Emerging Leaders Class of 2010

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EMERGING LEADERS PERSPECTIVES
Global Era • Different Challenges • New Priorities

ELP Ventures: Supporting Innovation in Public Education for Chicago’s Global Future
June 2012

The Chicago Council on Global Affairs
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Among Chicago’s many assets is a generation of leaders that has overseen the city’s transformation from industrial powerhouse to global city. The next generation is now rising to leadership. Just as the current generation enabled Chicago to become a global city, this new generation will make the decisions and exercise the leadership that will equip the city to compete and thrive in this interconnected global era. The future depends on their abilities to meet this challenge and serve as agents of change. The Emerging Leaders Class of 2010 shows this vision and leadership with this report and their call for a new solution to the struggles that so many communities face in public education.

The United States is struggling with an education system that has not brought all cohorts of children up to speed in a new globally competitive environment, and Chicago is no different. Chicago’s young people, the city’s workforce of the future, are emerging into a new global economy that too often has no place for them. A serious mismatch has developed between the jobs offered by this new economy and the skills taught in public schools despite enormous effort and investment by educators, politicians, and foundations who are seeking solutions.

Chicago’s economy, like that of the Midwest as a whole, is shifting from the manufacturing base that required lower skills but sustained middle class lives for generations. The new economy requires more skilled workers who are equipped for a technologically rich world. Much has been written about the challenge of Chicago’s schools to prepare their students for this world. Much thought has also been given to what to do about the lack of success of many students, but without dramatic results. It is clear that the complexity and scale of this challenge requires more than a one-size-fits-all solution, and the Emerging Leaders Class of 2010 proposes a new way to contribute to this matrix.

An educated workforce is critical to the survival of our city. No longer are our students only competing with other U.S. students. They are competing with students across the globe, many of them armed with superior education. Few issues are more important for our city and country than academically successful and globally competitive students. While too many of these students cannot find jobs today, too many manufacturers who need skilled labor say they cannot find it here at home.
The Chicago Council’s Emerging Leaders Class of 2010 decided to concentrate on seeking solutions to these challenges. This class—twenty young leaders from different sectors of the city—recommends more emphasis on supporting early stage ideas, outside traditional educational models and funding resources. The vehicle to achieve this would be a venture philanthropy fund aimed at supporting innovation in public education.

The class devoted a year to in-depth study of the education and venture philanthropy spheres, including discussions with the leading thinkers across the country on these issues and examinations of other models of success. As a result, the class envisions a separate 501(c)3 organization that will provide seed money for innovative projects focused on critical areas of science, technology, engineering, and math (STEM) skills and global competence that can be scaled up to work across broad areas of the Chicago Public School system.

This fund would seek to support innovative ideas that will help transform principals, teachers, and students into well-equipped citizens who understand the global landscape and our place in it economically and culturally. By funding small projects as testing grounds for new ideas, the fund will be able to take risks on new ideas that large, bureaucratic systems cannot. It will act as a proving ground for ideas that then can be brought into the Chicago Public Schools.

The members of the class are uniquely qualified to tackle this issue and belong to an environment in Chicago that is receptive to and known for innovation in public education. They bring to the table depths of knowledge in both the education and venture capital arenas, coupled with a strong commitment to the future of our city. Just as Mayor Daley did before him, Mayor Emanuel places great emphasis on turning around an education system in which too many children continue to struggle.

Although a call for the creation of a venture philanthropy fund is a departure from previous Emerging Leaders projects, I am excited about this creative approach to one of Chicago’s deepest problems. The Emerging Leaders Class of 2010 has proposed an innovative response that has the potential to make a difference in our community and serve as a model for other communities struggling with the same issue. It will stand as a legacy to the work of this group of young Chicago leaders. More important, the potential for thousands of students to benefit from their work and the support of many who helped them along the way give us reason to be proud of and confident in the commitment this group has made to The Chicago Council and to the City of Chicago. I am delighted that the Emerging Leaders want to take the opportunity to convert thinking into action by proposing ELP Ventures, which they currently are in the process of establishing as a nonprofit organization.

The Emerging Leaders Program

The Chicago Council on Global Affairs’ Emerging Leaders Program is a two-year program that draws the best and the brightest emerging leaders from across business, civic, government, and academic sectors from the Chicagoland area. The program provides these Emerging Leaders (ELs) with a deeper understanding of global issues and Chicago’s place in a globalized world. ELs also gain a strong network of contacts with current civic and business leaders and, perhaps more importantly, with their Chicagoland peers who are also grappling with global challenges. In short, they emerge better prepared to assume key leadership positions in this new era.

Acknowledgments

The twenty members of this class all contributed over the course of two years to the discussion and debate in the development of this topic and report. However, a small group of writers made significant contributions to the final product, including Sonya Anderson, Paul Bauerschmidt, Craig Bennett, Daniel Bryant, Joyce Coffee, Eliot Dam, J.P. Fairbank, Scott Fehlan, Lila Leff, and Ryan Ruskin. Gillian Darlow deserves an immense thank you for guiding the writing process and acting as overall editor. Her efforts were nothing short of extraordinary. Throughout the second year they were briefed by experts who are equally committed to the success of public education. I want to express the Council’s gratitude to Bruce Rauner of GTCR; Terry Mazany of the Chicago Community Trust; Elizabeth Swanson of the Office of Mayor Emanuel; Janet Knupp, formerly of the Chicago Public Education Fund; Mike Koldyke, Laura Couchman, and Donald Feinstein, all of Academy for Urban School Leadership; Hasam Hadi of Spacetoons TV; Heather Anachini of Chicago Public Education Fund; Donald Fraynd of TeacherMatch; Matt McCall of Draper Fisher Jurvetson Portage Venture Partners; Eric Davis of Global Citizenship Experience; and Steven Kaplan of the University of Chicago Booth School of Business for taking time out of their busy schedules to brief this group and share their experiences and views.

Council staff Rachel Bronson, Juliana Kerr Viohl, and Molly O’Donnell all worked with the group providing guidance, motivation,
Executive Summary

The education system in the United States is failing our students. U.S. students trail their counterparts in more than twenty other industrialized nations in math and science achievement. For students of different racial and economic backgrounds, the situation is even more dire. Within an urban school environment like Chicago, research into educational outcomes paints a disturbing picture. In a country where students already lag far behind those in other nations, Chicago’s youth are simply not prepared to compete effectively in today’s global economy.

In some instances, poor outcomes may reflect a lack of spending or attention from high-level stakeholders and decision makers. In Chicago schools, however, top leadership has invested billions of dollars in new approaches often considered groundbreaking by other districts around the country. While some modest improvements have resulted, the effort overall has had insufficient impact.

Game-changing solutions in education are needed if Chicago’s public school students are to succeed in the future and provide the city with a competitive workforce for the twenty-first century. Based on lessons from past initiatives and research, the 2010 Emerging Leaders have identified three fundamental concepts for guiding education initiatives in Chicago:

- To compete in today’s world, students need traditional skills such as science, math, and reading as well as global competency, including broadened cultural perspectives and awareness of international issues.

- Teachers and principals matter tremendously to student achievement.

- Only by advancing innovative models and by cultivating a willingness to take risks with new ideas (and occasionally fail) can initiatives have a meaningful impact on student outcomes.

To advance these concepts and put them into practice, the 2010 Emerging Leaders recommend the establishment of ELP Ventures. With a goal of increasing the global competitiveness of Chicago's students, this venture philanthropy fund would target innovations in the areas of global competence, school leadership, and the intersection of the two.
This effort would distinguish itself from other philanthropies because of the following:

- The diverse and cross-sectoral expertise of the program’s participants and the experience participants have gained via the Emerging Leaders Program at The Chicago Council on Global Affairs

- Focus on school leadership and global competence concurrently toward the common aim of increased global competitiveness of students—which effectively sets the bar higher for student performance

- Support of higher-risk, innovative ideas at the very early stages of development and the ability of the fund to withstand likely failure of many ideas on the path to a handful of successful pilots

- Linkages developed with other funders who can provide second-stage support for successful pilots initiated by ELP Ventures

ELP Ventures would focus on achieving measurable impact on teachers, principals, students, and the global reach of the academic environment. Potential investments would distinguish themselves through their scalability, reach, entrepreneurial strength, access to underserved communities, uniqueness, and ability to disrupt the educational status quo and achieve measurable, short-term outcomes with lasting impact (as developed and customized in collaboration with the entrepreneur).

ELP Ventures would support ideas that, if successful, could be applied on a larger scale throughout metropolitan Chicago and exported nationally. Roughly twenty to thirty early stage opportunities (between $50,000 and $250,000 per project) would form the core of the fund’s intended $10 million investment portfolio, with a subset of initiatives that prove sufficiently successful in the pilot phase being rolled out system-wide.

The idea for this fund was generated by The Chicago Council’s 2010 Emerging Leaders class, whose members have experience in education, venture philanthropy, law, and civic leadership in Chicago. A fund like ELP Ventures would have the advantage of drawing from the resources, experience, and connections the group gained through their participation in the Emerging Leaders Program. Through relationships with leaders and stakeholders throughout Chicago, ELP Ventures could help nurture a funded project—following a successful pilot—and provide introductions to groups that could then support broad implementation.

ELP Ventures is conceived in the spirit of Mayor Emanuel’s vision for change in Chicago education:

I will judge our success not just based on whether Chicago is improving relative to itself, but how Chicago stacks up against cities across the country. This is ... about the ability of our children to leave the public schools with the tools they need to excel in higher education and the workforce. Our local economy and global competitiveness require this investment in our children so that they can thrive in higher education and the workforce.¹

—Mayor Rahm Emanuel, 2011

Introduction

ELP Ventures is the brainchild of The Chicago Council on Global Affairs’ Emerging Leaders Class of 2010, a group of twenty midcareer professionals representing a cross section of talent from the corporate, nonprofit, and government sectors. During the first year of the Emerging Leaders Program, the class examined a number of issues pertinent to Chicago’s social, political, and economic well-being, including education, the environment, security, and business development. From the very beginning, the conversation about education and Chicago’s particular educational needs generated significant interest among the group. At the same time, the group engaged in conversations with a number of prominent Chicago leaders who have supported venture philanthropy efforts locally, nationally, and internationally. These two sets of conversations dovetailed with the expertise that members of the Emerging Leaders class have in the fields of early childhood education, K-12 education, and venture capitalism.

This confluence of factors, coupled with the group’s desire to produce a class project that would have a lasting impact, led to the decision to establish the framework for a venture philanthropy fund to support innovation in education. Thus, the idea of ELP Ventures was born. Once the Emerging Leaders Class of 2010 decided that a fund like this was needed, it also narrowed its scope to two areas: global competence and school leadership. The first is essential to developing globally engaged and globally competitive high school graduates, and the latter is critical to improving students’ academic outcomes.

With the idea for a funding structure and foci in place, the class decided not only to devise a plan for what an education venture philanthropy fund might look like, but also to lay out the action steps needed to actually bring it to life. To that end, the group consulted legal experts who outlined the steps necessary to establish a fund; researched the process for attaining 501(c)3 status to create an entity separate from The Chicago Council on Global Affairs; engaged in preliminary conversations with a number of potential funders; and solicited feedback about the rationale and design of the fund from education and private-sector leaders. The group also created a number of internal working groups to determine selection criteria, funding parameters, evaluation metrics, and other activities related to the fund’s processes and operations.

This report outlines the current state of educational achievement in the United States and Chicago. It then discusses what the Emerging Leaders class believes to be critical components of preparing youth for the future and improving education. Finally, the report discusses ELP Ventures, including its rationale, investment focus, operations, and leadership.
Education in Crisis: The Growing Threat to Chicago and the Nation

A nation’s education system is the primary means by which it nurtures and builds its human capital. How well a country performs in educating its children has a dramatic impact on national health and prosperity. The quality of the labor force, including reading, math, science, and cognitive skills, has a proven impact on per-capita GDP growth.2

International achievement gap

The United States was once a leader in educational attainment rates. Forty years ago U.S. high school graduation rates led the world, and less than twenty years ago U.S. college graduation rates were tied for first place. Today, U.S. students are not even in the top ten in either category. The United States now ranks twenty-first out of twenty-eight industrialized nations for high school graduation rates.3 As of 2006 it was fourteenth for college graduation rates.4

Achievement in math and science, however, has long been a struggle for U.S. students. On the first international math assessment administered in the mid-1960s, U.S. high school seniors scored last out of the twelve nations participating. Throughout the last four decades, U.S. students have consistently performed poorly on international measures in both math and science.5 Today, student scores on the Programme for International Assessment (PISA), an international assessment of educational outcomes by the Organisation for Economic Co-operation and Development (OECD), show that the United States trails most other industrialized nations. In 2009 the United States was thirty-first of sixty-five countries in math and twenty-third in science, barely in the top third in either category.6

While it is clear that the vast majority of students in the U.S. education system lag behind their peers in other countries, this is an issue that affects even the highest-performing U.S. students. In analyzing the educational performance of U.S. students against international peers, McKinsey & Company found performance gaps even between top U.S. students and their international counterparts, noting that Belgium, the Czech Republic, Finland, Korea, and Switzerland “had at least five times the proportion of top performers as the United States” among fifteen-year-olds who tested at high proficiency levels in mathematics.7

Contrary to the views of some critics, adequate funding for education does not seem to be the problem. Rather, the United States is not investing its education dollars well. A McKinsey & Company analysis found that the United States spends $165 per student for every achievement point on the PISA math test, or 60 percent more than the average OECD country for the same result.8

Racial achievement gap

In addition to the international achievement gap, a study by McKinsey and Company in 2009 documented other significant achievement gaps in the United States, including a racial gap.9 In 1966 the Equality of Educational Opportunity Study by James Coleman on behalf of the U.S. Department of Health, Education, and Welfare (popularly known as the “Coleman Report”) identified discrepancies in educational performance and attainment by students of different racial and economic backgrounds. While narrowing slightly in the more than four decades since the Coleman Report, great disparities continue to exist, especially between white students and both African American and Latino students.

For example, in 2009 white eighth graders taking the National Assessment of Educational Progress (NAEP) scored twenty-six points higher than their African American and Latino peers in reading.10 Both social and economic factors contribute to educational achievement, and the Coleman Report identified “notable social and economic differences” and “the low status of African American and other minority students in many schools.”11

8. Ibid.
9. Ibid.
Figure 1a - United States trails other countries in PISA rankings (average PISA mathematics score, 2009)

Note: Includes Programme for International Student Assessment (PISA) results for Organisation for Economic Co-operation and Development (OECD) countries but not partner countries. Differences between countries may not be statistically significant. Source: OECD.

Figure 1b - United States trails other countries in PISA rankings (average PISA science score, 2009)

Note: Includes Programme for International Student Assessment (PISA) results for Organisation for Economic Co-operation and Development (OECD) countries but not partner countries. Differences between countries may not be statistically significant. Source: OECD.
higher than their African American peers in reading and thirty-one points higher in math. Likewise, white eighth graders scored twenty-four points higher in reading and twenty-six points higher in math than Latino eighth graders taking the NAEP in 2009. While the scores of all groups have increased over time, the gap between the groups persists, especially between white and Latino students. With the high growth rates of the Latino student population in U.S. schools, the absolute number of students affected is increasing rapidly.

**Socioeconomic achievement gap**

Further, students in the United States that participate in the federal “free and reduced lunch” programs are nearly two years academically behind students not eligible for subsidized school meals. A common assumption, borne out by statistical evidence in the United States, is that socioeconomic factors drive this difference in educational attainment. However, while it is true that disparities in household income levels in the United States are highly correlated with educational achievement, other countries such as Finland have demonstrated that socioeconomic factors are not necessarily predictive of educational outcomes.

In fact, other factors, also linked to socioeconomics, may play a critical role in the enduring achievement gap in the United States. For example, while research has shown that good teaching matters, poor and minority students tend to have less access to the most effective, experienced teachers with knowledge in the subjects they teach. A 2008 study of forty-six industrialized countries found that the United States ranked forty-second in providing equitable distribution of high-quality teachers to different groups of students.11

**The economic impact**

For individuals who are underserved by the educational system, systemic gaps in educational outcomes translate into limited future opportunities for individuals. For adults without a high school diploma, the unemployment rate is more than double the rate for those with a two-year associate degree, and earnings are substantially lower.

The Skills2Compete-Illinois campaign found that “middle-skill jobs will remain essential to Illinois’ economy into the foreseeable future, accounting for over one million jobs openings in Illinois—some 45 percent of all job openings through 2016.” Current forecasts, however, indicate that Illinois will not have enough skilled workers to fill the jobs created. Chicago risks losing jobs—and ultimately employers—if it does not have a highly trained workforce to meet employer demand. The greatest demand will come from those firms requiring workers with “middle skills,” i.e., jobs requiring a second piece of paper—such as an occupational certifications or associate degrees—beyond a high school diploma. Many students, however, do not persist within the educational system long enough to acquire the skills or credentials they need to qualify for these job opportunities.

When the pipeline of productive new talent for the nation’s workforce is constrained, the impact is not only felt on an individual level, but the economic competitiveness and productivity of our region and our country is jeopardized as well. Not only have achievement gaps been linked to higher crime rates and health issues, but these gaps have concrete economic consequences. Analysis conducted by McKinsey & Company compares the economic effects of the continued achievement gap to a “permanent national recession.” The analysis points out that closing the racial and income gaps could have increased GDP in 2008 by $310 to $525 million and by $400 to $670 million, respectively.13 Further, closing the gap between the United States and top-performing countries such as Korea and Finland would have raised GDP in 2008 by $1.3 trillion to $2.3 trillion.

**The local perspective: Chicago Public Schools**

The third-largest school district in the United States, Chicago Public Schools (CPS) has a national reputation for groundbreaking urban school reform, the result of many attempts—some at a significant scale—to create schools that succeed. CPS has been on the fore-

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10. NAEP reading and math results are each scored on a scale of 0 to 500. McKinsey & Company, *The Economic Impact of the Achievement Gap*.
Education In Crisis: The Growing Threat to Chicago and the Nation

front of the charter movement, school turnarounds, the small school movement, career and technical education, and more.

Despite some progress, however, many of the reforms have failed to achieve critical student outcomes on a large scale. Core elements such as teaching and school leadership have improved too slowly, preventing Chicago’s youth from effectively competing in a global economy.

CPS oversees nearly 700 public elementary and high schools throughout the city. During the fall of 2011, roughly 404,000 students were enrolled in public schools in Chicago. The system employs 21,000 teachers, with an annual budget of $5.1 billion. The majority of CPS students attend traditional elementary and high schools, though many students are enrolled in nontraditional schools, including charter, performance, and contract schools. Eighty-seven percent qualify for the free and reduced lunch program. The student population is 42 percent African American, 44 percent Latino, 9 percent white, and 3 percent Asian American.14

Student performance

While performance on the elementary-level Illinois State Assessment Test (ISAT) indicates gains since 2001, much of the progress came from the test’s 2006 recalibration and other changes.15 On the National Assessment of Educational Progress (NAEP), which has not been subject to similar adjustments, CPS students have made only modest gains in proficiency. In particular, elementary and middle grade NAEP reading scores have shown little change for nearly two decades, while elementary math scores have grown slightly and now slightly exceed the national average.

Contrary to national trends in which racial gaps in educational achievement have either declined or remained constant, racial gaps among Chicago students have increased.16 Math scores of African American CPS students improved modestly in the past two decades,

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15. As a result, the Consortium on Chicago School Research at the University of Chicago Urban Education Institute cautions that the “publicly reported statistics used to hold schools and districts accountable for making academic progress are not accurate measures of progress.” Stuart Luppescu, Elaine M. Allensworth, Paul Moore, Marisa de la Torre, James Murphy, Sanja Jagesic, Trends in Chicago’s Schools Across Three Eras of Reform (Consortium on Chicago School Research, September 2011).
16. Ibid.
but at a much slower rate than those of other racial groups. Reading scores among African American students attending CPS schools showed little gain in the same period.17

Without question, effecting change in the inertia of large urban systems can be daunting. Yet, even compared to its peer cities, Chicago lags in reading and math performance. While Chicago has showed promising gains, Boston and New York have continued to eclipse Chicago's results.18 The difference between Chicago and Boston eighth graders is so great, for example, that CPS eighth graders are more than a full grade level behind Boston's in math comprehension and nearly a grade level behind in reading.

Additionally, much has been said about Chicago's comparably short school day, which historically has been among the shortest in the country.19 In addition to a short school day, CPS student attendance in the 2011-12 school year to date has averaged 91 percent, meaning that CPS students miss school on average one day every two weeks.20 High school attendance is even lower: 84 percent in 2011-12.21

**Graduation rate**

Since 1999 the CPS high school graduation rate has increased from 47 percent to 58 percent, a dramatic change.22 Still, more than 12,000 students from every freshman class drop out before graduation. In fact, only 6 percent of freshmen entering CPS high schools will graduate with a bachelor's degree by age twenty-five. The statistics are even more startling for minority students. Only 3 percent of African American boys enrolled in CPS as freshmen will earn a bachelor's degree by age twenty-five.23

While “middle-skill” jobs will remain available into the future, without high school or college diplomas and the requisite training, today's CPS students will find it difficult to secure these opportunities.24

**College and career readiness**

Despite some improvement, most students who graduate from high school still fall short of college-level proficiency. In 2010 the percentage of juniors with an ACT score above 20 (a predictor of basic success in college) was less than 25 percent. In their report “Still Left Behind,” the Civic Committee of The Commercial Club notes the full extent of the problem:

> The ACT test results show the percentages of 11th graders who meet “college readiness” benchmarks (as established by ACT) in math and science are tiny: 16 percent in math, and 9 percent in science; and most of these are in Chicago's few “selective enrollment” high schools. When one looks at the non–selective enrollment high schools—those which serve the neighborhoods of Chicago—the percentages of 11th graders ready for college are even lower: 6.4 percent in math and 2.3 percent in science. In many high schools, not one 11th grader is on track to succeed in a college-level math or science course.25

The college-readiness predictors prove accurate in students’ experiences after they graduate. For example, of those CPS graduates who entered the City Colleges of Chicago in 2010, 97 percent needed remediation in at least one course.26

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17. Ibid.
19. With the 2012-13 school year, Mayor Rahm Emanuel and CPS have announced plans to extend the school day by ninety minutes to seven total hours.
Unlocking Twenty-First Century Success for Today’s Students

The lackluster record of CPS student achievement points to a critical situation for Chicago’s students and the city’s future. Our public school systems were established to prepare students for an agricultural and, then later, for an industrialized world where a majority of professional opportunities were local. The current and future economic environment—driven by globalization—for which educators must prepare today’s youth is substantially different from the industrialized world for which our public school systems were designed.

A recent Asia Society Partnership for Global Learning report summarized this well when it stated, “In the 21st century, students will be: selling to the world and buying from the world; working for international companies; managing employees from other countries and cultures; competing with people on the other side of the world for jobs and markets; working with people all over the world in joint ventures and global work teams; solving global problems such as AIDS, avian flu, environmental problems, and resolving conflicts. But [the question is …] are they ready?”

The magnitude of change generated by globalization has been compared to the emergence of agriculture ten thousand years ago or the industrial revolution two hundred years ago. There is a growing consensus that globalization demands a fundamental rethinking of how we approach education. Education and socialization have traditionally been local in their experience. While that local component will continue to have value, a broader experience is increasingly necessary as our lives become integrated into the global commons. Already today, one in five jobs is linked to international trade, and the interconnectedness of technology and markets means that many of these jobs can be performed anytime, anywhere.

To succeed in tomorrow’s economy, today’s students must have more than basic skills. They must have the ability to compete and prosper on a global scale and understand how to make unique contributions to a global marketplace. This is a marketplace in which success will be measured by knowledge, innovation, and ideas.

To address this challenge, educational innovations are needed in two target areas: global competence and effective school leadership.

Global competence

The transformational change presented by globalization makes it imperative that CPS students develop new skills and awareness that are far more advanced than what the CPS system currently delivers. It demands greater global competence, or the “capacity and disposition to understand and act on issues of global significance.”

Students face an environment where local inspiration, global collaboration, and rich communication will be the hallmarks of successful enterprises and new job creation. In addition, the jobs of tomorrow will be linked to the global challenges of climate change, population growth, the crowding of cities, the health of an aging global population, and the rise of new emerging powers such as China and India, among other issues.

As the former president of the University of Michigan James J. Duderstadt, notes:

[In the Midwest] the keys to regional prosperity have become educated people, the capacity to generate new knowledge, innovation, and an entrepreneurial culture. [However,] throughout the Midwest too few citizens prepare for, participate in, and complete educational programs capable of preparing them for the knowledge economy. More generally, the leakage from our current education pipeline from primary education through secondary school and eventually to college and knowledge-intensive employment is clearly unacceptable. . . . Without significant improvement in K-12 education, the United States faces a bleak future in a global, knowledge-intensive society.

28. Ibid.
CPS, and indeed most U.S. primary and secondary schools, lag behind other systems in preparing students for a global playing field. Critical metrics for global competitiveness, a component of global competence, must be improved, particularly in science, technology, engineering and math (STEM). A strong foundation of core skills in English language arts, the arts, and humanities is also essential to develop higher order skills such as communication, problem solving, creative thinking, and innovation needed for the knowledge economy. U.S. students clearly face a dramatic skills gap that threatens the country’s ability to maintain its position of leadership in the creation of technical and specialized knowledge-based jobs and to continue U.S. leadership in innovation and entrepreneurship, the hallmarks of U.S. economic growth for the past century.

Teaching students to become global citizens involves educating and orienting them to the diversity in their immediate surroundings. It also involves using the power of modern communications to connect them to peers, teachers, and thought leaders around the world. As the United States now represents only 5 percent of the world’s population, our education system must equip the nation’s children with new cultural fluencies and awareness to build connections and opportunities that cross national and cultural boundaries as never before.

In sum, to foster greater global competence among Chicago’s students, at least two areas require immediate attention:

- **Improving global competitiveness**—enhancing the ability to match or exceed national and international peers in STEM and higher order qualitative skills

- **Encouraging global citizenry**—building cross-cultural fluency, awareness, and connections, both personal and professional, at home and around the world

Preparing youth for the future includes challenging traditional notions of academic proficiency for college success as well as building intercultural understanding and an appreciation of global interdependence to solve pressing problems like resource scarcity, mass migration, global poverty, environmental sustainability, and human rights. Not only must we transition a much larger number of well-prepared students into college or vocational schools, we must also equip them to operate as democratic citizens in a globally interconnected world.

The Common Core State Standards Initiative, launched by the National Governors Association Center for Best Practices and the Council of Chief State School Officers, emphasizes both competitiveness and citizenry. It defines the knowledge and skills students should acquire during their K-12 education careers so that they will graduate from high school prepared to succeed in entry-level, credit-bearing academic college courses and in workforce training programs. The initiative strives to set a benchmark for the twenty-first-century skills critical to college entrance and success, to cultural literacy, and to the ability to communicate and collaborate in a future where employers, colleagues, and opportunities may come from any culture or corner of the globe. Illinois has adopted the Common Core State Standards and began integrating them into classrooms during the 2012 school year. The progress of Illinois students will be measured against these standards beginning in 2014.

With a focus on rigorous content, higher-order skills development, and alignment with college and workplace expectations, the evidence-based Common Core State Standards are internationally benchmarked so all students are prepared to succeed in our global economy and society.

While the Common Core State Standards Initiative provides benchmarks for cross-disciplinary skills and cultural literacy, a recent study funded by the Gates Foundation in collaboration with the Council of Chief State School Officers (CCSSO) and the Asia Society Partnership for Global Learning moved beyond these basic skills and made a significant contribution to researching and understanding what capabilities a globally competent student should possess: “A substantive understanding of the world is the foundation of global competence. Students demonstrate global competence through awareness and curiosity about how the world works, informed by disciplinary and interdisciplinary insights.”

Specifically, the CCSSO and Asia Society identified four core skills that globally proficient students are able to perform:


33. Ibid.

34. Mansilla and Jackson, *Educating for Global Competence.*
• Investigation of the world beyond their immediate environment, framing significant problems and conducting well-crafted and age-appropriate research

• Recognition of perspectives—others’ and their own—articulating and explaining such perspectives thoughtfully and respectfully

• Communication of ideas effectively with diverse audiences, bridging geographic, linguistic, ideological, and cultural barriers

• Taking action to improve conditions, viewing themselves as players in the world and participating reflectively

The Asia Society and others acknowledge that “there is currently no assessment system to measure global competence, and traditional assessment methods are inadequate to capture the mix of knowledge, skills, and behaviors that are embedded therein.” More work is needed to define and measure student outcomes and provide students with a foundation of competitive skills, cultural connections, and relationships.

Recent efforts have begun to show how global competence can be enhanced by connecting students from one context to the economic and social realities of students in other nations and cultures. For example, the UN’s Millennium Campaign Curriculum Project has developed curriculum guides, including those directly targeting U.S. high schools, in support of the Millennium Development Goals. These curricula focus on key areas such as the power and importance of universal primary education, the role of the teacher as a weapon against poverty and suffering, and the role of international partnerships and individual engagement in advancing opportunity for high-needs students around the world. The benefit of such an approach is twofold. First, students connect their own education to improved economic outcomes. Second, they come to understand the deep impact that their developing skills can have for others in different circumstances around the world. Such perspective and self-awareness are fundamental skills needed by tomorrow’s global citizens.

An integrated approach to building global competence will better equip Chicago’s students with the global skills and awareness necessary to compete and lead in the twenty-first century. To spur more innovation and drive measureable change, targeted investments in new educational approaches to build global competence are needed.

Yet, new approaches in this area cannot scale effectively without significant changes in the core academic environment. Without the opportunity to develop the framework or robust skills needed, many educational professionals are ill prepared to support their students on a path toward global participation.

Currently, few teacher or principal training programs cultivate the deep knowledge needed to translate a global world into the classroom and school environment. To ensure that any innovations in global competency are able to take hold and scale up, investments driving change in effective school leadership are also needed.

Focused investments in global competence and school leadership have the potential to drive change more efficiently and to measurably impact outcomes for both individual students and school systems as a whole. Furthermore, they are critical to ensuring that our students are prepared not only to succeed but also to have a meaningful impact on the world they will inherit.

**Effective school leadership**

Increasing the effectiveness of teachers and school leaders is one of the best ways to ensure that students make academic gains and develop into globally competitive citizens. Investment in improving school leadership is a hallmark of Mayor Emanuel’s education goals for Chicago.

Strong principals can help even the most challenging schools succeed. Effective school leaders will be critical in closing the achievement gap and integrating schools with communities. . . . [Also,] Chicago’s children deserve nothing less than the most exceptional teachers in the country. . . . In other words, school leaders will be encouraged to innovate

35. Ibid.

36. To address this lack of standards, the Asia Society has designed a graduate portfolio system that aims to connect its core standards to portfolios of student work compiled in and out of school. This system will link the four aspects of global proficiency with core academic areas such as math, history, and English. Ibid.

within their schools, but they will also be held to exceptionally high standards for student outcomes.38

**Teachers**

A McKinsey & Company study of twenty-five of the world’s school systems, including ten of the top performers, found that investments in teachers and teaching are central to improving student outcomes. The top school systems emphasize getting the right people to become teachers, developing them into effective instructors, and ensuring that the system is able to deliver the best possible instruction for every child.39 In fact, research has demonstrated that teachers are the single most important factor in determining whether and how well students learn. Studies show that a teacher’s influence on student achievement is twenty times greater than any other variable, including poverty.40

Good teachers can close educational achievement gaps. In high-poverty schools with large minority populations whose teachers had above-average qualifications, students were almost nine times as likely to have college-ready academic skills as their counterparts in similar schools with lower teacher quality.41 Further, a Harvard study recently found that students with top teachers are less likely to become pregnant as teenagers, more likely to enroll in college, and more likely to earn higher wages as adults.42

Yet despite a common understanding of the critical role of teachers in student learning, inequities in teacher quality and school funding are pervasive. On average, the United States systematically assigns less-experienced, less-qualified, and presumably less-effective teachers to poorer students of color.43 Eighty-four percent of Illinois schools with the largest numbers of low-income students had teachers from the bottom quartile in teacher quality.44 And in Chicago, the local and national media has criticized CPS for giving “superior” and “excellent” ratings to 90 percent of its teachers, even those in schools where student performance is lowest.45

Low-performing schools rarely close the student achievement gap because they never close the teacher quality gap. Instead, they are constantly rebuilding their staffs. An inordinate amount of their human and financial capital goes to the constant process of hiring and replacing beginning teachers who leave before they have mastered the ability to create a successful learning culture for their students. In Chicago a typical CPS school loses more than half of its teachers every five years.46 For every teacher who leaves the district, CPS loses $17,872 in recruitment, hiring, and training costs. The total cost of teacher turnover in CPS is $86 million per year. Effective retention strategies could save the district millions while improving educational outcomes for the highest-need students.47

**Principals**

Studies on school leadership have shown that almost 60 percent of a school’s impact on student achievement can be attributed to principal and teacher effectiveness, with principals accounting for 25 percent of that total.48 Successful school principals have a critical

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influence on student achievement in two important ways: the support and development of effective teachers and the implementation of effective organizational processes.

School leadership development programs such as New Leaders for New Schools (NLNS) have shed additional light on the critical role that principals play in supporting effective teachers and creating an organizational culture that promotes academic success. In their study of urban public schools in ten cities throughout the country, NLNS found that schools that have made breakthrough gains are often led by principals who are willing to accept a new vision of their leadership—one that creates practices that will drive student achievement and teacher effectiveness. These practices include creating consistent, quality learning experiences throughout the school, managing the school’s human capital to drive teacher effectiveness, and building a culture of high aspirations and academic achievement.

- **Quality learning experiences**: Effective principals ensure that the curricula and instruction are aligned to standards for college and career readiness. They develop teachers around a coherent set of instructional strategies so students know they will be held to similarly high expectations in every classroom.

- **Teacher effectiveness**: Principals drive effectiveness through their role as human capital managers, including teacher hiring, evaluation, professional development, retention, leadership development, and dismissal—and by providing instructional leadership.

- **Culture of achievement**: Highly effective principals build a culture of hard work and achievement throughout the school community. They insist that both teachers and students have high aspirations and take responsibility for the learning that takes place. Strong principals implement clear, consistent codes of student and adult conduct focused on positive learning behaviors, and they reinforce these norms by placing them at the core of the school’s instructional strategy.\(^\text{49}\)


Despite the clear importance of school leadership, many recent reports depict a crisis in principal supply and preparation. Districts across the country are struggling to attract and retain adequate numbers of highly qualified candidates for leadership roles.\(^\text{50}\) Moreover, principal candidates and existing principals are often ill-prepared and inadequately supported to organize schools to improve learning while managing all the other demands of the job.\(^\text{51}\)

In 2009, as a result of a strategy designed to replace low-performing principals, CPS planned for 220 vacancies in the coming two years. These vacancies required the recruitment and hiring of one-third of all the city’s public school principals. As a result, a large proportion of CPS schools today have transitioned to new principals whose leadership remains as yet unproven.

While many effective organizations are training new principals and teachers to take leadership positions in CPS schools, their capacity is far outstripped by the quantity of vacancies within the district. The quality of school principals and teachers will be paramount in driving improved outcomes for students.


Innovation through Venture Philanthropy

Chicago schools are not meeting the current and future needs for high achieving, globally engaged, and globally competitive high school graduates. This reality impacts all Chicago students across race and class, but hits underresourced schools and students the hardest. These students generally have few opportunities and limited access to learn about and engage with global issues in a meaningful way. New approaches are required.

ELP Ventures

To increase the global competitiveness of Chicago’s students, the Emerging Leaders Class of 2010 is proposing the establishment of a venture philanthropy fund to support the development of innovative educational solutions for the Chicago Public Schools in the areas of global competence and school leadership. ELP Ventures would stand out from other philanthropies by its support of higher-risk, innovative ideas at early stages of development. No other venture philanthropy fund targets the intersection between global competence and school leadership as the primary means by which to advance student outcomes and global participation and to set the bar higher for student performance.

Global competence

ELP Ventures is committed to helping teachers and students develop new competencies to prosper and lead in the globally connected world of the twenty-first century. The economic prosperity of future generations will depend on our ability to drive innovation on a global stage. ELP Ventures will identify and fund transformational programs and leadership that will advance the cognitive abilities, language skills, interpersonal sensibilities, and cultural awareness of students whose lives and careers will unfold at the intersection of local and transnational challenges. The increasingly diversified population of CPS represents an opportunity if educators are willing to develop curricula and programs that embrace the growing numbers of languages and cultures in the classroom.

To assist the Chicago schools in preparing students to be effective global citizens and enhance their global competitiveness in an evolving and increasingly interdependent world, ELP Ventures would

- promote the development of globally critical technical skills in science, technology, engineering, and mathematics (known collectively as STEM);
- support programs to help students develop broad cultural perspectives and communication skills, including educational practices designed to build awareness of international issues, students’ ability to navigate different cultures, and globally competitive skills such as language acquisition;
- create an international learning loop that builds opportunities for local educators to learn from and apply international best practices;
- invest in innovations that enhance the global competence of students and that empower teachers and other leaders to help develop new generations of global leaders.

School leadership

Nothing has greater impact on educational outcomes for students than the competency of their teachers and school leaders. Mayor Rahm Emanuel has identified innovation, particularly in school leadership, as a critical component, if we are to improve student academic and career outcomes. In his 2011 transition plan, he posed the question, “What does success look like?” His answer: “Chicago [becomes] the national locus for education innovation, demonstrating leadership in emerging and effective methods to improve urban education.”

ELP Ventures is committed to finding and funding innovations that promote and extend the effectiveness of school leaders. Through a lens of increased global competitiveness, ELP Ventures would

- support exceptional talent in their efforts to increase academic rigor and achievement,
- seek to cultivate and support new talent pipelines,
- invest in innovative approaches to the development of principals and teachers.

52. Emanuel, “Chicago 2011 Transition Plan.”
Measurable results

By seeding innovation in the areas of global competence and school leadership, ELP Ventures seeks to support entrepreneurs who can solve tangible educational problems and measure their impact. The fund would provide the system links needed for effective scaling of successful pilot initiatives within CPS. In other words, ELP Ventures would work to ensure that the most promising seed-stage investments effectively transition to the next stage of funders such as Chicago Public Education Fund and others who are positioned to develop them to scale.

The ELP Ventures team brings entrepreneurial, content, managerial, and leadership expertise as well as a vast network of resources in these areas. We also draw on the significant resources of The Chicago Council on Global Affairs, one of the world’s leading international affairs organizations and a source for policy dialogue and public learning on global issues in Chicago.

Why a venture philanthropy fund?

Philanthropy has historically played an important role in supporting educational initiatives. At the most basic level, the goal of traditional philanthropy is to achieve a social return on grants made. While many innovative changes in education have been pioneered in this realm, the traditional foundation approach to funding sometimes faces limitations in its ability to support less-proven or riskier initiatives.

Over the past fifteen years, a different approach to philanthropy has been developing. In 1997 Christine Letts, William Ryan, and Allen Grossman wrote a groundbreaking article in the *Harvard Business Review* entitled “Virtuous Capital: What Foundations Can Learn From Venture Capitalists.” The authors argued that foundations should move beyond program-oriented support to not only provide general operational support but also to develop a better system for assisting and monitoring the success and outcomes of their grantees. Today, this type of philanthropy is often termed “outcome-oriented” or “strategic” philanthropy. As Paul Brest, former president of the William and Flora Hewlett Foundation, writes in the *Stanford Social Innovation Review*:

“Outcome-oriented”... refers to philanthropy where donors seek to achieve clearly defined goals; where they and their grantees pursue evidence-based strategies for achieving those goals; and where both parties monitor progress toward outcomes and assess their success in achieving them in order to make appropriate course corrections.\(^{54}\)

The field of philanthropy has moved in recent years toward significantly greater focus on measuring impact. Even now, however, the vast majority of philanthropy, including that funded by outcome-oriented donors, is directed toward project and program support, with little of what Brest calls “patient capital”—funding that focuses on building and sustaining promising organizations and ideas. Says Brest, speaking generally, “Strategy is not (yet) embedded in [traditional foundations’] DNA.”\(^{55}\)

The field of venture capital has long espoused a similar approach that relies on impact measurement and strategic investment. Venture capitalists are known for funding higher risk, longer-term projects—in which they are highly involved—that can bring potentially larger payoffs. While the goal of traditional philanthropy is to achieve a social return, the goal of venture capital is to attain a financial return on investments. Venture philanthropy sits at the nexus of both approaches—developing close relationships and performance measures typical of venture capital investments to achieve the social goals associated with traditional philanthropy.

The concept of venture philanthropy developed around the same time outcome-oriented and strategic philanthropy started taking hold among traditional foundations. In 2006 Forbes proclaimed, “‘Venture philanthropy’ is [the] new buzz in business,” noting the growth of Silicon Valley entrepreneurs who wanted to direct their new wealth and business knowledge toward social causes.\(^{56}\) Since the mid-to-late 1990s, venture philanthropy has taken hold among a certain type of social investor—those looking for a strong social

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55. Ibid.

Innovation through Venture Philanthropy

Venture philanthropy is characterized by a willingness to embrace experimental approaches. Venture philanthropists typically have a close working relationship with investees and offer guidance on strategic planning and building organizational (as distinct from program) capacity. A venture philanthropy investment usually requires the recipient to agree to both objective and qualitative benchmarks to evaluate programs and measure results—with accountability. If a recipient does not use funds effectively, further allocations are then steered towards other organizations. Additionally, before making an investment, a venture philanthropy fund often identifies an exit strategy based on the achievement of a measurable goal.

Much like a venture capitalist who understands that calculated risk can lead to greater rewards, venture philanthropy funds intentionally invest in riskier endeavors—often at earlier stages of development—in order to maximize their ultimate social return. It is expected that some venture philanthropy investments will fail to achieve the intended outcomes, but a balanced portfolio of philanthropic investments is created to achieve maximum impact overall.

The ability of venture philanthropy to combine the venture capitalists’ interest in bold ideas and strong leadership with the traditional philanthropists’ commitment to social innovation and change is well-suited to education, as venture philanthropy funds in other areas have demonstrated. The historically intractable issues in education require transformative change and a willingness to vet and support a riskier portfolio, with a dramatically higher payoff potential.

### ELP Ventures operations

Using this venture philanthropy model, ELP Ventures would be designed to support seed-stage ideas that can have a measurable impact on student academic outcomes by targeting innovations in global competence and school leadership. The fund would support entrepreneurs who can solve tangible educational problems, with measurable impact and would connect successful pilots with larger partners who have the capacity to bring them to scale in Chicago and nationally.

In order to support the innovative ideas that would significantly impact the global competence and school leadership landscapes, ELP Ventures would solicit financial support from a variety of potential partners, including traditional foundations, venture philanthropists, and other sources of investment support. Thanks to the

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**Figure 3 - Venture Philosophy (or Social Venture Fund (SVF)) Model**

<table>
<thead>
<tr>
<th>TP</th>
<th>SVF</th>
<th>CDF</th>
<th>SRF</th>
<th>VC</th>
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</thead>
<tbody>
<tr>
<td><strong>Social Return on Investment</strong></td>
<td><strong>Financial Return on Investment</strong></td>
<td><strong>Level of interest in social return on investment (SROI).</strong></td>
<td><strong>Interest in financial return on investment (FROI) as measured by percent return.</strong></td>
<td></td>
</tr>
<tr>
<td>Pure Social Return</td>
<td>Continuum of Return Expectations</td>
<td>Pure Financial Return</td>
<td></td>
<td></td>
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</tbody>
</table>

**TP** = Traditional philanthropy, e.g., W.K. Kellogg, C.S. Mott Foundations.

**SVF** = Social venture funds: philanthropies that use venture capital techniques, expecting social returns exclusively, e.g., Social Venture Partners, Entrepreneurs Foundation.

**CDF** = Community development funds: socially minded venture capital funds, e.g., Appalachian Fund and Northeast Ventures.

**SRF** = Socially responsive FROI funds, e.g., New Vantage Partners.

**Hybrid** = Point where financial returns and social returns intersect, which includes social venture funds that expect both SROI and FROI returns, e.g., New Schools Venture Fund.

breadth of relationships and industries represented by members of the Emerging Leaders Program, ELP Ventures would be well-positioned to access a wide variety of traditional and nontraditional avenues to secure the fund's $10 million goal. Investments in early stage opportunities between $50,000 and $250,000 per project would be designed to make both an immediate and lasting impact on the education of Chicago's K-12 youth.

**Deal flow: Finding the best ideas and entrepreneurs**

The success of a fund like ELP Ventures hinges primarily on its ability to attract the right combination of entrepreneurs and ideas that will produce game-changing solutions for the Chicago educational system. In the venture capital arena, entrepreneurs typically generate the ideas and bring the road map for executing them. Since venture capitalists have a well-established track record and funding process for launching successful, game-changing businesses, entrepreneurs view venture capital as one of the primary avenues for securing funding for ideas. Consequently, venture capitalists receive a constant flow of the best ideas and entrepreneurs in the marketplace and can focus their efforts primarily on sifting through those ideas to identify the next, truly innovative solutions.

In contrast, the education space is marked by a far less intertwined relationship between the entrepreneurs who can successfully execute great, new ideas and drive meaningful change in schools and the funding mechanisms for pioneering innovative ideas. Venture capital is a relatively new value proposition in the education arena, with foundations instead serving as the primary funding source for education-related ideas. Consequently, venture capitalists in the education space cannot simply be sifters of idea flow but must actively solicit them through traditional and nontraditional channels inside and outside the school system in order to find both the innovative ideas they are seeking and the entrepreneurs who can execute them.

In parallel with the work inside the current school system, ELP Ventures would aggressively pursue identification of entrepreneurs via external partners such as teacher training programs (e.g., Teach for America), education-focused fellowship programs (e.g., Broad Fellows), charter school programs, and public policy school students. The fund would work with these partners to identify individuals showing either entrepreneurial promise or a track record of innovation in their classrooms.

As with identifying entrepreneurs, finding the next great ideas for Chicago education requires accessing both traditional and nontraditional avenues. In terms of traditional avenues, ELP Ventures proposes to follow the foundation model and issue a rolling call for idea submissions. This call for submissions would require a standardized online proposal that all applicants would complete with basic information regarding the problem they are solving, the nature of the solution, the relationship between the solution and the fund’s interest areas, the capital needed to pilot the solution, and the timeline required to successfully execute the proposed pilot program. This call for submissions would be publicized to the community through conventional advertising (e.g., press releases), outreach and calls to action via social media channels (e.g., social media contests), and partnerships with relevant social entrepreneurship incubators.

This call for submissions could result in a large number of idea submissions, but also a relatively low hit rate of actionable ideas for the fund to pursue and could be relatively labor-intensive for its low rate of return. Consequently, ELP Ventures would supplement its idea flow by engaging in active, targeted solicitation from nontraditional and well-networked sources. There are many sources that might prove fruitful for new ideas, including principals, teachers, students, parents, school administrators, public officials, graduate school programs (e.g., education), and for-profit venture capitalists.

In some cases matches may need to be made between great ideas and the entrepreneurs who can implement them. All of these strategies for generating ideas must tie back to the fund’s two focal areas: global competence and school leadership.
ELP Ventures: Supporting Innovation in Public Education for Chicago’s Global Future

Innovation through Venture Philanthropy

Tapping this myriad of sources for ideas without being overwhelmed requires a tightly structured approach for idea generation. Within the current Chicago school base, some potential approaches may include (1) formal polls and questionnaires of parents, students, faculty members, and administrators to reveal the highest-priority educational challenges and proposed solutions and (2) internal school competitions to generate a set of district-wide best practices (e.g., Future Founders model). Outside the current school base, other approaches might include literature reviews and interviews with public administrators to identify national and international best practices that could be deployed in Chicago.

**Partnership landscape: Sources for deal flow and later-stage transitions**

ELP Ventures would be a unique and innovative approach to addressing the most critical educational needs in Chicago. One of Chicago’s strengths is the wide variety of organizations engaged in complementary activities, both in terms of ideas and resources.

The Chicago education landscape can be segmented into four distinct categories: schools, nonprofits, strategic partners, and funders. Each of these groups has certain parameters that determine focus, funding, scope, and scalability. A key competitive advantage of ELP Ventures would be the ability, by design, to work across these groups as collaborators and partners:

- On the front end ELP Ventures would work in collaboration with many diverse organizations to identify ideas, leaders, and initiatives that meet its criteria.
- On the back end it would partner with many of the same organizations and funders to hand off successful projects for secondary development, scalability, and implementation.

Each of these groups is critical to the success of education reform and innovation. In addition to being the only venture philanthropy fund in the Chicago education market with a global perspective, ELP Ventures would have the unique ability to reach across all of these groups to identify the ideas that will truly disrupt the educational status quo and to effectively partner with them for the ramp-up phases of development and implementation.

**Competitive advantages of ELP Ventures**

Other venture philanthropy funds exist throughout the United States. The most common are traditional foundations that practice high-engagement grantmaking. Among those operating under a purer venture philanthropy model, the Robin Hood Foundation (New York), Tipping Point Community (San Francisco), Children’s Investment Fund Foundation (London), Acumen Fund (New York), New Profit (Cambridge), and New Schools Venture Fund (based in Oakland with operations in Washington, D.C., and Boston) stand out. Like ELP Ventures, some of these funds are committed to a specific area such as poverty, though others remain much more general. Yet even among these venture philanthropy funds, few if any are able to take on the seed-stage investments that would be the focus of ELP Ventures. ELP Ventures would further develop relationships with these and other funders who can provide next-stage funding for successful ventures piloted through the fund’s initial investments.
In addition, no other fund focuses a tight lens on global competence and school leadership—two distinct and critical areas of education that will enable today’s youth to enter and succeed in a global city like Chicago. Within its market, ELP Ventures would be the only fund that brings together the benefits of traditional philanthropy and venture capital as a social venture fund with a global perspective.

**Selection criteria**

The goal is to make grant decisions to maximize educational impact, much like a financial manager chooses investments to maximize profit. ELP Ventures would focus on early projects, or seed stage investments, in small academic environments or other educational labs where the innovation can have a measurable impact within a short-term timeframe.

The criteria are designed to facilitate comparisons across possible investments and historic investments to focus the grants on the highest-yield, most impactful initiatives. Candidate investments would need to focus on one or more of the following areas:

- Enhancing the ability of teachers and principals to positively impact CPS students’ academic and social outcomes
- Facilitating the development of the strong, purposeful relationships between teachers and students that have been shown to lead to greater student engagement and improved academic and graduation outcomes


- Delivering innovations that expand students’ understanding of other countries and cultures and the interconnections between them
- Enabling students in Chicago educational environments to connect with global issues and develop global competencies
- Aligning with the downstream funding interests of local and global partners that can take successful ELP Ventures’ investments to the next level

Investments would distinguish themselves through the following:

- Efficient scalability
- Reach (actual and potential) such as numbers of students, teachers, or school leaders impacted
- Leadership strength such as prior entrepreneurial or education success
- Access to underserved communities
- Uniqueness or differentiation
- Disruption of the educational status quo, particularly through the engagement of traditionally under-represented and underserved students

Additional, targeted metrics would be developed in collaboration with the entrepreneurs so metrics are effectively aligned with the goals of each initiative and its desired outcomes. ELP Ventures recognizes that the selection criteria may need to be adjusted as more is learned about the ideas flowing in and the progress of the investments it makes. As the Robin Hood Foundation, known for its extensive use of goals and outcomes measurement, has learned, “Metrics are always under revision, a virtually never-ending project. . . With additional research and refined calculations, the metrics system is designed to evolve over time.”


**Metrics for success**

Each initiative in which the fund invests should identify specific, measurable goals against which progress could be evaluated on a regular basis. The ideal investment would yield some success or failure within one to two years, with regular status points along the way.

ELP Ventures would focus on the impact on teachers, educational leaders, students, and the global reach of the academic environment. These long-term impacts tie directly back to the founding goals of the fund:

• Professional advancement of teachers, principals, and other leaders, individually and school-wide, including growth in responsibility of individual teachers and growth in impact

• Effectiveness of teachers and principals via students’ academic performance, increase in academic options for students, and number of students benefiting from innovation

• Student learning and development, including school learning environment and culture, student matriculation and career outcomes (immediate or potential), number of touch points with a student in an academic day (or beyond), and number of students benefitting from innovation

• Global reach of the academic environment, including cultures, languages, and races connected, measured per student or institution

• Global awareness by exposure to tradition, culture, community, and arts as well as by direct knowledge of geography, history, and current events

Not all metrics are precise. ELP Ventures realizes the need for subjective measures in its investments and plans to work with the entrepreneurs it funds to develop goals and metrics that are appropriate to each venture. Many initiatives would be measured against these customized metrics.

Any investment should be measureable in terms of some or all of the following:

• Improved academic outcomes per student

• Students affected or student outcomes per dollar invested as a measure of cost efficiency over time (including at subsequent funding stages)

• Marginal cost of scalability

• Longevity of innovation

• Evidence of increased global competency and skills for students and/or teachers

• Impact on global competitiveness of students and local community

• Economic impact to Chicago and region

• Exposure of other countries and cultures to the Chicago community and vice versa

Additionally, each project would establish customized impact goals as part of the application process, and these goals would be further refined in consultation with ELP Ventures as the deal is confirmed. On an ongoing basis, investments should be able to measure progress against defined success criteria; continue to track these success criteria as innovations scale up; identify key internal milestones at the six-, twelve-, eighteen-, and twenty-four-month marks; and receive tranched payments according to milestones reached.

Translating strong pilots into systemic change

ELP Ventures anticipates that simultaneously pursuing traditional and nontraditional networks would yield a much larger array of game-changing ideas that would be ripe for piloting in the Chicago school system. However, the size and structure of the fund would limit its ability to pursue all or even most of these potential ideas. As in the for-profit venture capital world, ELP Ventures expects its oversight body would select only a small fraction of ideas to pursue. Over the course of the fund, this winnowing process—based on clear selection criteria related to impact—should yield twenty to thirty ideas (from hundreds submitted) that would form the core of ELP Ventures’ portfolio. As these twenty to thirty ideas are piloted, it is expected that only five to ten ideas would prove successful enough in their pilot phase based on objective criteria to warrant a full ramp-up.

The ramp-up of these five to ten ideas would be driven in partnership with larger organizations in the Chicagoland metro area that invest in proven education ventures and that have the capacity to bring them to the next level. The long-term objective would be to eventually roll out one or two of these initiatives across the entire CPS system.

Such a gating process would result in better fund performance by giving ELP Ventures time to collect data on the actual performance of these ideas in a pilot environment before helping develop
linkages with the additional resources necessary for full-scale ramp-up of the ideas.

**Refining the investment strategy through yield-driven investment**

ELP Venture's investment model would not remain static; rather, it would adapt over time based on the feedback loop established between the fund and the initiatives in which it invests. In a classic fund, an investment's yield is the measure of the cost of the investment over the created, or exit, value of the investment. As discussed above, ELP Ventures would push target investments for hard statistics and goals. By comparing these goals to the size of each initiative's grant, the fund could determine which initiatives had the highest yield. This yield would be neither absolute, as it would be in a true investment fund, nor easily comparable across the fund's investments. Yield is a yardstick by which ELP Ventures could compare investments and the relative value they create. Focusing on this ratio would allow us to compare large, longer-term initiatives against more modest, immediately created value.

ELP Ventures expects the investment process to adapt over time, focusing on the highest output per dollar invested. The intention is to develop a healthy portfolio with a cross-section of initiatives, both big and small, and long- and short-term horizons, impacting students, teachers, and society at large.

**Leadership**

The ELP Ventures leadership team includes participants of the Emerging Leaders Program (ELP) of The Chicago Council on Global Affairs. The group has experience and connections within diverse sectors, including venture capital, education, philanthropy, government, manufacturing, and business services. The Council selected this group because of its ability to collaborate across disciplines to help Chicago compete and thrive in the global economy.

The involvement of ELP participants can help ELP Ventures in multiple ways. Participants’ combined experience and participation in the education, venture capital, and philanthropy sectors will inform the fund’s efforts to raise capital and engage with supporters. When applications are evaluated for seed funding, ELP participants’ prior experience collaborating across diverse industries would help in identifying innovative proposals that challenge traditional assumptions or employ existing tools in new ways. The team’s experience in the education sector would help gauge the potential impact of a proposal within the system. The team’s experience in services and manufacturing would help assess how a proposal might help students thrive in the global workforce. The team’s venture capital expertise would ensure that milestones are determined and the progress and success of proposals are measured consistent with industry practices.

*To follow the progress of ELP Ventures, please visit [www.elpventures.org](http://www.elpventures.org) for more information.*
Emerging Leaders Class of 2010

Sonya Anderson
Vice President, National Affairs
Ounce of Prevention Fund
Sonya supports the development of early childhood education programs and policies for the Ounce of Prevention Fund. She previously worked for the Oprah Winfrey Foundations, overseeing their domestic and international work in education. She earned a BA from Yale University, an MA in international affairs from the University of Ghana, and an EdM and an EdD from the Graduate School of Education at Harvard University.

Paul Bauerschmidt
Executive Director, OTC Products
CME Group
Paul Bauerschmidt leads new growth initiatives in over-the-counter (OTC) markets as executive director, OTC Products, at the CME Group, owner of the Chicago Mercantile Exchange. Paul joined CME Group in 2002 and has held leadership positions in corporate development and technology. Prior to joining CME Group, Paul served as a member of technical staff at Oracle and Intel. Paul earned a BSE in computer engineering from the University of Michigan and an MBA from Northwestern University.

Craig Bennett
Vice President, Associate General Counsel
Recycled Energy Development, LLC
Craig is one of eight executive committee members responsible for managing the strategic direction of Recycled Energy Development, LLC, an independent power producer that acquires, develops, owns, and operates industrial cogeneration and waste heat/gas recovery projects that reduce greenhouse gas emissions and the cost of steam and electricity for host companies. Craig is also a brigadier general, serves as the commander of the New Hampshire Army National Guard and is a decorated veteran of Operation Iraqi Freedom. He received a BS in business administration from Bryant University, a JD from Widener University School of Law, and a MSS from the U.S. Army War College.

Daniel Bryant
Founder and Chief Executive Officer
Sheridan Road Holdings, LLC
Daniel is the chief executive officer of Sheridan Road Financial, an investment consulting and management company that services middle market companies and their executives. The company is one of the largest advisors of corporate retirement plans in the country, with offices in Chicago, Milwaukee, Minneapolis, and Indianapolis. Prior to founding Sheridan Road, Daniel was a senior investment banker at a number of investment banks, including Robertson Stephens in San Francisco and Donaldson, Lufkin & Jenrette in Chicago and worked in corporate finance for Sam Zell’s The Equity Group. He is a member of the board of the School of the Art Institute of Chicago, a founding member of the Council on Africa at the Field Museum as well as a member of the Economic Club of Chicago and the Young Presidents Organization. He earned a BA in government from Dartmouth College and a MM in accounting and finance from the Northwestern University’s Kellogg School of Management.

Joyce Coffee
Vice President, Business + Social Purpose
Edelman
At Edelman, Joyce provides strategic sustainability counsel to Midwest companies. Previously, she directed the Chicago Climate Action Plan and managed environmental codes and water and air resources in the City of Chicago Department of Environment. She
has worked as an urban environmental consultant with the World Bank and the U.S. Agency for International Development’s U.S.-Asia Environmental Partnership. She was a founding board member of the Alliance for Water Efficiency and a Great Lakes delegate to the Brookings International Young Leaders Climate Change Summit. She was awarded the Henry Luce Fund Scholarship to study at the University of Hanoi in Vietnam and received a dual BS degree in biology and environmental studies from Tufts University and a MCP from Massachusetts Institute of Technology.

**Eliot Dam**  
*Director of Product Management*  
*Nokia*  
Eliot is responsible for Nokia’s local search and small business service strategy worldwide. Prior to that role, he led Chicago based NAVTEQ’s mapping and navigation content business throughout Latin America and delivered the company’s first pedestrian and public transit data products. Eliot has been working in wireless and Internet technology in Chicago since 1996, during which time he launched and grew a global wireless networking and services business, ultimately sold for over $US50 million. His work with NAVTEQ was also an important factor in its 2007 acquisition by Nokia for $US8.1 billion. Eliot earned a BA in sociology and anthropology from Kenyon College in Ohio and a MBA with a concentration in marketing and strategy from Northwestern University’s Kellogg School of Management.

**Gillian Darlow**  
*Principal*  
*Civic Consulting Alliance*  
Since joining Civic Consulting Alliance in 2006, Gillian has led numerous initiatives with the City of Chicago, including the establishment of a new Chicago tourism strategy and goal, analyses of Chicago’s ethics ordinance and tax-increment financing program, a transformation plan for Navy Pier, and the creation of a green business strategy. In spring 2011 she led the twenty-firm, pro-bono team behind the mayoral transition and drafted Mayor Rahm Emanuel’s transition plan. Previously, she worked for the Redmoon Theater, the Field Museum, and the International Development Exchange, in addition to consulting for many nonprofits and foundations such as the MacArthur Foundation. She earned a BA in psychology from Harvard University as well as an MA from the School of Education and an MBA from the Graduate School of Business at Stanford University.

**J. P. Fairbank**  
*Cofounder and Managing Director*  
*Sigvion Capital*  
J. P. is the cofounder of multiple companies working on medical innovations. He cofounded Sigvion Capital, a life sciences venture capital fund, in 2004. He also serves as the president and chairman of Nymirum, which uses RNA technology in the search for cures to genetic-related diseases. He earned a BA in political science and economics from Connecticut College and an MBA from the University of Chicago Booth School of Business, where he focused in private equity and international finance.

**Scott Fehlan**  
*Senior Counsel*  
*Department of Law, City of Chicago*  
Scott has served the City of Chicago since 2004, advising on finance and economic development programs. Previously, he worked for Shefsky & Froelich, Universal Access Global Holdings, Kirkland & Ellis, and Sidley Austin Brown & Wood. He is an associate board member of the Rehabilitation Institute of Chicago, the president and founder of Public Pride Alliance, and a board member of the Lesbian and Gay Bar Association of Chicago. He obtained a BA in government and chemistry from Oberlin College with high honors, was a Rotary Scholar at Trinity College in Dublin, and earned a JD from Yale Law School, where he was the business editor of *The Yale Journal of International Law*.

**Mark Hoyt**  
*Vice President, Chief Financial Officer—International*  
*Groupon*  
Mark is currently driving Groupon’s overseas market-leading growth. Prior to this position, he was the vice president of international finance for CareerBuilder, and he worked for Motorola in over twenty-five countries while based in London. He is a member of the board of the Field Museum’s President’s Leadership Council and was honored as a Leadership Greater Chicago Fellow in 2007. He graduated with a BS in accountancy from Miami University and an MBA from the University of Chicago Booth School of Business.
**Lila Leff**  
*Founder and Chief Partnership Development Officer*  
*Umoja Student Development Corporation*

In 1997 Lila founded Umoja Student Development Corporation, which uses a school community partnership model she developed to work with Chicago's most challenged high schools. Previously, she cofounded and directed Illinois’ first federally funded School-to-Work Initiative, EDGE/UP, to assist high-poverty students to succeed in high school and effectively transition to postsecondary training and education. She was a Leadership Greater Chicago Fellow in 2001 and currently serves on the steering committee of the Consortium on Chicago School Research. She graduated with high honors from the State University of New York with a BA in liberal studies and a focus in English, theater, and psychology. In 2008 Lila was nominated and received a full scholarship from the HBS Club of Chicago to attend Harvard Business School's *Strategic Perspectives in Nonprofit Management* course.

**Eileen McCarthy**  
*Assistant Vice President for Global Initiatives*  
*The University of Chicago*

Eileen facilitates and oversees university-wide global initiatives, including the development and management of university centers in China and India. Prior to this position, she served as the director of strategic initiatives and planning in the Office of the President at the University of Chicago and directed the Center for Policy Practice at the Harris School of Public Policy Studies. Eileen previously worked in the private and public sectors, at H&R Block and Deloitte Consulting, and at the Chicago Symphony Orchestra and Chicago Park District in budgeting and strategic planning. She earned a BA cum laude from Duke University and an MPP from the Harris School at the University of Chicago.

**Jason Palmquist**  
*Executive Director*  
*Hubbard Street Dance Chicago*

Jason joined Hubbard Street Dance Chicago in 2007, having spent his early career in Washington, D.C., working for the Washington Ballet and the John F. Kennedy Center for the Performing Arts. He has experience with local, national, and international arts communities, serving as a panelist for the National Endowment for the Arts and as a board member of the Arts Alliance of Illinois and the Harris Theater for Music and Dance. He earned a BA in theater from the University of Northern Iowa.

**Lisa Pattis**  
*Executive Vice President, General Counsel, and Corporate Secretary*  
*Wintrust Financial*

Lisa joined Wintrust Financial in 2011 after serving as partner with Sidley Austin, where she practiced in the corporate group focusing on corporate governance, corporate finance, and mergers and acquisitions. Previously, she worked as a community development specialist in Peru and a microenterprise development specialist for the U.S. Agency for International Development. She serves as a member of the executive committee of the board of Women Employed, was named in the “40 Under 40” list by *Crain’s Chicago Business*, and was honored as a Leadership Greater Chicago Fellow in 2005. She earned a BA in public policy from Princeton University, a MA in Latin American Studies from Stanford University, and a JD from the Northwestern University School of Law.

**Ryan Ruskin**  
*President and Chief Operating Officer*  
*The Ruskin Group*

Ryan serves as president and chief operating officer of the Ruskin Group, a 105-year-old family packaging company and an industry leader in sustainability. He previously worked as a consultant with A.T. Kearney, working on supply chain and manufacturing strategies with several Fortune 50 companies. He currently serves on the President’s Leadership Council of the Field Museum and is the president of the Princeton Club of Chicago. He earned a BA in history from Princeton, an MBA from Northwestern University’s Kellogg School of Management, and an MEM from its McCormick School of Engineering.

**Jason Schmitt**  
*Vice President, Corporate Strategy and Business Initiatives*  
*The Jones Group*

Jason leads strategic planning and acquisition efforts for The Jones Group, a Fortune 500 fashion company with thirty-five brands in apparel, footwear, and accessories. He previously launched and managed a clean technology venture capital fund for ArcelorMittal and was responsible for strategic planning at Mattel. He currently serves on the board of directors for Connections for Abused Women
and Children, was selected for the “40 Under 40” list by *Crain’s Chicago Business* in 2009, and was nominated by the Aspen Institute for their Catto Fellowship in 2010. He earned an AB in social studies from Harvard College and a JD from Harvard Law School.

**Michael Scudder Jr.**  
**Partner**  
**Skadden, Arps, Slate, Meagher & Flom LLP**  
Prior to his current position, Michael worked in the White House from 2007 to 2009 as general counsel to the National Security Council and senior associate counsel to the president. In these roles he was responsible for advising senior administration officials, including the president, on issues such as defense, intelligence, and litigation. He also worked for the U.S. Department of Justice, U.S. Attorney’s Office in New York, and Jones Day. He earned a BBA in accounting from Saint Joseph’s College and a JD from the Northwestern University School of Law.

**Maggie Westdale**  
**Chief Operating Officer and Chief Financial Officer**  
**Aon Benfield**  
Maggie oversees finance, client services, human resources, marketing, and IT for Aon Benfield. During the creation of the company, she played a key role in the merger of two major market players. Prior to this position, she worked as a senior vice president at CNA, leading the corporate financial planning and analysis team and serving as the internal CFO for the property casualty division. She was recognized by Business Insurance, a trade journal, as a “Rising Star” in 2002 for her work at CNA and as a “Woman to Watch” in 2010. She earned her BA and MBA with concentrations in finance and corporate strategy from the University of Michigan at Ann Arbor.

**Kevin Willer**  
**President and Chief Executive Officer**  
**Chicagoland Entrepreneurial Center**  
Kevin is the president and chief executive officer of the Chicagoland Entrepreneurial Center. The CEC works with high-potential entrepreneurs and is operating and programming 1871, a new startup co-working center for 400 entrepreneurs. Previously, Kevin cofounded the Google Chicago office in late 2000 and held business development positions at CMGI, an early Internet incubator, and USRobotics, the pioneer in modem technology. Kevin is actively involved in several civic and charitable organizations, including director of the Economic Club of Chicago, and is a trustee of his alma mater, Loyola Academy, as well as a regent at Loyola University in Chicago. He was named to Governor Quinn’s Illinois Innovation Council and serves on the boards of numerous nonprofit organizations in Chicago. Kevin earned his MBA from the University of Chicago Booth School of Business, has a bachelor’s degree from Boston College, and studied at the London School of Economics.
Appendix:
ELP Ventures Presentation

In order to fully conceptualize how ELP Ventures would operate, the Emerging Leaders have created sample materials that could be used to assist in marketing the fund. While different audiences will require different formats and the material will continue to be edited and updated, the presentation that follows is a guide to how the fund could be promoted.

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ELP Ventures
Executive Summary

Overview

- Venture philanthropy, in general, focuses on seed-stage investments; bold, disruptive ideas; innovation; development of strong teams; active board involvement; and long-term investment strategies.
- The diverse professional expertise of Emerging Leaders Program participants coupled with the experience gained via the Emerging Leaders Program uniquely positions them to successfully launch ELP Ventures.
- ELP Ventures would
  - fund entrepreneurs with early stage ideas between $50,000 and $250,000 per project
  - focus on innovative ideas for improving academic achievement and global competence with measurable results
  - connect successfully launched ideas with larger partners with the capacity to bring them to scale in Chicago and nationally

Focus

- ELP Ventures is also uniquely positioned to connect traditionally disparate players within the Chicago educational community: donors, educators, innovators, and institutions.
- ELP Ventures will
  - partner with individuals and corporate leaders from within both the education space and from other industries
  - seek innovative and entrepreneurial approaches to school leadership challenges
  - identify entrepreneurs with promising practices or big ideas that support school innovation
  - invest in early stage opportunities between $50,000 and $250,000 per project that can make both an immediate and lasting impact on educating our city’s K-12 youth
  - present the most successful pilots to Chicago Public School leaders for further testing or adoption of best practices
Executive Summary

**ELP Ventures**

**Executive Summary**

**ELP Ventures would focus on two specific areas within public education:**

1. **Global Competence**
   - Improving global competitiveness—enhancing the ability to match or exceed national and international peers in STEM (Science, Technology, Engineering, Math) as educational pillars within the global community.
   - Encouraging global citizenship—building cross-cultural awareness, connectedness, and bridging geographic, linguistic, ideological, and cultural barriers.

2. **Effective School Leadership**
   - Studies show strong school leadership is the most critical component in improving academic achievement.
   - ELP Ventures would support exceptional leadership to increase a culture of academic rigor and achievement.
   - Support innovative approaches to the development of principals and teachers.

<table>
<thead>
<tr>
<th>Fund target size</th>
<th>$10,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average initial investment per project</td>
<td>$150,000</td>
</tr>
<tr>
<td>Commitment period</td>
<td>Five years</td>
</tr>
<tr>
<td>Projected number of investments</td>
<td>Thirty (six new per year, reserving 50% for follow-on)</td>
</tr>
<tr>
<td>Average total investment</td>
<td>$100,000-$500,000 (assuming 50% receive follow-on)</td>
</tr>
<tr>
<td>Overhead expenses</td>
<td>Not to exceed $200,000 annually</td>
</tr>
<tr>
<td>Board of directors</td>
<td>Investment &amp; Fundraising Committee</td>
</tr>
<tr>
<td>Minimum donor participation</td>
<td>$50,000</td>
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<tr>
<td>Tax deductible</td>
<td>Yes—the fund will be a 501(c)(3) charitable organization</td>
</tr>
</tbody>
</table>

Overview of Venture Philanthropy

**Characteristics of venture philanthropy**

- Marries business emphasis on bold ideas and strong leadership with philanthropy's commitment to social innovation and change.
- Embraces higher-risk and experimental ideas at earlier stages of development.
- Supports evidence-based strategies that are outcome oriented.
- Builds and sustains promising organizational ideas, focusing on capacity building.
- Monitors outcomes objectively and qualitatively based on established benchmarks.
- Close engagement between donors and recipients, sharing financial, intellectual, and human capital.
Overview of Venture Philanthropy

Models of venture philanthropy

- Traditional foundations practicing high-engagement grantmaking
- Individually funded but professionally staffed entities (i.e., Robin Hood Foundation in NYC and Tipping Point Community in San Francisco)
- Partnership entities with investors sharing both intellectual and financial capital, primarily as annual pass-through funds (i.e., Full Circle Fund in San Francisco)

Education in Crisis

A nation at risk

- How well a country educates its children has a dramatic impact on national health and prosperity.
- The United States must overcome the “achievement gap” in education between certain groups of students.
- Significant controversy exists about the causes of the achievement gap and how to remedy it.
### International achievement gap

- The United States lags significantly behind other advanced nations in educational performance and is slipping further behind on many important measures.

- Forty years ago the United States was a leader in high school graduation rates.
  - Today it ranks twenty-first out of twenty-eight industrialized nations.\(^1\)
  - As recently as 1995, the United States was tied for first in college graduation rates, but by 2008 this ranking had dropped to fourteenth.\(^2\)

- A striking gap exists between the performance of America’s top students and that of top students elsewhere.
  - United States has among the smallest proportion of 15-year-olds performing at the highest levels of proficiency in math.\(^3\)
  - Korea, Switzerland, Belgium, Finland, and the Czech Republic have at least five times the proportion of top performers as the United States.\(^4\)

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Education in Crisis

Socioeconomic achievement gap

- Significant disparities in education achievement persist between low- and higher-income students in the United States.
  - By contrast, in a world-class system like Finland’s, socioeconomic standing is far less predictive of student achievement.
  - A low-income student in the United States is far less likely to do well in school than a low-income student in Finland.
- In the United States, impoverished students (defined as those eligible for federally subsidized free lunches) are roughly two years of learning behind the average better-off student of the same age.
  - In Massachusetts, for example, students eligible for free lunch are six times more likely to score below “basic” in fourth grade math than students who are not eligible for free lunch.7
  - Schools comprised mostly of low-income students perform much worse than schools with fewer low-income students.
- Of 46 industrialized countries, the United States ranked 42nd in providing equitable distribution of high-quality teachers to different groups of students.8


The economic impact

- Systemic gaps in educational outcomes translate into limited opportunities for individuals.
  - For adults without a high school diploma, the unemployment rate is more than double for those with a two-year associates degree.
- Achievement gaps also impose concrete economic costs.

Unemployment rate in 2011 (in %)

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctoral degree</td>
<td>2.5</td>
</tr>
<tr>
<td>Professional degree</td>
<td>4.8</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>6.4</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>8.7</td>
</tr>
<tr>
<td>Associate degree</td>
<td>14.1</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>26.9</td>
</tr>
<tr>
<td>High school diploma</td>
<td>57.0</td>
</tr>
<tr>
<td>Less than high school diploma</td>
<td>91.6</td>
</tr>
</tbody>
</table>

Median weekly earnings in 2011 (in $)

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Median Weekly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctoral degree</td>
<td>1,301</td>
</tr>
<tr>
<td>Professional degree</td>
<td>1,465</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>1,264</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>1,031</td>
</tr>
<tr>
<td>Associate degree</td>
<td>769</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>719</td>
</tr>
<tr>
<td>High school diploma</td>
<td>608</td>
</tr>
<tr>
<td>Less than high school diploma</td>
<td>427</td>
</tr>
</tbody>
</table>

Note: Dollar data for persons 25 years and over and earnings for full-time wage and salary workers.

The United States spends more than any other country per point on PISA mathematics test.
The local perspective: Chicago Public Schools

- Chicago Public Schools (CPS) is the third-largest school district in the United States.
  - 700 public elementary and high schools
  - 404,000 students
  - 21,000 teachers
  - Annual budget of $5.1 billion
- White performance on the elementary level Illinois State Assessment Test (ISAT) indicates gains since 2001, much of the progress came from the test’s 2006 recalibration.
  - There has been little or no gains in proficiency over the past two decades.
- Racial gaps among Chicago students have increased.
- Poor elementary and high school attendance (91% and 84%, respectively) exacerbate an already short school day.

ELP Ventures will target innovations in the areas of Global Competence and School Leadership

- It is critical to equip our students with global skills and awareness necessary to compete and lead in 21st century jobs.
- Nothing has greater impact on educational outcomes for students than the quality of their teachers and the leadership in their school environment.
- ELP Ventures is committed to finding and funding innovations which promote and extend the global competence of students and the effectiveness of school leaders.
- The ELP Ventures team brings entrepreneurial, managerial, and leadership expertise as well as a vast network of resources in these areas. We also draw on the vast resources of The Chicago Council on Global Affairs, one of the world’s leading international affairs organizations that is the source for policy, dialogue, and public learning on global issues in Chicago.
ELP Ventures: Supporting Innovation in Public Education for Chicago’s Global Future

### ELP Ventures’ Investment Focus

By funding innovation in the areas of global competence and school leadership, ELP Ventures will support entrepreneurs who can solve tangible educational problems and measure their impact. It will also create the systemic links needed for effective scaling of successful pilot initiatives.

#### Global Competence
- The transformation presented by globalization makes it imperative that CPS students develop global competence: new skills and awareness that are far more advanced than what the CPS system currently delivers.
- To succeed in tomorrow’s economy, students must have more than basic skills; they must have the ability to compete and prosper on a global scale and understand how to make unique contributions to a global marketplace.
- To meet this challenge, students must improve their global competence in areas of both competitiveness and global citizenship.

![Diagram showing Global Competence and School Leadership](image)

#### ELP Ventures

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### ELP Ventures’ Investment Focus

By funding innovation in the areas of global competence and school leadership, ELP Ventures will support entrepreneurs who can solve tangible educational problems and measure their impact. We will also create the systemic links needed for effective scaling of successful pilot initiatives.

#### School Leadership
- Strong leadership is the most critical component in improving the public school system and ultimately improving student outcomes. The ELP Fund will look to:
  - support exceptional talent in their efforts to increase academic rigor and achievement
  - cultivate/support new talent pipelines
  - support innovative approaches to the development of principals and teachers

![Diagram showing Global Competence and School Leadership](image)

#### ELP Ventures

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### ELP Ventures’ Investment Focus

By funding innovation in the areas of global competence and school leadership, ELP Ventures will support entrepreneurs who can solve tangible educational problems and measure their impact. It will also create the systemic links needed for effective scaling of successful pilot initiatives.

#### Global Competence
- Global competitiveness
  - U.S. students face a dramatic skills gap which threatens the country’s ability to maintain its position of leadership.
  - Critical metrics for global competitiveness, particularly in foreign language fluency and in science, technology, engineering, and math (STEM) must be improved.
  - A strong foundation in English language arts, the arts, and humanities is also essential to develop higher order skills for effective communication in a knowledge economy.
- Global citizenship
  - Teaching students to become global citizens begins by orienting them to the diversity in their immediate surroundings.
  - Global citizes are enhanced by connecting students from one context to the economic and social realities of students in other nations and cultures.

![Diagram showing Global Competence and School Leadership](image)

#### ELP Ventures

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### ELP Ventures’ Investment Focus

**Why global competence? A global and local perspective**

- U.S. primary and secondary school education lags behind most industrialized nations in critical metrics for global competitiveness, particularly in foreign language fluency, and science, technology, engineering, and math.
- Already today, one in five jobs is linked to international trade, and the interconnectedness of technology and markets means that many of these jobs can be performed anytime, anywhere.13
- Locally, Chicago schools are not meeting the current and future needs for high achieving, globally engaged, and globally competitive high school graduates.
- This reality impacts all Chicago students across race and class, but hits underresourced schools and students the hardest. These students generally have fewer opportunities and limited access to learn about and engage with global issues in a meaningful way.

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ELP Ventures’ Investment Focus

Why school leadership? A global perspective

- A McKinsey study of 25 of the world’s school systems, including 10 of the top performers, found that investments in teachers and teaching are central to improving student outcomes. The top school systems emphasize the following:
  - Getting the right people to become teachers
  - Developing them into effective instructors
  - Ensuring that the system is able to deliver the best possible instruction for every child.
- Successful school principals influence student achievement through two important pathways:
  - The support and development of effective teachers
  - The implementation of effective organizational processes


ELP Ventures

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ELP Ventures’ Investment Focus

Why school leadership? A local perspective

- Every five years, a typical Chicago Public School loses over half of its teachers.10
- Low-performing schools rarely close the student achievement gap because they never close the teacher quality gap—they are constantly rebuilding their staff. An inordinate amount of their human and financial capital goes to the constant process of hiring and replacing beginning teachers who leave before they have mastered the ability to create a successful learning culture for their students.
- Chicago Public Schools lose $17.872 for every teacher who leaves the district. Effective retention strategies could save the district millions while improving educational outcomes for the highest need students.14
- Teachers stay in schools where the conditions are well suited for them to have the potential to be effective—where their colleagues are collaborators, school administration is supportive, parents trust teachers to do their jobs, and the learning climate for students is safe and nondiscriminatory.17


Appendix

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ELP Ventures’ Investment Focus

Why school leadership? A national perspective

- Teachers are the single most important factor in determining whether and how well students learn. Studies show that a teacher’s influence on student achievement is 20 times greater than any other variable, including poverty.13
- Good teachers can close the achievement gap. In high-poverty, high-minority schools whose teachers have above-average qualifications, students were almost nine times as likely to have college-ready academic skills as their counterparts in other high-poverty, high-minority schools with lower teacher quality.15
- Four consecutive years with a top-performing teacher can erase the black-white testing gap.
- Inequities in teacher quality and school funding are pervasive in the United States. On average, the United States systematically assigns less experienced, less qualified, and probably less effective teachers to poorer students of color.17


ELP Ventures

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ELP Ventures is filling an UNMET NEED

- ELP Ventures will focus on programs and initiatives that complement existing educational structures and programming. Currently, few boutique programs in this area operate outside the domain of traditional education.
- The focus on Chicago is unique. To date, curriculum or programming focused on global competency is not widely available for schools, teachers, or students.
- ELP Ventures will bring resources to students from underserved communities, a population that has had little attention and few resources related to the area of global competency.
- The United States often views our international relationships from a teaching rather than learning perspective. ELP Ventures is committed to learning from global best practices and encouraging a dialogue between local and international practitioners.

ELP Ventures

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**Fund Operations**

**ELP Ventures focus: Ideas + execution**

- Accessing the right combination of entrepreneurs and ideas is critical to developing game-changing solutions in education.
- Drawing on the expertise of our team and following successful models for nurturing innovation in technology, ELP Ventures advocates an incubation approach for investment in our target areas. The board of directors will bring unique experience and relationships to apply this model of investment to challenges in Chicago education.
- ELP Ventures will target innovations in school leadership and global citizenry and provide seed funding and guidance to validate and nurture their ability to scale to achieve large scale impact in Chicago and later, national education.
- ELP Ventures will also take a broad approach to identifying and attract entrepreneurs and ideas in traditional and nontraditional channels in Chicago.
- Combining the best of these ideas and the most promising entrepreneurs, ELP Ventures will prove out the efficacy of the innovations and deliver a portfolio of options to our funding partners to scale the impact to a broader set of students in Chicago and other parts of the country.

**Potential entrepreneurs**

- Existing problem solvers in the teaching community
- Casting an entrepreneurial net within:
  - Teach for America (focus on 2nd years)
  - UIC
  - New Leaders for New Schools
  - AUSL
  - Office of School Improvement
  - Public policy schools (e.g., Princeton, Harris, Johns Hopkins)
  - Education-focused fellowship programs (e.g., Broad Fellows)

- Nominations by school/program officials (e.g., fellowship programs)
- Aggressive outreach efforts to feeder programs to identify future leaders
- Recommendations from alternative programs (e.g., charter schools)
- Structured incentives for selected participants (e.g., funding grants for classroom supplies, recognition)
ELP Ventures: Supporting Innovation in Public Education for Chicago’s Global Future

### Fund Operations

#### Potential Ideas

- Existing/former students
- Existing/former teachers and principals
- Parent/teacher associations
- Chicago school administrators
- Public officials (domestic and international)
- National and international “best practice” models
- Public policy/education schools
- Affiliated graduate school programs (e.g., computer science, MBA)
- Venture capital firms

#### Sample Approaches

- Poll for ideas from select audiences (teachers, administrators, faculty)
- Structured questionnaire to reveal educational challenges and solutions
- Internal schools competition (e.g., Future Founders model)
- Literature review for national and international “best practice” ideas
- Open calls for ideas/competition

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### Fund Operations

#### Non-profits

- List of ideas/entrepreneurs
- Program expertise/availability
- Advanced Ideas
- Big Data
- Consortium on Chicago School Research
- Golden-Kaplan Foundation
- New Leaders for New School
- Office of Prevention
- Teach for America
- Urban Education Institute
- And others

#### Schools

- List of ideas
- Entrepreneur; partner availability
- Academy of Urban School Leadership
- CPS Office of School Improvement
- Network of Charter Schools
- And others

#### Potential strategic partners

- List of ideas/strategic partners/selection criteria
- Strategic resources
- Adler Chicago
- Chicago Public Education Fund
- Education Trust
- Bill / Melinda Gates
- Kellogg
- Civicx Committee
- Bread Foundation
- And others

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### Metrics for Success

- 100s
- 20-30
- 5
- 1

Number of Opportunities

Successful Investments

Generate Data

Next Step: Ramp Up - Connect with Partners

Continued Data

Success Takes To CPS

Roll Out
Metrics for Success

**Initial selection criteria**
- Seed-stage investments in small academic environments where the innovation can have a measurable impact in a 12-24 month timeframe.
- Select investments that:
  - enhance the ability of teachers and principals to positively impact CPS students’ academic and social outcomes
  - facilitate the development of the strong, purposeful relationships between teachers and students that have been shown to lead to greater student engagement and improved academic outcomes
  - deliver innovations that expand students’ understanding of other countries and cultures
  - align with the downstream funding interests of local and global partners that can take ELP Ventures’ investments to the next level
- Investments could distinguish themselves through their:
  - efficient scalability
  - reach (actual and potential) such as numbers of students, teachers, or school leaders impact
  - leadership strength such as prior entrepreneurial or education success
  - access to underserved communities
  - uniqueness or differentiation
  - disruption of the educational status quo, particularly through the engagement of traditionally underrepresented and underserved students

**Requirements for all investments**
- Measureable in terms of:
  - improved academic outcomes per student
  - students affected or student outcomes per dollar invested, as a measure of cost efficiency over time (including at subsequent funding stages)
  - marginal cost of scalability
  - longevity of innovation
  - increased global competency and skills for students and/or teachers
  - impact on global competitiveness of students and local community
  - economic impact to Chicago and region
  - exposure of other countries and cultures to the Chicago community and vice versa
- Investments should continually:
  - measure progress against defined success criteria
  - track success criteria as innovations scale up
  - identify key internal milestones on a 6-, 12-, 18-, 24-month timeframe
  - receive tranch payments according to milestones reached

Per dollar invested...
- Professional advancement of individual teachers and other leaders
  - Growth in responsibility of individual teachers
  - Growth in impact of individual and all teachers
- Effectiveness of teachers overall
  - Academic performance and development
    - Student performance, including student matriculation and career outcomes
    - Increase in academic options
    - Number of students benefiting from innovation
    - Touch points with a student in an academic day (or beyond)
  - Student-driven and 360-degree assessments

ELP Ventures

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Emerging Leaders Class of 2010

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Ounce of Prevention Fund

Paul Bauerschmidt
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Daniel Bryant
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Novartis Consumer Health, Inc.

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