

THE CHICAGO PUBLIC EDUCATION FUND

“The Business Community and Human Capital in Education”

SMHC Task Force Meeting
July 21, 2008



Agenda

**Our
Venture
Philanthropy
Model**

attracts

**Business
Community
& Human
Capital
Investments**

which
impact

**Chicago
Public
Schools**

Talented Teams:

Create a human capital pipeline of talented leaders to serve as teachers and principals; position them in teams to improve student achievement

Private Sector Investment:

Provide the private sector with the premier opportunity to invest in improving our public schools

Our Venture Philanthropy Model

Raise a series of funds



Define specific objectives



Invest dollars and ideas in high-impact programs and people



Meet critical, strategic needs of the Chicago public school system



The Fund's Six Principles ...



...to engaging

**Business Community
& Human Capital
Investments**

in Chicago Public Schools

Six Principles

1. Board Engagement

- Membership involved financially and intellectually
 - 74 percent Fund III capital from directors
 - 56 percent in Funds I & II
 - Directors meet every management team we back
 - Vice Chairman Penny Pritzker chaired Leading to Great Principals Task Force
 - Directors testify before Illinois State Board of Education

2. Accountability

- Set public, quantifiable goals
- Measure and report on progress
- Foster a culture of transparency

3. Strategic and Operational Management Assistance (SOMA)

- Provide support to emerging organizations
 - Hiring, organizing, fundraising, marketing, etc.
- Drive program performance through benchmarks
 - Payouts contingent upon achieving program milestones

4. Laser-like Focus

- Deep content knowledge & expertise
- Respected as thought leaders
- Directs CPS' focus



5. Financial Exit Strategy

- Not an open checkbook
- Goal is to redirect public dollars into successful programs

6. Accept a Degree of Risk/Uncertainty

- Don't fear failure
 - Defined as programs not brought to scale within the system or financially viable
- 4 Fund investments have failed
 - Recognize and remove yourself as appropriate
 - 19% of total programs (4 of 21)
 - Only 8% of dollars invested

Fund Capital Spurs Significant Public and Private Investment

Raised **\$46 million**
(Funds I, II, III)



Leveraged **\$116 million**
additional, including...
Redirected \approx **\$40 million**
CPS dollars



Total impact **\$162 million**





Effective Public-Private Partnership

“The Chicago Public Education Fund has been a catalyst for improving leadership and student achievement. Their work is an impressive display of what an effective public-private partnership can do for our city.”

**Mayor Daley, December 10, 2007,
Press Conference**

Private Sector Impact on Human Capital through Venture Philanthropy

- Created an unprecedented **human capital marketplace** benefiting all schools
- **Built consensus** among varied stakeholders
- Influenced **state and local public policy**
- Embedded leadership talent throughout the **system and in individual schools**
- Applied venture capital principles to ensure **successful investments**
- Established a **track record**

Our Track Record: Pritzker Principals

Fund I



GOAL

- Recruit and develop talented principals with management and education expertise to lead effective schools

ACCOMPLISHMENTS

- All CPS-approved preparation programs required to:
 - combine business and education models
 - include high admission standards
 - incorporate rigorous internships

Fund II



GOALS

- 400 principal candidates meet rigorous selection requirements
- 300 principals hired

ACCOMPLISHMENTS

- Strengthened eligibility requirements to ensure high quality pool of principal candidates from which LSCs hire
- More than 680 candidates cumulatively met new selection requirements (522 during Fund II and 164 maintained eligibility by completing a principal preparation program prior to 2004)
- More than 300 hired
- 260 current principals and assistant principals graduated from one of the three Fund-supported principal preparation programs

LEGEND:



Complete



Our Track Record: Rauner Master Teachers (National Board Certified Teachers)

Fund I



GOAL

- Identify master teachers and compensate them accordingly

ACCOMPLISHMENTS

- State compensates teachers \$3K annually for life of certificate
- CPS makes one-time \$2,500 stipend to NBCTs, for the first time contributing district dollars to compensate for performance against national standards
- 233 NBCTs; 10 schools with 3 or more

Fund II



GOALS

- 1,200 CPS teachers have achieved National Board Certification
- 15 percent of the teaching faculty in 25 low-income schools are master teachers

ACCOMPLISHMENTS

- State more than doubles NBC appropriations
- Fund seeds first-of-its-kind M.Ed./NBC program at National-Louis University
- Research shows Chicago-based NBCTs are more likely to hold leadership positions and demonstrate practices consistent with improved student achievement
- Currently 863 NBCTs; on track to reach 1,200 by end of 2008
- 34 schools (24 low-income) with 15 percent faculty NBC; 86 schools with 3 or more NBCTs

LEGEND:



Complete



On track

Our Track Record: Talented New Teachers

Fund I



GOAL

- Recruit and develop exceptional new teachers, with an emphasis on non-traditional talent to address critical teacher shortage areas

ACCOMPLISHMENTS

- New avenues for non-traditional talent
- ~ 20 percent of new teacher hires come from alternate routes
- Program seeded to attract talent from best schools of education

Fund II



GOAL

- 70 percent of teachers from alternate routes stay at least five years

ACCOMPLISHMENTS

- Three alternate certification programs: two with five-year cohort data to exceed 70 percent; third on track and approximates 80 percent based on three-year performance rate
- Recruiting from alternate routes is a formalized CPS human resources strategy
- Increased math and science teachers with math and science backgrounds

LEGEND:



Complete

Our Track Record: Talented Teams

Big Picture



GOAL

- Teams of expert principals and master teachers who improve student achievement

ACCOMPLISHMENTS

- 308 schools benefit from three or more Fund-supported leaders
- 39 Chicago Public Schools benefit from teams of a Pritzker Expert Principal and three or more NBCTs.

Of those:

- 20 schools with 15 percent of the faculty National Board Certified
- 19 schools with 3 or more National Board Certified Teachers

LEGEND:



Complete

Funds I & II Venture Investment Portfolio: Financial Exits; Sustainable Impact

Talented New Teachers	ENTRY	EXIT	SEEDED
Golden Apple Teacher Education	2000		
Teach For America	2000		
Academy for Urban School Leadership	2003		
Teacher Residency and Internship Program	2003	CPS	
The New Teacher Project	2006	CPS	
Rauner Master Teachers			
Illinois State University, NBC Program	2000	CPS	
CPS National Board Certification Program	2000	CPS	
CTU Quest Center, NBC Program	2000		
The Fund's NBC Incentives	2000	CPS	
National Louis University M.Ed./IDS/NBC Program	2007		
Pritzker Principals			
New Leaders for New Schools	2001		
UIC Urban Education Leadership Program	2003		
Designs For Change	2006		
External Leadership Recruitment	2007		
Principal Pathways and Fellows	2007		
TFA-Harvard GSE Principal Pipeline Program	2007		
CPS Capital H Talent Management	2008		
Teams & Other Leaders			
Fund Fellows	2004		
REAL/Teacher Advancement Program (REAL/TAP)	2006		

Seed investments or programs brought to Chicago by The Fund

Financial investments The Fund has or will complete by 2008

Absorbed by CPS

Total program investments: 23

Successful and current: 19 (83%)

Financially exited by close of Fund II: 14 (61%)

Failed: 4 (17%)

*List does not include policy, research and marketing initiatives or four failed program investments – i.e. programs not brought to scale within the system or not ensured of financial viability

Launching Fund III: Fall 2008



Our Vision:

Leverage exceptional talent to transform the educational system in Chicago

Our Strategic Priorities:

1. School Management Innovation
2. Professional Compensation
3. Human Capital Pipelines
4. Data and Evaluation



Appendix

The Chicago Public Education Fund

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Presented by:

Janet Knupp, Founding President & CEO
The Chicago Public Education Fund



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Jill M. Garling



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Code Hennessy &
Simmons, LLC



David J. Vitale
Former Chief
Administrative Officer,
Chicago Public
Schools



David A. Weinberg
Chairman,
Illinois Network of
Charter Schools



A Nationally Recognized Model

Top business schools teach The Fund model

- Case studies taught at Harvard, Northwestern's Kellogg School, and the University of Chicago
- U of C professor Robert H. Gertner: Fund's key differentiators are focus, self-evaluation, and having an exit strategy

U.S. Chamber of Commerce recognizes The Fund

- Identified as a model public-private partnership
- Plenary session speaker and panelist at inaugural Business-Education Network Summit, Washington, D.C., 2005

National organizations profile The Fund

- **Grantmakers for Education**
 - First case study on effective grantmaking, "Linking Resources to Results: The Chicago Public Education Fund's Master Teacher Initiative," 2006
- **Philanthropy Roundtable**
 - Fund Vice Chairman Penny S. Pritzker featured as speaker during K-12 education conference, April 2007
 - Published "Revitalizing Chicago Public Schools," an article on The Fund's method and progress, August 6, 2007
- **Council on Foundations**
 - Fund President Janet M. Knupp featured as speaker as Fund is profiled as one of two success stories, Funding Public Education Mini-Summit, COF annual meeting, May 2008

Fund III Goals

School Management Innovation

Goal: Attract and develop a portfolio of entrepreneurial school operators to improve chronically underperforming schools.

Professional Compensation

Goal: Ensure that a critical mass of individuals and schools participate in professional compensation structures incorporating student achievement, knowledge and skills, and job responsibilities.

Human Capital Pipelines

Goal: Continue to improve school leadership by expanding and developing pipelines of principals and teachers.

Data and Evaluation

Goal: Ensure that Chicago Public Schools leverages its increased data capacity to evaluate the performance of schools, principals and teachers.



Janet M. Knupp

Janet M. Knupp, founding president and CEO of The Chicago Public Education Fund, has 20 years of experience in start-up and turnaround nonprofit management. She launched venture philanthropy into the Chicago non-profit arena, emphasizing the need for measurable goals and performance benchmarks. To date, The Fund has raised more than \$46 million with \$21 million earmarked to Fund III. In its first two leadership funds, it committed nearly \$14 million to a portfolio of programs that has improved Chicago's recruitment and preparation of principals and teachers. In fall 2008 it will launch its third major leadership fund.

As former executive director of Chicago Communities in Schools, Janet redirected the organization from imminent bankruptcy to recognition as the most cost-effective urban office in a national network of 141 affiliates. Janet graduated cum laude with a B.S. from Michigan State University and received the Dean's Award to attend the University of Michigan in Ann Arbor where she earned her M.A. in education foundations and policy.