://credo.stanford.edu/reports/NYC%202009%20_CREDO.pdf

¹³ We also spoke with a representative from Harlem's Children Zone (HCZ). Charter schools are relatively new to HCZ, and represent only a small part of its work. As a result, HCZ has not focused its fundraising on charter schools in particular. Instead, it funds charter schools from its operating budget.

¹⁴ Provided by Robin Hood.

¹⁵ National Alliance for Public Charter Schools. *The public charter schools dashboard*. Retrieved from <http://dashboard.publiccharters.org/dashboard/schools/page/overview/district/TX-58/year/2009>. Data are for the 2008–09 school year.

¹⁶ Applies to state-authorized open-enrollment charter schools only. There is no cap on other types of charter schools, including state-authorized university charter school, state-authorized junior college charter schools, or school district-authorized charter schools.

¹⁷ Based on publicly available test data, accessed from <http://www.GreatSchools.org>.

¹⁸ These descriptions are Public Impact's attempts to distill each funder's complex approach into a simple statement for ease of display and comparison.

¹⁹ These descriptions are Public Impact's attempts to distill each funder's complex approach into a simple statement for ease of display and comparison.

²⁰ Center for Education Reform. (2008). *Annual survey of America's charter schools*. Retrieved from http://www.edreform.com/upload/CER_charter_survey_2008.pdf; Progress Analytics Institute and Public Impact. (2005). *Charter school funding: Inequity's next frontier*. Retrieved from <http://www.edexcellence.net/doc/Charter%20School%20Funding%202005%20FINAL.pdf>

²¹ Radcliffe, J. (2009, November 15). \$10 million gift energizes charter chain. *Houston Chronicle*. Retrieved from <http://www.chron.com/disp/story.mpl/metropolitan/6716027.html>

²² Progress Analytics and Public Impact, *Charter School Funding*, p. 1.

²³ These descriptions are Public Impact's attempts to distill each funder's complex approach into a simple statement for ease of display and comparison.

²⁴ Weinstein, Michael M. (2009). *Measuring success: How the Robin Hood Foundation estimates the impact of grants*. Retrieved from http://www.robinhood.org/media/169437/2009_metrics_paper.pdf

²⁵ The only exception was Albany, where we conducted only two interviews. One of our interviewees, however, had experience working for an organization that serves both as a school operator and a charter support organization.