



**THE CHARLIE PROJECT**  
Coalition for the Future of Lutheran Urban Schools

**A Special Initiative of Wheat Ridge Ministries**

**REPORT ON PHASE I**

**May 2009**

**Prepared by the Charlie Project Team**



Dear Reader,

The Charlie initiative has been and continues to be a truly collaborative effort. We would like to thank the following for their contributions:

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We have benefited from the time and wisdom of countless thoughtful reflectors. The vision and insight of the leaders in this field is inspiring and grounds for much hope.

The report that follows is not a formal research report but rather a summary of our learning and discoveries. This report shares Charlie's progress to date, unveiling the Charlie Model that is underscored by the hope and vision of an urban Lutheran education. In addition, we hope to use this report to share with the church and educational community the insights and analysis that informed our thinking and that will be applied more broadly.

In service,

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## EXECUTIVE SUMMARY

The Charlie Project (“Charlie”) is named for Charles Gundelach, a businessman who cared deeply for children in our cities and believed in the role of Lutheran education in strengthening their lives and preparing them for their futures. Unfortunately, Lutheran urban schools are in crisis, with their very existence in jeopardy. Over the course of the past year, in innumerable conversations with educators, community leaders, and church leaders, we have seen the dedication to Lutheran schools in urban areas and recognition of urgency to develop a new model for their schools, committing to change, and doing the hard work of implementation. Through the development of a new kind of school, Charlie aims to provide a measurable difference in sustainable financials and in quality education in urban Lutheran schools. Its schools will be known for excellence in education, for their Christ-centered service, and for building on the assets of their communities.

In November 2008, we began the first of four phases of work. Phase I, Model Creation and Discernment, explored existing school models and networks nationally and designed a model that would reflect Lutherans’ unique role in urban education. That phase and its findings are summarized in this report. In Phase II, Charlie will engage a broad set of communities to refine and then implement the Charlie Model beginning with approximately three pilot schools. In Phases III and IV, the Charlie Project will leverage these pilots as beacons to transform a broader set of urban schools as we work to extend our reach into other networks.

Charlie’s overarching principles that motivate our efforts include the following:

- Distinctly Lutheran: witness to the love of Jesus Christ and grounded in Christian vocation and in service to the community
- Grounded in the life of the church
- Operationally outstanding and financially sophisticated
- Educationally excellent, focused on pre-K through 8<sup>th</sup> grade
- Existing as a national brand and developing governance to build support for Lutheran education broadly
- Being in the life of the city: the school, its leadership, its parents, and the congregations that support it are fully present in the community, actively living out their call to serve in the breach

Designing the Charlie model required a serious national effort in Phase I, including a disciplined outreach to other faith-based school networks, leading academics and national foundations that are asking similar questions. Beginning from an information-gathering perspective, Charlie moved quickly to push the boundaries on conventional thinking and develop a set of different ideas about how to address issues of quality and sustainability through disruptive innovation. From this point, we dove into deep analysis of the potential models and the components that

support them. Reviewing requirements, regional implications and synergies with prevailing trends, we honed our list to a set of model options. These options have undergone evaluation by a diverse set of practitioners and experts, questioning their efficacy and feasibility – and how they could be leveraged and adapted for Charlie.

From the work in Phase I, we identified our most significant contribution to be the development and implementation of a sustainable new model for urban Lutheran education. This new model, in turn, must attract the leadership necessary to provide both a first-rate educational model that attracts students and families and a sustainable business model that enables stability and growth. Through this contribution and the tireless efforts of school leaders in cities throughout the nation, we hope that 20 years from now there will be one or more flourishing Lutheran school in each urban area throughout the United States.

For the Charlie Model, we imagine a network of schools, new starts, or restarts of existing pre-K–8<sup>th</sup> grade schools that will be linked through a strong central organization. The central organization will take responsibility for nearly all the non-instructional functions in the school, from property management and fundraising to accounting and earned revenue strategies. The schools, spread throughout the country, will attract exceptional leaders, teachers, and principals who will reach into the community, into our congregations, and out to parents to create a caring community for the children and to ground the school in the life of the urban community. The core of every Charlie school is that location, leadership, and programs of the school all support the community engagement.

The classroom will be a witness to the love of Jesus Christ and a safe and secure place for children to explore their faith and the world through the lens of service. The practice of vocational reflection and how we come to understand God’s way for us in the world becomes a frame for rigorous academic curriculum, grounded in experiential learning, art and discovery through its witness and service to others. This focus on academic excellence and rigorous instructional practices, Christ-centered education, and service to the community will build a brand for Charlie schools that translates into a stronger financial picture for the school.

In terms of revenue that will sustain the model, the school begins with a balanced approach to tuition and scholarships. We are focusing our efforts in areas where we cannot assume that the majority of families can afford significant tuition. Relative lack of tuition dollars does not lower costs though, so we will create a diversified revenue stream to fund the school. Many of these efforts will start at the national level, where talented financial and development officers will generate professional fundraising strategies, to provide astute financial management, and to garner supplemental revenue from earned revenue or mixed-use property management.

The following report details our work in Phase I and provides an initial overview of the Charlie Model.

## BACKGROUND

### Landscape of Urban Lutheran Schools

Urban Lutheran schools play an essential role in providing a faith-based education for children in our cities, and are part of the pan-Lutheran witness in the urban core. Urban Lutheran schools are in crisis. This crisis mirrors challenging times for Lutheran schools in general. In the decade 1995 to 2005, overall student population dropped by 10 percent. Regional statistics demonstrate that the situation becomes exponentially more severe when the lens is narrowed to urban areas. For example, in Southern California, 12 urban schools have closed and at least two more are in danger of closing. Out of 71 Southern California elementary schools only 20 to 25 are located in urban areas, while Northern California has only a handful. The picture repeats east of the Mississippi. In New York, eight city schools have closed and at least 10 more are in danger of closing. Twenty years ago there were 24 schools in Detroit; currently there are two. The Baltimore/DC area has 10 schools operating, with four most likely closing by next year. Environmental changes have created a perfect storm, and our urban Lutheran schools are not surviving.

The environment for urban Lutheran education has undergone a complete upheaval. Among the factors that have created an accelerating crisis for urban schools are:

- Ever changing neighborhood demographics and the expansion of educational needs of urban students
- Declining support from city churches, which are also struggling
- Aging buildings requiring repair and renovation to keep current with codes and educational needs
- Declining number of individuals choosing careers in teaching and educational administration
- Economic pressures on families has created an inability to afford tuition
- Declining denominational loyalty
- Competition from charter schools

Traditional supporters have come to think of themselves as “maintaining a system in crisis,” and are looking for a system-wide intervention. The factors named above are not going away. We urgently need a new model, we need a critical mass of experts and practitioners engaged in the creation and implementation of such models, we need a strategy for intervention and transition in a system that has struggled with change, and we need informed and committed funders who will partner with us to transform the landscape of urban Lutheran schools.

As with many systems in crisis, those tied to the day-to-day do not have the space and time for imagination, outreach to new partners, and the dynamic reinvention process, all of which are

necessary to respond. School leaders struggle to look beyond the immediate crises of funding, enrollment, and facilities. Despite differing specifics, they all face three broad challenges:

- Defining a financial model that creates a viable school – and adhering to it
- Developing a Christ-centered and rigorous educational model that serves urban children well
- Recruiting and retaining the leadership (board, pastoral, principals, educators, parents) to accomplish the implementation of these successful models

Charter school openings, increasing cost for faculty salaries, shortage of specifically qualified or experienced teachers and administrators, decreasing urban church attendance, increasing needs of urban school students, new demands for global and technology instruction – none of these trends will cease. These challenges, and the questions and opportunities inherent to them, are not unique to Lutheran schools. Faith-based schools of all backgrounds, especially Catholic schools, are struggling with these issues. New charter models, despite having some funding advantages, ask many of the same questions. The educational arena is ripe with learning from pioneers committed to the endeavor of educating urban children.

Despite the recognized challenge facing urban Lutheran schools, there are few well-resourced efforts to address them. The Center for Urban Educational Ministries has convened groups of school leaders for networking, equipping, and encouragement. A number of Concordia Universities have established centers for Urban Education and are beginning to expand efforts and resources. In other Christian faith traditions, some parallel projects are emerging. Fordham University recently published a study entitled “Who Will Save America’s Urban Catholic Schools.” While these efforts are important to help name the problem and provide support to the leaders struggling to survive within the system, they are not sufficient.

A challenge of this magnitude and complexity demands a disciplined approach that weaves together the best of today’s promising practices with the innovation to create tomorrow’s answers. There is a need for disruptive innovation to focus not on incremental change, but rather transformation of a system that requires it.

Lutheran educational leaders and funders alike understand the urgency of developing a new model, committing to change, and doing the hard work of transformation. Charlie has brought together a network of practitioners, researchers, thought leaders, parents, and funders who understand the current system is unsustainable yet believe that Lutheran schools offer something unique in answer to God’s call to serve the city.

*For the sake of the church we must have and maintain Christian schools. – Martin Luther*

By creating a cadre of Charlie schools, the Charlie Project will create a shift in the quality and viability of urban Lutheran education nationally. Charlie’s goals have the potential to ignite a

transformation across Lutheran schools. Charlie is a movement that will result in a network of excellent, flourishing schools, built from the dedicated work of Lutheran school leaders over the years and ensuring that future generations of families who live and work in the cities have access to faith-based education.

## Charlie’s Approach and Methodology

The initial phase has focused on developing distinct school models – filled with hope and practicality that serve as beacons for transformation, enable bold choices, and create confidence among educators, parents, and funders. Phase I anchored the effort, providing a set of distinct and compelling models that represent the best of excellence in the Lutheran tradition.



The approach was developed based on some assumptions regarding the urban Lutheran school context, and how transformation will occur from synthesizing these assumptions throughout our work:

### Assumptions:

- School and church leaders are time-constrained and often in crisis or of the mind-set of scarcity. Any effort needs to begin with resources that help them, not with asking them to imagine something new;
- There are successful models being developed and implemented today – and much to learn from some of the promising practices;
- Gathering the “best of the best” will not be enough to prepare for the future – we must also think entrepreneurially about what the next models could be; and
- Urban Lutheran schools operate in a particular environment, which presents a range of assets that have not been fully engaged or developed.

The call for such transformation also presents itself in Christ’s call to bring our best and to develop to our fullest capacity. Schools serve as communities that foster this process. Urban

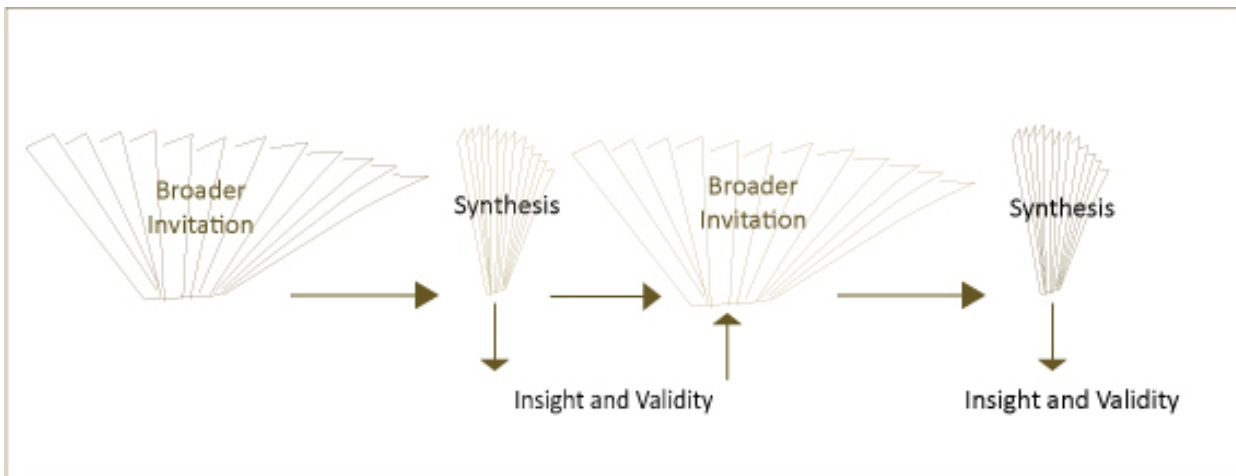


Lutheran schools engage daily in the struggle for educational excellence amidst a sea of challenges.

*“Charlie operates out of a well-resourced process not embedded in denominational systems [and] utilizing out-of-the-box thinking, listening to those already doing school ministries, bringing a pan-Lutheran approach that focuses on key urban areas, and unafraid to propose cutting-edge solutions to a situation that demands more than “noodling” with existing approaches, but needs a broad and new-styled vision.”*

*– Pastor from an urban Lutheran school*

Viable and compelling models emerge from disciplined processes; we employed one that has proved effective in innovation across many sectors. The process works like an accordion – expanding broadly in the engagement of diverse stakeholder groups and drawing from a plethora of inputs and then winnowing and narrowing through a process of culling insights and tightening questions. The expansion begins again as the questions drive a broad invitation to share information, experience, and wisdom, and then repeats itself in the narrowing to insight and definition. We used a series of summits and conversations to surface questions, expand ideas, and break through constraining assumptions. By gathering in a room those individuals who have diverse expertise and thinking styles, we teased out a true systems-level set of possibilities. The generation of insight, design, and innovation occurred in smaller groups, through hard work, analysis, and writing.



Over the last six months, Charlie engaged more than 170 individuals across 150 different organizations through phone calls, meetings, site visits, and summits. The institutions represented a range of universities, associations, public and private schools, ministries, foundations, innovators, business leaders, education experts, and churches. We made 20 site visits across the country and held three summits: one design summit in New York that drew a national set of participants and two local summits in Chicago and Los Angeles that surfaced local context, leadership, and assets.

This learning agenda enabled us to dig both deep and broad, across urban education today to analyze current reform efforts from multiple perspectives – educational excellence, Christ-centered learning, and fiscal sustainability. In doing this work, we discovered that pieces of the answers are out there, but do not exist in one place. Part of the innovation we seek to develop with Charlie will represent an amalgam of continuous successes from education, as well as community development, early childhood development, and public health.

Phase I accomplishments have included:

- Developing relationships with a community of practitioners and thought leaders from across the country who will play roles in Charlie as educational innovators;
- Broadening the conversation to encompass other disciplines. So often education is a silo; to develop a new model, it becomes essential to incorporate ideas from a variety of different sectors, including real estate, community development, public health, and environmental
- Analyzing a set of models for faith-based and public education reform, including the small-school movement, charter schools, national educational intermediaries, service-learning, and community schools
- Developing a model with the overarching objective of providing a high-quality choice for families seeking a Lutheran option based on three core elements: academic rigor, Christ-centered education and service, and fiscal sustainability
- Seeding hope. Through our multitude of conversations, Charlie continues to offer a beacon of hope for communities seeking a sustainable model of urban Lutheran education.

## PRELIMINARY DISCOVERIES AND FINDINGS

Charlie embarked on an innovative process including numerous conversations that have uncovered hope, promise, and landscapes ripe for transformation. Our discoveries can be grouped into seven broad categories:

1. Transformation and Governance
2. Competition and Academic Rigor
3. Tuition and Development
4. Distinctively Lutheran Lens
5. Pillars in Community
6. Property Optimization
7. Effective Intermediaries

### Transformation and Governance

From the beginning, Charlie has been committed to transformation rather than incremental change. Key leaders have echoed this sentiment: *“Our fear is that this project won’t go far enough; addressing one issue alone is insufficient. What we need is wholesale*

*change.”* The economic model of urban Lutheran schools was not sustainable; something more than improvements in development or strengthening an admissions program was needed.

Assuming we were starting with a new model, we needed to learn whether it would be better to guide schools toward a model or start over. A number of our conversations with individuals experienced in public and independent reform efforts illustrated the fact that transformations have been more successful with new starts rather than incremental or even transformational change within an existing school. So many efforts have fallen short by allowing adults to perpetuate the same institutional dysfunction into new models. After looking closely at public school reform efforts in New York and Chicago over the past decade, there is significant evidence supporting the idea that a new model should be a new start around which a new culture is born.

*“What I find most hopeful is the sense of urgency to address urban Lutheran education. Major changes are needed. Is revitalization the answer or is death and rebirth more realistic?”*

Across the country, leaders named governance as a key barrier to change. The relationship with a congregation and/or the relationship to a synod or district are often impediments to effective

**New starts or restarts, rather than transformation within an existing structure, have greater likelihood of success.**

**Governance needs to be part of the solution, not part of the problem.**

decision making, risk management, and the capturing of strategic opportunities. Because of the associations around property, schools and congregations are often working at cross-purposes or with incentives misaligned when trying to run schools successfully. Pastors struggling with declining membership may have little interest in or motivation for creating a thriving school, especially when their congregation is no longer substantially engaged as part of the student body. Congregational leadership often sits on the school board but does not necessarily bring the needed diverse backgrounds, such as legal, educational, marketing, organizing, finance, development, etc. Decision making and accountability – essential for a well-run institution – are unclear at best, and removed from the school leader at worst. Schools have shifted from being the mission of the congregation to a tenant that provides a steady stream of income to the church for use of space.

*What if we saw schools as a ministry start?*

Congregations need to link into the lives of schools, adding resources, vibrancy, and an important thread from the community. But conjoined schools and churches have proven increasingly ineffectual as they relate to governance. Schools need to be fully part of the mission and the structures of the church but not necessarily “owned” by a single congregation.

*“It’s good that someone is taking on the transformation, as the current prevailing ‘one church-one school’ model is clearly not working anymore.”*

We learned about effective governance from models as distinct as NativityMiguel<sup>1</sup>, Cristo Rey<sup>2</sup>, and strong stand-alone schools like Long Island Lutheran Middle & High School<sup>3</sup>, the HOPE Christian Schools<sup>4</sup>, and Holy Family Lutheran School.<sup>5</sup> In these cases, governance focuses first and foremost on successful student outcomes. Faith is foundational, and strong instructional leadership and teaching are the drivers.

Governance needs to provide deep assistance around programmatic issues, mitigate operational challenges, and manage organizational risk. Successful governance structures – boards at the school level or intermediary level – focus much of their efforts on fundraising, defining, and implementing a clear mission for the school that is relentlessly focused on student learning and securing and developing local school leadership.

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<sup>1</sup>Based in Washington, D.C., the NativityMiguel Network is comprised of 64 schools serving more than 4,400 students across 27 states: <http://www.nativitymiguelnetwork.org/>

<sup>2</sup>Based in Chicago, Cristo Rey is a network of 22 Catholic schools serving more than 5,000 students: <http://www.cristoreynetwork.org/>

<sup>3</sup>Based in Brookville, Long Island Lutheran serves over 600 students in Grades 6 through 12: <http://www.luhi.org/>

<sup>4</sup>HOPE is comprised of three Christian schools – an elementary, middle and high school – in Milwaukee’s central city serving nearly 500 students: <http://www.thehopeschools.org/>

<sup>5</sup>Part of Holy Family Ministries in Chicago, Holy Family Lutheran School serves approximately 150 students: <http://www.holyfamilyministries.org/school.php>

## Competition and Academic Rigor

Urban Lutheran schools can no longer compete by being “small and safe” as charter, small public schools, and private schools pop up across the urban landscape with the same claim. Parents are able to demand more from schools. That demand has been met with a proliferation of choice. The new challenge is to offer and deliver *safe, high-quality, faith-based education*. A

**Increased competition calls for redefinition of our mission and a focus on improved academic quality.**

**A stronger faculty comes through higher salaries, thoughtful pre-service training, in-service professional development, and support of a collegial community.**

market-based economy for schools is emerging, with more and more options for communities. Today’s demanding environment requires rigorous and high-quality academics, a viable financial model, and measurement of student outcomes that contextualizes each offering against others and provides the basis for demand – all transparent to the community, particularly parents.

As it stands, there are some schools that need to be closed or transformed due to chronic low performance. However, an opportunity presents to provide transparent measures of achievement that translate to the Charlie school being the valued choice for families and students. This includes testing, accreditation, and other standard metrics. As an example, some urban Lutheran schools are currently not accredited.

Educational programming is crucial in part due to comparisons with public schools along the dimensions of achievement, safety, and affordability. Moreover, academic rigor is essential to fulfilling the mission of Lutheran schools.

The Lutheran Church Missouri Synod created standards for excellent schools that represent admirable goals, but fail to address questions of how to pay for what it takes to achieve them. Riddled with the experience of scarcity, schools have an ethos of making do with less. Some brag about their low-cost-per-pupil model of education. Schools describe “fourth-party” funding, supplied by cutting salaries and benefits of teachers. While there was a time when enough quality teachers – out of the ranks graduating from Lutheran colleges and universities – could be attracted to a Christian school, that is no longer true.

The biggest driver of school success is in two inputs – leadership and teachers. There is a direct, and well-documented, correlation between the quality of the school leader and teachers and academic rigor. Lutheran schools face academic challenges rooted in underpaid and overworked teachers and staff with little formal training or chance for on-going professional development. In New York City, starting salaries of approximately \$24,000 increase annually at 1.25 percent, with roughly \$1,000 per year in sponsored professional development; at public schools, comparable

teachers earn at least \$45,530 with 10 percent of their time spent in professional development.<sup>6</sup> If Lutheran schools want to compete on academics with their counterparts then they must attract qualified candidates and encourage teacher performance and development.

There are existing efforts to support leaders of faith-based schools. One significant model, the Van Lunen Fellows Program, emerged out of the finding that many educational leaders lacked the leadership and management skills to succeed at their jobs.<sup>7</sup> The Fellows Program provides a “virtual MBA” customized for Christian school leaders. The conclusions of the first two cohorts included the paramount importance of good governance for the attraction and retention of strong leaders.

In this environment of heightened competition for teachers and other school leaders, market and value proposition need to be clearly and broadly communicated. Lutheran schools need a brand in the community that conveys the quality and confidence necessary to attract leadership. The Knowledge is Power Program (KIPP) schools<sup>8</sup> and Teach for America<sup>9</sup>, for example, are able to attract an abundance of candidates for challenging situations by presenting the clear opportunity to “make a difference,” and offering the promise of support and a community of like-minded professional colleagues. Likewise, Resources for Indispensable Schools (RISE) is creating a brand targeted at experienced, talented urban teachers who are seeking supportive urban environments where they can flourish.<sup>10</sup>

## Tuition and Development

There are two initial financial assumptions that often accompany urban school academics. The first is that the target population does not have the ability to pay and the second is that there are not enough philanthropic dollars to really drive quality models. Both should be questioned.

**Tuition must reflect costs, regardless of what percentage of students are able to pay it.**

**Development is essential to every school model.**

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<sup>6</sup> Marlene Lund, Center for Urban Educational Ministries; New York City Department of Education, May 2008

<sup>7</sup> Based at Calvin College, the one-year Fellows Program “assists heads of Christian schools in refining the executive schools necessary for school management.” <http://www.calvin.edu/vanlunen/fellows-program.html>

<sup>8</sup> Based in New York and with its own foundation, KIPP is a network of 66 open-enrollment public schools in 19 states and the District of Columbia that serves over 16,000 students: <http://www.kipp.org/>

<sup>9</sup> Headquartered in New York City, Teach for America is the national corps of recent college graduates who commit two years to teach in urban and rural public schools: <http://www.teachforamerica.org/>

<sup>10</sup> RISE is a San Francisco-based national non-profit organization that helps K-12 public schools in low-income communities: <http://www.risenetwork.org/home.aspx>

There are many geographic locations where schools can serve mixed socioeconomic populations. Creating a quality program in such an area can draw a “full paying” student of \$12,000,<sup>11</sup> while also enrolling full scholarship students and a mix in between. Bruce Lockerbie and his group PAIDEIA have long been advocates of quality accompanied by tuition increases.<sup>12</sup> Marge and Tom Hoogeboom have similarly helped the Kalamazoo, Michigan Christian schools come up with a pricing model that actually begins with a quantitative assessment of ability to pay.<sup>13</sup> One obvious positive implication of this approach is to eliminate the “downward spiral” of continual reductions in programs because of a student’s inability to pay that often carries the accompanying assumption that “better than the local failing public school” is good enough for urban children.

Mustard Seed School provides an example of how to think through tuition options. As an urban elementary Christian school that focuses on academic quality, its tuition increased about 10 percent per year from \$4,200 in 1993 to \$11,750 in 2008. Simultaneously it increased its financial aid. Mustard Seed was able to accomplish this by having a diverse board, where 50 percent of its members were nonparents. With the additional tuition, not only did the school become more sustainable but also they were able to attract and retain excellent educators by offering better salaries and benefits. Progressive tuition models work well in communities with a diverse socioeconomic demographic.

Philanthropic models can be strong in urban areas. The San Miguel Schools<sup>14</sup> – intensely academic middle schools with a LaSallian background<sup>15</sup> – present an obvious example. They serve underachieving urban children. Through extended hours and a longer school year, low teacher/student ratios, and an overall culture of achievement, they advance students’ abilities by multiple grade levels in a year. The cost per student is about \$15,000, and 95 percent of this cost is covered through philanthropic donations.

Successful fundraising partially depends on transparent student outcomes, and on quantifiable impacts of the school’s presence within the community. Increasingly, philanthropic dollars follow quality, not simply loyalty. Large foundations ask essential questions of sustainability and

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<sup>11</sup> The Mustard Seed School, based in Hoboken, New Jersey, “has an intentional mission to the urban poor”: <http://www.mustardseedschool.org/>

<sup>12</sup> Based in Stony Brook, New York, PAIDEIA is “an institutional consulting firm that is dedicated to excellence in all areas of leadership, development, education, and higher learning:” <http://www.paideia-inc.com/>

<sup>13</sup> In the late 1980’s, the Hoogebooms established the Rainbow Foundation, which awards a renewable \$2,000 scholarship to one or more Calvin College-bound graduates of Kalamazoo Christian High School who have displayed not only academic excellence but also the qualities of a servant leader

<sup>14</sup> San Miguel are urban Catholic middle schools throughout the nation that seek to achieve success through a non-tuition driven, LaSallian education.

<sup>15</sup> “The LaSallian tradition, based on St. John Baptist de La Salle and rooted in the Gospel, educates the spirit, mind, and body of each student with respect for their cultural story and with expectations for significant growth, achievement, and service”



outcomes before making commitments of any size. Individual donors also look for a real return on their philanthropic dollars. Many schools rely on their boards, comprising mostly parents, to donate and raise money. Development efforts stand to improve with a more diverse board and nonparent mix of lay leaders, church members, and business leaders.

Development requires organization and investment. Small schools struggle with the ability to hire a quality development officer – and realistically the staff to support that person to be successful. We have seen three particularly effective development models:

- Shared Development
  - Example: Chicagoland Lutheran Educational Foundation (CLEF)<sup>16</sup> provides development assistance to more than 30 Lutheran schools in Chicago. Through its brand, it provides donors with the assurance of fiscal responsibility. In 2007, CLEF raised \$1.7M with a development staff of 1.5, with 50 percent generated from its board.
  
- In-House Development Directors and/or Offices
  - Example: The Mustard Seed School funds a full-time in-house development director. This frees up the principal and other school administrators to focus on the educational quality of the school while using their academic training for its highest value. The development director is trained with strong business acumen and capacity for fundraising.
  
- Committee-Led Work
  - Example: The consulting firm Benevon<sup>17</sup> offers a very structured model that begins with the work of a committee, where each person commits two hours a month for two years in development coaching. Obviously this is best housed in a fully staffed development office, but it remains an alternative way to begin efforts. In 2008, more than 50 Association of Christian Schools International (ACSI)<sup>18</sup> schools organized fundraising events through Benevon and raised an average \$214,000 per event. Each school paid Benevon a yearly consulting fee of approximately \$12,000.

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<sup>16</sup> CLEF is comprised of a group of Christian, Chicago-area business leaders, and its Good News Fund provides grants to schools for scholarships, textbooks, special education programs, building maintenance and other needs: <http://www.goodnewsfund.org/index.asp>

<sup>17</sup> Based in Seattle, Benevon trains and coaches nonprofit organizations to implement a mission-based system for raising sustainable funding from individual donors: <http://www.benevon.com/index.htm>

<sup>18</sup> ACSI is an organization of Christian preschools, elementary secondary, and post-secondary schools, and is located in Colorado Springs: <http://www.acsi.org/>



In addition to philanthropy and tuition, some schools are moving to partnerships and earned income models. For instance, Chicago Christian runs a thrift store and day care center to plow revenue back into the school while filling a gap in the community. Another, Garden Grove (CA), uses an ESL/foreign exchange program to lower its dependency on philanthropy; upper elementary students from Korea and Taiwan who pay full tuition constitute more than one-third of the student body.<sup>19</sup> Increased revenues feed back into enhancing the academic rigor of the school through teacher training, programming, and diverse curriculums.

The relationship between congregational membership and tuition is a traditional pattern in Lutheran schools, but this is less relevant in urban schools. An average of about 10 to 15 percent of the students come from a congregation associated with the school; schools are a ministry of the church and, therefore, must be connected into the life of congregations to draw leadership, find supporters, and provide service learning outlets for their students.<sup>20</sup> In recent times, these relationships have broken down and competition for scarce dollars trumps mission focus and collaborative approaches. Schools need new models to relate to the laity in the churches and to connect to the stewardship journey of leaders sitting in the pews.

## The Value of Distinctively Lutheran

Most schools still have a strong tie to the Lutheran church, but as the number of trained Lutheran teachers and administrators continues to diminish, this understanding of Lutheran identity will lessen. There is a widening gap between schools and churches as schools and churches struggle to survive. Administrators from “outside” the system have a hard time articulating Lutheran identity without a strong pastoral presence and training opportunities. Currently, there is a growing number of non-Lutheran, yet still Christian, administrators and staff in urban Lutheran schools. Meanwhile, the majority of students attending Lutheran schools are from other faiths or have no faith base.

**The relationship between the church and schools is vital – but will be, by definition, different than it was in the last generation.**

**It is possible to take government funding and adopt a charter school structure without losing Lutheran identity.**

Many schools feel isolated from the body of the church and have a sense that the “church has failed us or left us behind.” How do we turn this pattern so that schools gain vitality and hope from their ties to the body of the church and seek to deepen and strengthen those relationships, thus strengthening the body as a whole? In looking at examples across the country, the first step is to find the aspects of the church that are alive and vital. Where are the congregations that are

<sup>19</sup> Paul Brandt, LCMS – Pacific Southwest District, Interview, December 22, 2008

<sup>20</sup> Marlene Lund, Center for Urban Educational Ministries

looking for new ministries? Where are the social ministry organizations (in Lutheran Services of America or beyond) that are serving children in cities and are looking to deepen those connections? How do schools connect to social justice and advocacy efforts? Where are the synergies between new urban ministry starts and new school starts?

We need to build relationships inside the church and we need to look for partnerships outside the church where the gifts of Lutheran education are welcomed. The challenge of Lutheran identity most strongly presents itself when the issue of government funding is on the table as an option. Government funding can come in at least three ways: title funds, program funding, and charter funding:

- Title funding requires significant paperwork and the close following of policy/procedure changes and, thus, often is not efficient for single schools to address and is only leveraged in the larger school areas. Chicago and New York City, for instance, both employ a part-time individual to secure title funds for their schools. In Chicago last year the amount was \$400K for 32 schools, while in New York City the amount was \$250K for 25 schools.<sup>21</sup>
- Program funding includes elements like summer programs, tutoring, or afterschool programs. Securing this funding may be assisted by having a separate legal structure.<sup>22</sup> This programming, if appropriately marketed, has the potential to generate additional funding, as well as valuable programs for the school and community.
- Charter funding is where the real government funding comes from, along with its per-pupil allocation. Charters negotiate the amount of funding they receive with their local board of education. This amount is between 75 percent and 125 percent of the district's per capita student tuition. For instance, in Chicago this amounted to an average of \$9,500 per pupil.

Under government funding, the charter option is the most likely applied model for Charlie to access funding at a significant scale. Charter models span a spectrum, and in the case of Charlie raise the critical issue of how to maintain the distinctively Lutheran, faith-based approach to education without crossing the legal line necessitating the separation of church and state. Many argue that charter schools must give up their autonomy and religious freedom; this was unfounded in our findings. We see significant potential in charter that bears further exploration, and can be an option in states where there is a charter law that has not reached its cap.

In our exploration, we've seen many variations of "faith-based charters." Often faith can be infused in the curriculum while other charter schools include religious education outside of

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<sup>21</sup> Marlene Lund, Center for Urban Education Ministries

<sup>22</sup> Susan Work, Holy Family Ministries

school hours and taught by a different set of educators. For instance, HOPE Schools operate an after-hour program for faith-based education, and Catalyst Schools have a curriculum that is instilled with faith.

The mission statement must be holistic enough to include what Lutherans stand for – core convictions and identity – while recognizing that there is a legal line to uphold in return for accepting the public support.

## Pillars in Community

Historically, Lutheran schools relied on three pillars of support: local parishes, parents, and synods. In the shifting urban environment, these pillars are no longer sufficient to maintain excellent schools. Through our conversations, we discovered a rich and diverse set of new assets in communities punctuated with deep institutional commitments that could be integrated to strengthen the Charlie Model and, more broadly, whole communities.

**Schools must rely on many community pillars to realize their value.**

**Pillars undergird a successful school model academically and financially.**

We identified pillars that present the opportunity of leverage and partnership: universities, government, church, business sector, social service agencies, parents, volunteerism/associations, philanthropic sector, and networks. Much like an intermediary can link services and streamline processes for schools across geographies, building on community pillars would allow schools to take advantage of local resources and enrich their communities through partnerships. Local innovation cannot rely on one pillar, but rather a collection of multiple pillars can provide a foundation for strength and sustainability.

All of the successful schools we studied addressed this opportunity with a community organizer on staff (under various titles and with a spectrum of training). The position has become critical for building relationships between schools and churches, civic leadership, neighborhood businesses, etc., with the expressed goal of better reaching and serving families.

A community-based asset approach allows us to identify potential in a given area. Some select examples include:

- Social service agency can leverage existing expertise to work with a particular population or need. Lighthouse Academy, a charter school that developed out of Wedgewood Christian Services, serves at-risk teens.

- University partnerships that provide tutors, teachers, curriculum, and in-service professional development. For instance, the MATCH Charter Public School<sup>23</sup> in Boston has leveraged university collaborations with Boston University, MIT, and Harvard. The partnerships include opening classes to grade 12 students, providing tutors and hosting events and summer school. In our summits, the Lutheran schools of higher education emerged as a particularly important partner.

Community partnerships require significant resources – time and human – to actively build, operate, and sustain. Furthermore, the choice of partner is crucial in terms of trust, mutual benefits, accountability, terms, and structure. However, partnerships can provide a host of financial, human, political, and organizational resources:

- Financial resources:
  - grants, loans, gifts, in-kind resources, and fundraising expertise
- Human resources:
  - board development and expertise, back-office support, pre-service teacher training, in-service professional development, and tutors and mentors for the school's students
- Political resources:
  - credibility to secure loans, name recognition to attract students, and legitimacy in the marketplace
- Organizational resources:
  - facilities, curriculum, service recipients, internship sites, field work sites, materials, and supplies

The vision and mission of a school offers a truly compelling opportunity for partners to reinvest in the community's purpose of education while furthering their own goals.

*It's not about simply having another school – it's about what it represents and that it provides a core service in and with the community.*

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<sup>23</sup> MATCH serves approximately 90 students in Grade 6 and 220 students in Grades 9 to 12, is expected to add Grades 7 and 8 over the next two years: <http://www.matcheschool.org/>

## Property Optimization

In terms of building a new school in an urban community, property presents both the greatest physical asset and largest challenge. Despite varying states of physical condition, urban Lutheran schools and churches often have desirable property. Thus, the opportunity to leverage – both financially and conceptually

– this property calls out an obvious way to support education and contribute to the revitalization of urban neighborhoods while engaging the community pillars.

**Property optimization promises opportunities for growth, community development, and sustainability.**

**Opening up property creates an opportunity for deep and meaningful relationships between schools and their communities.**

How can schools maximize their square footage? The average 300-student school requires 40,000 square feet for a full-service school. However, with the ability to develop air rights, and with larger land sites, there is an opportunity to think about mixed-use developments or license agreement/rental of parts of the school facility when traditionally underutilized (evenings, weekends, school holidays, and summer). In light of this set of opportunities, schools are well positioned to begin leveraging their physical assets as an ongoing source of revenue through property optimization and programming. At Chicago’s Holy Family, 88 percent of students qualify for free or reduced lunches. The school supplements its income with pre-K childcare, preschool, and after-school and summer programs. The state funds the preschool with \$4,000 per child. In addition, it currently leases the vacant top floor (15,000 square feet) at \$14.75 per square foot to the Henry Ford Academy: Powerhouse High School<sup>24</sup>, a charter high school whose permanent facility is under construction.<sup>25</sup> This generates about \$140,000 in revenue per year for Holy Family.

Furthermore, maintenance cannot be deferred perpetually. Budgets currently based on survival rather than sustainability often first eliminate repairs and equipment upkeep.<sup>26</sup> Instead, schools must consider ongoing property management an essential component of any program so that they catch small repairs before they become costly capital expenses.

Property optimization may take many forms:

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<sup>24</sup> HFA is nation's first charter school developed jointly by a global corporation, public education and a cultural institution, and has expanded from Dearborn, Michigan start to a campus in Chicago:  
<http://education.homansquare.org/content/index.php?cat=1>

<sup>25</sup> Susan Work, Holy Family Ministries, Site Visit, March 17, 2009

<sup>26</sup> Paul Brandt, LCMS – Pacific Southwest Division, Interview, December 22, 2008

- Management – A basic audit by specialists and ongoing assistance in targeted maintenance can result in lowered costs and less distractions for staff.<sup>27</sup> It may also identify opportunities for facility usage (rental) at times when school is not in session.
- Co-location of Services – Creating a model where a building is reconceptualized as a community asset and creates a hub of activity, provides essential services that students and their families need. In such a scenario, school facilities such as library, café, and gym are available for public use after hours. Additional programming such as ESL, workforce training, and legal aid, etc., can make use of the school building, creating a destination within the community.
- Mixed-use Facility – with rental income going to support the school. This option allows developers to optimize the building’s unused square footage or “air rights” and add affordable housing or commercial spaces.
- School Sale Leaseback – Creates an endowment for school with sales proceeds of real estate (and long-term lease). This option relieves the school of property management responsibilities.
- School with “Best in Class” Facility – Invest capital to produce top-notch facility, e.g., state-of-the-art gym or technology lab that can be leveraged to generate additional revenue.

As communities consider property optimization models, new facilities should target current sites not at their optimum use to receive potential discounts on the sale. In the current real estate market, distressed sellers outnumber opportunistic buyers.<sup>28</sup> In addition, schools can still access capital with qualified guarantors backstopping financing; Boston Trinity Academy, with a foundation as its guarantor, reportedly lowered the pricing of a bond issuance to finance part of its renovation.<sup>29</sup>

Another benefit is that school facilities might be subject to fewer zoning and regulatory restrictions, and offer more advantageous tax structures, if they are independent from the church. In downtown Chicago, an Episcopal school agreed to sell its “air rights” to a developer, who will construct an office tower on top of the existing school. The time is right to optimize property in urban settings – communities must capitalize on this for the benefit of their schools.

Property optimization also paves the way for economic development, meaningful academics, and innovation. As schools rely on their local communities’ pillars for integration and success, property optimization will further their efforts and missions.

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<sup>27</sup> One reference was for a water bill that came down significantly

<sup>28</sup> Mark Reed, The Contact Fund, Interview, December 19, 2008

<sup>29</sup> John Cissel, Cornerstone Advisory Services, Interview, December 5, 2008

## Effective Intermediaries

Over and over, we were reminded of the value of networks and intermediation in building competitive and sustainable groups of schools. Networks and management organizations are emerging across the country for a variety of purposes but with similar goals of birthing and linking new and transformed urban schools.

Increasingly, schools are discovering the value of an intermediary for a host of academic and operational supports. The drive for a national organization to pull out the operational components from a school stems from two objectives. First, the belief that the most important role of a principal is as an “educational leader” focusing on the quality of the teaching in each classroom; and second, that these services, when provided at scale by professionals, can result in better services for less cost.

**Intermediaries may simultaneously cut school costs and allow school administrators to focus on their highest value as urban Lutheran educators who can implement the mission of their schools.**

Most school failures occur for reasons related to leadership – administration, governance, and finance continue to be primary roadblocks to creating and sustaining successful schools. Since many schools cannot look “up” to a school district for assistance and support (because these districts have proved themselves to be ineffectual or they simply do not exist for independent schools), they often have to look “out” to other organizations for the financial, human, political, and organizational resources they need to survive and thrive. This presents an opportunity for an effective intermediary to support schools.

As finance continues to be an underdeveloped area among Lutheran schools, back-office management and operations improvement – through an outside partner – could provide effective streamlined services such as shared financial management, training programs, software, centralized fundraising, standardized accounting, and audit requirements. Not only could these services improve school management and reduce costs, but taking advantage of them may also allow schools the chance to strategically plan more deliberately for the long term.

Furthermore, intermediaries stand poised to both deliver services directly and broker programmatic and operational supports that meet significant needs – facilities, funding, administrative support, accountability, inspections, reporting, program design, professional development, curriculum, and instruction. In addition to these primary benefits, there are a set of vital but less tangible benefits, such as increased visibility, governance expertise, and a learning network for teachers and school leaders. Partners with particular expertise can alleviate the need for school personnel to become experts in that area. For example, most charter management organizations (CMOs) handle some aspects of human resources, contracting, budgeting, and other business tasks. In this way, partners can help fulfill administrative duties and let the school administrators focus on academic excellence in curriculum and instruction.



We discovered numerous thriving intermediaries and networks. Some models stand out for their effectiveness and innovation in the urban faith-based world (see table below). Furthermore, there has been a strong interest of other faith-based networks and denominations to work together for instance the White House hosted a conference on Faith Based Education.

<b>NETWORKS</b>	<b>DESCRIPTION /MISSION/OFFERINGS</b>
<b>Consortia and Educational Management Organizations (EMOs)</b> Various nationally	<ul style="list-style-type: none"> <li>• House curriculum, back-office support, and/or whole-school management and design</li> </ul>
<b>Cristo Rey</b> Various nationally, including New York, Boston, Baltimore, Chicago, Denver, and Los Angeles	<ul style="list-style-type: none"> <li>• Network of Catholic high schools that offers college prep education to economically challenged young people</li> <li>• Uses more of an “accreditation model” – bringing leaders from other schools to assist in the audit</li> <li>• One of the economic drivers are corporate partners that help subsidize a significant portion of a student tuition through paid student work for a percentage of tuition</li> </ul>
<b>HOPE Christian Schools</b> Milwaukee	<ul style="list-style-type: none"> <li>• Network of Christian college-preparatory schools in Milwaukee’s central city</li> <li>• Seeds schools with model and curriculum to follow</li> </ul>
<b>KIPP</b> Various nationally	<ul style="list-style-type: none"> <li>• Free open-enrollment college-preparatory public schools in under-resourced communities throughout the United States</li> <li>• Seeds schools, all charter, with capital and model based on “Five Pillars”: High Expectations; Choice and Commitment; More Time; Power to Lead; Focus on Results</li> </ul>
<b>NativityMiguel</b> Various nationally	<ul style="list-style-type: none"> <li>• Network of middle schools that provides faith-based education in underserved communities</li> <li>• Sets standards, shares best practices, and offers professional development programs; leads national funding and marketing campaigns</li> </ul>
<b>Schools That Can</b> Various nationally	<ul style="list-style-type: none"> <li>• Network of charter and faith-based schools that is catalyzing instructional leaders through professional and collegial learning</li> <li>• Supports existing strong leadership with recruitment and retention, accreditation support, financial assistance, and advocacy campaigns</li> </ul>
<b>StreetSchool Network</b> Various nationally, including San Francisco, Chicago, Denver, Philadelphia, Memphis, New York City, and Cleveland	<ul style="list-style-type: none"> <li>• Network of urban schools, predominantly recuperative high schools, that instill students across denominations with life skills, rigorous academics, and career development</li> <li>• Seeds schools with model to follow, based on individualized academic, personal/social, career, and</li> </ul>



	spiritual development
<b>Uncommon Schools</b> New York/New Jersey	<ul style="list-style-type: none"> <li>• Network of urban charter public schools that seeks to prepare low-income students to graduate from college</li> <li>• Conducts regular visits from senior staff</li> </ul>

Geographic proximity creates a challenge for intermediaries. Those that are “local” have the ability to deploy resources in and across schools and maintain a “tight” presence across schools. They also have the advantage of sharing the same regulatory environment. National networks present more challenges and additional costs, but can also provide more opportunities for shared resources and cost efficiencies. Geographic choices will be an ongoing consideration of the Charlie Project.

## THE CHARLIE MODEL

Charlie set out with an audacious goal to create sustainable models, not incremental improvement. Along the way, we discovered a rich conversation around the realities of urban schools, the trends, and new opportunities. Coming out of these discoveries there were several strategies that we could have chosen, but we wanted to build a model to test and prove excellence – not to change every school but to provide Lutheran schools with a beacon of hope, signaling what is possible at a scale greater than one school. We did not step back from options that threatened the status quo. As such, all options needed to be on the table, but we have not assumed that all schools should or can employ the options we have selected within the Charlie Model.

In the beginning of our inquiry, we assumed we were going to find models or even a potential menu of options from which to choose. In our design process and in reflection with advisors we determined that our role would be best fulfilled through the design of a school model that can be built from the ground up or from a restart of an existing school. We believe that is our role and it was a decision we struggled with mightily. Would schools be well served with some basic assistance within particular areas such as fundraising or property management? Is it not also our call to serve them? Yes, but they already receive some services from existing support networks such as judicatories, and organizations like CLEF, LSA, and ALDE. Nevertheless, Charlie hopes to tie a broader set of support services together for schools across the country. Our next phase of work is to gauge readiness factors within target cities, and support coalitions to start or restart exemplar Charlie schools as a first round of pilots.

The Charlie model's overarching principles include:

- Distinctly Lutheran: witness to the love of Jesus Christ and grounded in Christian vocation and in service to the community
- Grounded in the life of the church
- Operational excellence and financially sophisticated
- Excellence in consistent educational program focused on Pre-K through eighth grade
- National brand and governance to build support for Lutheran education broadly
- In the life of the city: The school, its leadership, its parents, and the congregations that support it are fully present in the community, actively living out their call to serve in the breach

## The Intent of the Charlie Model

*"Seek the welfare of the city to which I have sent you, pray to the Lord on its behalf, for in its welfare you will find your welfare." Jeremiah 29:7*

The intent of Charlie is seen most clearly through the lens of those it will serve:

### The students

*At the end of the day, what are the attributes of a successful Charlie school graduate?* The Charlie team continues to reflect on this question. We know it is someone who knows the love of Jesus Christ and who sees that love reflected in his or her own daily life of vocation and service. We know it is a student prepared to succeed and to serve in their community and in the world. This question becomes the driver for how service is fully integrated into a high-quality curriculum across all of the content areas.

### The parents

Parents want the best for their children – they want to be shown that their child will get the education they need to carry them forward. They also need to know their child is safe and secure beyond the traditional school day. Charlie schools need to respond more broadly to parents' needs, with extended day and extended year programs.

Parents are part of the community and have multiple ways that they participate in the life of the city. As the school and the students engage in service, and explore vocational questions, the dialogue with parents needs to continue.

### The teachers

Teachers are called to the ministry of education. Like all ministries, it requires support. They must be resourced for excellence and innovation, and deeply supported as they grow, with professional collaboration encouraged and facilitated. They are looking for others who are mutually committed to the children and the community to join hands with them, and walk together. Charlie schools will bring these collaborators to the table, renewing the hope and energy of overworked faculty, and providing a pathway of continuous learning and professional growth.

### Leadership

Principal: Countless studies show that leadership is a key variable to a successful school. Yet leaders are often very lonely and lacking in the support they need to be truly effective. As the head teachers, principals are often distracted from leading a school's academics as operations



and development issues consume their time. Charlie school leaders will have a network of peers with whom to confide and collaborate around educational excellence. They will have a governance system that supports them in driving to student outcomes. Moreover, they will have partners to dream with as they transform students and communities.

Pastors serving in urban churches are eager for ministries that truly knit together the community. Charlie schools represent a wonderful model for such collaboration and transformation, a model that builds on the historic work of the church, leverages its property assets and grounds it in the essence of a community's future – its children.

Community leaders: Charlie schools look to community leaders for their knowledge and connections, and for their dreams and aspirations. They invite such leaders into relationships, onto boards, and into partnerships.

### **Local church community**

The school serves a parish and the congregations in that parish serve the school. Students, parents, teachers, and community leaders all require the tangible connection to a worshipping community to sustain them. The school can help sustain those congregations through the vitality of the ministry of education, through the witness of the parents and children, and through the call of the teachers and leaders to serve.

### **Local urban community**

As a community organization, the school and its leadership are full participants taking on issues of justice and care in the community. Parents and organizers know that the school is a go-to place for change and for hope. This ethos complements Charlie's focus on service and helps to develop a set of relationships linking the classroom to a spectrum of important relationships beyond the school walls.

From the beginning, the school's orientation is equally inward and outward, taking the time to build relationships with local universities, the business community, social service agencies, and other relevant actors throughout the community.

### **Lutheran schools across the country**

While Charlie will work with a relatively limited number of schools directly and in its initial phases, it will provide an attainable model for what is possible in urban Lutheran schools and will share its promising practices and discoveries through the broader work of the Center for Urban Education Ministries.



### **National church bodies**

We hope Charlie schools serve as a place of innovation and a site for a sustained conversation about the future of urban Lutheran schools. We will help strengthen the brand and the perceived value of Lutheran education on the national educational platform.

### **Other communities of Christian schools**

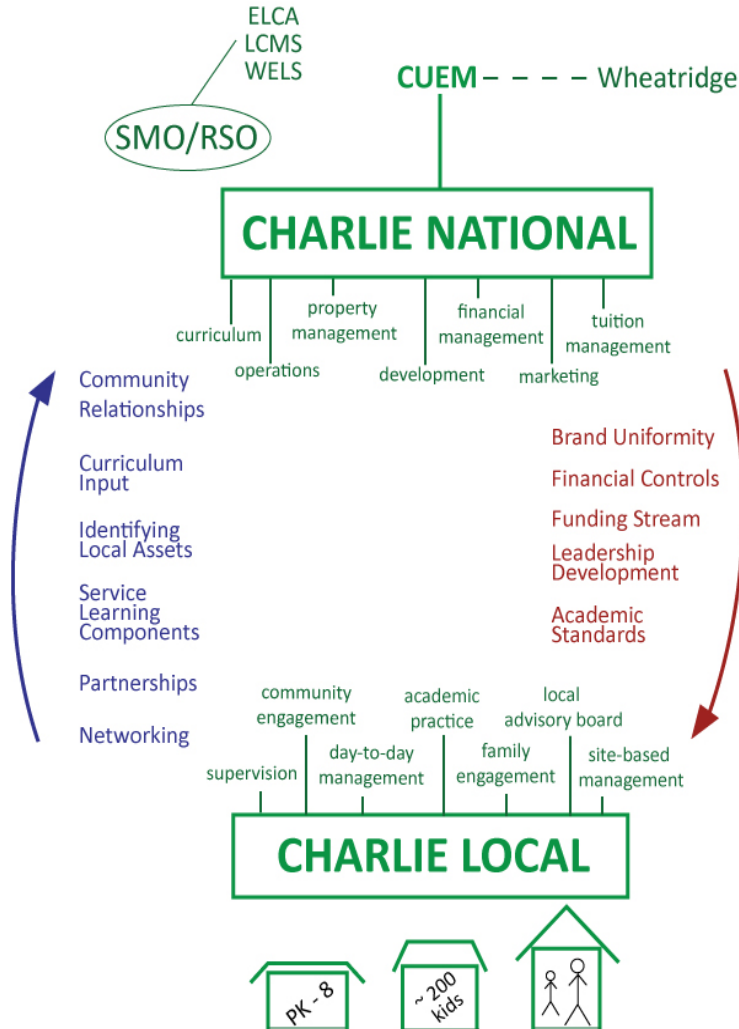
Christian schools across denominational boundaries seek some of the same goals, including faith-based education, sustainability, and excellence. Charlie has established dialogue with urban Catholic, evangelical, and reformed schools and network leaders. These relationships will continue to flourish and provide inspiration, support, and community. The Charlie network will join the developing conversation of leaders deeply committed to urban faith-based education, bringing its model for sustainability and an example of an effective intermediary. As seen in the Van Lunen Fellows' (a cohort of the Van Lunen Institute, Calvin College) "big tent" experience, the dialogue between leaders of varying Christian traditions deepens the leadership qualities of all participants.

### **Philanthropic community**

In addition to their desire for new models, a new hope that the Lutheran schools can sustain themselves in urban areas, philanthropic organizations are asking for forms of measurement that provide feedback and assessment on impact. What makes urban schools worthy of investment? Charlie will show one answer to that question, transparently, through rigorous standards and transparent assessment of all student-learning results.

## Outline of the Model

Charlie will have two expressions – a local and national expression.



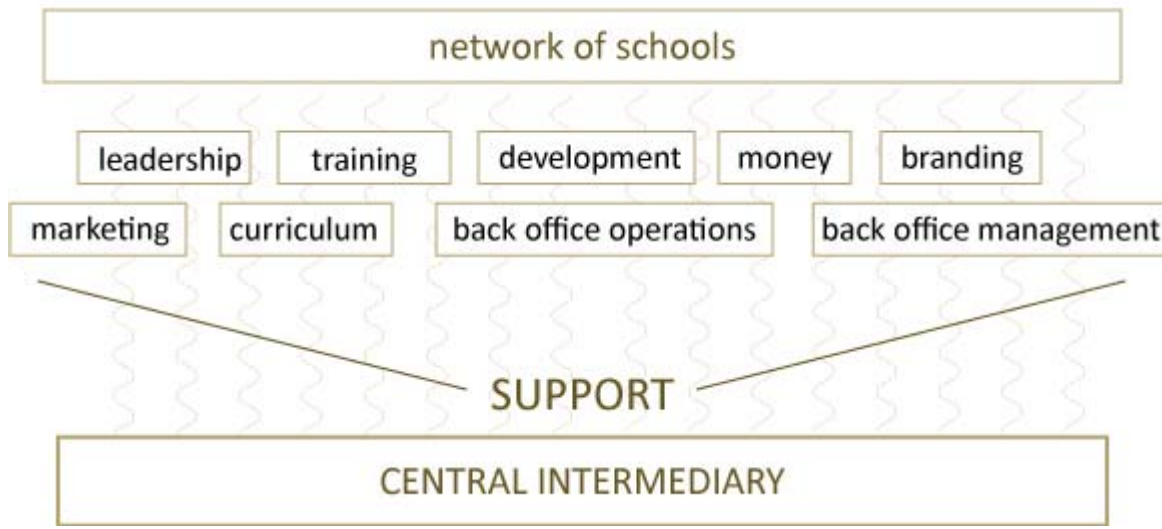
The local expression will be grounded in the life of the city and the particular community it serves. Its leaders will engage in deep partnership with congregations and other community organizations and will be responsible for the educational model of the school, within the parameters defined by the broader Charlie network. The core of every Charlie schools is that the location, leadership, and programs of the school all support the idea of engagement in the community. In this way service and reflections on vocation – our lives in the world interpreted through understanding our relationship with God – define how students learn.

The national expression of Charlie manages the brand, the visibility, and the financial support for Charlie schools. The national expression should be tied to the denominational church bodies and connected to the local adjudicatory. The line between the national expression and the local expression becomes most porous around issues of administration.

## *National Expression of Charlie*

We continue to explore potential models of the local expression's relationship to the national expression:

- A central school with several sites
- An association that supports schools at several sites, with more dispersed management
- A franchise model where the brand is managed centrally but schools are governed locally
- Branches of mission starts



The question we are currently struggling with in Charlie is a classic federalist question: What effectively stays at the central level and what risks, responsibilities, and rights inure to the local level? In the most centralized model, the national expression would operate the schools. That would mean it would be responsible for:

- Operational services including financial management and budgeting, purchasing, human resource management, recruiting teachers and principals, and legal concerns
- Fundraising and development
- Property management
- Marketing
- Admissions
- Programmatic services in the following areas: assessment/accountability, targeted professional development, and technology platform and support

Although it is more likely to be a combination where, for example, local schools will be responsible for many aspects of admissions with the support of software systems, marketing and receivables at the national level. As another example of a combination of power, local schools would have power to hire and fire their teaching staff with the approval of the national Charlie board. Meanwhile, the national board would be responsible for hiring and firing the principal with the approval of the local school board.

**National church relationships**

We think about the Charlie schools as a social ministry organization that could be institutionally aligned with the national church bodies of LCMS and ELCA.

**Governance of Charlie**

Local congregations would be engaged with our schools, but would not be owners or exclusive governors of them. The governance model would stem from best practices across Christian and independent schools. This would include transparency of outcomes and data at the local and national level. We also envision a national board that draws on talent and resources throughout the country.

**National financial model**

There are many ways to imagine the financial model of the intermediary. The value of the “corporate” office is determined by the services offered to the local schools. Or the schools are divisions of a corporate whole. In the end, the two are symbiotic and, therefore, the financial models will be as well.<sup>30</sup>

**Building/Property management**

Real estate optimization requires technical skills and the ability to manage and leverage financial investments across multiple sites. We imagine in most settings, property is a key asset that can contribute significantly to a sustainable financial model for a school. We have explored several options laid out in the chart below.

STRATEGY	DESCRIPTION	MERITS	CONSIDERATIONS
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<sup>30</sup> More detailed financials available upon request



School Sale Leaseback	Creates an endowment for school with sales proceeds of real estate (and long-term lease)	<ul style="list-style-type: none"> <li>• Removes property management and maintenance from school's hands</li> <li>• Potentially creates capital reservoir through the endowment</li> </ul>	<ul style="list-style-type: none"> <li>• Viable only if school owns underlying property outright</li> <li>• Potentially undervalues property in the current depressed real estate market</li> <li>• Removes control over property's development from school's hands</li> <li>• Removes only asset that can be leveraged</li> </ul>
School as a Community Center and Co-Location of Services	Make school facilities such as library, café and gym available for public use after hours	<ul style="list-style-type: none"> <li>• Leverages assets after hours</li> <li>• Serves area ("safe space")</li> <li>• Serves as "cornerstone project" for surrounding development</li> <li>• Hosts or leases space to programs</li> <li>• Encourages parental involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Increases maintenance costs and facility use/abuse</li> <li>• Potentially increases security issues and liabilities</li> <li>• Lack of capital to lease space in current economic environment</li> <li>• The challenge of retaining a long-term professional who is responsible for and has professional expertise in managing outreach.</li> </ul>
School with "Best-in-Class" Facility	Invest capital to produce top-notch facility, e.g., state-of-the-art gym or technology lab, for revenue	<ul style="list-style-type: none"> <li>• Leverages assets after hours</li> <li>• Serves as "cornerstone project" for surrounding development</li> <li>• Potential to partner with area programs, both school and nonschool</li> <li>• Potential to attract students</li> </ul>	<ul style="list-style-type: none"> <li>• Requires significant initial capital investment</li> <li>• Could become outdated over time</li> <li>• Potentially raises question of mission</li> <li>• Potentially detracts from the message of academic rigor</li> <li>• Such a strategy is vulnerable to multiple competitors</li> </ul>
School as a Mixed-Use Facility	Leverage location to have a school as part of a residential and commercial center	<ul style="list-style-type: none"> <li>• Positions facility as a "one-stop shop"</li> <li>• Potentially serves area congregation, e.g., on-site church or senior housing</li> <li>• Potentially earns tax savings</li> <li>• Offers [service learning]</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially restricted by zoning</li> <li>• Requires dedicated property management</li> <li>• Requires significant capital to customize tenant improvements</li> <li>• Raises question of which is more favorable: ownership versus</li> </ul>

		opportunities to students within center	tenancy
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## ***Local expression of Charlie***

### **Local governance**

We assume the local expression of Charlie is not governed by a single congregation but rather an independent, self-perpetuating board that sees its role as stewarding the school as a resource for a broader parish, a geographic area, a collection of congregations, a coalition of social ministries organizations or other community-based organizations. New board members are selected based on their skill-set for that kind of leadership, their passion for urban Lutheran education, and through a consultation process that includes input both from the perspective national Charlie leadership and from the local community.

### **Financial model for the school**

In partnership with the national expression, the school will determine the appropriate per-pupil cost of education and increase tuition and financial aid simultaneously (supported by additional earned income) to ensure access to the school for the children in the community. Financial aid will be raised locally and nationally from philanthropic and church-based entities.<sup>31</sup>

### **Organizational structure of school**

Charlie schools will provide extended day programming (that provides remediation and enrichment as well as possibility for additional Christ-centered learning) and extended year programs (that provides academic and extramural activities, incorporating service and Christ-centered learning).

We currently intend that Charlie schools will be both charter and noncharter. We think there is a significant value to have charter and noncharter schools within the same network so they are able to learn from each other. State-by-state differences in regulations and support levels will factor into decisions as to where to launch which model of a Charlie school.

### **Community partnerships**

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<sup>31</sup> More detailed financials available upon request



Each Charlie school will have one dedicated staff person focused on partnership management, local marketing, and volunteer management, whose role it is to build a set of relationships with external businesses, organizations, Lutheran agencies, and municipal agencies.

There will be a focus on strategic partnerships with the strong post-secondary partners around teacher training and recruitment and professional development.

### **Development of leadership and a caring community**

Student outcomes derive from the culture that is created through the collaborative work of the teachers, leadership, and parents. Charlie schools will foster a committed and caring community through investing in these constituencies. Parents will be valued, and will have access to a parent academy that respects their vocation as parents and treats them as educational collaborators. Teachers will receive supportive mentoring and ongoing training through a Teacher's Intensive Summer Institute that will foster their call to education and their commitment to collegial leadership. Principals will have the support they need to make educational decisions to achieve outcomes. Ideally, our Charlie principals might be involved in the Van Lunen network that focuses on training faith-based educators. Congregations will be woven into the fabric of community outreach in ways that enable them to collaborate and leverage their assets and to be part of the service learning outreach of the school.

### **Learning and instruction**

The instructional practices and curriculum of Charlie schools will most likely be strongly guided by the national entity, through a clear model to which each Charlie school is designed, with opportunity for customization and innovation at the school level. This will enable implementation of strong practices in urban education and provide practitioners with the support and flexibility they need to achieve outcomes in challenging circumstances. The network will continually collaborate with other networks, in addition to other urban Lutheran schools, higher education organizations, and other entities to reinvent what Christ-centered urban curriculum and pedagogy look like and how they are implemented.

## DIRECTION FOR THE FUTURE

The Charlie team will continue to invite leaders into this process, and to be present in communities where they are renewing hope and seeking healing for their urban schools.

*“Identify several urban centers that are already invested in Lutheran schools, that have experienced the losses brought about by old unworkable models, and that are dedicated to renewal.” – Pastor from urban Lutheran church and school*

Our work is to capture opportunities. We will tap into areas where real reform is taking place – networks that are interested in connecting to us. We will continue to fill vacuums of connection between urban Christian schools and the grassroots Lutheran community.

As we move from this overview to a more detailed financial and operational plan for Charlie schools, we need to evaluate risk, dig into leadership questions, and formalize the rigor on the educational model itself. We are planning a summit in the spring to look more deeply at the distinctive Lutheran connection between vocation and service and how that is reflected in instructional practices and the life and culture of the school.

Over the coming months, even before the conclusion of Phase I, we will move toward concrete work plans for Phase II.

## APPENDIX A: INDIVIDUALS ENGAGED IN THE CHARLIE PROJECT

### **CUEM and Charlie Advisory Board**

Chuck Asche (CHI Summit)	Chicagoland Lutheran Education Fund
Brian Becker (CHI Summit, NYC Summit)	Wheat Ridge Ministries
Corinne Di Stephan	Lutheran School s Association
Mary Gundelach	Retired Lutheran school administrator
Jim Handrich (NYC Summit)	CUEM and Former Principal and Head of School
Dr. Kole Knueppel (CHI Summit)	Wisconsin Lutheran College
Dr. Shirley Roels	Van Lunen Center, Calvin College
Marlene Lund (Charlie Team, NYC/CHI/LA Summits)	Lutheran School s Association and CUEM

### **Charlie Team**

Jackie VanderBrug (NYC Summit)	Criterion Ventures
Dr. Joy Anderson (NYC/CHI/LA Summits)	Criterion Ventures
Katie Drasser (LA Summit)	Criterion Ventures
Ashesh Parikh (NYC Summit, CHI Summit)	Criterion Ventures
Adam Rubin (NYC Summit, CHI Summit)	2 Revolutions, LLC

### **Church Leaders**

Donna Braband	ELCA
Gayle Denny	ELEA
Sally Hiller	LCMS – Southeast District
Joel Koerschen	LCMS – California-Nevada-Hawaii District
Gene Ladendorf	LCMS – South Wisconsin District

### **Experts**

James Achterhof	Van Lunen Foundation
Fred Aigner	LSSI (Former President)
Chris Andersen	Lutheran Community Foundation (CEO)
Phyllis Anderson	Pacific Lutheran Seminary, (President)
Joan Andrews	National Heritage Academies
Solly Avi-No am	MetComm.net
Terry Axlerod	Benevon
Mary Baich	Vesper Society (President)
Dara Barlin	PAVE
Bob Beumer	The Lutheran Foundation of St. Louis
Keith Boheim	Schwann Foundation
Paul Brandt	LCMS – Pacific Southwest District
Paul Brekke-Miesner	Oakland, CA Police Department
Steve Brueggeman	Wheat Ridge Ministries (Dir. – Finance)
Sarah Budsall-Isaacson	Lutheran Church of the Cross, Berkeley CA
Erik Burgdorf	Schwann Foundation

Peg Burns  
John Cissel  
Barbara Clemenson  
Bill Cochran  
Terry Egan  
David Elliot  
Deborah Engel  
Holly Fiala  
Jason Franklin  
Howard Gissinger  
Wendy Greenfield  
Marcia Haaff  
Bart Hadder  
John Harrison  
George Heider  
Richard Herman  
Bradford Hewitt  
Phil Hohle  
Chuck Infelt  
Kathleen "Kiki" Johnson  
Ronald Jones  
Mark Kelly  
Alison King  
Rev. Jerry Klug  
Sharon Klug  
Dave Koetje  
Peter Labenberg  
John Litke  
Paul Miles  
Deb Neumeyer  
Don Noland  
Jennifer Pizzo  
Mark Reed  
Bob Rogalski  
Margaret Roush-Meier  
Kelley Schueler  
Marty Schmidt  
Rev. Dien Taylor  
Henry Tyson  
Catherine VanderBrug  
Deb Veth  
Sheldon Warfield  
Lawrence Weinberg  
Edmund Yee

Illinois Facilities Fund  
Cornerstone Advisory Services  
Case Western Reserve University  
LCMS – Missouri Synod  
Wheat Ridge Ministries (Former staff)  
Hong Kong International School  
Siebert Foundation  
Wheat Ridge Ministries (VP Dev.)  
21st Century School Fund  
The Ovington School  
The HOPE Schools  
The Lutheran Foundation, Fort Wayne  
M. J. Murdock Charitable Trust  
Valparaiso University  
Valparaiso University  
Wheat Ridge Ministries (President)  
Thrivent Financial for Lutherans  
Concordia University Texas  
Holy Family Lutheran Church & School  
Carney, Sandoe & Associates  
Siebert Foundation (Exec. Dir.)  
Park National Bank (President)  
Consultant, Measurement Design  
Werner Foundation (Exec. Dir.)  
Werner Foundation  
Christian Schools International  
Lutheran Church Extension Fund  
Evangelical  
CCS Fundraising (Vice President)  
The Lutheran Foundation, Fort Wayne  
The Lutheran Foundation, Fort Wayne  
University of Pennsylvania  
Alembic Development  
Grace Works Ministries  
Concordia Charter School  
Christopher Family Foundation  
Hong Kong International School  
Redeemer Lutheran Church (NYC)  
St. Marcus Lutheran School (HOS)  
Lexington Christian Academy  
Boston Trinity Academy  
Leif Ericson Day School  
Consultant, Religious Charter Schools  
Retired, ELCA Theological

Donald Zimmer

Education/Emerging Ministries, PLTS  
Grace Lutheran School and Church  
(Retired)

**Network Leaders**

Rob Birdsell  
Jane Buerger  
Karin McClelland-Anderer  
Maggie Nass  
Edward Siderewicz  
Ron Walker  
Joseph Wilkinson  
Megan Zug

Cristo Rey Network  
Concordia College Bronxville  
San Miguel Schools  
LaSalle Education Network  
San Miguel Schools  
COSEBOC  
Schools That Can  
Uncommon Schools

**Practitioners**

Perry Bresemann  
Howard Capell  
Heidi Cate  
Seth Cohen  
Mark Davis  
John Jordan  
Sandy Kalin  
Yolanda Molina  
Beverly Tietjien  
Barbara Ward

LCMS – Missouri Synod  
Capell and Vischnik  
Lighthouse Academy  
Spruce Hill Christian School  
Lexington Christian Academy  
NativityMiguel Network of Schools  
Bethel Lutheran School  
Christian Academy of San Antonio  
South Bay Lutheran high School  
Long Island Lutheran Middle & High

**New York City Summit**

Ruth Feldman  
Vernard Gant  
  
David Hahn  
  
Kathleen Mahoney  
Wendy Piersee  
Thomas Tillapaugh  
Ann Vazquez

Project for School Innovation  
Association of Christian Schools  
International  
Long Island Lutheran Middle & High  
School  
Porticus North America Foundation  
StreetSchool Network  
StreetSchool Network  
The Lutheran Foundation of St. Louis

**Chicago Asset Mapping Meeting**

Paul Anderson  
Chuck Asche  
Reverend Dr. Stephen Bouman  
Jack Crowe (Chief Legal Counsel)  
Robin Doeden  
Michael Fehrenbach

New Hope Lutheran School  
Chicagoland Lutheran Education Fund  
ELCA  
FBOP Corporation and Bank  
Chicagoland Lutheran Education Fund  
Catalyst Schools

Steve Gerner  
Kole Knueppel  
Jonathan Laabs  
Marty Ozinga  
Ruth Reko  
Reed Sander  
Steve Vryhof  
Mike Welsh

Dick Weniger  
Dr. Jan Westrick  
Mildred Wiley  
Susan Work

**Los Angeles Asset Mapping Meeting**

Scott Fitz  
Bob Fowls  
Dana Hansen  
Bill Hurst  
Melvin Kieschnick  
Rachel Klitzing  
  
Donna Lucas  
Nancy Bond O'Neal  
Greg Seltz  
Bob Warren

Concordia University Mequon  
Wisconsin Lutheran College  
Lutheran Education Association  
Daystar  
ELCA  
CLU  
Daystar  
Loyola University Chicago's School of  
Business  
Northwest District of LCMS  
Valparaiso University  
Bethel New Life  
Holy Family Ministries (Exec. Dir.)

New City Parish  
LCMS - Pacific Northwest District  
LIFEhouse Church and Christian Schools  
First Lutheran Church and School  
Retired life-long Lutheran Educator  
School Ministries, LCMS – Pacific  
Southwest District  
Former Principal  
ELEA  
Concordia University Cross-Cultural  
Lutheran Social Services