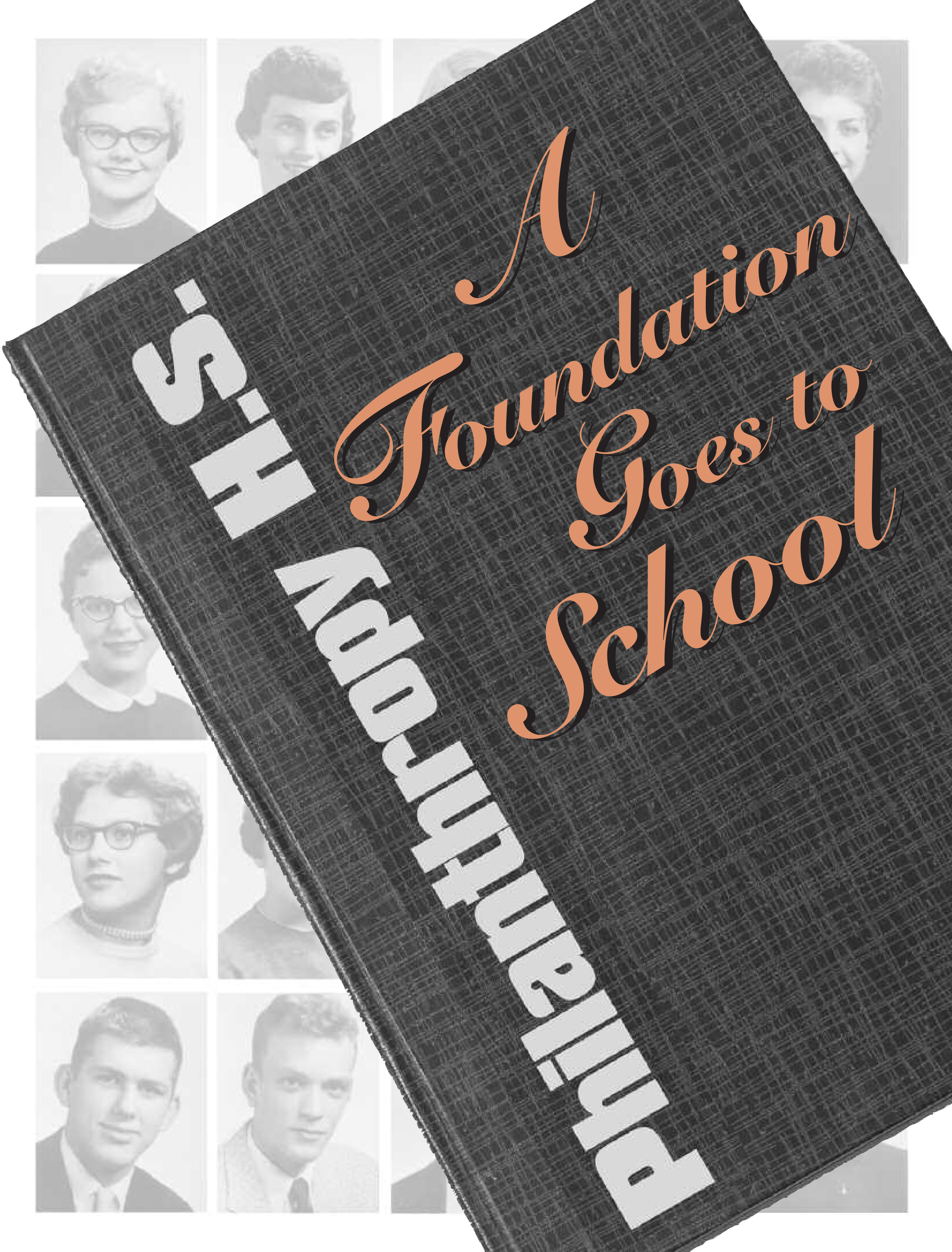
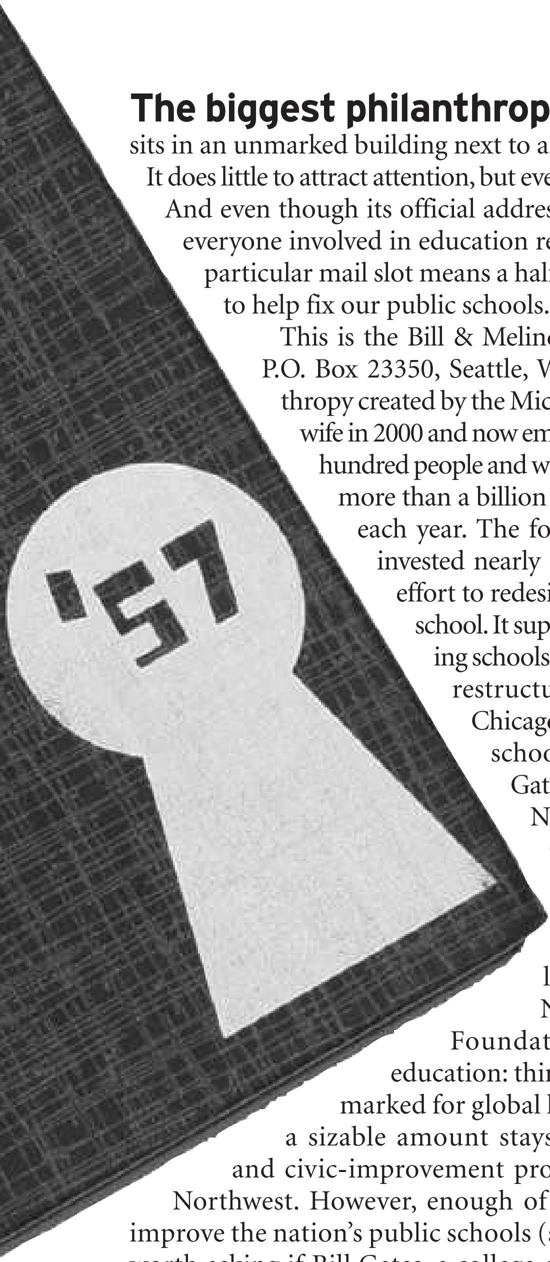
A Foundation Goes to School


Philanthropy H.S.

Bill and Melinda Gates shift from computers in libraries to reform in high schools

BY PAUL T. HILL



The biggest philanthropy in the world sits in an unmarked building next to an industrial dry dock. It does little to attract attention, but everyone knows it's there. And even though its official address is a post office box, everyone involved in education reform knows that this particular mail slot means a half-billion dollars a year to help fix our public schools.

This is the Bill & Melinda Gates Foundation, P.O. Box 23350, Seattle, Washington, a philanthropy created by the Microsoft founder and his wife in 2000 and now employing more than two hundred people and worth almost $30 billion, more than a billion of which it gives away each year. The foundation has already invested nearly a billion dollars in an effort to redesign the American high school. It supports some 1,500 existing schools; 450 of them are either restructured or brand new. Chicago is opening 100 new schools with the help of Gates Foundation money; New York City, 200. Gates is putting money into high-school redesign in Oakland, Milwaukee, Cleveland, and Boston.

Not all of the Gates Foundation money goes to education: thirty-five percent is earmarked for global health initiatives, and a sizable amount stays with social-welfare and civic-improvement programs in the Pacific Northwest. However, enough of it is spent trying to improve the nation's public schools (see Figure 1) that it is worth asking if Bill Gates, a college dropout, knows what he's doing. In fact, when the world's richest man started his philanthropic work, in the mid-1990s, he was handing out computers to public libraries, which seemed a perfectly reasonable endeavor for a former computer geek who runs the world's largest software company.

How did the young mogul (Gates just turned 50) come to the conclusion, as he told the nation's governors at an Education Summit in Washington, D.C. in 2005, that "America's high schools are obsolete"? More important, how did Gates and his giving, through various philanthropic proxies, evolve from rewiring libraries to reinventing the American high school?

One view is that the technology wizard-turned-businessman is simply applying to philanthropy his genius for finding empty market niches. That strategy is easy to understand in international health, buying malaria and AIDS vaccines for destitute African communities and creating new systems for getting them delivered. But if there are miracle education drugs, they haven't emerged yet. And the education delivery systems, though they exist, don't work very well, especially with bold new initiatives, which is what the Gates Foundation is attempting in education.

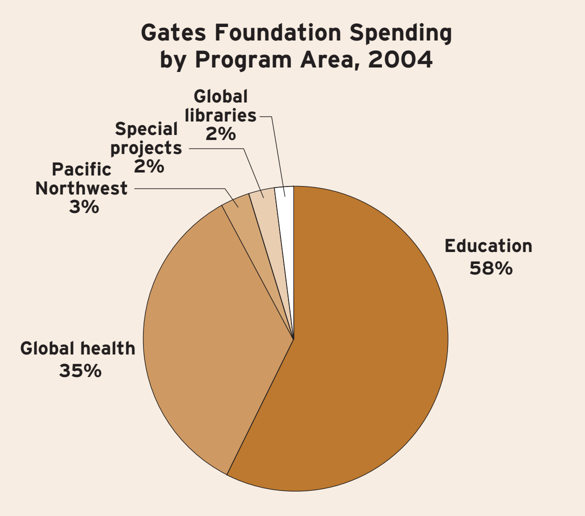
L'État, ce n'est pas Moi!

First, a word from the critics, as a way, perhaps, of explaining what's at stake here and what Gates Foundation money has come to represent in the education-reform business. This particular branch of criticism is worried primarily that Gates is spending his money in the wrong places (see Table 1). The problems of elementary school, for instance, still aren't solved, they say. Promoting small schools, they grumble, is a goal too narrowly focused on raising test scores and too insensitive to the communitarian roots of the preexisting small-schools movement.

Though there are always legitimate grounds for disagreement about priorities, Gates Foundation defenders, me among them, see these criticisms as derived from misplaced expectations. A foundation can create one ingrate and ten disappointed suitors by making just one grant. (It's only right that I should admit to being, at different times, both a happy grantee and a disgruntled rejectee.)

A Large Slice of a Large Pie (Figure 1)

Of the nearly $1.3 billion in grants that the Gates Foundation made in 2004, a majority went to education.



SOURCE: Bill & Melinda Gates Foundation, 2004 Annual Report

The bottom line is that even the Gates Foundation can't do everything. It is not a government agency. While it is a rich organization by philanthropic standards, it is a very small player in the $435 billion public-education marketplace. (See "The New Philanthropists," *features*, Fall 2005.) Despite its size, the Gates Foundation needs to pick its shots. As Gene Bottoms of the Southern Regional Education Board commented in an early foundation planning session, "Well, Mr. Gates has got a lot of money, but even he can't pay to solve every problem we can name."

But can Gates solve any problem? Can his foundation make a difference in education? Is $300 million a year too much? Or not enough?

The Early Days

The foundation's focus was not always on high schools, says Tom Vander Ark, MBA, engineer, businessman turned school superintendent (in Federal Way, Washington, an industrial suburb between Seattle and Tacoma), and now head of the Gates Foundation's education work. In fact, in the beginning it wasn't even about schools. Gates entered the philanthropy world in the mid-1990s, before Vander Ark came on the scene, with big investments in libraries, hoping to make Internet access universal, especially for the poor. Technology was something Bill and Melinda Gates and their close collaborators understood. They also believed Internet access would become a precondition for entry to the new economy, and they wanted to make sure poor families and poor communities weren't left out.

The libraries investment, widely credited as a success (and still something that the foundation contributes to), led to an interest in technology-based learning. In 1998, the Gates Libraries Foundation morphed into the Gates Learning Foundation. The Learning Foundation promoted Internet-based teacher training and greater integration of technology into the classroom. Once the foundation was involved in the classroom, perhaps it was inevitable that Gates would get interested in what was taught there and how. But he had education concerns in his heritage as well. Advancing the cause of education for the poor had been a Gates family concern for decades, predating the foundation and, for that matter, Microsoft. Bill's mother, Mary Gates, had served as a regent of the University of Washington State from 1975 to 1993. She was a consistent advocate of increasing opportunities for poor and minority students so they would be prepared to enter college. Bill's father, William Gates II, succeeded his wife as a regent and carried on the family tradition by, among other things, recommending that the university defy a ban on affirmative action in admissions. It thus came as no surprise that Bill III and his wife, Melinda, a Duke graduate, would devote a substantial part of their giving to education when they started their own foundation (with $20 billion) and absorbed the other family foundations into its work six years ago. Proof of the pudding: a billion dollars to the United Negro College Fund in 2002.

Promotin
life

Bill and Melinda Gates

PHOTO/ GETTY IMAGES

It has been up to Tom Vander Ark to work out the details of the Gates's evolving education interests. One of several prominent Seattle-area school superintendents interviewed for the education program job at the Bill & Melinda Gates Foundation, Vander Ark welcomed the founders' expanding interests in education. Though he himself had once created a cyber school to attract home schoolers back to the district, Vander Ark was more a business strategist and education reformer than a tech enthusiast. Of all the candidates for the job at the helm of the foundation's education initiative, Vander Ark was the least inclined to think that all was basically right with state and local education policy. The Gates were coming to a similar conclusion.

The early strategy was highly optimistic. Unfortunately, resistance from school boards and unions led to generally disappointing results

A Bumpy Road to High Schools

Even after he was hired, however, and given the task of creating a K–12 strategy, Vander Ark could have led in a direction other than high school. He could have drawn the donors' attention to curriculum, teaching methods, remediation, or new uses of technology, all of which interested them. But after many hours of conversations with researchers and practitioners as diverse as Anthony Bryk (Stanford University), Linda Darling Hammond (Stanford), Gene Bottoms (Southern Regional Education Board), Judy Codding (America's Choice cofounder), and Ted Sizer (Coalition of Essential Schools), Vander Ark became convinced that high school was where the reform money was most needed and that existing high schools were intrinsically weak institutions that could not be fixed on the margins. (See this issue's *forum*, "The American High School," page 13.)

Though the high-school reform message came from all sides, including education traditionalists, Vander Ark initially leaned toward ideas associated with progressive education. He liked the notion of low-income public-school students' getting the same kind of instruction as rich kids in private schools. Small size, in fact, became a proxy for other desirable features missing from the modern high school: intimacy, coherence, transparency, and equity. Vander Ark was deeply impressed by Deborah Meier's vision of a small school as a personalized environment where adults do whatever is necessary to ensure that students learn. He was also strongly influenced by Harvard researcher Tony Wagner, himself a disciple of Meier and Sizer. With Wagner's help, Vander Ark sought out educators who wanted to help small schools adopt teacher-developed curriculum and project-based learning.

Vander Ark emphasized progressive approaches to education because they seemed rich and egalitarian, not because the Gates had any particular preferences for them. In such matters, Vander Ark explains, the donors set basic strategy (focus on high schools, create many small ones, find and replicate promising models) but left the execution to others.

That execution, in those early years, meant large grants to school districts—$25 million to Seattle alone—that said they would break large high schools into many small ones. But it also meant sizable gifts, between $1 and $9 million, that were, essentially, bets on small-school innovators. Those early grant recipients included Sizer; Larry Rosenstock, creator of San Diego's High Tech High, which emphasized project-based internships in local businesses; Dennis Littky, founder of The Big Picture Company, which was dedicated to reproducing the progressive Met High School in Providence, Rhode Island, throughout the country; and Doug Thomas, who had developed a Minnesota-based teacher cooperative. Vander Ark hoped to change K–12 education by helping individuals with great ideas. These individuals would create schools so good that the whole public-education system would be forced to imitate them.

The early strategy was highly optimistic, especially for the first grants given in Washington state. For those state grants Vander Ark and his colleagues relied on superintendents and school board members whom they knew personally and who could be trusted to "get it" in the absence of specific agreements about what they would do with Gates's money. Unfortunately, superintendent turnover and resistance from school boards and unions led to generally disappointing results.

Despite what some criticized as a cocksure demeanor, the foundation did not expect success to be automatic and was not surprised by these initial failures. However, it did believe, from the first grant announcements to the present, as foundation staffer David Ferrero explains, "There is a school design, instructional method, or technology application out there someplace that will create a performance breakthrough. We don't know what it is yet, but we are determined to find it." This more than anything else is how the foundation mirrors Microsoft's operating style: identify an unmet need and invest in multiple approaches until the best one emerges.

Dollars for High School (Table 1)

The top Gates Foundation education grantees in 2004 were working on programs for students of high-school age.

Grantee	Total funding ($ in thousands)	Duration (years)	Purpose
New Visions for Public Schools	25,107	5	Small-school development
New Leaders for New Schools	9,967	3.75	Small-school principal training and support
College Entrance Examination Board	8,250	1	Expansion of high school program in New York City
Jobs for the Future Inc.	7,614	4	Technical assistance for early-college high schools
Urban Assembly Inc.	7,050	5	Creation of 10 New York City high schools
Portland Community College	6,997	5	Development of College Bound sites for at-risk youth
Antioch University	6,122	4.3	Expansion of early-college program
Middle College High School Consortium	6,000	5	Expansion of early-college program

SOURCE: Bill & Melinda Gates Foundation

But even the successes have downsides, and Vander Ark now knows that the system can ignore a few models of excellence. Moreover, as a key foundation staffer says, "There just aren't that many Larry Rosenstocks out there. If we want to change public education, we can't just help obvious winners. We need to help unknowns emerge and work to make the system respond to them."

Paying Attention to the Results

Even before settling on the small-schools strategy, Vander Ark had started developing an evaluation capacity to track the effectiveness of the money he was spending. His chosen evaluator was Professor Jeffrey Fouts of Seattle Pacific University. Fouts formed the Washington Schools Research Center, which gathered performance data and conducted on-site studies of the districts and schools that received the first grants in Washington state. Fouts also served as a close advisor to Vander Ark and his bosses at the foundation.

The foundation also hired Ferrero, a newly minted Ph.D. from the Harvard Graduate School of Education, as research director. A trained philosopher, Ferrero's job was to figure out how to evaluate the foundation's national small-schools initiatives. His work led to the commissioning of several studies (including a $5 million project led by the American Institutes for Research (AIR) and Stanford Research Institute (SRI)) that evaluated how the grants changed school and classroom practice, avoiding the black-box assessment model that looked for direct links between foundation investments and student learning. So far the studies have focused on what stalls small-school creation and whether instruction becomes richer and more personalized in small-school settings.

Though they do not break new theoretical ground, these studies have identified problems of implementation and have already had a profound influence on the foundation's strategy. Fouts told them early, for instance, that Washington State grants to transform big high schools into many small ones were floundering and that grantee school districts were at best neutral toward schools trying to redesign themselves. Early results also called into question the foundation's original approach to district change, which was to engage superintendents and district staff in deep conversations about the need for higher performance. As a former superintendent, Vander Ark knew that the big-school habit was deeply ingrained; he was not sure whether districts would support or disrupt attempts to create small schools. Fouts was finding that, indeed, superintendent support is seldom enough and that superintendents are much better at talking as if they were in favor of small schools than at taking steps to make them possible.

At the same time, the studies came to question the foundation's investment in coaching, a progressive approach that assumes that with a little help school staff can find the solutions to their problems. They became more certain of the need for structural changes in the district, including the alteration of some union rules.

The foundation also paid attention to scholars and journalists who visited Gates-supported high schools. They too reported that the project-based schools sponsored by the foundation were proving difficult to reproduce and hard to make work for young people who had not connected to school. One expert who visited some schools summed up the problem by describing a scene that was common to progressive schools created under the umbrella of many early Gates grants: "A bright Ivy League graduate working with a teenage boy in a wool hat trying to get him interested in doing some sort of project."

Adding Choice to the Mixture

In response to these early reports, the foundation broadened its thinking without necessarily abandoning the ideas and people it had started with. It became, in the words of one senior staff member, agnostic about instruction and less wedded to progressivism. It also relaxed its beliefs about the need to work through school districts and became more open to alternative methods of providing public education. Vander Ark, always personally in favor of charter schools, finally persuaded the foundation to support a Washington state charter-school bill. In late 2001 the foundation also gave $1 million to the Brookings Institution for the National Working Commission on School Choice, which I led, seeking to pull the teeth of ideology from the choice debate.

The foundation itself underwent a major change of emphasis in 2002. Though Vander Ark and other senior foundation staff believed that competition could stimulate improvement, the Gates were initially reluctant to make common cause with right-wing advocates of market solutions. However, the foundation gradually stretched its grant portfolio to include market-friendly ideas, making multimillion-dollar grants to groups seeking to start charter schools throughout the country (for example, Aspire Schools and LaRaza). It even gave to the Jesuits' Cristo-Rey, a purely private network of high-performing schools for disadvantaged students. The foundation also supported early-college high schools that put students into higher education courses after 10th grade. These organizations promoted small schools and personal attention to students, but they used traditional forms of instruction that would horrify the progressive educators who received most of the early small-schools grants.

In 2002 and 2003 the foundation also transformed its staffing and internal processes. Earlier, education staff members and outside advisors were people with whom Vander Ark had worked when he was superintendent in Federal Way. The new staff members included Ferrero; James Shelton, a McKinsey consultant, MBA, and former president of Learn Now, a charter-school management company; former Clinton administration official David Lane; and Stefanie Sanford, a White House fellow and former senior staffer to Governor Rick Perry of Texas.

Vander Ark also reorganized the staff into teams for research, policy, and advocacy, and he recruited knowledgeable resident staff members in each of the six states where the foundation does most of its work (Washington, California, Illinois, New York, Ohio, and North Carolina). Shelton, Vander Ark, and other senior foundation staff also work closely with Bridgespan, a nonprofit consulting group created by Bain and Company, a global management consulting firm. They chose Bridgespan precisely because, in one staffer's words, "It constantly challenges us rather than simply repackaging our thinking and feeding it back to us."

As a result, the days of quick decisions and multimillion dollar grants worked out during a taxi ride are gone. But so are Tony Wagner and other progressives who held such sway in the formative years. Grants to progressives continue, but they are more than balanced by grants for new charter schools, research on charters and choice in general, and on accountability and performance-based funding of education.

The change from grants to school districts and from progressive programs toward choice, competition, and eclecticism about instruction is obvious. But it looks more dramatic from outside the foundation than from within. Even in the earliest days, Vander Ark said that the foundation would work with folks on both sides of the education-reform fence, helping existing public schools and districts whenever possible but also making sure they came under competitive pressure. Even today, only about one-third of Gates's education funding is directly linked to charter schools and choice. School districts still get big grants, and the foundation still supports progressive initiatives like High Tech High and Ed Visions, a group of charter schools run as teacher cooperatives. The foundation is also making big investments in school-finance reform and other issues of concern to governors and school superintendents. For example, the Center on Reinventing Public Education, which I lead, received $6 million for a thorough rethinking of state school-finance policy. The foundation put $11 million into a traditional curriculum-centered reform in San Diego, in partnership with groups that prefer to help the existing system, like the Broad and William and Flora Hewlett foundations. But it has also joined with mayors and

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independent organizations that prefer to challenge the system. Gates now collaborates with the Walton, Pisces, and Bradley foundations in supporting new charter school developers and research on choice. It has funded numerous projects in collaboration with the Annie E. Casey Foundation, which has long worked both within and in opposition to the system.

One of the Gates Foundation's most consistent collaborators is the New Schools Venture Fund, which provides venture capital for new charter-school operators. Fund founder Kim Smith has become a major influence on Vander Ark's thinking, both directly and through James Shelton, who once worked with Smith.

Today, the foundation is working to fit all its investments into one framework, which is a portfolio-based public school system.

A Much Broader Agenda

Versions differ, but most would agree that the foundation has moved on several fronts, from utopian to pragmatic, from progressive to agnostic, and from person-focused to system-focused. As David Ferrero commented, "We probably wouldn't have considered a grant to KIPP [the Knowledge Is Power Program, a middle-school model for disadvantaged youth that is anything but progressive] in 2001, but by 2004 we gave it $8 million."

That last change tells a lot about how the foundation operates today. It is working to fit all its investments into one framework, which is a portfolio-based public-school system. Vander Ark envisions a system in which public authorities oversee schools but do not run them, and Gates Foundation money is directed toward projects that fit that vision. The job of a local school board would be to provide a variety of schools to meet the needs of a diverse community. Schools would receive public support only if they performed and parents chose them. In order to maintain its own freedom of action, the school board would encourage potential new school providers and avoid making permanent commitments of any kind.

The foundation's version of the portfolio concept is eclectic and leaves room for some managed instruction—mandated use of instructional methods in particular subjects—of the kind Alan Bersin and Anthony Alvarado put in place in San Diego. In the past two years it has pursued the portfolio idea via grants to school districts and reform organizations. The idea is to create new schools to serve the most disadvantaged students, via mixtures of chartering, contracting-out, and internal district reform. Some grants are very large: $82 million to support New York City chancellor Joel Klein's new schools-redevelopment effort, including $25 million to the city's independent New Visions for Public Schools for new school development; $13 million to support Chicago mayor Richard Daley's Renaissance 2010 new schools initiative, including $6 million to the University of Chicago; $14 million to support a total overhaul of Oakland's city schools, driven by the Bay Area Coalition for Equitable Schools. The foundation has also made similar grants to less-prominent cities, such as $5 million to Rochester, New York, public schools.

The portfolio framework is decidedly centrist, and it contains elements that will alternately please and confound almost everybody. At times it seems that the foundation has forced the idea of managed instruction into its portfolio model. Managed instruction was influenced by the highly standardized program of reading instruction developed by Bersin and Alvarado in San Diego and by the reading program Rod Paige imposed on the Houston schools. The idea is definitely in tension with the market-based elements of family choice and the constant creation of new schools to compete for students. No one knows how these competing elements of the foundation's portfolio framework will work together. The rationale for the instructional mandate echoes Paige's: if few schools are teaching reading well and there are approaches that are known to be effective, why not require all schools to use them?

The only point of view consistently left out is that of old-fashioned organized labor, which, under the portfolio district scheme, could not control teacher hiring and placement with a single district-wide contract. Unions, of course, can be a major roadblock to reform, and it will be interesting to see how Gates handles them.

The Road to Bold

As with its other initiatives, the foundation is likely to pursue its new programs confidently, via a series of grant solicitations that offer generous funding in return for a pledge from the school or the district to meet certain requirements. The foundation is also working much more aggressively to change public policy concerning key elements of the portfolio approach: transparency in school finance, multiple independent school providers, and performance-based accountability. Through well-publicized partnerships with elected officials like Chicago mayor Richard Daley and through Bill and Melinda Gates's personal advocacy for their high-school agenda in such forums as the National Governors Association and the National Economic Club, the foundation has signaled its intention to leverage its investments through policy change.

Moreover, the foundation's attitude will reflect Vander Ark's belief that nobody has to work with us, but those that choose to do so know what we expect. The new grants to Chicago and New York, for example, came only after senior public officials committed themselves to the portfolio strategy. Moreover, much of the money goes to independent groups like New York's New Visions Schools that will advance the portfolio strategy even if public officials waver. This posture, which critics compare to the stereotypical, tinhorn school principal's statement, "It's my way or the highway," serves an important purpose. The Gates Foundation doesn't know whether its current initiatives are exactly right, but it wants to learn from them, and it expects to adapt in light of experience. This can't happen if today's initiative isn't really implemented.

Vander Ark, the Gates, and other foundation leaders don't expect to get everything right, but they don't expect to go away, and they say they won't get defensive about the problems of their past initiatives. The Gates Foundation is still looking for the breakthrough education program—the instructional method, the way of organizing a school, the way of using money—that will lead to dramatic improvement in outcomes for the most disadvantaged children in America. It expects to make some messes along the way; it does not expect to keep everyone happy all the time. It is, in short, a private philanthropic initiative playing aggressively in a very public arena.

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