

The Sustainability of Charter Schools in New Orleans: A Convening of School Leaders and Members of the Philanthropic Community



Benjamin E. Mays Charter School Photo: Jackson Hill 2009

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Introduction

For decades, New Orleans students have attended failing public schools. Over the past several years, however, education reforms have rapidly—and sometimes controversially—changed the public school landscape. Parents now have the option to enroll their children in almost any public school in Orleans Parish. Control of schools has been decentralized and divided among the Orleans Parish School Board (OPSB), the Recovery School District, and various independent public charter school boards authorized by either OPSB or the state Board of Elementary and Secondary Education (BESE).

Nearly 70% of public schools have been converted into **charter schools** – public schools operated by a private non-profit or for-profit organization under a contract, also known as a charter. Renewal or revocation of school charters is tied to achievement results, which are measured by school performance score (SPS). Charter schools have shown greater improvements in SPS than their non-charter counterparts. They are, however, more expensive to operate, and some of the funding sources on which they currently depend are not expected to continue in the long term. Thus the fiscal sustainability of charter schools must be addressed if they are to succeed in their mission to improve educational outcomes for New Orleans students.

A Shared Challenge

The burdens placed on independent charter schools are enormous. The charge of charters is to provide students in underserved communities with an opportunity to receive a high quality education. To improve student performance, and thus improve their chances for charter renewal, schools implement instruction methods that require high professional standards and are expected to lead to high levels of academic achievement; these methods, however, are costly. Further, charters are held accountable for school leadership, including fiscal and operational management, as well as student achievement. This level of autonomous leadership is often more expensive than governance provided by a school district.

Following Hurricane Katrina, Orleans Parish public schools received large amounts of additional funding from the federal government and philanthropy. With this funding, most charter schools have been able to increase per pupil spending above what the MFP¹ allows under normal circumstances. These funds help to pay for the increased costs associated with implementing differentiated instruction methods. Much of this additional funding, however, is temporary.

Local philanthropic organizations that fund education have recently seen an increase in applications for funding from Orleans Parish charter schools. These funders are concerned that they do not have the resources to continue to fill the revenue gap that exists between the MFP and what it costs to provide a quality public education. Many foundations do not focus on immediate needs—instead, they often prefer to focus on the root cause of problems, encouraging innovation, leveraging funds,

¹ The Minimum Foundation Program (MFP) is the primary source of funding for public schools in Louisiana. The MFP combines local and state revenue using a formula provided by the Board of Elementary and Secondary Education (BESE). Schools also receive federal funding (e.g., Titles I, II, III, IV, and V; Individuals with Disabilities Education Act; National School Lunch Program; and Public Charter Schools Federal Grant Program) as well as funding from private sources (individual donors, foundations, etc.). The MFP and federal funding allocation can increase or decrease, but they are guaranteed; private sources of funding, however, are not.

and helping good ideas get a trial and start. However, local foundations have clearly expressed that they want to help school leaders meet their financial goals, and they view the sustainability of charter schools as a combined challenge for charter schools and philanthropy.

A Convening of School Leaders and Members of the Philanthropic Community

In the spring of 2011, the Greater New Orleans Foundation brought school leaders together with members of the philanthropic community to discuss ways to address the issue of the sustainability of charter school funding.

In advance of this convening, GNOF conducted background research followed by a series of interviews and focus groups with charter school leaders, local education funders, and other stakeholders in order to better understand the nature of the revenue gap. The Foundation then conducted a series of surveys intended to shape discussions that would lead to concrete ideas that could be put into action by both school leaders and funders to address the funding gap.

The convening, held at a community center in April 2011, hosted 54 individuals (including 40 school leaders) representing 24 Orleans Parish charter schools. Also in attendance were 14 representatives from local philanthropic organizations. In an attempt to ensure neutrality, GNOF hired a consulting group from neighboring Jefferson Parish to facilitate the meeting.

School representatives were placed into small groups to generate and share ideas on a variety of topic areas for addressing the funding gap. Later discussions included representatives of philanthropic institutions as well.

Findings & Recommendations

The convening resulted in a large number of ideas generated from school leaders' and funders' input. From these, informed by our research, we have put together the following "top ten" recommendations, divided into four topic areas.

Advocacy Leading to Policy Change

The goal of this important set of recommendations is to increase the amount of the main source of public school funding—the MFP—thereby decreasing the funding gap between the MFP and the true cost of providing a quality education.

1. A **communications campaign** could help policy makers, parents, and the general public understand the true costs and financial challenges of providing a quality education. Strategies could include the use of mass media (radio, television and newspaper) and community channels (public meetings and sporting events) as well as interpersonal channels (teacher to parent) to convey the messages.
2. **Advocacy training** could be provided for charter school board members to teach them strategies to effect policy change. Topics could include how to access policy makers, how to

discuss problems that affect schools with them, and how to effectively deliver messages through the media.

3. Charter schools and foundations could find power in numbers by working together to build a **statewide coalition** dedicated to advocating for a change in policy that would increase the MFP. Specifically, they could advocate for a reexamination of MFP allocation by grade level, an earlier release of MFP funding, and an MFP that is more reflective of actual quality education costs.

Financial Decision Making

Making strong, secure, and reliable financial decisions is a huge responsibility that is crucial for the survival of the schools. This charge requires knowledge and years of practical experience.

4. School leaders suggested that school CFOs, board members, development officers, and other financial decision makers receive **training on the drivers of school finance**, such as budget/financial forecasting, fiscal resiliency, grants management, and fund development. Foundations can support this type of organizational capacity building indirectly by connecting charter schools to resources such as professional independent consultants and universities, and directly by offering workshops, seminars, and networked learning activities. These trainings and services could address common needs among schools, including the costly variable portions of their budgets. Foundations can also support charter schools by funding area nonprofits to build staff and board member financial capacity.
5. School leaders propose that Orleans Parish charter schools create a **CFO problem solving collaborative**. That is, combine the talents and experiences of those faced with financial decision-making to build collegiality and to share best practices. Participating in a successful collaborative of this type could build trusting relationships and confidence across schools.

Knowledge Sharing

During our surveying, we were warned that school leaders may not always be willing to share ideas with other school leaders. Although the convening atmosphere we created was conducive to sharing, and attendees were indeed open and engaged, many expressed that sharing ideas and best practices was difficult to do in a competitive environment. In a market-driven system, where the strongest charter schools survive, knowledge is a commodity. A few school leaders mentioned a willingness to share, but one expressed that their willingness to share was “relational.”

6. Recognizing that there may be a natural reluctance to share ideas, best practices, and other information, foundations could create **incentives for regular professional knowledge sharing** among CFOs and charter management organizations (CMOs). Incentives could include providing convening space and refreshments, financial support to pay for meeting facilitators, and innovation mini-grants to support collaboration and information sharing. Additionally, school leaders need to recognize that the system of charter schools and, more importantly, students benefit when all schools are financially strong and solvent. Perhaps

viewing education as a public good rather than a market-driven competition might make the idea of sharing innovative practices more palatable for those who are hesitant to pass on lessons learned.

7. School leaders suggested that CMOs and schools consider creating a **financial best practices handbook** filled with flexible, scalable and replicable practices and delivery models, and that foundations consider funding the project.

Cost Saving Measures

Saving money without sacrificing quality educational outcomes for students is the goal of this last set of recommendations. School leaders have provided several suggestions to reduce expenses and improve productivity.

8. Instead of paying for the additional labor and resources necessary to operate athletic programs, arts programs, and tutoring and other remedial education services, school leaders suggested that charter schools **share teachers** for enrichment programs and **specialists** for therapeutic services. A spin on this idea is to utilize direct service provider and intermediary organizations to provide services instead of hiring staff. Most school communities have nonprofit organizations that specialize in providing enrichment services and programs. Sharing staff and employing nonprofits may help charter schools strengthen their programs, reduce costs, and improve the services delivered to students.
9. School leaders suggested that charter schools develop a **purchasing cooperative** for general supplies, technology, food services, and transportation. If local charter schools collaborated more and became more strategic in their alliances, they could increase their purchasing power for a variety of services. Purchasing cooperatives could also reduce costs associated with legal, security, payroll, etc.
10. The final recommendation was to utilize the talents of faculty and staff to provide **in-house professional development and training** such as peer collaboration, study groups, and peer coaching or mentoring. This would give teachers the opportunity to realize their own leadership gifts and the potential to create teams of leaders in schools and be catalysts for improved educational outcomes for children. With the time constraints created by very demanding teacher schedules, one practical way to provide in-house professional development and training is to use online discussion groups, newsgroups, and listservs.

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