

The Gates Effect

The world's biggest private foundation wants to fix American high schools. Is it laying its enormous bets in the right places?

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From the moment you step off the elevator onto the third floor of a former National Cash Register building in Dayton, Ohio, you can tell you're not in any ordinary public high school. For one thing, Dayton Early College Academy (DECA) looks like, well, an old NCR office. Low cubicle walls divide a maze of classrooms and workspaces. There's no gym or even a library. • The atmosphere here seems strangely relaxed. In one spot, four girls sit quietly on the floor, building a sculpture of colorful paper pyramids. Teenagers joke with teachers in intimate classes. In the bathroom, principal Judy Hennessey casually greets a girl by name, asking, "How's your mother doing in her classes? How are you doing with the kids?"

DECA, set on the edge of the University of Dayton campus and serving mostly poor, African-American children, is proof of at least two things. First, while high schools generally--and high schools for poor and minority students especially--represent an enormous failure of America's public education system, there is hope for improvement. And second, throwing a lot of money at the problem actually can help.

In this case, and in a rapidly increasing number of others, much of the money comes from the Bill and Melinda Gates Foundation, the mammoth philanthropic war chest created in 1999 by Microsoft's chairman and his wife. DECA is one of about 50 "early college" high schools supported by the Gates Foundation--with another 120 to open by 2008--part of its sweeping

effort to reinvent American high schools.

With about \$29 billion in assets, nearly three times those of the next largest private foundation, Gates brings unprecedented clout to the table. Just as its high-profile campaign to improve health care in developing nations has altered the calculus for HIV/AIDS prevention and malaria control, so too have its \$2.3 billion in grants and scholarships over six years helped set a new agenda for public schools.

"A couple of years ago, high schools were not on anybody's [to-do] list," says Frederick M. Hess, director of education policy studies at the American Enterprise Institute. Now, suddenly, they are: With a boost from Gates's money, 472 new small high schools have opened in New York, Chicago, and elsewhere. Almost 400 more will open by 2009. The foundation has also backed the restructuring of almost 700 existing high schools, often by breaking them up into smaller "learning communities" focused around such themes as science, art, or technology.

Why? "America's high schools are obsolete," Bill Gates declared in a speech earlier this year. "Our high schools--even when they're working exactly as designed--cannot teach our kids what they need to know today." Fewer than 60% of Hispanic and African-American students entering ninth grade ever graduate. And many of those who do earn diplomas emerge ill-equipped for college or work. Gates's ambitious goal: 80% of all students graduating college-ready in 20 years, versus a third today.

On the surface, at least, his foundation's approach seems like a no-brainer: Replace big, anonymous high schools with small schools of about 100 kids per grade. They're supposed to offer what Gates likes to call the "new three Rs": rigorous curriculum, relevance through courses that pertain to a student's life, and relationships that let each child count on adults who know and care about him at school. While small school size is not an end in itself, researchers have linked it to higher attendance and graduation rates, stronger test scores, and less violence.

In venture-capitalist fashion, the Gates Foundation invests in a variety of promising models, including charter, private, and public schools. It's focusing grants on a limited number of sites, hoping for 10 to 15 districts that can show "significant improvement" in college-ready graduation rates--and provide the basis for wider reform. "We're pragmatic investors and attempt to support bold ideas that will serve as models as well as large-scale improvement efforts," says Tom Vander Ark, a former schools superintendent who now runs the Gates Foundation's education initiatives. (He responded by email to Fast Company's questions.)

But Does It Work?

Given the potential for misguided reforms, some are troubled by the outsized clout of an organization that's been labeled the "Godzilla of giving" and the "first superpower of philanthropy." Since Gates typically gives big amounts and prefers grants of longer duration, "people are reluctant to take on the battle of what's good or bad or working and not working about Gates's approach in particular fields," says Rick Cohen, executive director of the National Committee for Responsive Philanthropy.

More to the point, others wonder: Is the Gates Foundation making the right calls? The early results of its high school reinvention efforts--with many foundation-backed schools now in their fourth year of existence--are mixed at best. Outside researchers hired by Gates have found "positive cultures" at the new and redesigned schools but raise serious questions about such issues as the teacher burnout, attendance, and the quality of math instruction.

Particularly troublesome has been the effort to transform existing high schools rather than start from scratch. "Improving struggling schools remains a challenge," admits Vander Ark. Indeed, the foundation's own studies show that these restructured schools are often bogged down in their early years with questions about facilities, schedules, and staff. In some cases, says Vander Ark, instead of beginning with structural change, "it may be better to start with curriculum--getting rid of dead-end classes and encouraging students to take more challenging courses--and improving the quality of instruction."

Even where Gates is supporting what appear to be promising models, big questions remain about how to sustain and replicate those efforts in financially strapped school districts. Consider Aspire Public Schools (a past Social Capitalist Awards winner) with its 14 Gates-funded charter schools in California, 4 of which opened this year. CEO Don Shalvey says both he and the Gates staff would like Aspire to move faster. "But we're leaking oil just about everywhere. We're getting good results, but it's messy. At the end of the day, the big issue is capacity and not getting too far ahead of yourself." Researchers working for Gates also concluded that the new schools it's backing are especially vulnerable to changes in funding formulas that could dramatically increase class sizes or lead to sizable teacher layoffs.

Surviving long term is a concern for fledgling DECA, which Gates funded via the

KnowledgeWorks Foundation in Ohio. Dayton's early-college school is already faring well on such measures as attendance and state test scores. And some of its 221 students show great promise. Saffa Al-Hamdani, a lively 16-year-old girl wearing the traditional black head scarf of her native Iraq, confesses she struggled in reading in middle school. Today, she tutors Arab girls in English at a nearby elementary school and relishes public speaking. She dreams of attending Columbia University or New York University and becoming a pediatrician.

But "it will not be enough if little DECA becomes a good school. It has to be a ripple that gains momentum," says principal Hennessey. Strikingly, DECA spends more than \$14,000 per student versus \$9,100 at the nearby affluent, mostly white district where Hennessey was formerly superintendent. "I think we're very tentative with this model because of the cost," she says.

To its credit, the Gates Foundation appears to be digging in for the long haul. It's improving its research and data collection, investing more in advocacy to shape state and federal policy, and creating a powerful network of grantees who share ideas and best practices. The increasing sophistication is a far cry from what Shalvey remembers of his first grant from Gates in 2000: He and Vander Ark worked out the details on the back of an envelope while riding in a cab. In those heady, freewheeling days, jumping on the problem was all that mattered. Now it's time for Gates's big bets to start paying off.

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