



Charter Schools Institute
The State University of New York

Summary of Findings and Recommendations

*Application to establish the
Harlem Success Academy Charter Schools 2, 3 and 4*

October 1, 2007

Executive Summary

The leadership of the Harlem Success Academy Charter School, which is authorized by the New York City Schools' Chancellor, seeks to replicate its model by opening three charter schools in Harlem in the fall of 2008. The schools, Harlem Success Academy Charter Schools 2, 3 and 4 (the "Schools") would each open with 155 students in Kindergarten and first grades and grow to include 575 students in Kindergarten through fifth grades. The Schools' mission would be to provide New York City elementary students, particularly those from economically-disadvantaged neighborhoods, with the knowledge, skills, character, and disposition to meet and exceed New York State standards and give them the resources to lead and succeed in school, college, and life. The Schools would be managed by the not-for-profit Success Charter Network, which supports the original Harlem Success Academy Charter School.

The Charter Schools Institute (the "Institute") recommends that the Board of Trustees of the State University of New York (the "State University Trustees") approve the charter applications for the Harlem Success Academy Charter Schools 2, 3 and 4.

Background and Description

Applications to establish the Schools, all to be located in Harlem, were submitted to the Institute on June 29, 2007. The Institute conducted a rigorous review of each application, including an extensive staff review as well as review by a panel of nationally renowned experts in the charter school arena. Pursuant to its review protocols, the Institute has met with the lead applicant and founding board members of each School and has required the applicant to revise, clarify and otherwise amend the applications in numerous respects. In addition, one or both of the Co-Chairs of the State University Trustees' Committee on Charter Schools has had an opportunity to question the lead applicant and the founding board members of each of the Schools.

The Schools would open with 155 Kindergarten and first grade students, and grow to include 575 students in Kindergarten through fifth grades. Each founding team envisions a school focused on providing New York City elementary students, particularly those from economically-disadvantaged neighborhoods, with the knowledge, skills, character, and disposition to meet and exceed New York State performance standards, and the necessary resources to lead and succeed in school, college, and life.

To achieve their mission, the Schools, under the management of the Success Charter Network, would implement a set of educational programs that have already had demonstrated success at PS 65Q (in Queens) as well as the original Harlem Success Academy Charter School. Specifically, each School would implement the Success for All literacy and mathematics programs, supplemented daily by 30 minutes of instruction in both writing and math problem-solving. Each school would provide science and social studies curriculums developed by the original Harlem Success Academy Charter School, as well as physical education and enrichment opportunities in chess and arts instruction.

The Schools' founders have planned to provide 39 hours and 30 minutes of instruction weekly over the course of 188 instructional days. The Schools' proposed daily schedules include time

for “learning labs,” during which students in need of remedial instruction will receive individualized or small group instruction in mathematics and literacy from qualified teachers; high achieving students will experience opportunities for further enrichment of the academic program (including advanced science and mathematics projects and reading material, field studies in the neighborhood, and logic puzzles). The Schools would place two adults in each classroom – a lead teacher and an assistant teacher.

The lead applicant for all three schools, Eva Moskowitz, along with the proposed trustees of each School have chosen a managerial structure that includes a principal who is responsible for managing all school personnel (including all teachers) and who would report directly to the Success Charter Network. The structure will also include a school leadership resident (funded directly by the Success Charter Network as a leader-in-training for a future network school), an operations manager, and a dean of students for each School. A Principal will be recommended to each School’s board of trustees by the Success Charter Network, and employment renewal would be contingent upon approval of both each School’s respective board of trustees and the Success Charter Network.

The Success Charter Network, Inc. is a non-profit charter management organization. The proposed boards of trustees of the Schools intend to contract with Success Charter Network to provide a wide-range of educational and administrative services to each school, including: school start-up, financial, recruitment, and public relations services; curriculum development and monitoring; school leadership training; professional development; enrollment management; information technology; and comprehensive school evaluation. In return, the Success Charter Network will receive a fee from each School based a flat-rate fee per student enrolled at each School. The precise fee is to be determined through negotiations between each School’s board of trustees and the Success Charter Network, though a draft term sheet between the parties anticipates that it will be approximately \$1,100 per student, or 9.98% of the New York City Department of Education’s (the “NYCDOE”) per pupil expenditure. (As with all management contracts, the Institute will review the final proposed contract pursuant to the charter and on behalf of the State University Trustees). The Success Charter Network currently is philanthropically funded and, although the network was not an officially incorporated organization until 2006, it had been designed from its inception as a charter management organization to support the Harlem Success Academy Charter Schools.

The applicant has found different individuals to serve on the proposed board of trustees of each school whose backgrounds and expertise reflect a variety of talents and skills. Based on conversations with the proposed trustees, they appear to clearly understand the roles and responsibilities of a board of trustees and have the ability to ensure the appropriate and effective operation of the proposed charter schools, including providing appropriate oversight not only over each School’s principal and leadership team but Success Charter Network as well. Each board of trustees has made clear its ability to oversee the Success Charter Network, including negotiating the services contract with Success Charter Network and overseeing its implementation. The proposed initial members of each board of trustees are set forth below.

Harlem Success Academy Charter School 2

1. Eva Moskowitz – non-voting, *ex-officio* member; Executive Director of the Success Charter Network; former New York City Council Member and Chair of the Education Committee; former Executive Director of the Harlem Success Academy Charter School
2. Matt Bromme – Clinical Instructor at Fordham University’s Graduate School of Educational Leadership; former Senior Operations Manager of Zoning and Student Choice for NYCDOE; former Superintendent of CSD 27
3. Daniel Feinberg – Private practitioner in General Psychiatry, Psychopharmacology, Child & Adolescent Psychiatry (retired)
4. Steven Galbraith – Limited Partner at Maverick Capital; Adjunct Professor at Columbia University Business School; former Chief Investment Officer and Chief U.S. Investment Strategist at Morgan Stanley
5. John Kenny, Esq. – Deputy Chief of Staff at the New York Liquidation Bureau; Senior Appointments Advisor for the Spitzer Transition Team/Spitzer Administration
6. Karen Kuflik – Freelance Writer
7. Molly O’Meara Sheehan – Director, State of the World 2007: Our Urban Future at the Worldwatch Institute; former Senior Advisor on educational matters for the Chair of the City Council Education Committee
8. Rich Pzena – Founder, Managing Principal, Chief Executive Officer and Co-Chief Investment Officer of Pzena Investment Management
9. Anthony Williams – Senior Vice President, Schrodgers Investment Management North America
10. Robin Buchalter – Employment Counselor, Community Personnel Services, which provides services to persons with disabilities; head of the Buchalter Foundation, which provides support for high impact community programs
11. One seat reserved for the parent of a student enrolled in the school

Harlem Success Academy Charter School 3

1. Eva Moskowitz – non-voting, *ex-officio* member; Executive Director of the Success Charter Network; former New York City Council Member and Chair of the Education Committee; former Executive Director of the Harlem Success Academy Charter School

2. Ben Appen – Partner, Magnitude Capital; Founder of Alkindi, a statistical software firm; former Senior Vice President at D.E. Shaw & Co.
3. Robert Azeke – Founder, The Sunday Group; former principal at Compass Partners LLC
4. Kathryn Croft – Administrative Director of Supported Housing and Real Property at Women in Need, Inc.; former Chief Program Officer at American Red Cross in Greater New York; former Executive Director of Just One Break, Inc.
5. Diana Elghanayan – Chair Emerita of the Artsgenesis Board of Directors
6. Joel Greenblatt – Managing Partner of Gotham Capital and Gotham Asset Management; Founder and board member of Harlem Success Academy Charter School and the Success Charter Network.
7. Doug Hirsch – Founder and Managing Partner of Seneca Capital
8. Daniel Nir – Founder of the Gracie Capital Investment Fund, L.P.; former Partner at Gotham Capital
9. John Rennie – Editor-in-Chief of “Scientific American”
10. David Steiner – Dean of Hunter College’s School of Education
11. One seat reserved for the parent of a student enrolled in the school.

Harlem Success Academy Charter School 4

1. Eva Moskowitz – non-voting, *ex-officio* member; Executive Director of the Success Charter Network; former New York City Council Member and Chair of the Education Committee; former Executive Director of the Harlem Success Academy Charter School
2. Svetlana Artamonova – Investment Associate for American Funds Mutual Fund; previously an analyst for AJB Capital
3. Trena Drayton – Finance professional with experience as a freelance consultant, and most recently at the Relativity Fund, L.P.
4. Kian Ghazi – Co-founder, Managing Partner and Portfolio Manager of Hawkshaw Capital Management; former senior investment professional at Midtown Capital Partners

5. Mark Goldey – Head of Information Technology and Assistant General Counsel at Hugo Neu Corporation; former Counsel to Speaker and Councilwoman Moskowitz of New York City Council
6. David Greenspan – Partner and Managing Director of Blue Ridge Capital, LLC; adjunct faculty member, Columbia Business School
7. Wui-Yen Liow – Sector Head of ZBI Equities, Ziff Brothers’ Investments’ public equity investment fund
8. John Petry – Partner, Gotham Capital; co-founder of ValueInvestersClub.com; founder and treasurer of the Harlem Success Academy Charter School; board member of the Success Charter Network
9. Lance Rosen – Managing Partner at Perry Capital; former Assistant Vice President for Risk Management Group at Salomon Smith Barney
10. Udai Krishan Tambar – Special Assistant to the Commissioner for the NYC Human Resources Administration; formerly Assistant Director of Princeton University’s Policy Research Institute
11. One seat reserved for the parent of a student enrolled in the school

The founding team of each School is currently working with the NYCDOE’s Office of New Schools to secure space in Region 5. The Office of New Schools has provided a letter to the Institute acknowledging its awareness and intent to locate space for each of the three schools in Harlem. However the NYCDOE will not complete its facility and accountability analysis of district schools until mid-October. In the event that space is not available through the NYCDOE, each founding team will exhaust all means to locate a facility in the Harlem community, including the many relationships they have established with New York’s philanthropic community.

The fiscal impact of each School on its district of residence, the New York City School District, will be negligible and is summarized below.

Number of Students	Per Pupil Aid	Total Dollars to Charter School from NYCDOE
155 (Year 1 – 2008-09)	\$11,023	\$1,708,565
575 (Year 5 – 2012-13)	\$11,023	\$6,338,225

Using the figures above for total funds to be transferred from the New York City School District to each proposed charter school, the year one figure of \$1,708,565 represents 0.01% of an estimated budget of \$16.5 billion for the New York City Schools. In year five, the figure above

represents 0.04% of the estimated budget. The cumulative fiscal impact of all charter schools on the New York City School District was estimated to be 0.51% in 2005-06 according to the State Education Department. The calculations conservatively assume that there will be no increase in the per pupil aid or the overall budget of the New York City School District over the life of the proposed charter. The Institute's calculations do not account for special education, federal Title I funds or other grants or funds provided by the district and to be received by the School. The applicant made an assessment that the fiscal impact of each proposed school on nonpublic schools in the same geographic area would be negligible.

The Institute has notified the NYCDOE as well as private schools in the geographic area of the proposed school and has received no comment from these entities. (Copies of the notification letters are on file in the Albany office of the Institute.)

Evidence of adequate community support to ensure that each proposed charter school would meet its enrollment projections included letters, wait list figures for the currently operating Harlem Success Academy Charter School, and numerous petitions. More specifically, the applications included letters from community based organizations (such as the Police Athletic League, the Harlem Heritage Tours, the National Urban League, the Dorothy Day Early Childhood Center, and the Children's Aid Society), as well as from other educators, such as the Vice Principal of M811, the building shared with the current Harlem Success Academy Charter School, and a teacher at a local preschool. In addition, over 300 parents and community members signed petitions to express their interest in the creation of additional Harlem Success Charter Schools. Lastly, more than 350 students had to be placed on the waiting list to be admitted to the currently open Harlem Success Academy Charter School.

Findings

Based on the comprehensive review of the application, discussion with national experts and interviews of the applicant and the proposed board of trustees, the Institute makes the following findings.

1. Each charter school described in its application meets the requirements of Article 56 of the Education Law (as amended) and all other applicable laws, rules, and regulations as reflected in (among other things):
 - the inclusion of appropriate policies and procedures for the provision of services and programs for students with disabilities and English language learners;
 - the required policies for addressing the issues related to student discipline, complaints, personnel matters, health services, Freedom of Information Law (FOIL), and the Open Meetings Law;
 - the inclusion of the proposed by-laws for the operation of each school's board of trustees; and

- the inclusion of an analysis of the projected fiscal and programmatic impact on surrounding public and private schools.
2. The applicant for each school has demonstrated the ability to operate each school in an educationally and fiscally sound matter as reflected in (among other things):
- the provision of an educational program that meets or exceeds the State performance standards;
 - the articulation of a culture of self-evaluation and accountability at both the administrative and board level;
 - the student achievement goals articulated by the applicant;
 - an appropriate roster of educational personnel;
 - a sound mission statement;
 - a comprehensive assessment plan;
 - the provision of sound start-up, first-year, and five-year budget plans;
 - a plan to acquire comprehensive general liability insurance to include any vehicles, employees, and property;
 - evidence of adequate community support for, and interest in, the charter school sufficient to allow the school to reach its anticipated enrollment; and
 - the inclusion of a description of planned programmatic and independent fiscal audits, with the fiscal audits occurring at least, annually.
3. Granting each application is likely to improve student learning and achievement and materially further the purposes of the Charter Schools Act (as amended). This finding is reflected by (among other things):
- the inclusion of a curriculum document that specifies how the proposed curriculum will ensure that students will meet or exceed the performance standards of the Board of Regents;
 - a comprehensive plan to assess student achievement through the use of State tests, externally-verifiable standardized tests and other diagnostic assessments;
 - the articulation of strategies to amend and differentiate instruction where assessment data indicates such need;

- the staffing of classes with two adults, including high-quality teachers to allow for more concentrated, focused and differentiated instruction;
- the inclusion of significant opportunities for professional development of the school’s instructional staff throughout the year;
- daily extended blocks of time scheduled for literacy and mathematics, and two teachers in every classroom;
- the inclusion of “learning labs” as part of the school’s daily schedule to provide remediation in mathematics and literacy, as well as enrichment opportunities, for students as appropriate;
- an organizational structure that supports the principal in functioning as a true instructional leader; and
- a commitment to providing an educational program focused on outcomes, not inputs.

Conclusion and Recommendations

Based on its review and findings, the Charter Schools Institute recommends that the Board of Trustees of the State University of New York approve the applications for the Harlem Success Academy Charter Schools 2, 3 and 4, each to open in Harlem in September of 2008.

Harlem Success Academy Charter Schools 2, 3 and 4

Harlem (Manhattan), New York

Basic Identification Information

Lead Applicant(s): Eva Moskowitz
 Management Co: Success Charter Network. Inc.
 Other Partners: None
 Location (District): Harlem (Manhattan)/NYC DOE Region 5,
 Administrative District 10
 Student Pop./Grades: 155 K – 1st grade students; expanding to 575
 students grades K –5
 Opening Date: September 2008

School District of Proposed Location Profile

Public School Enrollment (2005-2006):	59,462	
Percentages (2005-2006)	White: 5% Black: 22% Hispanic: 66% Asian, Other: 6%	
Percentage of Public School Student Participating in Federal Lunch Program (2005-2006):	82%	
Test Scores (ELA/2007 and Math/2007) -- Percentages of Public School Students Failing to Meet the Regents Performance Standards:	<u>ELA</u>	<u>Mathematics</u>
	3 rd – 46.2	77.0
	4 th – 47.9	66.2
	5 th – 44.4	61.4
	6 th – 44.3	50.9
	7 th – 40.5	46.4
	8 th – 40.8	35.2
	Avg. 43.9	55.9

Source: demographic data is from the New York State Accountability and Overview Report 2005 – 06; test data are from the 2006-07 results released on the State Education Department website.