



Innovation Network Schools in Indianapolis

Phalen Leadership Academies Takes the Lead

By Nithin Iyengar, Kate Lewis-LaMonica, and Mike Perigo

This article is part of a Bridgespan Group research project that focuses on a new wave of district-led “innovation zones” that holds promise to overcome the challenges of turning around failing schools and deliver significant improvements in student outcomes. This new wave provides a subset of district schools with control over staffing, curriculum, and budgeting. Such autonomy often is guaranteed by a contractual agreement and enabled by state law that can sustain the zone despite potential changes in district leadership. The schools are sometimes operated by a nonprofit that is held accountable to the school district for significant improvement in student outcomes.

Our research highlights the experiences of five school districts that are vanguards of this new wave of innovation zones—Chicago; Denver; Indianapolis; Memphis, TN; and Springfield, MA.

These innovation zones reveal certain design features that place a focus on improving teaching and learning over multiple years—the heart of any successful turnaround effort. Specifically promising innovation zones:

- Set ambitious goals
- Guarantee autonomy
- Improve teaching and learning
- Follow the students
- Are sustainable, scalable, and built to last

The article that follows looks in detail at one of the school districts profiled in the Bridgespan report [A New Wave of District Innovation Zones: A Promising Means of Increasing Rates of Economic Mobility](#).

Indianapolis is emerging as a potential leader in public education reform. The city’s 40-plus mayor-sponsored charter schools serve more than a third of students living within the boundaries of the city’s largest school district. And its 15 Innovation Network Schools, managed by third-party nonprofits like Phalen Leadership Academies, take advantage of an extraordinary level of autonomy in their quest to improve student achievement.

The Context

Public schools in Indiana get grades of their own each year on an “A” to “F” scale. Student performance on the Indiana Statewide Testing for Educational Progress-Plus (ISTEP+) tests influence a school’s grade, in addition to other factors such as the rate at which students improve.

Lewis Ferebee, who became superintendent of Indianapolis Public Schools (IPS) in September of 2013, wants all 68 schools in his district to earn an “A” and has confidence in their potential to do so—even though 42 percent of the schools in IPS were “F” by the state in 2016.

Ferebee’s next step: figuring out what each individual school needs in order to help its students succeed. IPS believes that many of the relevant insights come out of the schools themselves rather than from a central office that is several degrees of separation away from students. That is why the district has championed its Innovation Network Schools. These schools, for the most part, operate under contract with a nonprofit organization or

“We cannot address the challenges of 21st century education demands with antiquated thinking.”

LEWIS FEREBEE, SUPERINTENDENT, INDIANAPOLIS PUBLIC SCHOOLS

management team and outside of the district’s collective bargaining agreement. The contract empowers school leaders with the freedom and autonomy associated with charter schools. However, these schools retain some features of a traditional district school (for example, they use district facilities) and, importantly, are accountable to IPS for their performance.

In a letter to the editor of *The Indianapolis Star* dated October 30, 2016, Ferebee wrote: “We cannot address the challenges of 21st century education demands with antiquated thinking.”¹ The Innovation Network Schools approach represents a bold step forward in governance.

1 Lewis Ferebee, “IPS leader critical of political group’s allegations,” *The Indianapolis Star*, October 31, 2016, <http://www.indystar.com/story/opinion/readers/2016/10/31/ips-leader-critical-political-groups-allegations/93041942/>.

Indianapolis Paves the Way for Innovation Network Schools

In 2014 the Indiana legislature, with support from Superintendent Ferebee and the Office of the Mayor in Indianapolis, passed a law granting IPS the authority to create Innovation Network Schools. Under the legislation, school districts may grant “innovation schools” the authority to make decisions about all aspects of their schools—both academic and operational—and hold them accountable for agreed-upon student outcomes.

The new law reflected Ferebee’s conviction—supported by the Indianapolis Board of School Commissioners—that the leaders of struggling schools must have as much control as possible over resources, staffing, curriculum, and other factors that affect teaching and learning in their schools.

The legislation created four pathways for IPS schools to become Innovation Network Schools:

- Start Up: Create an Innovation Network school from scratch
- Transform: Make over an existing charter school into an Innovation Network School
- Reboot: The school board designates a struggling or failing district school as an Innovation Network School in partnership with an outside operator
- Convert: An existing IPS school, at any level of performance, applies for Innovation Network status

To date, IPS has relied primarily on the third option—restarting failing schools as innovation schools—to turn around low-performing schools. The IPS Office of Innovation, led by Aleesia Johnson, plays a central role in selecting IPS schools for restart. To do so, Johnson and her team utilize a process and set of criteria that were formalized during the 2016–2017 school year and will first be implemented in 2017–18. First, the Office of Innovation team looks at all IPS elementary schools in the bottom quartile of the district (based on state ISTEP results). The team homes in on those that are also demonstrating low performance growth and conducts a site visit in which district staff members collect qualitative data by interviewing teachers, students, and families. Based on this review, the Office of Innovation makes a recommendation to the school board about which schools need restarting.

After designating a school for restart, the Office of Innovation selects an outside partner (a nonprofit organization) to operate it. To date, the majority of partners (14 of 15 operators of Innovation Network Schools) have been selected with support from The Mind Trust, an Indianapolis nonprofit founded in 2006 by former Mayor Bart Peterson and David Harris, a policy advisor. They modeled the organization as a kind of venture capital investor for the city’s charter schools and education-focused nonprofits. When Indiana lawmakers enabled Innovation Network Schools in 2014, The Mind Trust quickly stepped up to partner with IPS and the mayor’s office to launch an Innovation School Fellowship.

Working in close partnership with the IPS Office of Innovation, The Mind Trust selects promising school operators and provides a one- to two-year salary to develop a school model for an Innovation Network School. At the end of the fellowship, these potential

operators go through an application and selection process mirroring those used by the Indianapolis mayor’s office for screening charter operators. Operators that meet the screening criteria move into a vetting process involving input from the school(s) they would serve. Ultimately, if an operator moves successfully through the entire process, the Office of Innovation submits the application to the Indianapolis Board of School Commissioners for approval; if it is approved, the operator signs a five-year contract. Typically, operating partner contracts are finalized in January so that the operator can prepare to take control of the school the following fall.

Restart schools are neighborhood schools, drawing students from within neighborhood boundaries set by the district. Many operate free of charge in IPS buildings, with free utilities and custodial and maintenance services. In general, state law exempts Innovation Network Schools from the same laws and regulations from which charters are exempt. Their operators have broad autonomy including control over hiring/firing of faculty and staff, school design, and the timing, length, and organization of the school day. IPS does not employ the school’s principal and teachers; they work for the operator, which can retain or replace them at the operator’s discretion.

The operator also has a great deal of control over the school’s budget. Most of the funding the state provides for students at an Innovation Network School simply flows through the district. By the terms of their contracts with the district, operators receive the full state per-pupil allocation for the children their schools serve. In 2016–2017, the state provided an average \$6,731 per student. By contrast, per pupil support for other district schools came to about \$5,955 after deduction for central office expenses.²

In exchange for this level of control, IPS holds the school operator contractually accountable for academic and operational performance—often at a standard higher than that for district schools. Outcomes in an operator contract might include, for example, a target for the percentage of students proficient on state assessments after three years, and the contract’s continued economic feasibility. Each school sets year-by-year state proficiency targets in partnership with the IPS Director of Principal Development, and monitors progress accordingly. All innovation schools present progress reports twice a year to the school board.

If either the operator or the district fails to fulfill the terms of their contract, either party can terminate the contract or refuse to renew it; otherwise, the district cannot interfere with the school’s autonomy.



Small group instruction, every day for every scholar, is a key part of the Phalen model.

2 Dylan Peers McCoy, “Indianapolis Public Schools Board OKs 2 More Innovation’ Schools In Effort To Reshape District,” WFYI Indianapolis, March 18, 2016, <http://www.wfyi.org/news/articles/indianapolis-public-schools-board-oks-2-more-innovation-schools-in-effort-to-reshape-district>.

Phalen Leadership Academies Pioneers “Restart” Innovation Schools

The first operator approved by the IPS Office of Innovation to restart a failing school as an Innovation Network School was the George and Veronica Phalen Leadership Academies (PLA). Founded in 2012, PLA currently operates two charter schools and two Innovation Network Schools in Indianapolis and manages one charter school in Gary, IN. Its first school, the George and Veronica Phalen Leadership Academy (GVPLA), currently serves grades K–6 and will grow to eventually serve students in grades K–8. The majority of the students attending the school are African American and qualify for free or reduced-price lunch. At the end of its second year, all of the third graders at GVPLA passed the state’s IREAD exam, and the school consistently outperforms other district schools in English language arts and mathematics.

The district matched PLA with the Francis Scott Key Elementary School (IPS #103) early in 2015. The Francis Scott Key Elementary School had historically been one of the lowest-performing schools in the state, and the lowest-performing in IPS, with fewer than 10 percent of its students passing state standardized tests. It is located in the low-income Far Eastside neighborhood of Indianapolis, and nearly all of its students qualify for free or reduced-price lunch. As PLA’s founder and CEO, Earl Martin Phalen, described the school’s

“With the creation of the state law, we were now positioned to do the work that The Mind Trust has been wanting to do for years, working collaboratively with the district to provide great leaders with high autonomies to create great schools”

BRANDON BROWN, SENIOR VICE PRESIDENT OF
EDUCATION INNOVATION, THE MIND TRUST

situation, “Students were far below grade-level—some of our sixth graders struggled to write their names.”³

PLA could take on the restart, in part because of its experience with other schools in Indianapolis, and in part because of the support of The Mind Trust. Phalen won funding as a fellow shortly after The Mind Trust created the Innovation School Fellowship in 2014. He received an annual stipend and benefits as well as numerous supports for developing the

school model that would eventually be used at Francis Scott Key. These supports included opportunities to visit and learn from leading schools across the country, personalized leadership development, and extensive coaching and feedback from experts on his school design and opening processes.

“With the creation of the state law, we were now positioned to do the work that The Mind Trust has been wanting to do for years, working collaboratively with the district to provide great leaders with high autonomies to create great schools,” said Brandon Brown, senior vice president of Education Innovation at The Mind Trust. “Shortly after, we created the fellowship program to provide school leaders the planning time they needed. It wasn’t clear that IPS had the resources internally to do this work on their own, and we were excited to collaborate with them.”⁴

3 Bridgespan interview with Earl Martin Phalen, January 17, 2017.

4 Bridgespan interview with Brandon Brown, April 11, 2017.

Designing and Implementing PLA's Approach for the Francis Scott Key Elementary School

Earl Martin Phalen's goal for each of the schools PLA operates is direct: "Beat the district, beat the state."⁵ More specifically, PLA aims to achieve 25 percent gains on state standardized tests in math and reading within five years of the start of its work in a given school.

To that end, and in accordance with its contract with IPS, PLA sets milestones for each school at the outset and then tracks progress. For example, the organization set the following milestones for the Francis Scott Key School: After establishing a more effective learning culture in Year 1, it aims to achieve a 10 percent increase (relative to results prior to PLA assuming control) in ISTEP Math and English/Language Arts in Year 2, and a 5 percent increase on those measures in Years 3 through 5.

These goals were front and center in the minds of both Phalen and Principal Agnes Aleobua as they prepared to reopen the Francis Scott Key as Phalen Leadership Academy at School #103 (PLA @ 103). They started by releasing the 53 teachers and hiring 42 new ones—teachers who had demonstrated prior success in turnaround settings and, importantly, who believed that students could achieve 1.5 years of academic growth per year.

To enable this model, Phalen and Aleobua also expanded the school's instructional capacity, hiring a teaching assistant for every classroom and two reading and math interventionists to lead small group instruction in the building.

These critical additions to the staff roster allowed PLA to implement an evidence-based instructional model that uses whole group, small group, one-on-one, and computer-based instruction to create a personalized learning experience. Within this system, students are regrouped on a daily basis, based on their performance data, to ensure that the instruction they receive meets their own explicit needs in real time. To support teacher improvement, PLA offered professional development in the months and weeks leading up to the school's opening, training teachers on the curriculum and the organization's approach to behavioral management, and beginning to build the strong team culture that is critical to turnaround work. PLA is also piloting and refining a systematic approach to continuous improvement. As of this writing, almost all PLA schools conduct weekly assessments in grammar, vocabulary, reading, and math.

Recognizing the importance of signaling a culture change and new standards of learning and performance to students and families, Phalen and Aleobua oversaw renovation of the building. Before the school year began, the school received new carpeting, paint, and desks, among other improvements. At the beginning of the year, PLA @ 103's teachers called each of their students' homes to learn more about the interests, hopes, needs, and concerns of both students and their families.

5 Bridgespan interview with Earl Martin Phalen, January 17, 2017.

Phalen and his leadership team did not consider contact with students and families a “one-and-done.” Rather, they believe that family involvement crucially aids turnaround efforts. Every four weeks, families receive a progress report detailing their student’s progress and requesting a signature to acknowledge that a parent or guardian has reviewed the report. (To date, more than 80 percent of parents and guardians have consistently signed and returned these reports.) PLA has also adopted the All Pro Dad program, an initiative for increasing fathers’ involvement in their children’s lives that utilizes a curriculum developed by Tony Dungy, the first black NFL head coach to win the Super Bowl when the Indianapolis Colts beat the Chicago Bears for the 2006 season.

Innovation, of course, comes with a price tag. Phalen has brought in nearly \$2 million in federal and philanthropic aid to pay for training, staff, and building upgrades at PLA @ 103. IPS provided start-up money, including about \$428,000 for “preoperational” expenses such as software licenses and hardware, in addition to the school’s per-pupil allocation.

Progress to Date and Path Forward

After one full year of operation, PLA @ 103 had promising results. Sixty-one percent of the students in third grade passed the state’s standardized reading test, up from 30 percent the year before. These results are encouraging because they signal momentum, even though student performance declined 5 percent on ISTEP math tests and improved only marginally (1 percent) on English language arts testing. They also reflect the achievement of more students: Enrollment at PLA @ 103 increased from 325 students in 2014–2015 to 400 in 2016–2017, a jump of more than 20 percent.

Having set the course at PLA @ 103, and Earl Martin Phalen expects increasingly positive results next year. Meanwhile, he plans to expand. For the 2016–2017 school year, PLA added a second Innovation Network School, Phalen Leadership Academy at School #93 (PLA @ 93). Next school year, it plans to add a middle school to serve students graduating from its two elementary schools.

With future plans to operate even more schools, PLA aims to build the kind of infrastructure it needs to implement a consistent model and provide reliable and consistent supports across its schools. Currently, PLA develops and oversees strategy for its schools, and manages non-instructional services such as payroll, finance, and HR, so that school leaders can focus on leading instructional improvement in their school buildings. Phalen and other PLA leaders would like to improve the organization’s capacity for recruiting and developing principals and teachers, enhancing its academic program, and coaching and supporting school leaders.

Phalen’s plans to increase PLA’s network by two schools per year over time, through a combination of innovation schools and charter schools, assuming he can sustain enough revenue to cover costs.

The Mind Trust—and its funders—remain an important partner to IPS in attracting and developing a pipeline of talented leaders for innovation schools. For his part, Phalen does not expect to take on the challenges of high school turnaround: “It’s a different animal

“Our biggest fear is what happens at the end of five years [when our contract comes up for renewal]. If the board changes or the district changes its view and becomes hostile about our contract . . . it’s a big fear. But our assumption is that if we keep doing our job, the school will be there for a long time.”

EARL MARTIN PHALEN, FOUNDER AND CEO,
PHALEN LEADERSHIP ACADEMIES

that requires a different approach,” he says.⁶ As a result, he is in the early stages of exploring partnerships with high-performing high schools in IPS to create a feeder pattern for PLA students when they complete middle school.

Sustaining this work will require ongoing political commitment from both the school board and city leadership, as well as the financial resources for building an organization. As Phalen has noted: “Our biggest fear is what happens at the end of five years [when our contract comes up for renewal]. If the board

changes or the district changes its view and becomes hostile about our contract . . . it’s a big fear. But our assumption is that if we keep doing our job, the school will be there for a long time.”⁷



Mike Perigo is a partner with The Bridgespan Group, working in the San Francisco office. He leads the firm’s Education practice. You may reach him at Mike.Perigo@bridgespan.org.



Nithin Iyengar is a manager in Bridgespan’s San Francisco office. Since joining Bridgespan, he has worked extensively on K-12 education. You may reach him at Nithin.Iyengar@bridgespan.org.



Kate Lewis-LaMonica is a case team leader in Bridgespan’s San Francisco office. You may reach her at Kate.Lewis-LaMonica@bridgespan.org.

6 Bridgespan interview with Earl Martin Phalen, January 17, 2017.

7 Ibid.

THE BRIDGESPAN GROUP

BOSTON 2 Copley Place, 7th Floor, Suite 3700B, Boston, MA 02116, USA. Tel: 617.572.2833

MUMBAI Bridgespan India Private Limited (registered address) 1086 Regus, Level 1, Trade Centre, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India. Tel: +91.22.6628.9624

NEW YORK 112 West 34th St., Ste. 1510, New York, NY 10120, USA. Tel: 646.562.8900

SAN FRANCISCO 88 Kearny Street, Suite 200, San Francisco, CA 94108, USA. Tel: 415.627.4500



www.bridgespan.org

contact@bridgespan.org

contactindia@bridgespan.org