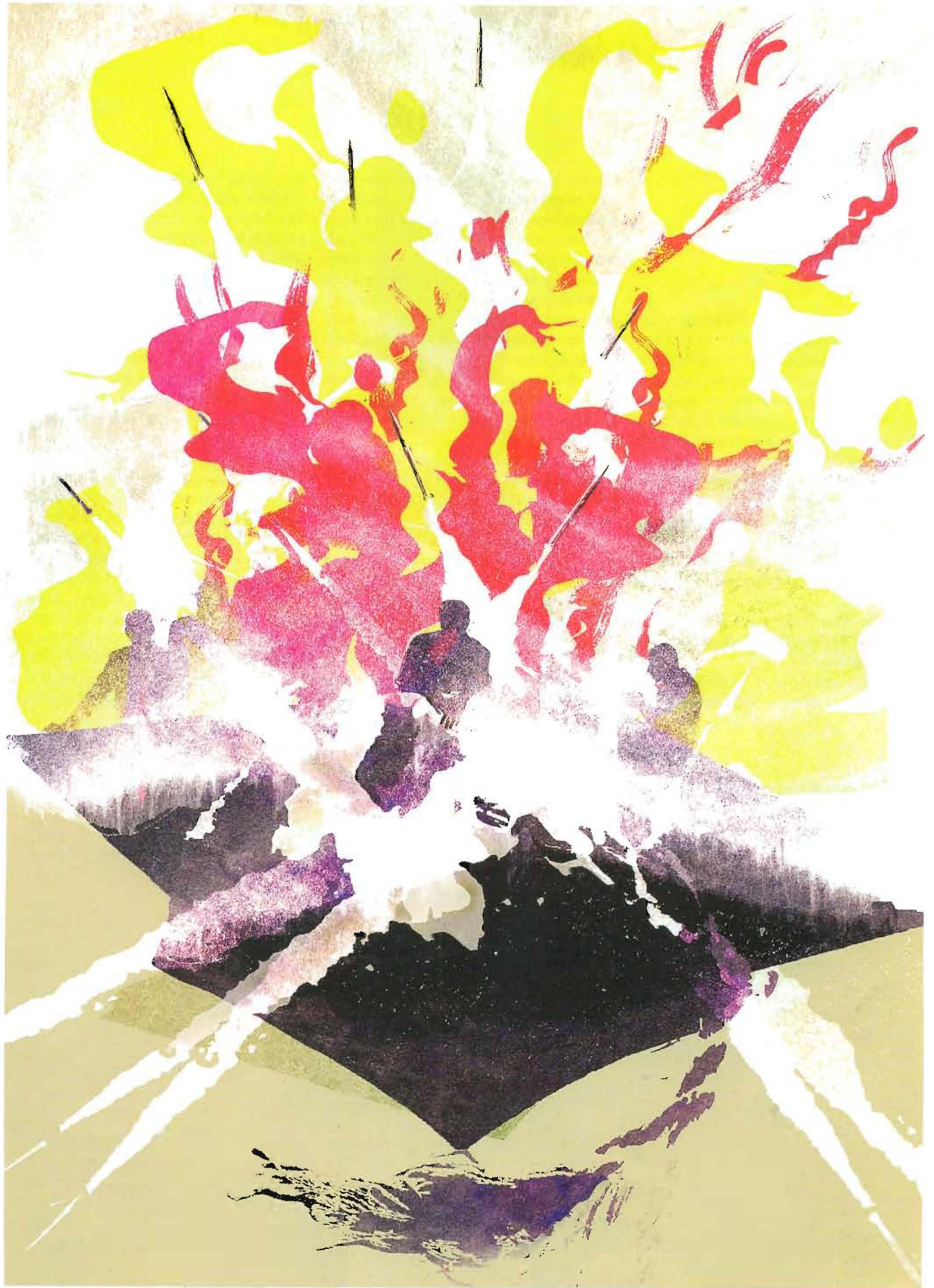


battle

Joining
the
school
yard

Dozens of hedge fund managers have *funded* the charter school movement—*& stepped into one* of the most contentious public *debates* in America

By Danielle Beurteaux
Illustration by
Simon Pemberton



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"Education Pays!" chirps the bright blue-and-orange poster in the office of Harlem Success Academy 2, one of New York City's 125 charter schools. "Do you want to miss out on an excellent education and the chance to have \$2 million?" the poster asks the school's kindergarten through grade 3 students, using Department of Labor statistics comparing annual earnings with education to make its point.

They probably don't, although \$2 million is a lot of money for 5-to-8-year-olds to wrap their heads around. But then, the kids at this East Harlem charter school, housed on two floors of a building shared with three traditional public schools and close by the Harlem River Drive, shouldn't be underestimated.

They're students at one of the top charter schools in the city, one of seven Success

Charter Network Academies (two more are scheduled to open in 2011). These children are here because their parents won a lottery for one of 466 coveted seats. The parents dress them in a uniform—blue shirts and orange ties for boys, and orange shirts under blue-and-orange plaid pinafores for girls or a variation on that theme—and get them out the door each morning for a school day that runs from 7:15 a.m. to 4:30 p.m., August through June, and includes a rigorous academic program, chess in a dedicated chess room, karate lessons and daily science classes.

And why not emphasize the earning power of education? After all, the Success Charter Network was started by hedge fund managers.

Gotham Capital's Joel Greenblatt and then-partner John Petry—now a partner at Columbus Hill Capital Management—opened the first Success school in 2006. They are part of a wave of hedge fund managers who have become a force to be reckoned with in New York City school reform, to the delight of the Bloomberg administration and some parents, the hor-

ror of others and the consternation of the teachers' unions. The United Federation of Teachers, which represents New York City public school teachers, has an article on its website titled "Attack of the Hedge-Fund Managers," which claims "hedge funds are perverting charter schools for the purpose of attempting to privatize public education."

While many hedge fund managers can afford to send their children to the nation's toniest private schools, some of the best brains and biggest names in the hedge fund industry have put their philanthropic might behind charter schools in an attempt to redefine public school education in the U.S., giving millions of dollars to the effort. (See charts for a list of hedge fund managers involved with charter schools.)

Hedge fund managers' philanthropic efforts have always been one area where they've garnered praise and avoided criticism. But by taking the charter cause to heart, these managers have become involved in one of the thorniest public policy debates in the U.S. today, with public school teachers (and the unions that represent them) on the other side. Budget cuts

Charter school founders

MANAGER	FUND	FOUNDED	BOARD AFFILIATION
CARL ICAHN	ICAHN PARTNERS	ICAHN CHARTER SCHOOL 1	BOARD CHAIR
		ICAHN CHARTER SCHOOL 2	BOARD CHAIR
		ICAHN CHARTER SCHOOL 3	BOARD CHAIR
		ICAHN CHARTER SCHOOL 4	BOARD CHAIR
		ICAHN CHARTER SCHOOL 5	BOARD CHAIR
BOYKIN CURRY	EAGLE CAPITAL	CO-FOUNDER, PUBLIC PREP	DEMOCRATS FOR EDUCATION REFORM
		GIRLS PREP BRONX	GIRLS PREPATORY BRONX
JOHN PETRY	COLUMBUS HILL CAPITAL MANAGEMENT	CO-FOUNDER, SUCCESS CHARTER NETWORK	HARLEM SUCCESS ACADEMY 1
		CO-FOUNDER, DEMOCRATS FOR EDUCATION REFORM	HARLEM SUCCESS ACADEMY 4
		CO-FOUNDER, EDUCATION REFORM NOW	
JOEL GREENBLATT	GOTHAM CAPITAL MANAGEMENT	CO-FOUNDER, SUCCESS CHARTER NETWORK	ADVISORY BOARD, DEMOCRATS FOR EDUCATION REFORM
			CHAIR, SUCCESS CHARTER NETWORK
			HARLEM SUCCESS ACADEMY 1
			HARLEM SUCCESS ACADEMY 3
BRUCE KOVNER	CAXTON ASSOCIATES	THE BRONX PREPATORY CHARTER SCHOOL	ADVISORY BOARD, THE BRONX PREPATORY CHARTER SCHOOL

A 2009 Princeton study found charter school students were performing worse than or on par with their traditional public school counterparts

in an era of dire fiscal straits are forcing the issue, locally and nationally. In New York City, Mayor Michael Bloomberg recently announced that 5% of the city's public school teachers would be laid off, and public employees and their unions are under attack across the country, most notably in Wisconsin, which voted to cut benefits and kill the teachers' collective bargaining rights, which charter school teachers typically do not have.

For a group with a well-established avoidance of the spotlight, these hedge fund managers have walked into one big

school yard fight. The debate is contentious, but the bottom line remains: Are charter schools working, and more broadly, are they the way to fix our country's educational problems? Several independent studies show that charter school teachers are often paid less and don't stick around, the schools are more segregated and the results aren't much better than in public schools. That has led critics in the unions to argue that charter schools are simply part of a movement to cut government costs that the hedge fund managers embrace.

Charter proponents insist they're pro-

viding school choice to parents and students—who, often because of poverty, would not otherwise have any—and high academic expectations, leading, hopefully, to a four-year college degree.

In Chicago, Citadel's Kenneth Griffin and wife Anne Dias-Griffin gave \$2.25 million in 2006 to help open the charter Woodlawn High School. Julian Robertson has long been a supporter of education through the Robertson and Tiger Foundations, which have given to charter organizations including Explore Charter School, KIPP (Knowledge Is Power Program), Success Charter Network and Achievement First. Carl Icahn, an early proponent, started his first charter school in 2001 in the Bronx and later opened three more—all named after himself. The fifth school is slated to open in the fall of 2011.

The Robin Hood Foundation, started by Paul Tudor Jones in 1988, has given

Charter school board members

MANAGER	FUND	BOARD AFFILIATION
WHITNEY TILSON	T2 PARTNERS	KIPP-NYC NATIONAL ALLIANCE FOR PUBLIC CHARTER SCHOOLS DEMOCRATS FOR EDUCATION REFORM
DAVID EINHORN	GREENLIGHT CAPITAL MANAGEMENT	DEMOCRATS FOR EDUCATION REFORM
ROB GOLDSTEIN	GOTHAM CAPITAL	SUCCESS CHARTER NETWORK
JOHN SABAT	SAC CAPITAL ADVISORS	EDUCATION REFORM NOW HARLEM SUCCESS ACADEMY 4
PAUL TUDOR JONES	TUDOR INVESTMENT CORP.	EXCELLENCE BOYS CHARTER SCHOOL EXCELLENCE GIRLS CHARTER SCHOOL
BRIAN ZIED	CHARTER BRIDGE CAPITAL	KIPP INFINITY CHARTER EDUCATION REFORM NOW
STANLEY DRUCKENMILLER	DUQUESNE CAPITAL	PROMISE ACADEMY
TONY DAVIS	ANCHORAGE CAPITAL GROUP	ACHIEVEMENT FIRST BROOKLYN
CHARLES LEDLEY	HIGHFIELDS CAPITAL MANAGEMENT	DEMOCRATS FOR EDUCATION REFORM
MICHAEL NOVOGRATZ	FORTRESS INVESTMENT GROUP	DEMOCRATS FOR EDUCATION REFORM
STEVEN GALBRAITH	MAVERICK CAPITAL	BRONX SUCCESS ACADEMY 2
RON GUTFLEISH	ELM RIDGE CAPITAL MANAGEMENT	HARLEM SUCCESS ACADEMY 2

MANAGER	FUND	BOARD AFFILIATION
LANCE ROSEN	PERRY CAPITAL	HARLEM SUCCESS ACADEMY 4
SIDNEY HAWKINS-GARGIULO	ZIFF BROTHERS INVESTMENTS	BRONX SUCCESS ACADEMY 2
ANDREW PAUL	TUDOR INVESTMENT CORP.	THE BRONX PREPARATORY CHARTER SCHOOL
BEN APPEN	MAGNITUDE CAPITAL	HARLEM SUCCESS ACADEMY 3
BRYAN BINDER	SAC CAPITAL ADVISORS	HARLEM SUCCESS ACADEMY 3
DOUG HIRSCH	SENECA CAPITAL	HARLEM SUCCESS ACADEMY 3
DANIEL NIR	GRACIE CAPITAL	HARLEM SUCCESS ACADEMY 3
KIAN GHAZI	HAWKSHAW CAPITAL	HARLEM SUCCESS ACADEMY 4
STEPHEN KORN	ARCH CAPITAL MANAGEMENT	HARLEM SUCCESS ACADEMY 4
JAY BRYANT	BLUEMOUNTAIN CAPITAL MANAGEMENT	HARLEM SUCCESS ACADEMY 4
EVAN CLAAR	CBI CAPITAL	HARLEM SUCCESS ACADEMY 5
SAMUEL COLE	BLUEMOUNTAIN CAPITAL MANAGEMENT	HARLEM SUCCESS ACADEMY 5
MARK COOPER	OMEGA ADVISORS	HARLEM SUCCESS ACADEMY 5
KEVIN ENG	COLUMBUS HILL CAPITAL	HARLEM SUCCESS ACADEMY 5
NIK MITTAL	JANA PARTNERS	HARLEM SUCCESS ACADEMY 5
VINIT SETHI	GREENLIGHT CAPITAL	BRONX SUCCESS ACADEMY 2
DOUGLAS POLAK	THIRD WAVE GLOBAL INVESTORS	FUTURE LEADERS INSTITUTE CHARTER SCHOOL
JOHN GRIFFIN	BLUE RIDGE CAPITAL MANAGEMENT	PUBLIC PREP

grants to both traditional and charter schools. Executive director David Saltzman is on the board of Excellence Boys and Excellence Girls charters, as is Tudor Jones. "We've found that the best charter schools have produced outsize results for the students who attend those schools," says Saltzman.

Longtime Robin Hood board member Steve Cohen of SAC Capital Advisors gave money to open the Achievement First charter in Bridgeport, Conn. (a representative declined to say how much). I like the fact that there is another model out there that is an alternative to [traditional] pub-

lic education. I would be supportive of any model that is proven to be cost-effective and works," Cohen tells AR. "I'm open to solutions that will further reform our educational system and provide children with great opportunities to learn, and this is a solution that seems to be working."

In a case of like attracting like, the wave of hedge fund managers interested in education as a social and political issue has grown. Joe Williams is executive director of Democrats for Education Reform, a foundation and political action committee that counts Boykin Curry of Eagle Capital, Charles Ledley of Highfields Capital Man-

agement, Whitney Tilson of T2 Partners, David Einhorn of Greenlight Capital, Michael Novogratz of Fortress Investment Group, Greenblatt and Petry on its director and advisory boards.

The organization has "hedge fund origins," says Williams, whose previous career was as education reporter for the *New York Daily News*. He noticed hedge fund managers at Department of Education meetings and found they were learning about the school system. While many of the better-known supporters of charter schools—Icahn, Robertson, Bruce Kovner of Caxton Associates—were staunch Re-

Top 25 U.S. hedge fund foundations

2007	2008	2009	MANAGER	FIRM	FOUNDATION	TOTAL ASSETS	GIFTS RECEIVED	TOTAL GIVING	FISCAL YEAR	CHANGE
1	1	1	GEORGE SOROS	SOROS FUND MANAGEMENT	FOUNDATION TO PROMOTE AN OPEN SOCIETY	2,239,745,868	1,050,000,000	140,057,116	2009	
					OPEN SOCIETY INSTITUTE	1,102,893,795	133,900,890	71,335,004	2009	-42.82%
					SOROS HUMANITARIAN FOUNDATION	315,967,122	0	10,000,000	2009	
					SOROS ECONOMIC DEVELOPMENT FUND	234,208,750	0	2,128,834	2009	25.40%
					OPEN SOCIETY FOUNDATION	225,370,575	0	1,500,000	2009	
					SOROS FUND CHARITABLE FOUNDATION	203,269,532	0	4,074,020	2009	29.36%
					SOROS CHARITABLE FOUNDATION	87,520,270	0	0	2009	39.68%
3	3	2	JIM SIMONS	RENAISSANCE TECHNOLOGIES	THE SIMONS FOUNDATION	1,406,194,090	305,217,104	87,024,914	2009	26.88%
2	2	3	JULIAN ROBERTSON	TIGER MANAGEMENT	ROBERTSON FOUNDATION	970,778,251	4,682	81,039,063	2009	-0.34%
38	36	4	STANLEY DRUCKENMILLER	DUQUESNE CAPITAL MANAGEMENT	DRUCKENMILLER FOUNDATION	727,967,196	700,050,000	25,930,800	2009	11054.85%
		5	JOHN ARNOLD	CENTAURUS	LAURA AND JOHN ARNOLD FOUNDATION	660,283,210	349,671,531	7,572,890	2009	100%
7	4	6	STEPHEN MANDEL	LONE PINE CAPITAL	ZOOM FOUNDATION	433,033,298	134,005,106	0	2010	35.10%
					LONE PINE FOUNDATION	23,470,014	5,576,181	4,616,550	2009	23.07%
11	12	7	JONATHAN JACOBSON	HIGHFIELDS CAPITAL MANAGEMENT	THE JACOBSON FAMILY TRUST FOUNDATION	286,669,286	10,000,250	13,127,728	2009	28.08%
10	11	8	JEFFREY VINIK	VINIK ASSET MANAGEMENT	VINIK FAMILY FOUNDATION	196,547,299	0	3,498,767	2009	10.83%
		9	TOM STEYER	PARALLON CAPITAL MANAGEMENT	TOMKAT CHARITABLE TRUST	186,909,537	874,596	5,185,547	2009	
12	9	10	SETH KLARMAN	BAUPOST GROUP	KLARMAN FAMILY FOUNDATION	186,834,234	40,000,000	18,579,700	2009	46.16%
6	6	11	KEITH CAMPBELL	CAMPBELL & CO.	THE KEITH CAMPBELL FOUNDATION FOR THE ENVIRONMENT	130,286,841	5,000,000	11,027,166	2009	6.91%

publicans, this group was composed of Democrats who were frustrated that the issue was still associated with Republicans—specifically, the Republican push (and failure) for school vouchers in the 1990s. “They set out to find other Democrats who cared about the issue and would be willing to get together and make a mark in the Democratic party,” says Williams.

The UFT has been apoplectic about the group’s politicizing. “DFER’s end-game has little to do with learning and everything to do with marginalizing public-sector unionized workers and bringing down the cost of taxes for social

programs,” writes Michael Hirsch on the UFT’s website. “It’s about creating new business and investment opportunities in areas that are still publicly run and serving as a pre-emptive strike against any hope for private-sector union renewal. Where better to start than with attacking teacher unions, one of the few labor strongholds in this country?” (The UFT did not respond to requests for comment.)

There’s another reason education was attractive to the newer managers on the block. While there are hedge fund billionaires supporting the movement, a slew of new, younger managers included joining

not-for-profit boards on their list of priorities, but they couldn’t make the financial commitment or didn’t have the connections that New York City’s biggest and most prestigious boards demand. The bar for education and, specifically, charter schools—a newer movement not the territory of the old guard—was much lower.

“These guys were strivers. They wanted to be associated with a lot of movers and shakers around the city but didn’t have the money attached to them that the world thinks they do,” says an individual close to the charter movement. (At least that’s the case for the younger hedge fund managers

2007	2008	2009	MANAGER	FIRM	FOUNDATION	TOTAL ASSETS	GIFTS RECEIVED	TOTAL GIVING	FISCAL YEAR	CHANGE
13	13	12	MARK KINGDON	KINGDON CAPITAL MANAGEMENT	MARK AND ANLA CHENG KINGDON FUND	93,531,825	9,783,940	8,635,344	2009	28.17%
8	8	13	LEON COOPERMAN	OMEGA ADVISORS	THE LEON AND TOBY COOPERMAN FAMILY FOUNDATION	92,873,075	0	4,119,700	2010	43.56%
4	7	14	ROBERT W. WILSON		THE ROBERT W. WILSON CHARITABLE TRUST	87,002,521	7,122,687	44,892,458	2009	-8.41%
15	14	15	DAVID TEPPER	APPALOOSA MANAGEMENT	DAVID TEPPER CHARITABLE FOUNDATION	84,247,110	1,500,000	2,988,920	2009	103.29%
18	21	16	RAY DALIO	BRIDGEWATER ASSOCIATES	THE DALIO FAMILY FOUNDATION	54,561,947	45,000,000	17,640,233	2009	111.62%
		17	TIM BARAKETT	ATTICUS CAPITAL	TIMOTHY AND MICHELE BARAKETT FOUNDATION	44,916,397	15,250,000	4,179,764	2009	
16	16	18	MARIO GABELLI	GABELLI GROUP	GABELLI FOUNDATION	43,869,745	54,221	1,943,000	2010	3.35%
		19	BILL ACKMAN	PERSHING SQUARE	THE PERSHING SQUARE FOUNDATION	43,172,348	6,975,000	7,203,350	2009	
21	23	20	PAUL SINGER	ELLIOTT MANAGEMENT	THE PAUL SINGER FAMILY FOUNDATION	30,657,727	0	2,185,000	2009	17.76%
24	17	21	ALAN SLIFKA	HALCYON ASSET MANAGEMENT	ALAN B. SLIFKA FOUNDATION	30,556,989	4,357,938	6,092,308	2009	0.26%
42	41	22	JOSEPH DIMENNA	ZWEIG-DIMENNA ASSOCIATES	THE DIMENNA FOUNDATION	27,707,413	0	0	2009	1.55%
17	18	23	LOUIS BACON	MOORE CAPITAL MANAGEMENT	THE MOORE CHARITABLE FOUNDATION	25,637,243	15,000	3,641,173	2009	0.65%
27	20	24	GLENN DUBIN	HIGHBRIDGE CAPITAL MANAGEMENT	G&E DUBIN FAMILY FOUNDATION	24,393,985	10,000,000	1	2009	92.58%
25	19	25	ROBERT O'SHEA	SILVER POINT CAPITAL	THE O'SHEA FAMILY FOUNDATION	22,185,792	0	1,234,282	2009	0.24%
						10,323,263,285	2,834,359,126	591,453,632		

Methodology:

This list compares hedge fund managers’ foundations by total assets as reported on Internal Revenue Service Form 1990, with the majority coming from 2008 filings, even though not all foundations have the same fiscal year—they’re required by the IRS to file returns within five and a half months after the close of their accounting period. Though all are technically 501(c)3 organizations, there are differences between family foundations, public foundations and charities. This list is meant to give a general overview of giving trends.

involved in DFER, not the billionaires also supporting the movement).

Their timing was excellent. Bloomberg had hired Joel Klein as New York City schools chancellor in 2002. Klein, who has a legal, government and business background but little education experience, oversaw the expansion of charter schools in the city, from 58 in 2006 to 125 in 2010. (Fifteen new charters are supposed to open in the fall of 2011, according to the Department of Education website.) It was a conversation with Klein that prompted Greenblatt to open the first Success Academy.

Charter schools have also become a focus of the Obama administration's education policy. New York State lifted the cap on the number of charters to 460 from 200—a bill heavily pushed by DFER in its first public battle with the UFT—and won \$700 million Race to the Top funds in August.

Charter school proponents have touted the schools as the life preserver of a sinking education system, even though the performance of these schools varies markedly. They are defined as public schools funded by public money but created and overseen by independent entities, and they can be for profit or nonprofit. In basic terms, they're given freedom from government oversight and the flexibility to do what they want in return for academic progress. Charters are now in 40 states plus Washington, D.C., with an enrollment of 1.6 million students. Recent documentaries like *Waiting for Superman* and *The Lottery* have brought charters to public awareness.

"I think the charter school movement has done an excellent marketing job," says Robert Tate, a senior policy analyst at the National Education Association, the country's largest educators' union with 3.2 million members, which is headquartered in Washington, D.C. The way Tate sees it, charter reform is a case of plus ça change.

"They tell a story. It basically runs like this: The teachers' unions block 'reform,' we have a crisis in education in our country, we need to do different things, and

his interest in education stems from awareness of how necessary his own education was to his professional success. Coupled with the amount of control hedge fund managers can exercise in a charter school, the desire of successful managers to employ the techniques in this social venture that have worked for them and rewarded them so well isn't surprising.

Applying investment methods to philanthropy is a given for many hedge funders. To those outside that world, ap-

"I would be supportive of any model that is proven to be cost-effective & works"

Steve Cohen, SAC

plying a financial mind-set to giving may seem cold and calculating. To those on the inside, it's logical and quantifiable. In this world, measurements, reporting and data, including the notion of philanthropic return on investment, count.

Right now, when the Success Charter Network opens a new school, it needs \$2,000 per student per year in private funding to fill the gap between state funding and the schools' cost, and it looks to checks from private donors. "Where else for \$2,000 per kid upfront can you replace nine years of often horrible education with a world-class education?" asks Petry. "The philanthropic return on investment has been critical to getting people in the industry interested in our schools."

For Columbus Hill's Petry, the discovery that public education was in dire straits came when, as an undergraduate at the University of Pennsylvania, he volunteered to tutor at a Philadelphia high school. He recalls one example of a student who couldn't do basic math.

"That was a frightening realization about how bad the education system is in some urban areas," he says.

Many a hedge fund manager will say

Hedge fund philanthropies

FOUNDER	FOUNDATION	2009 AR SURVEY			2010 AR SURVEY		
		GIFTS RECEIVED	TOTAL GIVING		GIFTS RECEIVED	TOTAL GIVING	
PAUL TUDOR JONES	THE ROBIN HOOD FOUNDATION	149,658,466	80,387,366	2008	167,268,932	105,878,739	2009
DANA HALL, CAROL KIM	100 WOMEN IN HEDGE FUNDS	1,710,228	1,250,434	2008	1,048,022	809,848	2009
LESLIE RAHL, KATHLEEN KELLEY	HIGH WATER WOMEN	252,768	558,303	2008	456,986	290,071	2009
ROB DAVIS	HEDGE FUNDS CARE	4,182.32	3,166,293	2008	3,757,548	2,331,871	2009
MEAD WELLES	A LEG TO STAND ON	205,797	118,000	2008	174,912	65,437	2009

For people who love data—and these guys love data—student achievement measured in test scores and grades, graduation rates and reading levels has an undeniable attraction. Measuring success is the hedge funders' vernacular. It's a job skill they bring to their philanthropic efforts. Petry describes spending hours on the Department of Education's website, downloading and analyzing student performance figures. The Success Academies, he says, are highly data driven, both at the instruction and board levels.

"We use a tremendous amount of data to analyze how our students are doing. We have data that are tied to specific lessons, and we have generalized data so we can see how our kids are doing vis-à-vis other students their age in our network and in other public schools," he says.

Data is also a way to bridge the gap between the world hedge funders know and a world they don't, and make it seem manageable, fixable and comprehensible.

"In a lot of cases, the district school down the street is in a world and is a type of school they never really spent a lot of time

fective than traditional public schools. But the Goldwater Institute, a privately funded conservative policy research organization, found charter students did better on tests than public school students.

Opponents of charter schools charge that they create a two-tier system that siphons much-needed talent and resources from neighborhood schools, don't perform any better than traditional schools, and are a means for charter boards to impose their values on the less fortunate, with little parental input. And then there's the basic question of democratic representation. In a publicly funded school, who gets a voice?

"There's a conflict of mind-sets where as much autonomy as possible is desired on the one hand, but we're also talking about public education, where there are other stakeholders involved—taxpayers, parents, kids and others," argues the NEA's Tate.

Greenblatt, who calls himself apolitical, sounds bewildered by the opposition he's encountered as the Success Charter Network has grown. The Network, designed to be financially self-sustaining

long one: Local parents, worried about overcrowding and space, are suing the Department of Education to stop the school from joining the other five already in the building, and now a judge has issued a restraining order to stop renovations.

"They still don't think it should be that controversial, trying to create a new public school starting with a clean slate and designed the way you think a school should operate," says Williams. "They don't understand why anybody would want to stop it."

Whitney Tilson, founder and managing partner of T2 Partners, has been involved with education reform since his days at Harvard College, where he knew the brother of Wendy Kopp, the founder of Teach For America, an organization that trains teachers and places them in impoverished communities.

Tilson helped Kopp set up the foundation in the late 1980s. Two Teach For America alumni, Dave Levin and Mike Feinberg, started the KIPP charter school network in 1994. KIPP now has 99 schools. Tilson is on the KIPP-NYC board and co-founded REACH: Rewarding Achievement, which offers incentive scholarships to high-achieving, low-income high school students.

Tilson scoffs at the idea that charter schools are creating a system of public school haves and have-nots, calling it "wrong" and "immoral" that charters receive less government funding than traditional public schools. He extends that argument to the issue of sharing public school space. In New York, where real estate rules all, it's common that several schools share a building (a result of the Bloomberg administration's push for smaller schools).

There's a pattern that's repeated almost every time a new charter opens these days: A group (parents, community activists, politicians) tries to block a charter they're afraid will take space (a library, office space, classrooms, a cafeteria) from their local school. But a public school is a public school, says Tilson; charters just happen to "have an independent board of directors and operate outside the bureaucracy."

His opinion on this issue takes a darker tone. "Let's be clear: This issue isn't really an issue about space. It's an issue created by enemies of charter schools who are

"Reformers say unions are anti-kid, say they're blocking reform. We would say no"

Robert Tate, NEA

in," says DFER's Williams. "The appeal of being involved with creating schools that provide the same kind of academic and nonacademic experiences that schools in well-to-do areas have been providing for years is very interesting to them."

Data on overall charter school performance, however, isn't quite so clear-cut. As study after contradictory study shows, the results are mixed and only seem to exacerbate polarization around the issue.

A 2009 study from the Center for Research on Education Outcomes (CREDO) at Stanford University found charter school students were performing worse than or on par with their traditional public school counterparts. A 2010 study from Mathematica Policy Research found that schools that hold lotteries aren't more ef-

on government funding alone after three years and to be replicable, aims to reach 40 schools. "I'd rather have the argument once we have 40 schools. I didn't expect all this opposition. There's not been a school we've had that's not been protested or sued," he says.

Of course, getting to 40 schools and then having the argument means half the argument is already over: who should run charters, how they should be run and how many there should be. Echoes Petry: "I can't even fathom a legitimate reason for not wanting a new great school to open."

But many can fathom a reason, and more than one. As of press time, Petry's daughter was on the wait list for Upper West Side Success Academy. That school was supposed to open in the fall, but the wait might be a

threatened by the fact that charter schools aren't unionized." Tilson regularly expounds about the issue on his blog, aptly named Whitney Tilson's School Reform Blog, where he also voices his outrage about teachers' unions, specifically the UFT. The New York City local affiliate of the American Federation of Teachers has responded in kind, calling Tilson "one of the grandest of the hedge-fund grandees" and referring to one of Tilson's blog posts as a "tirade."

"Reformers say unions are anti-kid, say they're blocking reform," says NEA's Tate. "That's an easy line to spout. But is it true? We would say no. We say, let's have a discussion on the merits of the issue. Let's talk about whether a particular restriction or regulation is justified or not."

Greenblatt explains that a charter school is automatically unionized, thanks to a New York State law, if it has more than 250 students in years one or two, and so Success keeps the initial enrollment low. They have to raise \$1.5 million for each new school because they open at subscale, since they have to establish the

Success Charter Network pays its teachers about 10% above New York's Department of Education pay scale, according to Petry, but the teachers work a longer school day and school year. While he says Success school teachers are phenomenal, both he and Greenblatt blame the gap in state funding for their lower salaries. "If we got the same amount of money per student that is spent on regular-zone public school students, we would pay our teachers even more," says Petry.

KIPP is admired for its solid academic record, which is why Professor Gary Miron of Western Michigan University chose it as the focus for a recent study, "What Makes KIPP Work? A Study of Student Characteristics, Attrition, and School Finance." Miron and his team found that KIPP schools receive more in public revenue than their local counterparts, have few children with special needs and few English language learners, have a high student attrition rate and don't replace departing students. The organization also spends more on administration and less on teachers.

students at 22 schools improved on math and reading tests (that study was paid for by the KIPP Foundation).

What it comes down to for Tilson, Greenblatt, Petry and others who share their philosophy is choice. In theory, choice should create a healthy educational market, in which parents vote with their feet and failing schools are closed. For these charter school advocates, parents will choose the best education for their children and deserve to have that choice.

"Honestly, I've never met a parent, whether I'm knocking on a door or at a community meeting, who doesn't want better for their kid," says Success Charter Network's chief executive, Eva Moskowitz. The school has held public lotteries in the past as a public relations exercise to show parent demand for charters exists (charters are legally required to hold admissions lotteries if there are more applicants than seats). "The purpose is really because of the media," she says. "It often thinks that poor parents are apathetic and don't care when, really, it's a supply problem."

Would that choice were so simple. Parents choose schools for many reasons. Charters tend to be highly segregated, several studies have shown, including one by the Civil Rights Project at UCLA that states: "Charter schools are more racially isolated than traditional public schools in virtually every state and large metropolitan area in the nation."

"We choose schools for a lot of reasons, not only performance," says Miron. "We choose them for convenience, for social issues. Many minority families choose a low-performing charter school because they have teachers and administrators and are in a community that is of similar color and ethnic background. They're less concerned about academic performance because they value something else."

Many arguments about charters miss the point, charge some advocates, including Greenblatt, who says the Success Charter Network is about figuring out and replicating what works and discarding what doesn't. "It's a total success if 10% or 20% of the schools are very high performing and provide a solution for these most in-need kids that can be copied," he says. "It's like any other business; most of them fail."

As long as the kids don't. **AR**

"These guys were strivers. They wanted to be associated with a lot of movers & shakers around the city"

same infrastructure regardless of enrollment numbers.

"At year three we get to break even based on the public dollars, but we have to fund ourselves the first \$1.5 million because of that law," he says. What about opening as a unionized school? "I don't think we could do what we're doing," he says.

Charter school proponents paint the teachers' unions as the villains in the charter school debate, calling them antiquated bureaucracies that are intent on maintaining the status quo of teacher tenure, pensions and benefits and out of step with the demands of education in the 21st century. But charter schools have been criticized for high teacher turnover and for paying less than local school departments, claims backed up by several studies.

"The teachers in these schools tend to be lower on the pay scale, in terms of years of experience. That's how a lot of them keep their costs low," says Miron. "Even though they pay competitively, they often don't keep the teachers because if the teachers stay for multiple years, they become very expensive."

KIPP countered with a statement criticizing the study's methodology and data. That's irrelevant, says Miron—the researchers used double-audited federal data plus KIPP's own, and the study is transparent and replicable, he argues. (KIPP did not respond to requests for comment.)

Tilson, who calls Miron's study "a hatchet job paid for, in part, by the unions" (it wasn't, counters Miron), cites a study done by Mathematica that found KIPP