

Case 77

Charter Schools Funding

Walton Family Foundation, 1991

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Background. The Walton Family Foundation, funded from the fortune of Wal-Mart founder Sam Walton in the late 1980s, first became involved in the field of education in the early 1990s. John Walton, family trustee and son of Sam Walton, felt strongly that education, and K–12 education in particular, was the field in which the foundation could wield the strongest leverage.¹¹²³ John Walton also became frustrated, however, with the Foundation's early grants in the field of education; as promising as the educational programs chosen for funding may have been, the programs yielded only transitory impact. Walton attributed this to the lack of strong entrepreneurial leadership at the grantee organizations. Backing away from funding specific programs, he led the Foundation to undertake a study of education to understand more clearly how it could achieve impact in the field. After the study, the Foundation concluded that power in the field of education, through financial control, should be transferred from political leaders to parents in the form of school choice and the ability to direct financial resources accordingly.¹¹²⁴

Strategy. The Foundation began funding individual charter schools in 1996. By the beginning of 2003, the Foundation had granted almost \$30 million in start-up grants to individual charter schools. In what the Foundation calls "Phase 1" of its support for charter schools, the strategy was to get a core set of charter schools up and running, both to show that they could work in practice and to have a set of data to study for improvement and scalability.¹¹²⁵ One of John Walton's priorities was that each school should be successful. Pressed by charter school organizations for more funding to build additional schools, Walton insisted on the improvement of existing charter schools first. He did not want poorly performing charter schools to drain the potential momentum the charter school movement might build.¹¹²⁶

In "Phase 2," the Foundation has aimed to build the support capacity of statewide charter school support organizations to stem the tide of opposition against the charter school movement. The Foundation perceived that a number of the original charter school supporters in the state legislatures were facing increasing pressure from charter school opponents to repeal legislation enabling the creation of charter schools in their states. The statewide organizations advocating for charter schools generally had fewer than two full-time staff members; the Foundation provided what it considered efficient investments in the form of operating grants to such organizations for research and media relations in the states. Similarly, the Foundation supported national organizations that in turn provided assistance to the state support organizations and facilitated a nationwide charter school network.¹¹²⁷

In addition, the Foundation has supported the financing of buildings to house charter schools, the lack of which is a frequent barrier to the more widespread establishment of charter schools. The Foundation's most significant contributions to that end have been grants totaling \$18 million to the Local Initiatives Support Corporation, created by the Ford Foundation, to create a grant program, financing center, and loan pool for charter school facilities, aimed at providing financial resources for charter school entrepreneurs and intended to attract additional support from other donors for the cause.¹¹²⁸

Impact. Since 1991, when Minnesota adopted the first charter school enabling law, thirty-nine other states and the District of Columbia have enacted similar laws. Approximately 3,600 charter schools operate nationwide.¹¹²⁹ In the fall of 2005, about one million students were enrolled in charter schools.¹¹³⁰ The Walton Family Foundation, while certainly not the only private funder of charter

schools, was one of the earliest and remains one of the biggest financial supporters of the movement.¹¹³¹ Perhaps more importantly, the Foundation serves as a stable source of support for the charter school movement while public support for charter schools sways with the latest research studies.¹¹³² The Foundation, committed to the conclusions in its education study and the convictions of John Walton, continues to make both planning and start-up grants to individual charter schools in targeted urban school districts to provide more charter school options to families in those districts.¹¹³³

Notes

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1124. "Salute to Effective Education Philanthropy," *Philanthropy Magazine*, January/February 2003.
1125. "Charter Schools: Challenges and Opportunities," *Philanthropy Magazine*, January/February 2003.
1126. Jonathan Schorr, *Hard Lessons: The Promise of an Inner City Charter School* (New York: Ballantine Books, 2002), 224–25.
1127. "Charter Schools," 2003.
1128. Ibid.
1129. "All About Charter Schools," *Center for Education Reform*, <http://www.edreform.com/index.cfm?fuseAction=document&documentID=1964>.
1130. Sam Dillon, "Backer of Charter Schools Finds They Trail in Financing," *New York Times*, 8/23/2005, A14.
1131. Jim Hopkins, "Wal-Mart Heirs Pour Riches into Reforming Education," *USA Today*, 3/11/2004, 1B.
1132. V. Dion Haynes, "Applications Halted; Hearing Set on Shifting Authority," *Washington Post*, 6/2/2006, B4.
1133. "Program Focus," *The Walton Family Foundation*, http://www.wffhome.com/program_focus.htm#A.%20Charter%20School%20Initiative.