

Harvest Network of Schools Performance Audit

Board Report Out
February 10, 2018

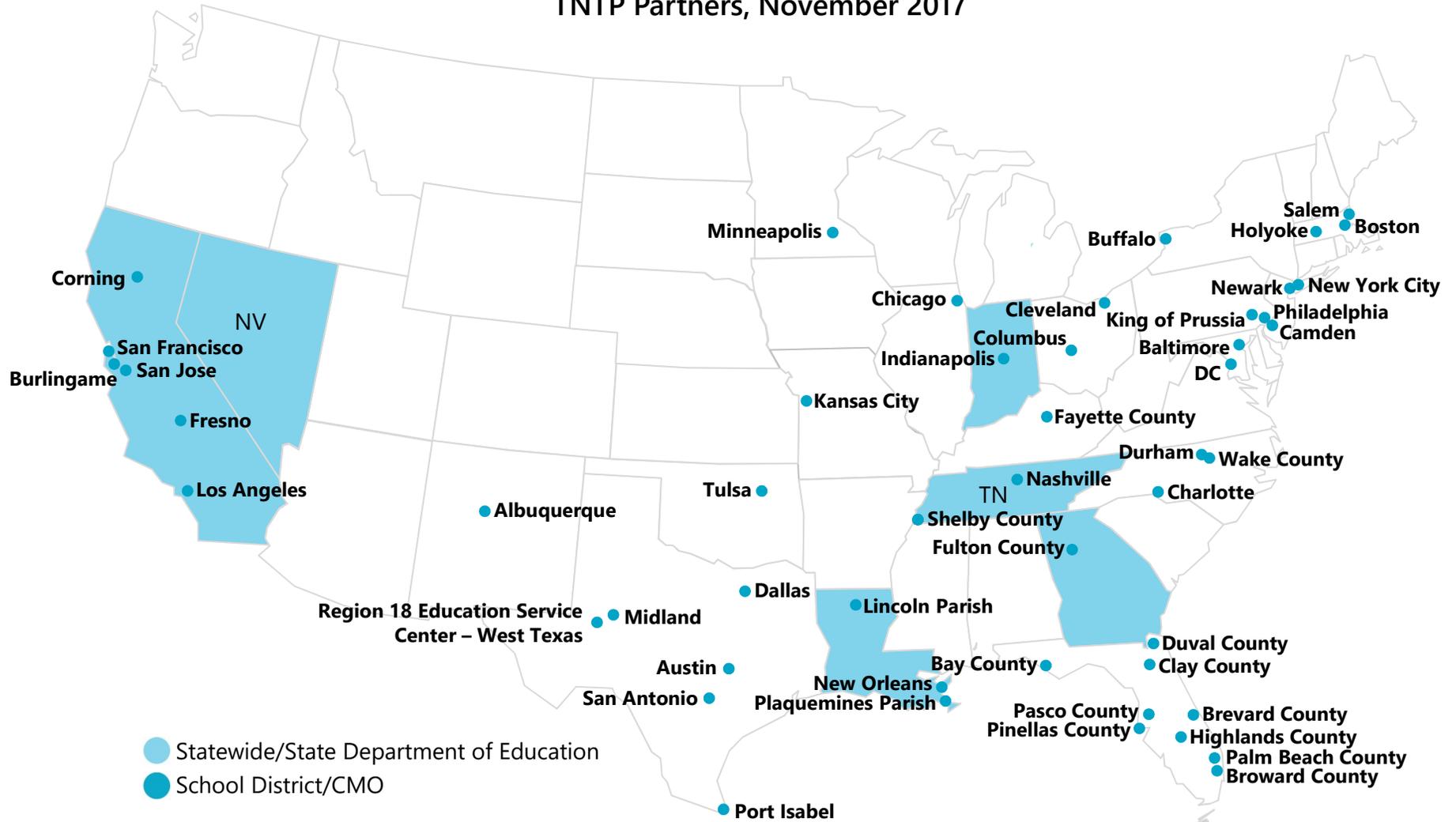
Goals for our time together

- Share our assessment of current performance
- Share our recommendations



TNTP is a 400-person consulting organization that supports school districts, charter networks, and state departments of education across the country.

TNTP Partners, November 2017



For this engagement, we partnered with Mehta Advisory Partners, a boutique advisory firm, to lead on the financial portions of the work.

Mehta Advisory Partners (MAP) is a boutique advisory firm that specializes in helping organizations, across all phases of maturity, navigate challenges and seize opportunities to maximize value and realize their potential.

MAP draws on a deep foundation of experience leading, advising and supporting K-12 School Districts, Charter Management Organizations, Not-for-Profits, and Service Providers to create innovative and effective environments and structures that best support student learning.

MAP professionals have successfully delivered strategic assessments, recommendations, and reforms to numerous public school systems of varying sizes and demographics that range from the New York City Department of Education's 1.1 million students to small rural districts with less than 1,000 students. In addition, MAP's leadership has a long history of involvement with charter organizations as a past board member and CFO of a national charter management organization.

NEW MERIDIAN

**BALTIMORE CITY
PUBLIC SCHOOLS**



Amplify.

We spent the last few months understanding the current state of the organization as well as developing recommendations for improvement.

KEY QUESTIONS

Strengths: What does the organization do well?

Opportunity areas: What can the organization do better?

Recommendations: What should the organization do to build on its strengths and address its opportunity areas?

AREAS OF FOCUS

Academics:

- Instructional model
- Instructional systems & structures

Operations:

- Organizational performance
- Org. systems & structures
- Deep dive: Governance
- Deep dive: HR/staff retention
- Deep dive: Student retention

Finance:

- Financial position
 - Financial operations
-

Over the course of our work, we spoke to 50+ stakeholders, reviewed 100+ data sources and documents, and benchmarked against 8 schools.



50+

Internal and external stakeholders interviewed or included in focus groups



80

Staff surveys analyzed



100+

Documents and data sources reviewed



8

Best practice CMOs interviewed

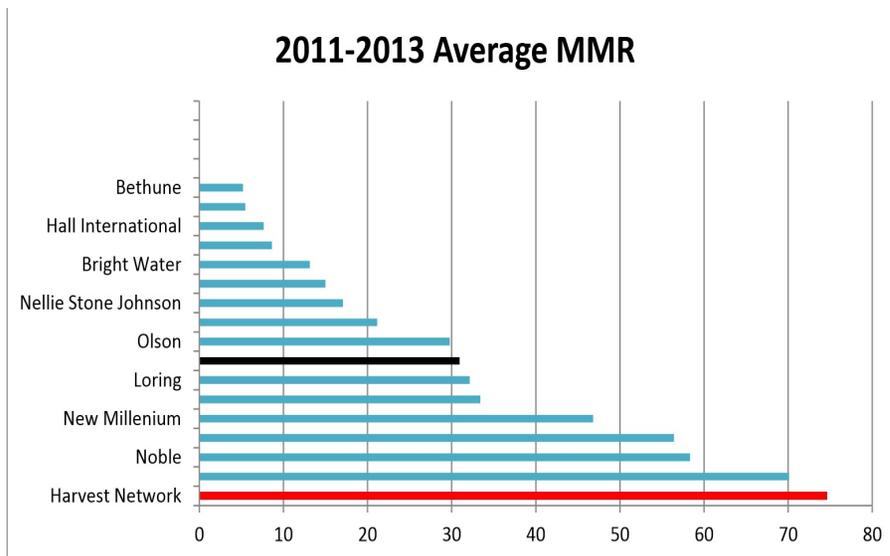
Agenda

History

Current state

Recommendations

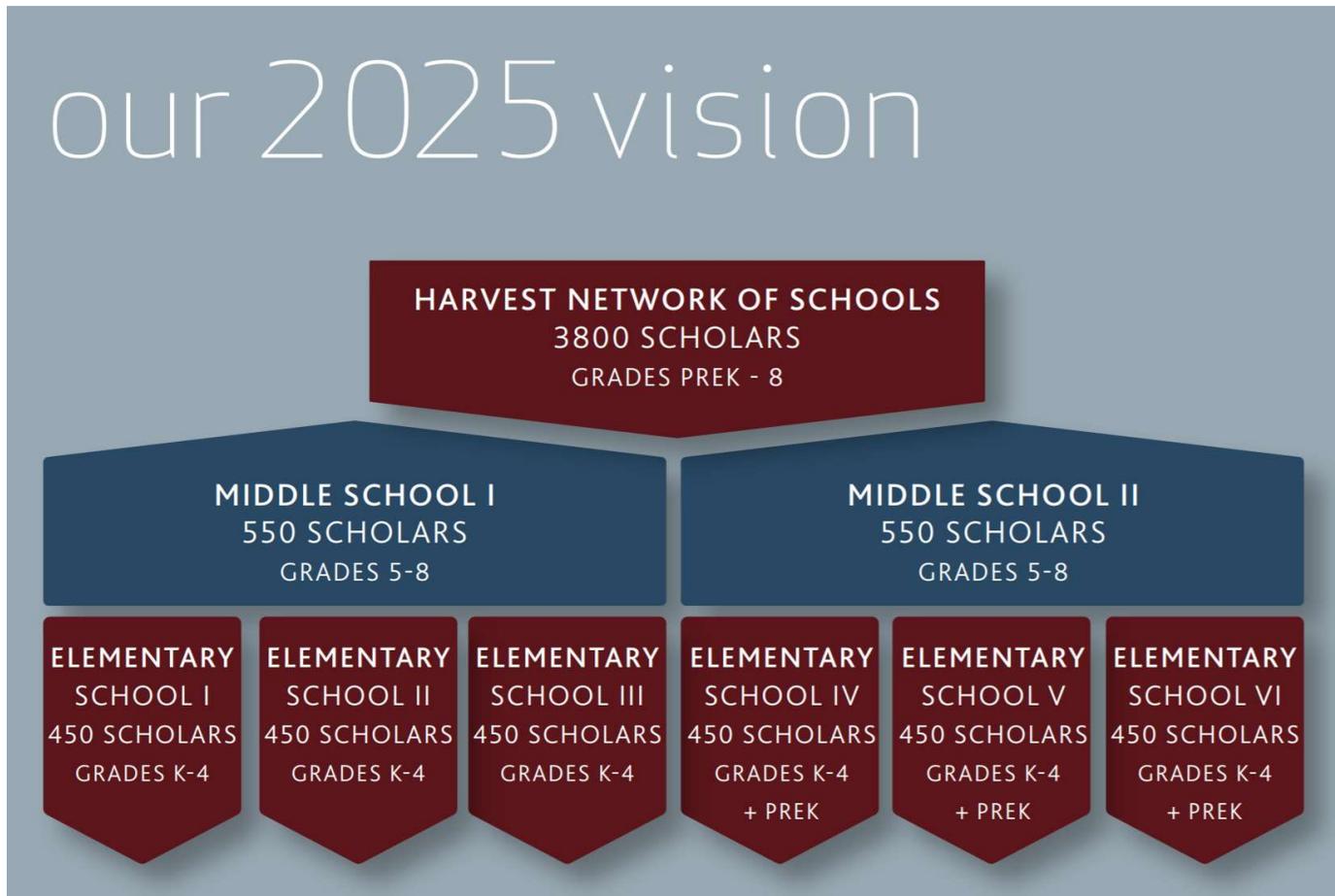
Founded 25 years ago, HNS schools received local and national recognition for their ability to successfully serve African American students.



Award highlights

- The Coalition of Schools Educating Boys of Color **selected Best Academy for one of five COSEBOC School Awards** (2013).
- HNS Schools were **named “Beating the Odds” schools in reading and math** by the Minneapolis Star Tribune. Minneapolis Star Tribune “Beating the Odds” schools show the highest percentage of students scoring at grade level or better, despite having a high number of children living in poverty (2011, 2012, 2013, and 2014).
- Soledad O’Brien, an internationally-acclaimed journalist, **chronicled the schools in a CNN broadcast Black in America: Great Expectations** (2013).

Encouraged by this success, the organization decided to scale their impact to 3800 students by the year 2025.



Unfortunately, as the organization began to scale, it changed the conditions that were critical to success as well as struggled to build the required team, processes, and culture.

A year ago, the organization decided to pause its plans for growth to focus on quality.

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Recommendations

Today, the organization is filled with a mission-driven team who want to change the trajectory of their scholars' lives.

Select bright spots include:



Mission-driven community

Families, staff, and stakeholders are aligned to the organizational mission.

Staff frequently reported that the mission is the reason that they joined and stayed at the organization.



A focus on data

Data is desired and reviewed at all levels of the organization, from the board to classroom.



Key academic structures in place

The network has a school year and day that provides enough time for student learning.

The network also has significant time set aside for summer training as well as data days throughout the year.

Unfortunately, system-wide issues prevent the organization from delivering on that vision.

High-level summary of current performance

Academics

- Only 10-20% of HNS students are on track for college.

Organizational performance

- HNS has struggled to meet most of its obligations as a CMO.

Student retention

- Student retention is low and far below national and local benchmarks.

Teacher recruitment, retention, & HR

- Teacher retention is declining and far below national and local benchmarks.

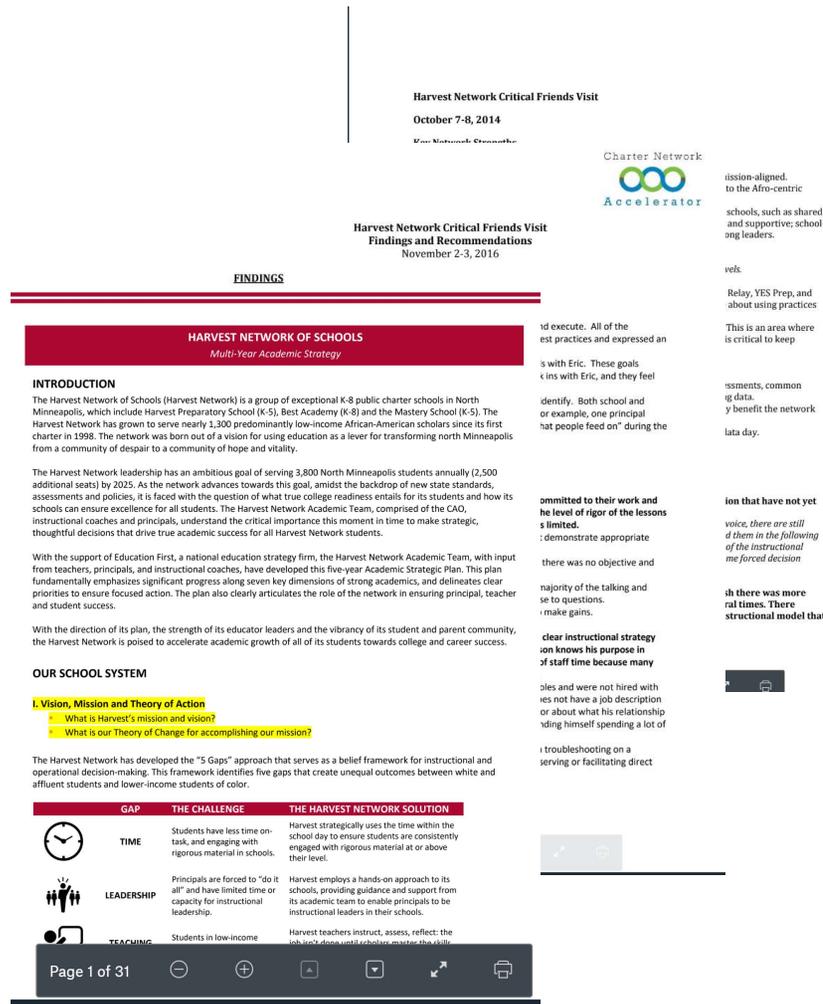
Governance

- Governance is too complex and does not meet charter requirements.

Finances

- The network's current financial position is challenging.

And a review of previous external reports indicate that lack of notable improvement in identified areas of concern.



- HNS has **previously worked with external organizations to conduct performance audits and/or to provide recommendations for improvement.**
- Examples include:
 - Audit reports from Achievement First (2014, 2016)
 - Multi-year academic strategy (2015)
 - Operational recommendations from Sylvia Bartley (2016-17)
- However, a review of these reports **revealed a lack of notable improvement** in identified growth areas

Key findings:

The network has a system-wide performance issue, that will require a system-wide solution.

Almost all of these issues were identified as early as 2014, yet continue to linger as issues today.

Agenda

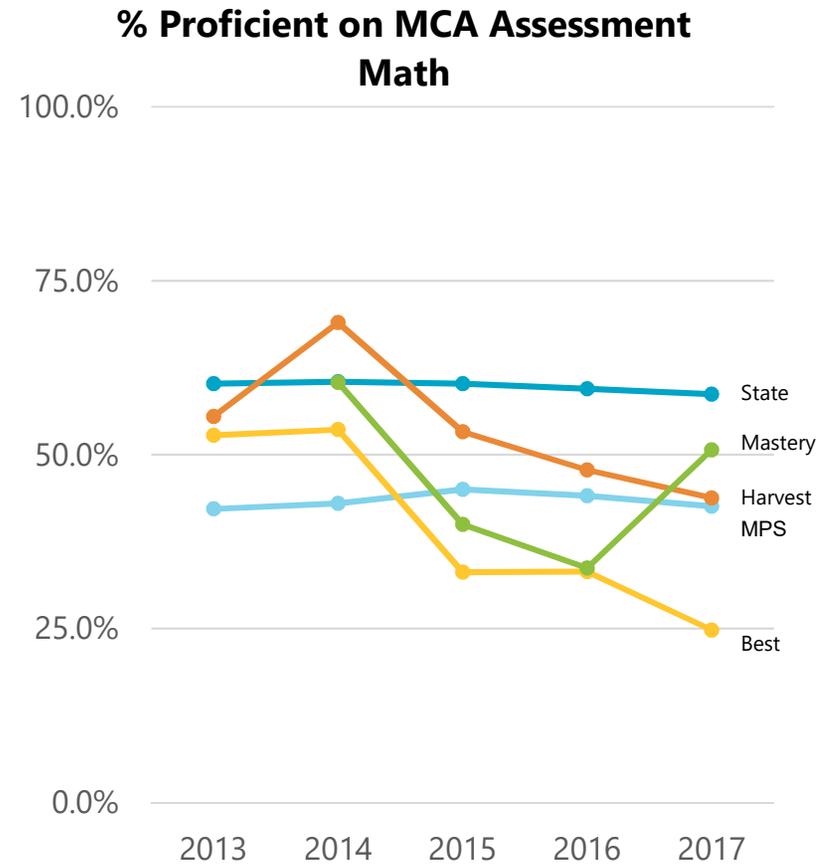
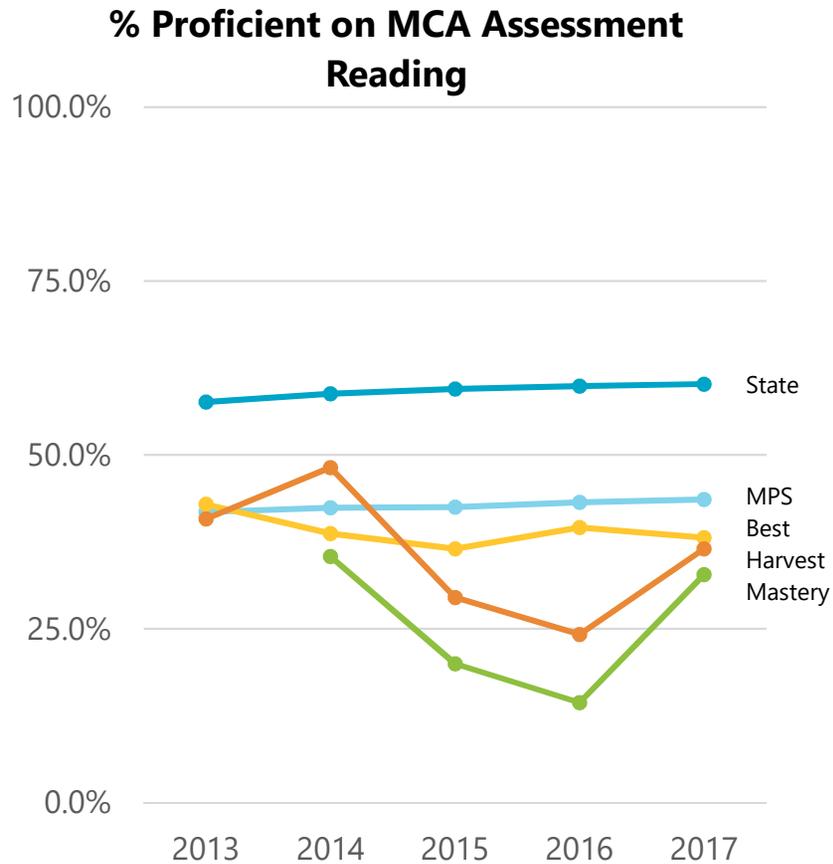
History

Current state

- **Academics**
- Organizational Performance
- Student retention
- Teacher recruitment, retention, & HR
- Governance
- Finances

Recommendations

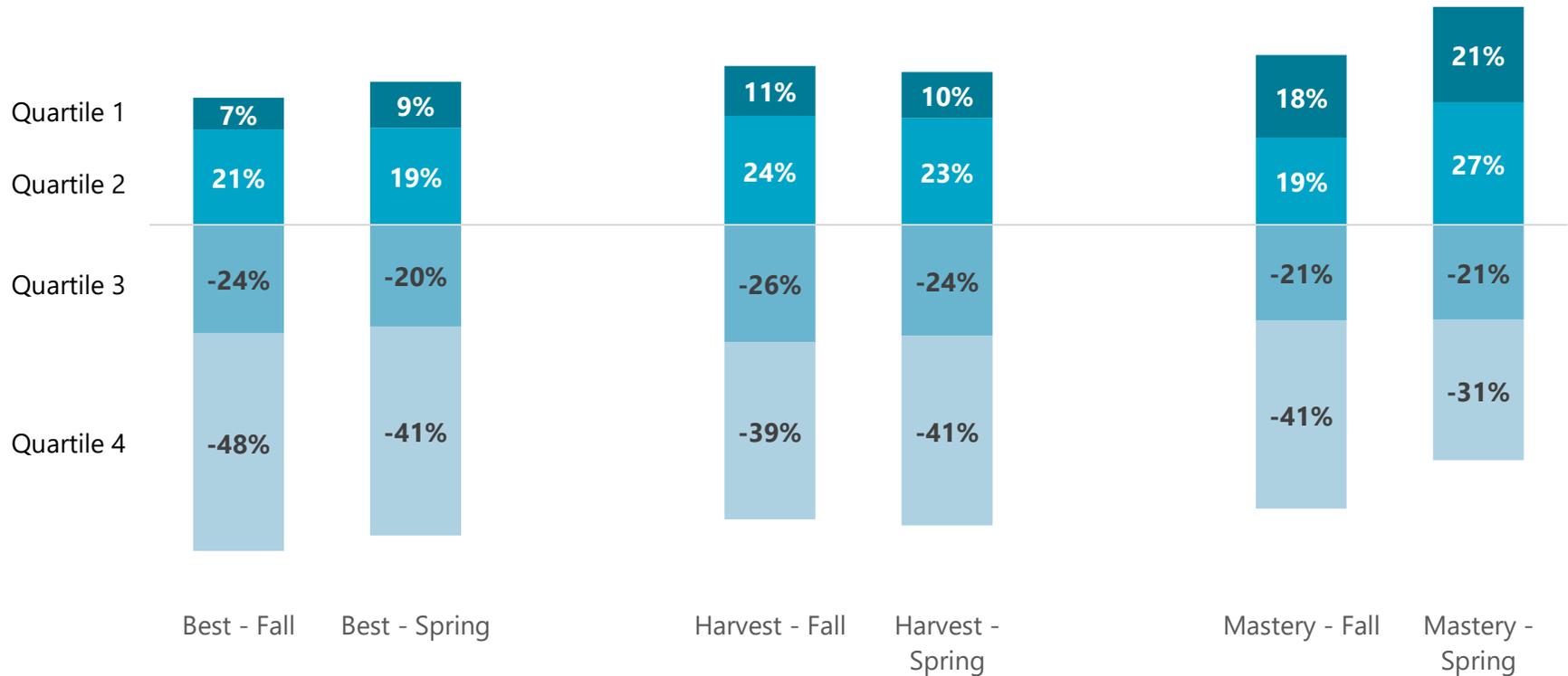
Academically, despite some improvements in the past year, less than 50% of students at HNS schools demonstrate mastery in either math or reading...



Note: MPS refers to Minneapolis Public Schools
 Source: <http://rc.education.state.mn.us/>

...and only 10-20% of students are on-track for college based on reading...

**% Students in Each Quartile on NWEA MAP Assessments
Reading, SY2016-17**



With the exception of Mastery, there has been little change in the percent of students who are college ready.

Notes:

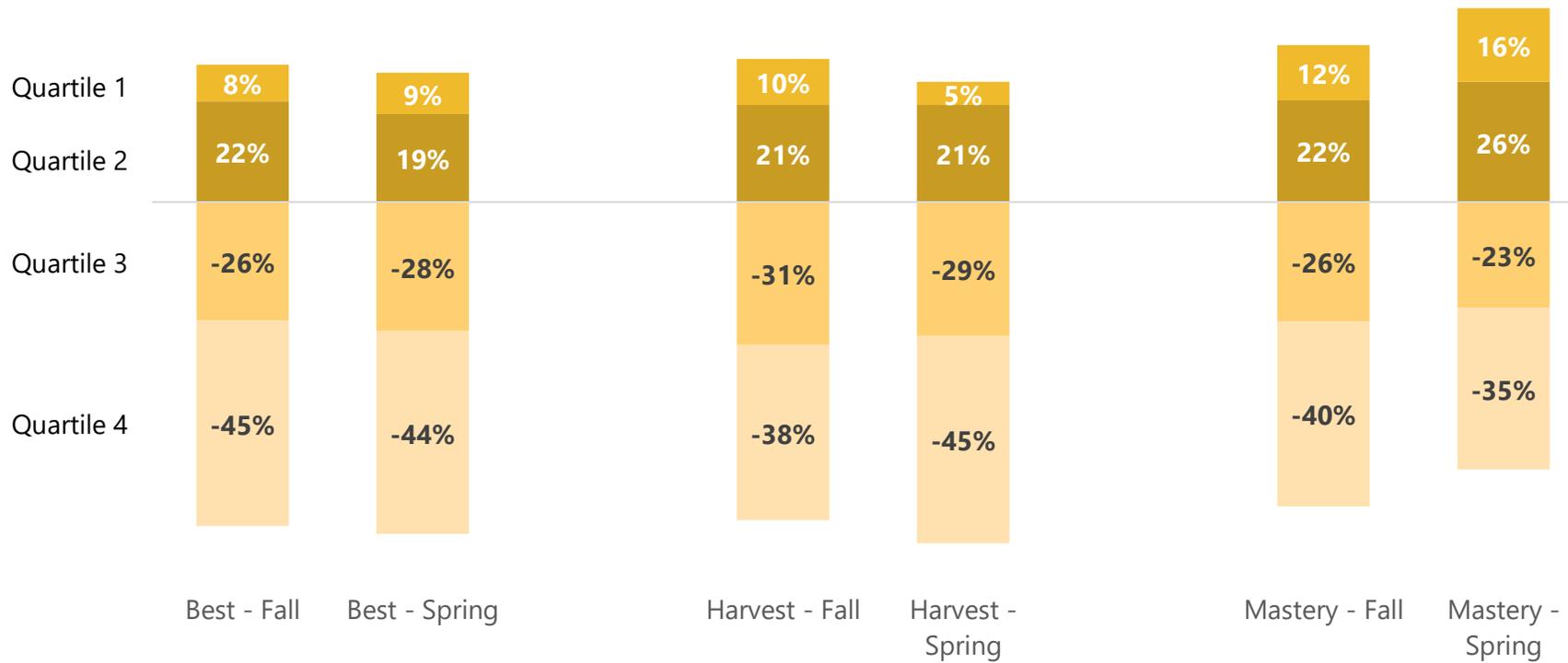
* Additional NWEA analyses can be found in Appendix A

* According to NWEA, which developed the MAP assessment, students in the top quartile are generally considered college ready.

Source: NWEA student-level files from HNS

...and math scores.

**% Students in Each Quartile on NWEA MAP Assessments
Math, SY2016-17**



With the exception of Mastery, there has been little change in the percent of students who are college ready.

Notes:

* Additional NWEA analyses can be found in Appendix A

* According to NWEA, which developed the MAP assessment, students in the top quartile are generally considered college ready.

Source: NWEA student-level files from HNS

Based on TNTP's experience, declining performance appears to be due to a weak student culture, a lack of a rigorous model, and inconsistent supports.



Weak student culture

In many classrooms across the network, student behavior in classrooms is disrupting learning on a relatively consistent basis.



Lack of a rigorous academic model

The academic model does not provide students with a rigorous, coherent learning experience.



Inconsistent instructional supports

Although some foundational structures are in place, teachers receive inconsistent instructional supports.

Do these findings resonate with you?

Agenda

History

Current state

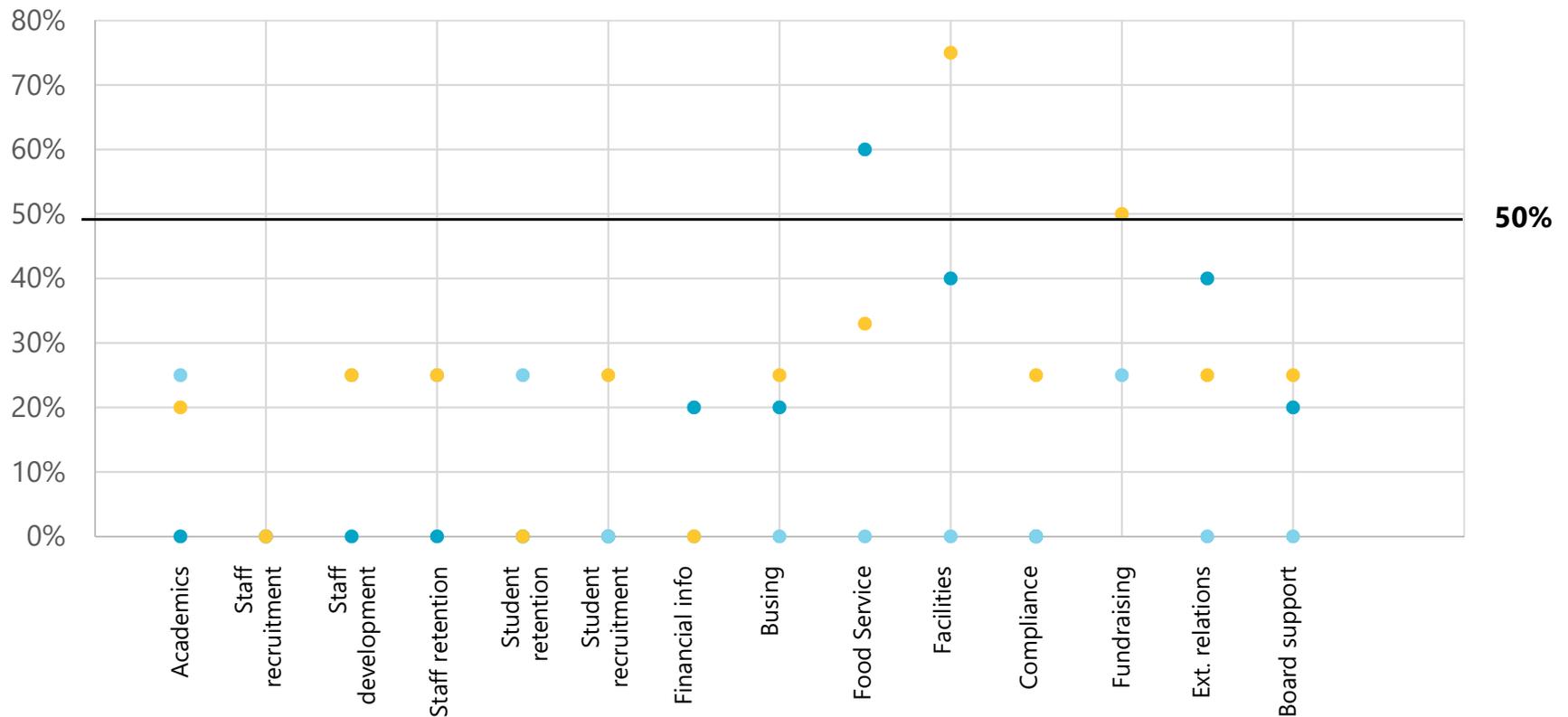
- o Academics
- o **Organizational Performance**
- o Student retention
- o Teacher recruitment, retention, & HR
- o Governance
- o Finances

Recommendations

Over the last few years, HNS has struggled to meet many of its obligations as a charter management organization.

2016-17 CMO Evaluations
% of school board members who were satisfied

● Best ● HP ● Mastery



School evaluations of the CMO reveal dissatisfaction with most areas of support

Note: Evaluations were completed by approximately half of the board members and across summer 2017 (June – August).
Source: CMO evaluations from Best, Harvest Prep, and Mastery for the 2016-17 school year

Based on TNTP's experience, declined performance appears to be due to several system-wide factors.

What do we look for?

What did we find?

Direction

- Is there a clear, shared vision of success?
- Is there a clear, focused set of priorities?
- Do staff believe and support the vision & priorities?

- No shared vision of success
- No sustained focus as organization continually changes course to respond to latest emergency
- Little involvement or buy-in from staff

Empowered team

- Are roles & responsibilities clearly defined and understood?
- Are decision rights clearly articulated?
- Are staff empowered to execute on those roles?

- Unclear roles and responsibilities across all levels
- Unclear decision-making rights, with many decisions requiring CEO engagement
- Lack of distributive leadership

Accountability

- Is performance against goals regularly monitored?
- Are problems systematically and thoughtfully addressed?
- Are teams and individuals held accountable?

- Some progress monitoring, but no comprehensive organizational dashboard
- No regular cycle of reviewing and addressing issues
- Lack of consistent accountability across all levels

Communication

- Is there clear communications within teams, across teams, and throughout the organization?
- Are individuals clear on when, how, and to whom to communicate?

- Lack of clear, consistent communications across organization, between teams, across teams

Culture

- Is there a culture of trust and openness?
- Is there a culture of continuous improvement?

- Staff overwhelmingly disengaged
- Culture often characterized as "punitive"

Do these findings resonate with you?

10 minute break

Agenda

History

Current state

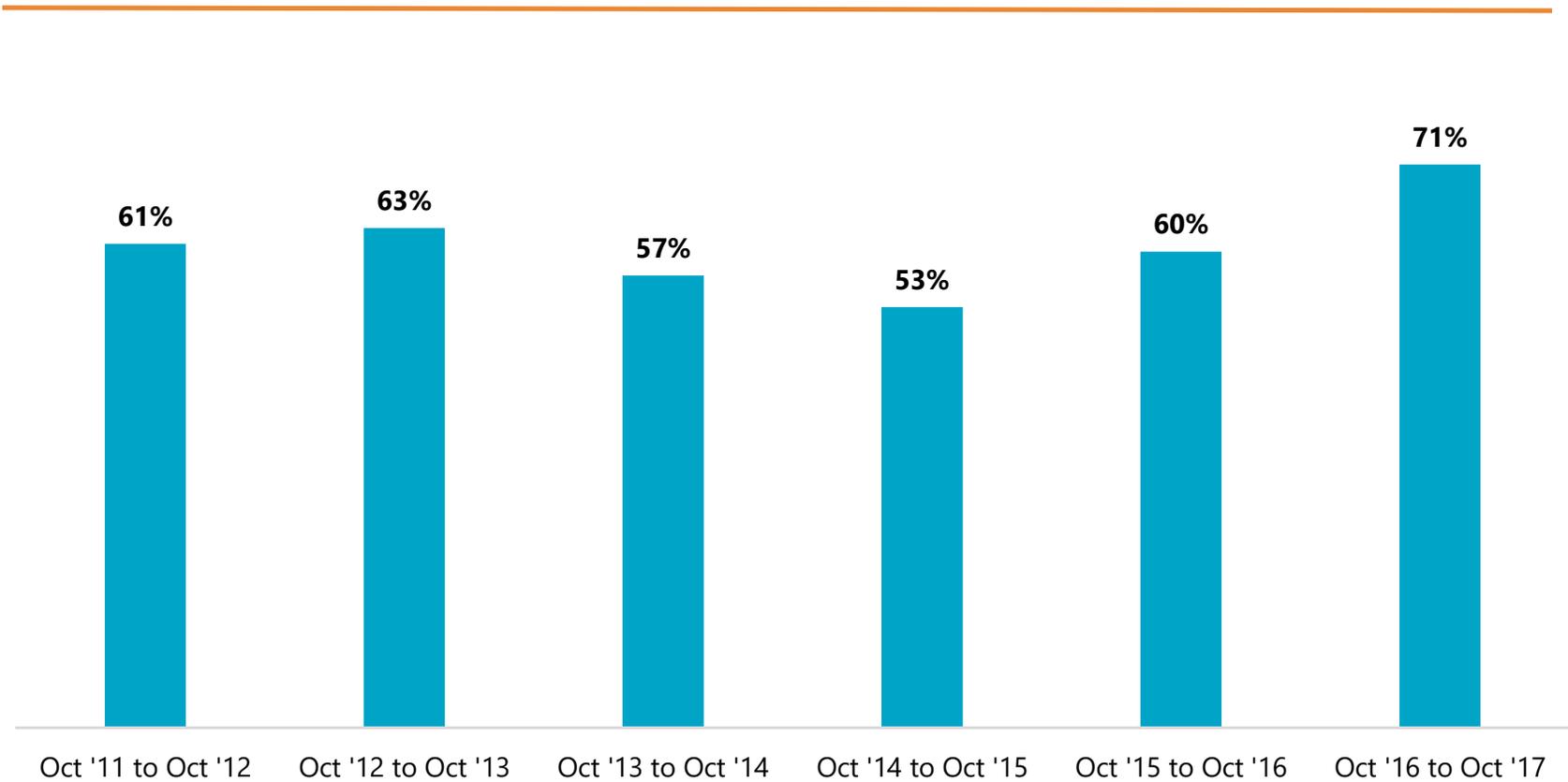
- o Academics
- o Organizational Performance
- o **Student retention**
- o Teacher recruitment, retention, & HR
- o Governance
- o Finances

Recommendations

Despite an uptick in student retention recently, the network's student retention rate remains significantly lower than national benchmarks...

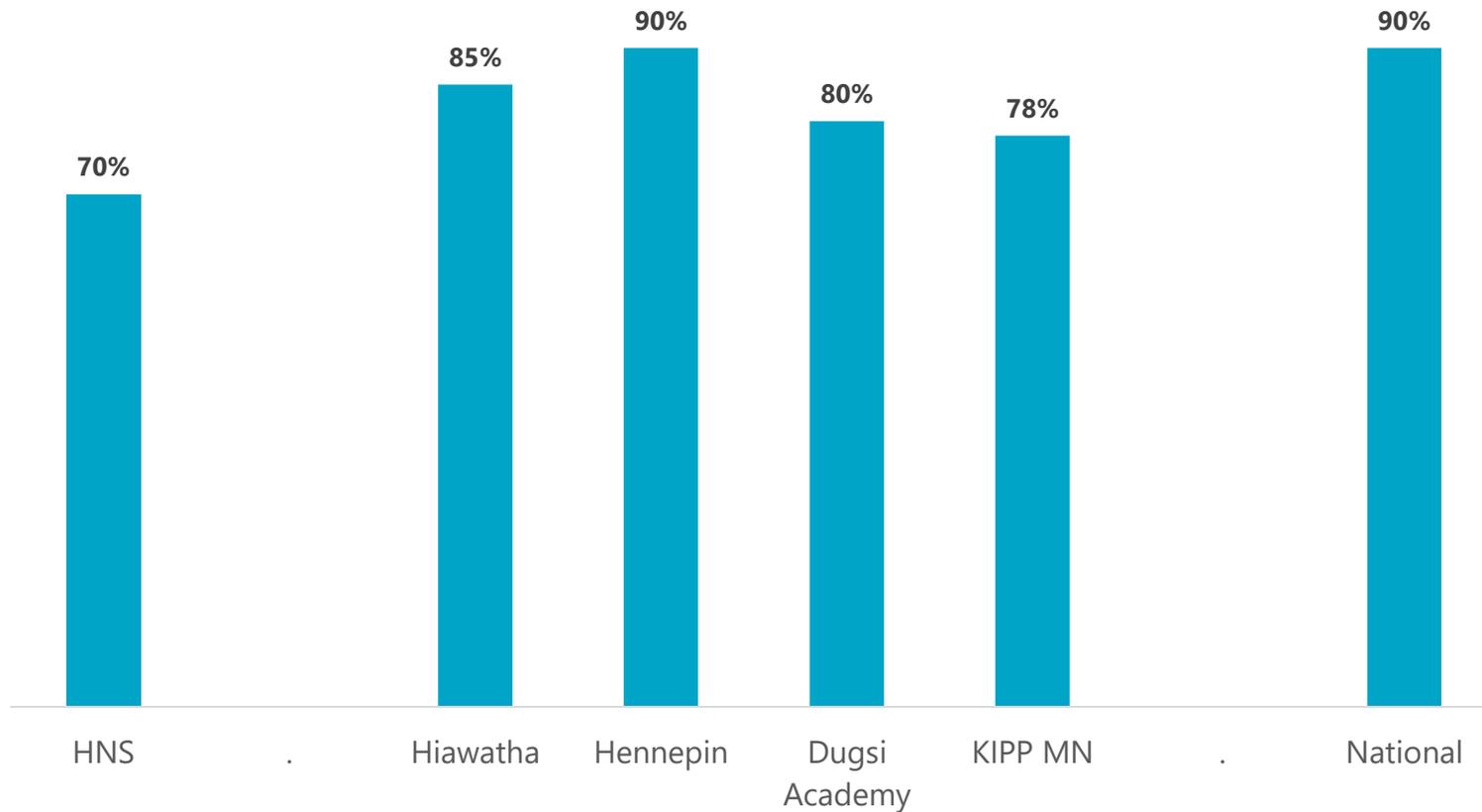
**Average HNS Student Retention by Year
October to October**

National benchmarks 85-90%



...and local benchmarks.

Average Yearly Retention Rates Compared to Sampling of other Charter Networks (Spring to Fall)

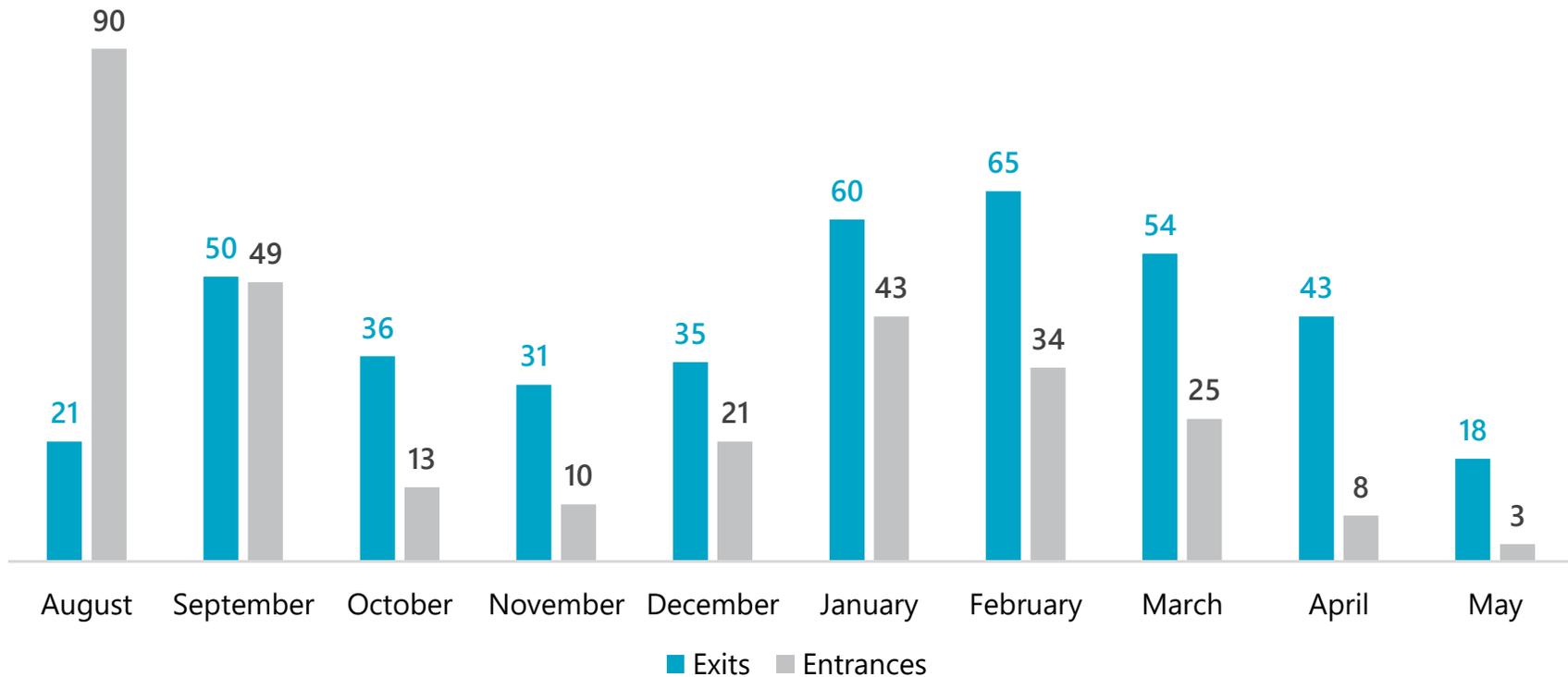


Note: Due to differences in how our interviewed benchmark schools tracked their student retention rates, we had to show rates on this slide as spring-to-fall vs. October-to-October, which is our preferred means of measuring student retention.

Source: Data provided during benchmarking interviews

To address low retention rates, HNS recruits students throughout the year, which has caused operational and student behavior issues for the network.

**Total Student Exits vs. Entrances by Month Across Last Three School Years
(2014/15 – 2016/17)**



Best practice is to limit backfilling to the first few weeks of school.

Over the past three years, the network has had to recruit and onboard over 1,452 new students to backfill for students leaving the organization.

	Students leaving the network (A)	Students recruited over summer (B)	Students backfilled during the year (C)	Total New Students (B+C)
SY2015-16	372	521	51	572
SY2016-17	385	468	137	605
SY2017-18	319	275	TBD	275+
TOTAL	1,076	1,264	188+	1,452+

In the past three years, the network has added a student population that is 1.5 times the size of the current organization (~900 students)

Note: Since we are in the midst of the 2017-18 school year, we have noted the total number of students to be backfilled throughout the year as TBD.

Source: HNS Human Capital Office data and HNS October 2017 Board Report

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History

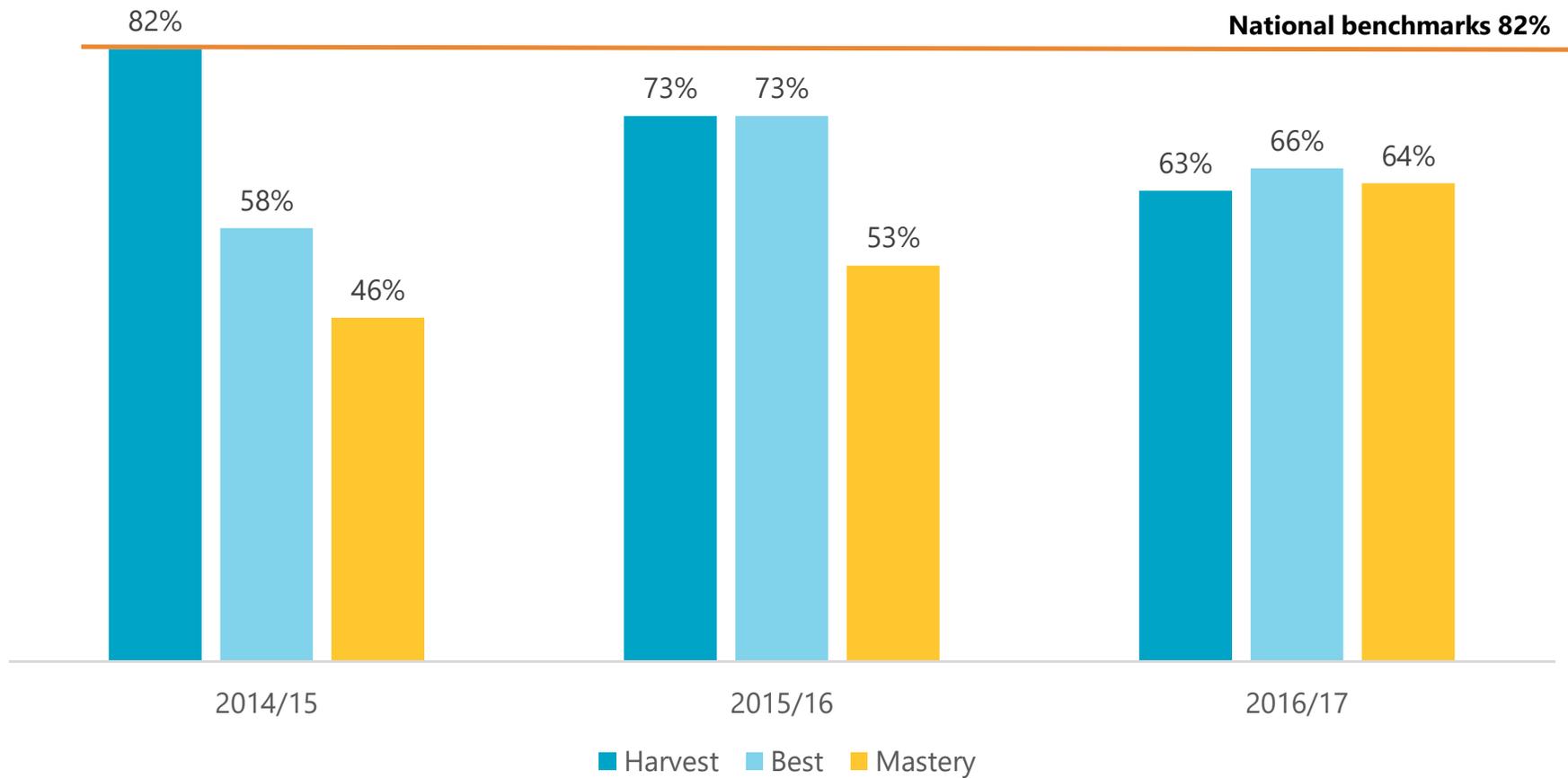
Current state

- o Academics
- o Organizational Performance
- o Student retention
- o **Teacher recruitment, retention, & HR**
- o Governance
- o Finances

Recommendations

Teacher retention has steadily declined over the past few years.

Teacher Retention Rates by School (2014/15 – 2016/17)



Many factors contribute to declining retention, but the following items have surfaced as key areas of focus for HNS.



ACADEMIC SUPPORTS

Teachers report that colleagues are often exiting HNS due to a lack of cohesive supports and a constantly changing instructional vision.



STAFF CULTURE

Staff generally report lukewarm overall satisfaction in their role at HNS - a network wide rating of 6 (on a scale of 10).



LACK OF INSTRUCTIONAL FLEXIBILITY

Teachers report that there is little to no flexibility in the current instructional model, making them feel more like “plug and play” resources vs. instructors.

Feedback from HNS staff also surfaced several HR-related concerns that may influence retention.

Communication of placements and resources

- Many teachers reported **not knowing their placement on the school roster** until the first week of school, often being moved to different grades or roles without any time to prepare.
- One teacher noted that she **started the year without a contract**, was then told her salary would be less than the previous year, and that she would be teaching a new grade level.
- These communications were received the day before the school year was to begin.

Consistent, timely pay

- Teachers **consistently commented on confusion over salaries** – both the amounts and timing of payments.
- Several teachers stated that many teachers have **exited the network due to issues with pay gaps (not receiving payments) and constantly changing pay schedules**.

Confusion over staffing needs

- Principals and HR staff both reported **frequent confusion over which positions are open** within a building at any given time.
- Internal **movements are being made without notice** given to HR or Human Capital.
- This **lack of central data is resulting in delays in hiring and frustration on the part of teachers who get shuffled** between positions as a result of the confusion.

Do these findings resonate with you?

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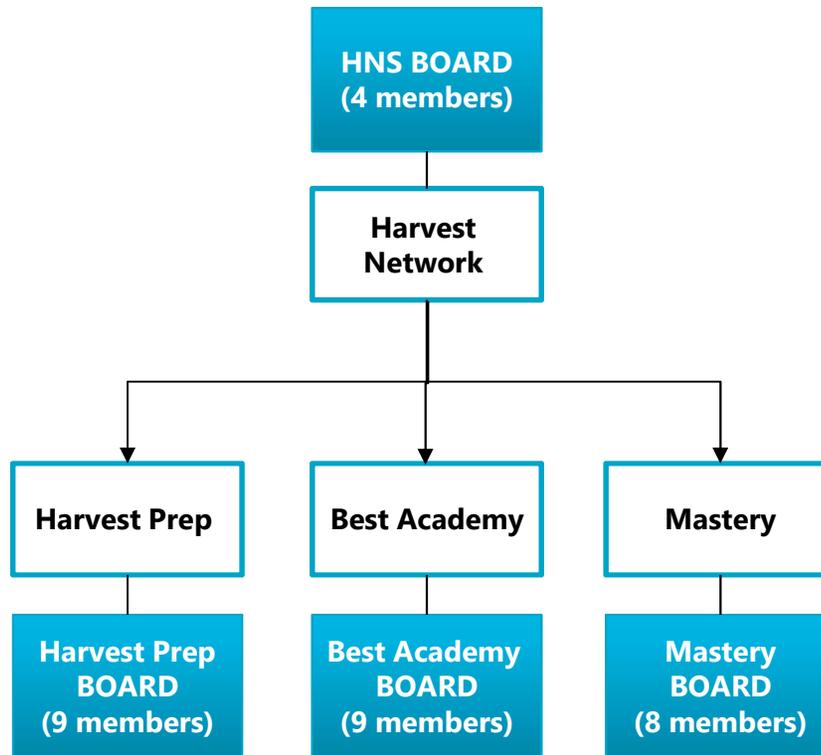
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- o Academics
- o Organizational Performance
- o Student retention
- o Teacher recruitment, retention, & HR
- o **Governance**
- o Finances

Recommendations

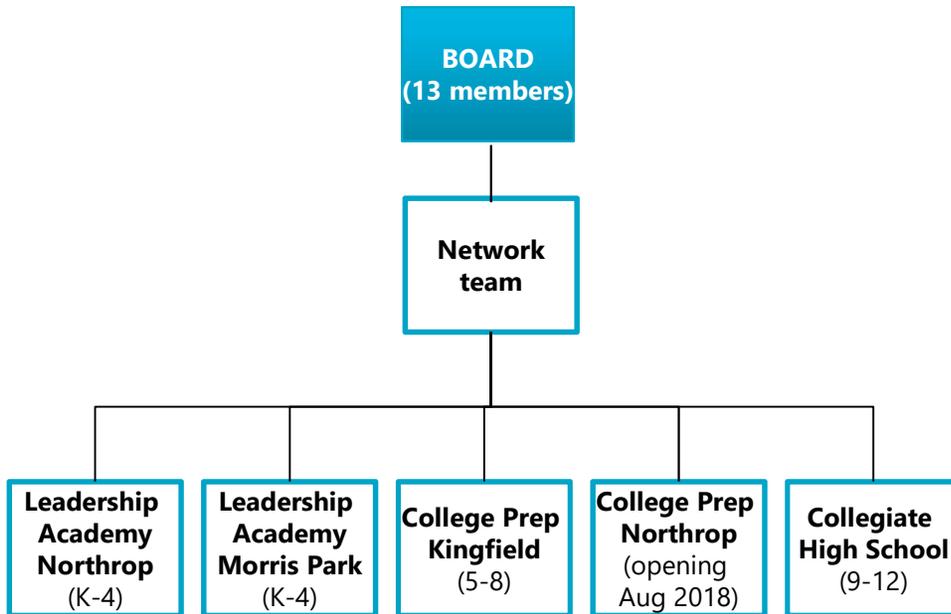
The current governance structure is complex for a network serving 900 scholars...



The governance structure spans four boards, 30 board members, and 48 mandated board meetings across the year.

...especially since other multi-site charter networks in Minneapolis have one board with 10-14 board members.

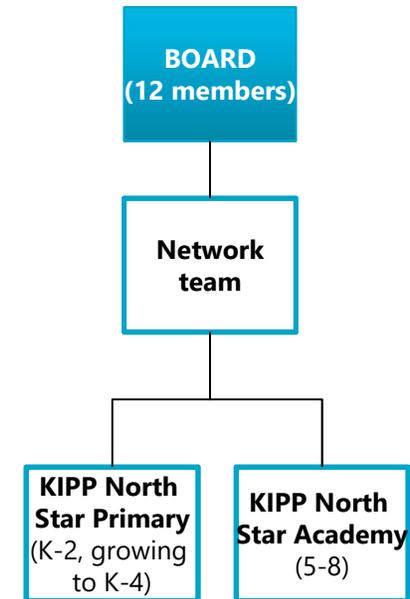
Hiawatha Academies



Under the current board structure, the organization is also able to host several board committees including:

- Academic achievement
- Finance
- Human Capital
- Strategy, growth, and facilities
- Development
- Governance
- Parent engagement

KIPP Minnesota



Under the current board structure, the organization is also able to host several board committees including:

- Executive
- Governance and HR
- Finance and operations
- Development
- Family and community engagement

Additionally, the network’s current governance structure does not meet charter requirements.

	What did we look for?	What did we find?
School boards establish vision and direction	<ul style="list-style-type: none"> Does the school board establish a clear vision and direction for the organization? 	<ul style="list-style-type: none"> Overall, there does not seem to be a clear, shared vision for excellent instruction nor a clear path to reach that vision. Additionally, any vision or direction seemed to be set by the CMO vs. the boards.
School boards exercise fiduciary oversight & authority	<ul style="list-style-type: none"> Does the school board set a budget aligned to the set direction? Does the school board have processes and controls required to ensure finances are properly managed? 	<ul style="list-style-type: none"> School budgets seemed to be created by the CMO with little review or input from school boards, although that seems to be changing this year. School boards report receiving the budget a few days before they are asked to approve it. There seem to be no formal process or controls for making significant purchases. The board also reports not learning about significant purchases, liabilities, and/or financial decisions before they are made.
School boards make key decisions	<ul style="list-style-type: none"> Has the school board clearly articulated roles and responsibilities of the board vs. other entities? Is the school board ultimately responsible for decisions that have significant impact on student outcomes, financial sustainability, and operational excellence? 	<ul style="list-style-type: none"> While there is document outlining the roles and responsibilities of the school board, very few individuals seem to utilize it. Board members and CMO staff both shared confusion about the role of the board. Key decisions seem to be made by the CMO vs. the school board.
School boards hire leaders and evaluate performance	<ul style="list-style-type: none"> Does the school board hire the school leader? Do they conduct a thoughtful evaluation of their performance? Do they take appropriate action if needed? 	<ul style="list-style-type: none"> The school board does hire the school leader. Boards do not believe they are in a position to thoughtfully evaluate the school leader or take appropriate action without external support.

Agenda

History

Current state

- o Academics
- o Organizational Performance
- o Student retention
- o Teacher recruitment, retention, & HR
- o Governance
- o **Finances**

Recommendations

Review of the network's finances revealed a challenging financial position

Key findings

Financial Performance

Negative Operating Results: Consistent operating losses over past three years for a combined loss of \$(1.9) million was driven by a combination of missed enrollment targets and operational challenges.

- ADM Decline – ADM has dropped for 3 consecutive years from FY15-FY17 resulting in an overall ADM decrease of 9.1% over this period despite continual backfilling of enrollment. SPED ADM has increased 36% over this same time period.
- Charitable Contributions - Donations are higher than the overall management fee paid to HNS over this time period.

Financial Position

Weak Financial Position: The impact of operating results and lack of financial reserves results in a weak financial position.

- Fund balance of \$0.9 million has declined by 50% over the past three years and is well under the target of \$4.6 million.
- Cash Position – the combined year-end cash balance decreased from \$0.8 million to \$0.3 million in FY17.

Long Term Contractual Commitments

- School level and CMO long term commitments create additional financial challenges.
 - Copiers
 - Building lease agreements
 - Long term debt

Network costs remain high on a per pupil basis and need to be addressed.

Overall spending has not been adjusted to align with reduced ADM levels

- General Education spending per ADM has increased: Total spending on general education salaries has remained flat, despite the 9.1% decrease in enrollment.
- Instructional Staffing ratios are low: The table below shows instructional staffing ratios for both general and special education staffing in FY18. With an average class size of 20, each school is averaging 1.4 teachers and 3.1 adults per classroom.

	FY18 Information			
	Best	Harvest Prep	Mastery	Total
Staffing FTE				
General Ed Instruction	41.4	18.3	15.1	74.7
Special Ed Instruction	32.2	15.8	20.0	68.0
Total Special Ed	39.5	20.4	23.8	83.7
Student Counts*				
Total ADM	531	227	197	955
Special Ed Enrollment	84	35	36	155
Student to FTE Ratios*				
Total Students / General Ed Instruction	12.8	12.4	13.1	12.8
Special Ed Student / Special Ed Instruction	2.6	2.2	1.8	2.3
Special Ed Student / Total Special Ed	2.1	1.7	1.5	1.9
Total Students / Total Instruction	7.2	6.7	5.6	6.7

* NOTE: Student to FTE ratios were calculated using available student counts provided by HNS. This includes estimated FY18 ADM for general education students and estimated enrollment for special education students.

Additionally, financial operations need to be strengthened.

Key findings

Organization

- Separation of services between Designs for Learning and the internal Finance team leaves ambiguity over ultimate ownership and responsibility for financials while extending the timeline on monthly reporting. Internal finance resources also support SEED.

Approval process

- A lack of formalized approval processes contributes to an inability to manage and project financial results which is needed to establish and maintain a strong financial position.

Financial reporting and accounting

- Monthly financial reports are provided to the Board with transaction details; however, the monthly reporting does not reflect items that should be considered when evaluating financial position and results:
 - accrued expenses are not recorded on financial statements until year end;
 - restricted fund balances related to grant restricted funds are not tracked separately from general unrestricted funds;
 - off-balance sheet liabilities are not reported

Financial planning & budgeting

- While improvements have been made and are anticipated for FY18, there is no formal short or long term planning process that is used to frame financial resource allocation decisions.
- There is not a long term enrollment projection that leads to strategic budgeting and incorporates review of internal (changes in school programs) and external factors (nearby competition) that may impact enrollment.

Technology

- The organization has manual processes for AP, purchasing, payroll, invoice approvals and reporting.
-

Do these findings resonate with you?

10 minute break

Agenda

History

Current state

Recommendations

Our recommendations were crafted with the overall network as our intended audience.

We grouped our recommendations into immediate, short-term, and medium-term actions for ease of use.



Recommendations are grouped into immediate, short-term, and medium-term actions to ensure a focused and thoughtful sequence of activity.

Make key decisions

School boards will need to make two critical decisions that will **shape the trajectory of the organization** in both the short and medium term.

Lay foundation for next year.

The organization will need to **focus on a set of critical actions** needed to begin improvement efforts next year.

Begin improvement efforts.

The organization will need to focus on **building a strong culture as well as a strong foundation of academics, talent, finance, and operations.**

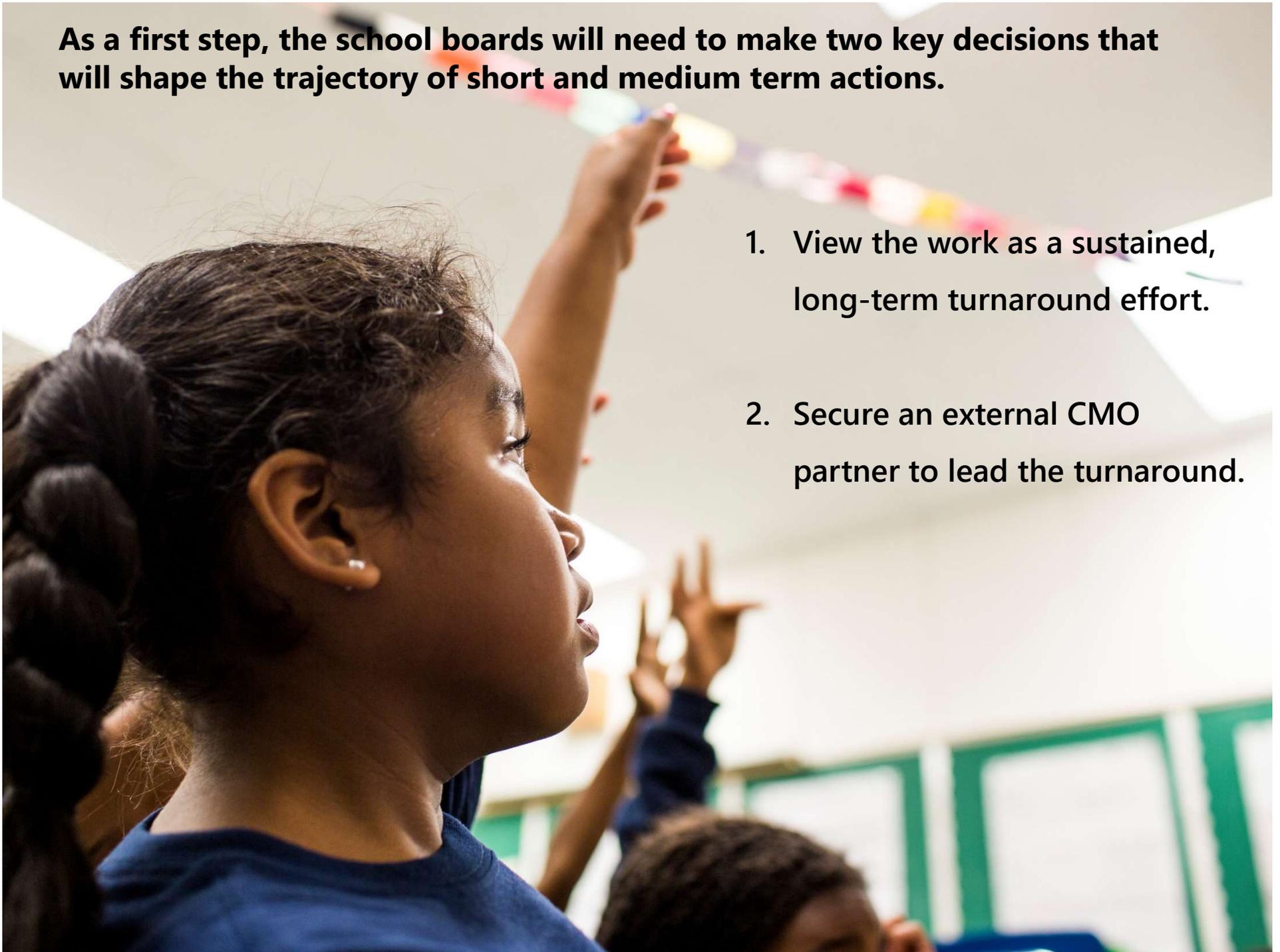
IMMEDIATE
(Feb 2018)

SHORT-TERM
(Mar – Jul 2018)

MEDIUM TERM
(Aug 2018 – July 2020)

As a first step, the school boards will need to make two key decisions that will shape the trajectory of short and medium term actions.

- 1. View the work as a sustained, long-term turnaround effort.**
- 2. Secure an external CMO partner to lead the turnaround.**



Rationale for Tntp Recommendation 1



The **range and severity of the issues** we observed at the network, especially around student and staff culture, **mimic those we often find in turnaround schools.**



Our experience working with turnaround schools and districts tells us that these **issues cannot be addressed by small, tactical changes.**



We know, from experience, that deep, system-wide issues can only successfully be **addressed by a deliberate and sustained turnaround effort.**

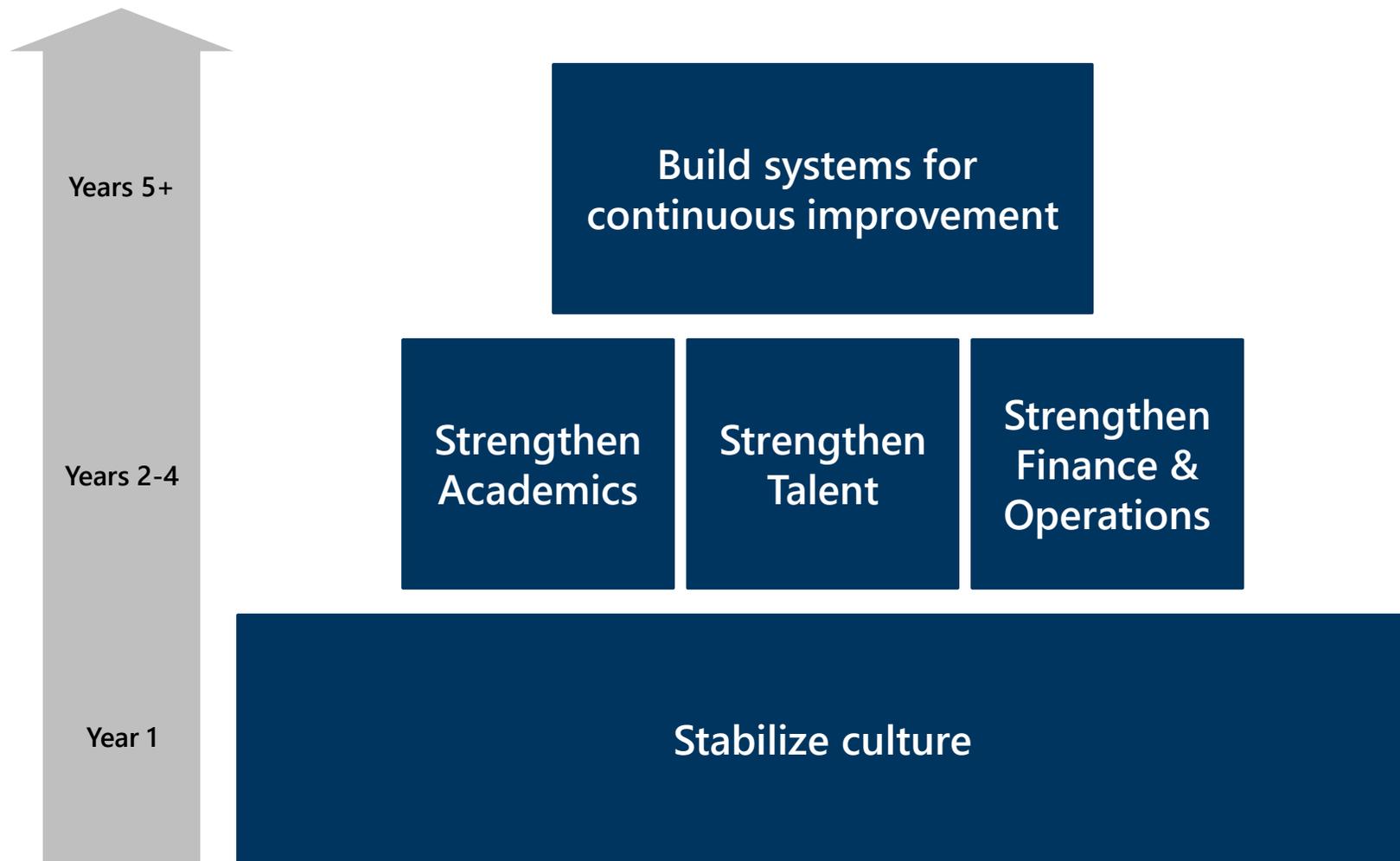


Every turnaround is different, but our research tells us that successful turnarounds **take at least 3-5 years.**

TNTP Recommendation 1

View the work as a sustained, long-term turnaround effort.

Turnaround efforts often take 3-5 years to successfully execute .



Rationale for Tntp Recommendation 2



Our research tells us that turnarounds are **incredibly difficult to execute and most turnarounds are unsuccessful.**



Our experience tells us that successful turnarounds are **often led by leadership with turnaround experience** who are exceptionally skilled at

- **Building a strong inclusive culture**
- **Implementing strong systems and structures**
- **Prioritizing and executing on those priorities**



Unfortunately, this network has

- **Struggled with building a strong culture**
- **Implementing required systems and structures**
- **Executing on recommendations and/or priorities**



Given that, we strongly recommend **securing an external CMO** to lead the turnaround efforts.

Backup: The 2014 AF Charter Accelerator Visit highlighted issues with staff culture, academic vision, talent systems, and organizational health...

Key findings

Staff culture & retention

- Key issues related to staff retention and workplace satisfaction that have not yet been addressed
 - While the organization has made major progress in terms of hearing teacher voice, there are still several key levers we think are at the heart of staff retention. We have grouped them in the following way:
 - intentionality of communication practices
 - ops/systems support
 - design of the instructional model and
 - significant gaps in the HR function
-

Academics

- There is a need to clearly define and communicate to staff what the vision for Harvest is, and to understand the implications of this for your organizational model, particularly for hiring, engagement, and retention.
 - Harvest needs to set the “bar” for culture and rigor
-

Talent

- Develop a stronger, systematic approach to developing a talent pipeline and talent development.
-

Organizational performance

- Decision rights between school leaders and network as well as who makes decisions within the network, are not clear.
-

Backup: ...while the 2016 AF Charter Accelerator report highlighted that issues from the 2014 continued to persist.

Key findings

Overall

- Many of the problems identified in Harvest's Critical Friends Visit of 2014 are still issues (creating operations systems, HR, transportation, executing on a clear instructional vision).

Academics

- There is a lot of work going on in schools, but it is not focused on a clear instructional strategy so that all staff are working towards a common goal, and each person knows his purpose in achieving that goal.
- Level of rigor of the lessons was low and the engagement of students to do critical thinking was limited.

Organizational performance

- When we asked...about how they plan to address particular problems, what we heard back were very broad descriptions of an approach, rather than a clear articulation of goals and strategies. Plans that do get made, do not appear to be consistently executed.
- Senior staff noted that meetings tend to be inconclusive - lacking clarity of purpose, specific decisions made, and opportunities for candid discussion.
- People are not empowered to make decisions, and there is a sense from staff that all decisions must come back to Eric, creating a bottleneck in getting things accomplished.

TNTP Recommendation 2

**Secure an external CMO partner to lead the turnaround efforts.
If securing an external CMO partner is not possible,
identify leadership to drive the turnaround.**

We have shared a lot of information.
Please take 5-10 minutes to write down
any questions and thoughts.

Recommendations are grouped into immediate, short-term, and medium-term actions to ensure a focused and thoughtful sequence of activity.

Make key decisions

School boards will need to make two critical decisions that will **shape the trajectory of the organization** in both the short and medium term.

Lay foundation for next year.

The organization will need to **focus on a set of critical actions** needed to begin improvement efforts next year.

Begin improvement efforts.

The organization will need to focus on **building a strong culture as well as a strong foundation of academics, talent, finance, and operations.**

IMMEDIATE
(Feb 2018)

SHORT-TERM
(Mar — Jul 2018)

MEDIUM TERM
(Aug 2018 — July 2020)

After key decisions have been made, we recommend that the organization focus the next five months on preparing for turnaround.



Core work for the next 5 months:

- **Address urgent, foundational issues**
 - Revise the financial model
 - Enhance financial operations
 - Move HR function from SEED
 - Ensure proper governance is in place
 - If possible, consolidate the network into one or two schools
 - **Build the foundation for year 1**
 - Ensure a strong team is in place
 - Develop a detailed turnaround plan
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Over the next 2 years, we recommend that the organization take action on the following recommendations.



Core work for SY2018-19:

- Create a safe and positive student culture
- Establish a positive adult culture
- Prepare for year two by
 - Refining the instructional vision
 - Preparing to implement rigorous content
 - Defining a comprehensive approach to academic supports

Core work for SY2019-20:

- Strengthen academics by
 - implementing new academic vision
 - new rigorous content, and
 - new approach to academic supports
- Build a more effective talent function
- Build an effective & efficient operations function

Closing

