

Tortoise QuickTake

Social Infrastructure Podcast



Oct. 16, 2018

Welcome to the Tortoise QuickTake podcast. Thank you for joining us. Today, senior members of Tortoise provide a timely update on trending topics in the market.

Jeremy Goff: Hello, I'm Jeremy Goff, Managing Director of Social Infrastructure at Tortoise with a special podcast on the extraordinary work being done in Kansas City to educate youth. I am joined today by Dean Johnson, executive director of Crossroads Charter School and president of the board of directors of the Missouri Charter Public School Association, David Rucker executive director with Friends of University Academy, University Academy alumni student Felicia Addison and parent Maria Dickson. We're going to discuss how charter schools have advanced educational opportunities and offer educational choices for youth in the Kansas City area. Dean, please kick this off by discussing what makes a good charter school.

Dean Johnson: Well, the primary ingredient of any great school is going to be great teachers in each one of your classrooms and of course a great school leader. Whether we're talking about charter schools or traditional public schools, seeing good results for kids where kids are learning, kids are engaged in their education because they're excited about the material and the lessons that they have each day and the work that they're doing. You're going to find that there's a great teacher. I think great teachers-- there's a combination of, there's art and there's science. There is knowing how to build a curriculum, knowing how to present the standards that all of us need to be accountable for that help each one of us and all of our kids develop those building blocks for great education that prepares them to succeed in the future as adults. How do you build that? How do you scaffold that? That's part of the science of being a great teacher, and our education preparation programs are going to get teachers ready for that. But there's also an art to it as well which is how do you inspire kids? How do you motivate kids? How do you see when that lightbulb is about to go on for a student and you as that master teacher can identify what that trigger is that that student needs in that moment to make that connection.

Jeremy Goff: And David, what are your thoughts?

David Rucker: It's really important that we recognize that University Academy and other charter schools are schools first. You can tag any kind of word in front of "school" private, traditional public, charter public, parochial. And if it's a good school, those critical components are great teaching, great administration, districts and staff that can manage a great process and give students an awesome experience where students are learning.

Jeremy Goff: Dean, what's the difference between a traditional public school and a charter public school?

Dean Johnson: Charter schools are public schools that operate outside of the governance model of the local public school district. So for example, in Kansas City, we have the Kansas City Public Schools district which serves about 15,000 students. Within those same geographic boundaries, we have 21 individual charter school LEAs or Local Education Agencies. In addition to University Academy and Crossroads Charter Schools, Kauffman Schools, Academy Lafayette, KIPP Endeavor Academy, Guadeloupe Charter Schools to name just a few. Each operates as its own individual local education agency or its own individual public school system. It is simultaneously a non-profit organization governed by an independent non-profit board, and it has accountability up to DESE (Department of Elementary and Secondary Education), the State Board of Education as well as its own sponsor.

One of the misconceptions is that charter schools charge tuition or that they screen out kids during the application process as to which students have the academic abilities or aptitude to attend that school. Those are characteristics of private schools. Charter schools are not private schools. They are public schools.

Jeremy Goff: And David, what are your thoughts?

David Rucker: Well, I want to jump off that and talk specifically about University Academy as a charter public school. Our independent board was founded by visionary leaders in other sectors. The Helzberg's have proven their acumen across a wide spectrum of endeavors. They and a few other people who were really committed to the good of Kansas City's entire social fabric decided they were going to invest specifically in education. Barnett and Shirley Helzberg have been on University Academy's Board of Directors for 19 years. I think that's a really long tenure no matter what the Board of Directors, but especially for a charter school board where innovation and growth and development have been some of the key characteristics of charter education in the U.S.

Another difference between traditional and charter that really shows up in University Academy is the ability to manage staffing in unique ways. So University Academy has a merit-based pay model where teachers can really see the impact of their work in their paycheck from year-to-year. When they're seeing their students' progress in ways that are really ambitious, rigorous, college-preparatory, academic outcomes. When they get to see that impact on their paycheck year-over-year. Then, the opposite is true too which is pretty unique and also very difficult in an industry that's usually been hung up by overbearing labor contracts.

Another really unique thing about University Academy is an emphasis on finding solutions. We don't accept the traditional model. What we say is, "Okay, what's good? What's working? And then how can we improve on it?" And what that's given us the opportunity to do is put a medical clinic in the school, dental clinic in the school so that students can stay in the classroom so that families can avoid some of those costs.

Through Friends of University Academy as a separate 501(c)(3) we're able to fund and partner with some unique opportunities. So we get to send high school students over the summer to study abroad. A lot of kids from low-income backgrounds, from the urban core don't get the challenges and the opportunities provided by a study abroad, and we like to summarize those challenges and opportunities as social capital. Building the vocabulary and the outlook that's really necessary to succeed anywhere you go.

Another solution for our students is finances. Colleges are a really difficult thing to pay for. As costs have risen, our dedication to finding means to help our students pay for college costs has stuck with them right along the way. We have a pretty innovative incentive program where students can earn \$500 every semester that they earn a 2.5 GPA. If they earn a 3.0, it's \$750, and if they earn a 3.5 or higher, it's \$1,000. Those covers books; it covers new shoes if it's needed, a trip home, pizza on those late study nights, whatever it is that helps a student bridge the gap between what they have and what they need to be successful.

Those are things that are possible because of the setup of charter public schools, being able to think outside the box to operate outside the typical structure.

Jeremy Goff: Dean, what's going on with the charter school movement in Missouri today?

Dean Johnson: Probably the most significant trend is that charter public schools are growing across the country. And the model started not that long ago in the grand scheme of things. The first charter school law was passed in Minnesota in the early 1990s, and the premise being that creating public schools that would create choices for parents and create that opportunity for schools to be more nimble, innovative and operating closer to teachers and to kids, and in smaller governance systems that eliminated a lot of the bureaucracy. Since then, charter schools have grown exponentially nationally, and in Missouri, we had our charter school law passed in 1998 with the first charter schools opening in 1999 in the two large urban school districts: Kansas City and St. Louis.

Since that time, we've seen significant charter school growth. What we see in the charter sector, and this is what I think contributes to our growth at Crossroads and charter schools in general, is parents are finding these schools, and they appreciate the learning opportunity that their kids are able to receive.

A lot of parents in Kansas City are not wholly aware of the schools they are applying to, whether it's a charter school or a traditional public school, they are choosing them because of these unique indicators that they become aware of again through the grapevine talking to friends and neighbors.

Jeremy Goff: And David, how has growth impacted your school?

David Rucker: One of the really specific ways is through human capital. We have had excellent teachers spin off and go work in other places, and some of those teachers have become administrators, and some former administrators have become administrators in other schools. And not just in the charter public schools in Kansas City but also in the traditional district public schools around this city.

Our building was built for a certain number of students, and we have really maxed it out. It's about 1100 students. We have another 511 that have graduated, and that combined population is out in the community. They have families. They have friends, and people see the results, and our waiting list reflects that because even though we are a public school I think one of the distinctions in between traditional public schools that are operated through a district and charter public schools is the ability to raise capital for a building. And, that's one of the things every charter public school in the country has to face. If we want to serve more students, how will that happen? Do we have to fund a new building? How will we expand our reach? I know that people ask that question often when we talk about what we're doing with students and the results in college and outcomes in their lives after being at University Academy.

Jeremy Goff: Dean, How do you respond to the criticism that charter schools don't serve all students. Is that true?

Dean Johnson: Well, it is a myth, and it's incorrect. Charter schools, like traditional public schools, accept all students. Charter schools are able to establish a cap on the number of students that they are able to receive, and in some cases, charter schools are able to create a geographic preference zone, but contrary to the myth, charter schools do not screen students based on their academic abilities, their aptitude, and charter schools are required by law to admit students through a lottery, not through any type of a screening process. If you look at the collective demographics from a racial and ethnic and socioeconomic point of view of charter schools compared to Kansas City Public Schools district students, they are actually very similar.

David Rucker: Yeah, and I think if you look at individual schools, it's probably the same across the district that some individual schools within the district have higher or lower proportions of different demographics which would be the same as various charter public schools within the same geographic boundaries. I would point out that University Academy has been recognized as a National Blue Ribbon school for student achievement. We serve 95% African American students situated in Kansas City proper serving the same students in the traditional public school district and about 70% of our students fall below the federal poverty line. University Academy has also been recognized nationally for its special education services.

Jeremy Goff: Thanks David. Dean, you know we often hear "All charter schools are awesome." Is this truth or myth? What are your thoughts on this?

Dean Johnson: Well, that is also a myth. Often times, in the debate that occurs between traditional public schools and charter public schools, we end up in our corners. Traditional public schools will point out the flaws or the inconsistencies in the charter model, and then charter schools return with their critiques of the public school systems. The charter school system and the traditional public school system each have strengths, and they each have lots of success stories. At the same time, we also know that charter schools are not a silver bullet and that simply by establishing a school as a charter school does not guarantee positive outcomes.

And there are charter schools nationally, in Missouri, specifically in Kansas City that have struggled, have not served kids well. And one of the things, and we would consider it a strength in the charter school model, is that a charter is time-limited. In Missouri, most of the charters are five-year charters. There are some thresholds of high achievement among some schools where they are able to get a ten-year charter, but most of us have five-year charters which means that after a five-year period, you have to go back to your sponsor and ultimately to the State Board of Education to essentially account for yourself. "What

have you done? We have given you this opportunity to operate a public school using public funds for the students in your district for the last five years. Now, you need to present back to us evidence that you have used that opportunity well and you've served students well. If you have failed to serve students well, there are mechanisms for putting charters on probation, into improvement plans and ultimately closing charter schools down. And we've have seen charter schools close down in Missouri and in Kansas City, and that is one of the strengths of the model is that you don't have an unlimited license to operate.

Jeremy Goff: Thanks Dean and David very much. Let's now turn to University Academy alumni student Felicia Addison for an insider perspective. Welcome Felicia, tell us about your experience.

Felicia Addison: Well, I am an alumni of University Academy. I graduated in the class of 2010, and I attended from sixth grade to twelfth grade. I received a superior education, and let me start by saying none of this is to degrade the public school system in Kansas City at all. I believe my peers also received a good education, but just in comparing what I received to my peers I believe I received a superior education. I think University Academy not only focused on a curriculum that prepared us for the college setting and the college environment, but it also focused on character building.

So, I got to go to Italy for five weeks through the Experiment International Living Program sponsored by University Academy. So, for a week, I got to tour places like Rome and Venice. For three weeks, I got to experience staying with an Italian family and the day-to-day life of Italy as well as taking culinary classes with a prominent chef, Chef Sergio, who I still follow on Facebook, follow his recipes Then, I also just got to meet new friends, meet new people. I traveled with 14 other children from all over the U.S., so I got to build relationships there. That was my first time being away from home at all. And to do it overseas was truly a new experience for me.

Jeremy Goff: And can you tell us a little more about your post-high school experiences

Felicia Addison: I attended Hampton University in Virginia, but I transitioned to UMKC in 2012 where I finished with a Bachelor's degree in accounting. I also attended that school where I received a Master's degree in accounting, and now I'm currently a CPA at a public accounting firm here in Kansas City.

I attribute a lot of my success to not only the things that I learned as a student at University Academy but the wonderful programs of the Friends of University Academy group that alleviated a lot of stress for me during the college years of my life, financially, academically.

Jeremy Goff: Thank you for those insights Felicia. Let's close with a parent perspective. I'd like to introduce you to Maria Dickson. Maria, tell us about your situation and what prompted you to choose a charter school path for your children.

Maria Dickson: Sure. I have two children, a fourth grader and a first grader, and they are at a French immersion public charter school in Kansas City.

When I started researching options prior to having children and trying to make decisions on where we were going to land as a family, we really wanted to stay in Kansas City, Missouri, so we were looking at various options. The neighborhood school in the traditional public school system had just reopened maybe a year prior to our first getting ready for kindergarten. And while I very often am happy to be a trailblazer in lots of things, I was little concerned about rolling the dice on my first child at a relatively new school and looked at public charters that other friends and families that I knew of had attended, and the French immersion school really stood out. They have a long history of high academic rigor and just a very good reputation all the way around, so that was how we chose that school.

Jeremy Goff: What advice can you offer parents considering a charter school?

Maria Dickson: Certainly educate yourself. Visit the schools. Visit the staff and administration as much as you can. And, families, they will all have different perspectives. Each charter school is different, and if you've seen one charter school, you've seen one charter school. So, don't lump them all in the same category. And just as best you can, know what's best for your child. I know at five years old, you don't always know exactly what they'll need in their academic future, but research the heck out of it. It will be worth it.

Public charter schools each have, most of them have a distinct quality that differentiates. UA has the college prep bent. Academy Lafayette has the French immersion. I think it just depends on what's important for your family. Show Me KC schools is a wonderful tool for my family and has grown exponentially over the last few years which is a great tool for families to navigate the system of those public charter, traditional public, parochial, every opportunity in Kansas City, Missouri.

Jeremy Goff: Thank you Maria. David, turning back to you as we wrap up, help us understand the challenges and opportunities of preparing future generations educationally through charter school investments.

David Rucker: The recommendation that I would make thinking about that challenge is get to know the school. Is there high-quality leadership with a strong vision? Is there an emphasis on the mission that comes through in the form of annual goals, practical outcomes measurement and are students learning? An investor should consider three things when they're looking at the quality of a potential investment. They should consider leadership. Is this a mission-driven organization, and are the individuals at the head of that organization driving the ship in the right direction? Second, is there clarity of direction through a clear mission and measurement? The third thing that they should look at what are the results. Those are visible in student outcomes and quality of staff. A good match would be a match at the mission level. Do the aims of our institution match the aims of the potential investment? And then considering cultural match. Are we able to work together? You might summarize it as a desire to partner.

Jeremy Goff: David, any final thoughts on the value of investing in charter schools?

David Rucker: The social benefits for an institutional investor looking at charter public education as an investment opportunity primarily rests in the ability to influence our society as a root level. Higher educational attainment correlates very closely with higher life outcomes across the spectrum. People live longer, do better, earn more, stay out of trouble and provide better for their children when they have a better education.

Jeremy Goff: Thank you David and thank you to our other guests, Dean, Felicia and Maria. To learn more about Tortoise's social infrastructure platform that provides capital for social infrastructure projects, including charter schools, please visit tortoiseadvisors.com.

Thank you for joining us. And stay tuned for our next cast. Have topics you want covered or other feedback to share? Write us at info@tortoiseadvisors.com.

Disclaimer: *Nothing contained in this communication constitutes tax, legal, or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. This podcast contains certain statements that may include "forward-looking statements." All statements, other than statements of historical fact, included herein are "forward-looking statements." Although Tortoise believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements. This podcast reflects our views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention. Discussion or analysis of any specific company-related news or investment sectors are meant primarily as a result of recent newsworthy events surrounding those companies or by way of providing updates on certain sectors of the market. Tortoise, through its family of registered investment advisers, does provide investment advice to Tortoise related funds and others that includes investment into those sectors or companies discussed in these podcasts. As a result, Tortoise does stand to beneficially profit from any rise in value from many of the companies mentioned herein including companies within the investment sectors broadly discussed.*