

Bill Gates' latest mission: fixing America's schools

Foundation's views on education, close ties to Duncan come under fire



Alex Wong / Getty Images

Microsoft Chairman Bill Gates says that smaller schools have not achieved all the gains that were hoped for but that it is "not fair" to declare them a failure.

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It's been two years since Bill Gates left his day-to-day role at Microsoft to concentrate on supervising the Bill & Melinda Gates Foundation—and his new enterprise is booming. Headquartered in a converted check-processing center in Seattle's Eastlake neighborhood, the 10-year-old foundation plans to move into a 900,000-square-foot campus and visitors' center near the city's Space Needle next spring. The Gates Foundation opened a London office this year; it also has offices in Washington, Delhi, and Beijing, and 830 employees around the world, up from about 500 in 2008. With assets of \$33.9 billion as of Dec. 31, 2009, and America's two richest people—Gates and Warren Buffett—as trustees, the foundation plans to spend \$3 billion in the next five to seven years on education. If there's such a thing as a charity behemoth, the Gates Foundation is it.

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While its efforts in global health are widely applauded, its record in America's schools has been more controversial. Starting in 2000, the Gates Foundation spent hundreds of millions of dollars on its first big project, trying to revitalize U.S. high schools by making them smaller, only to discover that student body size has little effect on achievement.

It has since shifted its considerable weight behind an emerging consensus—shared by U.S. Education Secretary and Gates ally Arne Duncan—that quality of teaching affects student performance and that increasing achievement is as simple as removing bad teachers, identifying good ones, and rewarding them with more money. On this theory, Gates is [investing](#) \$290 million over seven years in the Tampa, Memphis, and Pittsburgh school districts as well as a charter school consortium in Los Angeles. The largest chunk of money, \$100 million, will go to Tampa's Hillsborough County school district, the eighth-largest in the U.S., with 192,000 students and 15,000 teachers. These carefully selected programs, which will favor or penalize teachers depending on whether students make larger or smaller gains than their test scores in prior years would have predicted, are intended as models that, if proven successful, can be rolled out nationwide.

The Gates agenda is an intellectual cousin of the Bush administration's 2002 No Child Left Behind law, which required all public schools—though not individual teachers—to make "adequate yearly progress" on student test scores. Some opponents of No Child Left Behind questioned its faith in data; are scores too narrow a gauge of how well kids are learning? Gates sees nothing wrong in relying on quantitative metrics. "Every profession has to have some form of measurement," he said in a late June interview with Bloomberg Businessweek. "Tuning that, making sure it's fair, getting the teachers so they're enthused about it" are the keys.

Still, the prospect of such measurement makes some educators and academic researchers uneasy. They contend that factors such as school leadership and culture exert a powerful influence on student achievement. Moreover, rating individual teachers based on their classroom's test results may be better suited to little red schoolhouses than today's large urban schools, where teachers team up, aides and tutors pitch in, and students come and go frequently.

While cities such as Denver and Cincinnati have experimented with paying teachers for performance, the Gates initiative—called Intensive Partnerships for Effective Teaching—marks the largest and most comprehensive effort to evaluate teachers in all grades and subjects based on student test gains. "The people at Gates believe there is a window right now," says Michael S. McPherson, president of the Spencer Foundation, which supports education research. "They have in Washington an administration that's broadly sympathetic to their view. They have the attention of the American people, wanting dramatic improvement in the schools. Bill and Melinda Gates want to see results—not just in their lifetimes, but in the next few years."

Small schools, false start

The last thing you'd expect from an organization headed by Bill Gates is a math mistake. Yet, according to Wharton School statistician Howard Wainer, the foundation may have misread the numbers when it arrived at its first prescription for American education. Wainer, who used the foundation as a case study in his 2009 book, *Picturing the Uncertain World*, says it seized on data showing small schools are overrepresented among the country's highest achievers and started pouring money into creating small high schools and subdividing big ones. Tom Vander Ark, a former schools superintendent in Washington state who was tapped to oversee the foundation's educational arm, was—and remains—a booster of small schools. The Gates Foundation declined comment on Wainer's assertion and research.

From Pierre S. du Pont, who gave more than \$6 million to train teachers and build 120 public schools in Delaware in the 1920s, to the Rockefeller family, which funded child development research that helped lay the groundwork for the [Head Start program](#), corporate leaders have long promised to ride to the rescue of public education. One of the highest-profile efforts came in 1993, when publisher Walter Annenberg gave \$500 million—matched by \$600 million in gifts from other sources—to strengthen urban, rural, and arts education, only to be stymied in some school districts by rapid changes of leadership and direction.

In the past, says University of Michigan historian Maris A. Vinovskis, benefactors "were not as prescriptive about how they wanted their money spent." Now a new generation of philanthropic billionaires, including Gates, homebuilding and insurance entrepreneur Eli Broad, members of the Walton family that founded Wal-Mart Stores, and former hedge [fund](#) manager Julian Robertson, want public education run more like a business. Charter schools, independent of local school districts and typically free of unionized teachers, are one of their favorite causes. "We don't know anything about how to teach or reading curriculum or any of that," Broad said last year at a public event in Manhattan. "But what we do know about is management and governance."

Small schools promised an alternative to the impersonal bureaucracy of traditional high schools, which Gates in a 2005 speech proclaimed "obsolete." But according to Wainer, adherents overlooked a troublesome fact: Small schools are overrepresented among the lowest as well as highest achievers. Why? Because the smaller a school, the more likely its overall performance can be skewed by a few good or bad students.

Wainer says big high schools, for all their problems, outperform small ones. Scale lets them offer more advanced classes, electives, and extracurricular activities. With Gates [funding](#), one Denver high school split into three and lost so many students that it shut down in 2006. It reopened a year later as a single school, without the foundation's support.

In November 2008, Bill Gates publicly backtracked, acknowledging in a speech in Seattle that "simply breaking up existing schools into smaller units often did not generate the gains we were hoping for." Still, the foundation has not

renounced its original mission. Gates credits smaller schools for their proficiency at boosting attendance and decreasing violence. "So we absolutely believe in the small schools thing," he says. "Calling that a failure is not fair."

The experience taught the foundation the value of humility. "The Gates people are dramatically more attentive to evidence," says McPherson of the Spencer Foundation, "and more willing to consider that they need to keep learning than they were when they started out."

As it became clear that small schools alone weren't the solution, Gates installed new leadership, naming Vicki Phillips, who served as Secretary of Education for the state of Pennsylvania and superintendent of schools in Portland, Ore., to replace Vander Ark in 2007. After a yearlong reassessment, Phillips swung the foundation behind the next big wave in education reform—evaluating teachers based on student test score gains. One of her key moves was enlisting Harvard University economist Thomas Kane as deputy director of education for data and research. Kane had co-authored an influential 2006 study of 150,000 students in grades 3-5 in Los Angeles that analyzed just how vital teacher quality is to student performance. Having a teacher ranked in the top 25 percent four years in a row "would be enough to close the black-white test score gap," the study found. It made a strong recommendation seemingly borrowed from corporate America: Teachers who ranked in the bottom quarter after their first two years in the classroom should be fired.

The Gates-funded plan in Tampa will put teachers on the spot starting this school year. Of the \$100 million that the foundation is pouring into the Hillsborough County school system, at least \$60 million will go to teachers. With that cash comes a new evaluation system: 40 percent of the grade will be based on student learning gains as measured by standardized tests, 60 percent on observations by the school principal and teachers from elsewhere in the district. Highly rated teachers could earn as much in their fourth or fifth year as colleagues with 20 years' experience who opt to stick with the traditional pay scale. The aim is to spur teachers to adopt best practices and learn from colleagues who are more effective in handling disruptions or instilling particular concepts, according to Gates. "It's an incentive to identify the exemplars," he says. Teachers at the bottom will have to improve or face immediate consequences. "We anticipate there will be teachers who are no longer in the profession in Hillsborough County," says schools superintendent MaryEllen Elia. "They will be told, 'This is not the place for you.'"

Hillsborough currently terminates 0.5 percent of its teaching force annually. More than 99 percent of Hillsborough teachers were rated satisfactory or outstanding in 2007-2008, and 98 percent of those eligible received tenure. So how will a group that's received almost nothing but positive reviews react to a more rigorous evaluation based on student improvement? One logical response is to narrow instruction to the content and techniques needed to pass tests, at the cost of encouraging creativity, curiosity, or complex analysis. "This is likely to take teaching to the test to a new level," says Harvard education professor Daniel Koretz.

Wainer, the statistician who spotted the mathematical fallacy behind the small schools movement, is also skeptical. "It's conceivable you could get a value-added score to work at an elementary level, but how can you do it at a high school?" he asks. "How should my physics gain score match against your French score? Was Mozart a better musician than Babe Ruth was a hitter?"

Judging teachers on student performance creates a litany of such practical problems, from how to assess progress in subjects such as art, shop, or phys ed to accounting for the mobility of inner-city families. In Memphis, where Gates has invested \$90 million, schools superintendent Kriner Cash says one-third of students move during the year, which means their gains can't necessarily be credited to one school, much less one teacher. Giving several tests a year can sort out each teacher's contribution, he says. Still, ratings may be tainted if frequent transience requires teachers to integrate newcomers and adjust to departures.

Teacher report cards

Studies of teacher effectiveness show much variability. Few instructors stay at the top or bottom statistically year after year. A study of five Florida districts from 2000 to 2005, including Hillsborough, found that only half the teachers ranked in the top 20 percent one year were in the top 40 percent the next. Tying teacher jobs to student gains "isn't as simple and straightforward as some people think it is," says Gene Wilhoit, executive director of the Council of Chief State School Officers in Washington, a recipient of Gates funding. "We're a bit concerned that others aren't raising these kinds of issues. We're also concerned, if you do raise these issues, it's seen as making excuses or pulling back from commitments."

Gates' approach risks alienating teacher unions, which typically have negotiated pay based on seniority and advanced degrees. In April, under union pressure, Florida Governor Charlie Crist vetoed a plan that would also have tied teacher salaries to test score results. When Bill Gates addressed the national convention of the 1.5 million-member American Federation of Teachers on July 10 in Seattle, a small group of teachers walked out, though he also received several standing ovations. "One of the things that we learned through the small schools initiative is that we've got to work with the unions," Melinda Gates told Bloomberg Businessweek. "That takes a lot of up-front work, but it's absolutely crucial."

As a condition of funding, the foundation required Hillsborough and the other districts to cooperate with local unions. In a union-friendly move, Hillsborough agreed to tell teachers in advance when peers will observe their lessons, making positive evaluations more likely. By contrast, in a nationally acclaimed program in Cincinnati, teachers give two lessons before evaluators without prior notice.

"If you tell teachers ahead of time that they're going to be observed, they'll just say to the class, 'OK, kids, somebody's coming in, I expect you to behave, raise your hand when you ask a question, and if you do well we'll have a party the next day,'" says JoAnn Parrino, a teacher at Chamberlain High School in Tampa. "The only way to tell a good teacher is to go into their classroom spontaneously."

David Steele, chief information and technology officer for the district, says the decision to notify teachers was made because it didn't want to "play gotcha." Also, he says, a pop-in can waste the evaluator's time: "What if the teacher is showing a movie that day?"

Despite the opportunity to increase their income, teachers nationwide are skeptical of Gates' agenda. In a national survey of 40,000 teachers co-sponsored by the Gates Foundation and released in March, 36 percent said that tying pay to performance is not at all important in retaining good teachers, while only 8 percent said it's essential. And 30 percent said it would have no effect on student achievement—triple the proportion that said it would have a very strong impact.

"The Gates Foundation was very surprised," says Randi Weingarten, president of the American Federation of Teachers. "They asked the question in a way they thought they'd get a positive result, and they got a very negative result." On the contrary, says Gates spokesman Christopher Williams, the foundation was heartened that a significant portion of teachers do believe in merit pay.

In 2007, a year after the foundation gave \$21.6 million to Chicago public schools, Melinda Gates toured the system with its then-chief, Arne Duncan. "I was extremely impressed with what he was doing," she says. "We started our relationship then."

Friends in Washington

Today, the Gates Foundation and Education Secretary Duncan move in apparent lockstep. Two of Duncan's top aides, Chief of Staff Margot Rogers and Assistant Deputy Secretary James H. Shelton III, came from the foundation and were granted waivers by the administration from its revolving-door policy limiting involvement with former employers. Vicki Phillips, who heads the foundation's education programs, and Duncan participated from 2004 to 2007 in the Urban Superintendents Network, a group of a dozen school leaders who met twice a year at weekend retreats co-funded by Gates.

When the federal government made \$4.35 billion in federal Race to the Top awards available—favoring applicants that agree to link teacher pay to test score gains, increase the number of charter schools, and adopt common curriculum standards—the Gates Foundation paid for consultants to prepare applications for 24 states, as well as the District of Columbia. One of two winners announced so far is Tennessee, which had help from Gates. The state will receive about \$500 million from the Obama administration.

The Gates Foundation, which bankrolled development of the common curriculum standards, is also funding outside evaluations—by the Thomas B. Fordham Institute in Washington and the Massachusetts Business Alliance for Education—of those same standards. The Boston-based business group is expected to release its report before the Massachusetts Board of Elementary & Secondary Education meets on July 21 to choose between the new standards

preferred under Race to the Top and revisions to existing state criteria, considered among the most rigorous in the country.

Williams, the Gates spokesman, says the foundation frequently pays for independent assessments of its programs and doesn't seek to dictate their conclusions.

"The Gates folks are well aware of our independence and, I think, incorruptibility," says Chester E. Finn Jr., president of the Fordham Institute, a nonprofit education think tank. Still, Finn says, the alliance between the government and the country's richest foundation could discourage dissent. "I've become suspicious of the phrase 'public-private partnership,'" he says. "It comes off the tongue as an undisputed good thing. It's actually a disputed good thing."

As a private entity that doesn't answer to voters, Gates can back initiatives that are politically dicey for the Obama administration, such as uniform standards, says Jack Jennings, director of the Center on Education Policy. In the past, states' rights advocates have blocked federal efforts for a national curriculum. Gates "was able to do something the federal government couldn't do," Jennings says.

At the same time, the rapport between the federal government and the largest private education funder is raising concerns that competing ideas are getting squeezed out. "It's like a mind meld between Arne Duncan and the Gates Foundation," says former U.S. Assistant Education Secretary Diane Ravitch, whose 2010 book, 'The Death and Life of the Great American School System,' criticizes Gates for exerting "vast power and unchecked influence" over American education. If she had access to resources like Gates', says Ravitch, she'd save parochial schools that have been effective for inner-city kids but are suffering from church cutbacks.

The alliance between the Gates Foundation and the government raises other issues, too. Drew Gitomer, a researcher with the Educational Testing Service, says the foundation may be rushing a \$45 million study that involves videotaping math, English, and biology lessons by nearly 3,000 teachers in the just-ended and upcoming school years. (The project lets teachers watch their lessons—and student reactions to them—to identify effective techniques, like football coaches breaking down game film.) The foundation plans to preview its findings this fall, which could help state Race to the Top winners design teacher evaluation programs.

The study "is very much fast-tracked," says Gitomer, whose role in the study is to assess teachers. "There's a feeling this is the opportune time. In a better world, it might have been nice to pilot some of these things. There's some risk associated with moving that quickly."

Phillips says the foundation maintains "appropriate firewalls." While members of its staff testify before Congress and keep tabs on federal and state policy, the foundation doesn't lobby or influence government decisions on grants, she says. Asked whether the appointment of Brad Jupp, a senior program adviser at the Education Department, to an advisory committee for the Gates teacher videotaping study violated the foundation's firewalls, Phillips said, "It's one of those fine lines we walk constantly." When the foundation approached Jupp, he initially expressed interest in serving on the committee, he said in an e-mail. After Bloomberg Businessweek asked Phillips about it, Jupp declined the position. He said he changed course on the advice of the department's ethics counsel.

Both Melinda and Bill Gates contest the notion that there is anything amiss in the foundation's relationship with the federal government. All the foundation wants is results, says Bill Gates, however they are achieved. "If people have particular ideas for improving schools, those experiments will get funded," he says. Duncan's spokesman, Peter Cunningham, says the foundation's agenda "is very much aligned with the Obama Administration agenda. We partner with them on a whole host of things."

Selling the plan

If Hillsborough district official Anna Brown had been graded on her May presentation to teachers at Tampa's Chamberlain High School about the Gates plan, she would have gotten an incomplete. One teacher of 12th graders wanted to know if she would be penalized for senior slump. Music instructors questioned the district's decision to evaluate them on their students' grasp of music theory instead of instrumental proficiency. Brown got thoroughly grilled about the new system and didn't have all the answers.

Kathy Jones, a 35-year veteran who teaches Advanced Placement world history, asked how the district could measure her students' improvement since they don't take a prerequisite course or a pretest. When Brown said PSAT scores as well as exams in other social studies courses could provide a baseline, Jones scoffed: "I don't see how it's even possible."

The testy atmosphere illustrates the challenges for Hillsborough—and the Gateses—as they translate theory into practice. The foundation has worked hard to bring teachers on board. Gates is paying \$1,500 apiece to more than 600 Hillsborough teachers whose lessons are being videotaped. Says Cassie Schroeder, an eighth-grade language arts teacher at Giunta Middle School in Tampa: "I put it toward my credit cards."

Hillsborough teachers complain that they already have a pay-for-performance plan, and they don't like it: the State of Florida's Merit Award Program, which gives 5 percent bonuses based on student test score gains in the prior year. Because of limited funding, teachers within each subject compete for awards. Arlene Castelli, principal of Giunta, says teachers are embarrassed to win the bonuses. "If you can't boast about an award, what good is it?" she asks. "I don't like pitting teachers against each other."

That, in the end, is one of the major worries about the Gates plan: that it will encourage teachers to think narrowly in their own interests, to not only "teach to the test" but also refrain from the cooperative efforts that are essential to the education process. At Giunta, two-thirds of the 1,134 students in sixth through eighth grades are black or Hispanic, almost three-fourths come from poor families, and low achievers in math take two classes, regular and intensive, with different teachers. Before state testing in March, students on the bubble of passing or failing—about 20 percent of each grade—attend extra sessions with teachers who drill them on their weaknesses. Like a baseball player who won't bunt to advance a teammate, a teacher may think twice about giving a student extra help if a colleague gets the credit—and the pay raise. "We don't want teacher evaluation to get in the way of student achievement," says Castelli. "Who's to say the parents didn't work with the children at night? Who's to say the child didn't mature? Or the child blew off the test the year before?"

Shrugging off "the commune-type approach," Bill Gates says that excellence demands individual accountability. In his speech to the American Federation of Teachers, Gates struck an evangelical tone as he appealed for faith in his initiative. "You owe it to your profession and your students to make sure that tenure reflects more than the number of years spent in the classroom," he said. "It should reflect the quality of the work you do in the classroom."

Later, he added: "Sometimes the most difficult act of leadership is not fighting the enemy; it's telling your friends it's time to change."

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