

# THREAT FROM THE RIGHT:

*New Tactics Emerge as Privatizers Regroup*

May 2020



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# Introduction

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**T***hreat from the Right: New Tactics Emerge as Privatizers Regroup* is the fourth MTA report focusing on the major challenges that exist as hardline anti-government forces and corporate interests continue their assault on public education and unions.

As this report is published, we are in a time of great uncertainty. The rapid spread of the coronavirus and the need for social distancing have closed the doors of our schools and forced students, faculty and staff from their campuses. The pandemic has driven millions of Americans into unemployment, shuttered businesses and brought widespread economic devastation — taking an especially heavy toll on low-income communities, families of color, and immigrants. Plunging state and local revenues threaten fiscal instability for Massachusetts and could jeopardize public education at all levels, along with other public services. Resources that are a lifeline for students — including our classrooms and campuses — remain physically closed through the end of the school year.

The question for all is: *What's next?*

The MTA and other supporters of public education see the situation as a call to action, a time to join together and become closer — even while modeling crucial health precautions — to ensure that a more just world will emerge in the days ahead.

Previous MTA *Threat* reports — in 2013, 2016 and 2018 — have catalogued the decades-long efforts by right-wing donors and groups, joined by their ideological and corporate allies, to privatize ever more areas of government and to silence unions in their fight for the common good and a publicly funded education system that helps create equity for all. These reports have served to expose the organizational, financial and legal assaults being waged as part of the drive to grab more control of the public money spent on preK-12 schools, higher education and other essential services. This addition to the *Threat* series provides an update on the issues we face as the coronavirus crisis unfolds and the right wing and education “reformers” turn to new tactics and strategies to undermine the public good, both locally and nationally.

One reality now in sharp focus is the deep economic disparity that exists between the very wealthy and the rest of us. The pandemic exposes the longstanding fragility of some school districts, colleges and universities, and it reveals the precarious position of public higher education employees, Education Support Professionals and others working without adequate health insurance and other vital benefits. It heightens the awareness of the divide that prevents many Massachusetts residents from accessing needed technology, and it points to the terrible consequences of rising student debt. Together, these problems result in large measure from failures such as austerity budgets, dire shortfalls in state funding, and the lack of adequate resistance by public officials to charter schools and other forms of privatization — including the exertion of significant influence by donors and corporations on our campuses.

The donors whose activities are detailed in this report, who are among the wealthiest people in the world, will remain insulated from the economic ruin that many others currently face. As they continue to look for ways to expand charters and other education experiments in Massachusetts, they will always have sufficient resources to attempt to shape the education debate, influence policy and underwrite groups determined to harm public education and unions.

Indeed, the pandemic could present the opening that privatization advocates have consistently sought.

In the aftermath of Hurricane Katrina in 2005, the state of Louisiana took over New Orleans' schools, creating an all-charter district. The takeover, justified by the state as a way to tackle low-performing schools, attracted hundreds of millions of dollars from donors whose giving carried a hard edge. The result: a highly charged competition for favored students, with charter operators "hoping to outperform the market for test scores, chasing a limited supply of philanthropic dollars," wrote researcher Andrea Gabor. "For children, there is the Darwinian game of musical chairs — with the weakest kids left out when the music stops and failing schools close, or when they are counseled out of schools that can't, or won't, deal with their problems."<sup>1</sup>

Despite the continuing strength of public education in Massachusetts — a credit to members of the MTA and their fellow educators who provide it — the lessons learned from that precarious time bear remembering. Experiments promoted by privatization advocates, such as state takeover zones and "portfolio" schools, hurt students and damage public education. As major donors active here — including some of those who played a role in the charterization of New Orleans — put up their own or fellow investors' money, one result can be to discourage substantial state or federal investments in public schools and colleges.

Fast forward to today. As soon as public schools, colleges and universities were forced to adopt remote learning because of the pandemic, the fortunes of online and "edtech" companies improved. Given recent history, it is possible that Governor Charlie Baker, his education team and friendly donors — especially those pushing technology as a permanent fix to replace true teaching and learning, with its face-to-face interaction between students and educators — will use the crisis as a way to accelerate privatization.

This report demonstrates clearly that educators, parents, students and other allies in the fight for public education — who helped the MTA-backed Fund Our Future coalition bring home the *Student Opportunity Act* and are now fighting to win passage of the *Cherish Act* and the Fair Share Amendment — must be more vigilant than ever in the days ahead. They must overcome the new financial vehicles that allow dark money to find its way into ballot fights, support astroturf groups that seek to weaken public education, and fund programs and products that turn classrooms and campuses into profit centers for billionaires. But the crisis also provides an opportunity for everyone to fully appreciate public education and demand the government support it deserves. In addition, it presents a chance to use union power to shine a light on trends such as the incursion of opaque financing mechanisms into important policy issues. Circumstances will shift, and revenue figures and responses will change as the pandemic's trajectory develops. Understanding the issues presented in *Threat from the Right: New Tactics Emerge as Privatizers Regroup*, however, is paramount.

The pages ahead demonstrate the depth of the threat, but they also provide information about the opportunity that is at hand, as symbolized by the Red for Ed movement that swept the country not long ago and remains a force today. By demanding transparency and defeating the opportunists and ideologues described here, as they have so often in the past, educators and their unions can seize this moment to protect the common good and demonstrate that a vision for a better society is shared throughout the nation.

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1 *After the Education Wars: How Smart Schools Upend the Business of Reform*, Andrea Gabor, *The New Press*, June 2018, p.198

**THE MASSACHUSETTS  
CHARTER SCHOOL  
EXPANSION DRIVE  
IN PERSPECTIVE**



Nearly four years after losing their campaign to massively raise the cap on charter schools in Massachusetts, privatization advocates are still casting about for a new message — and messengers — to reduce public control of the approximately \$17 billion spent in one year on preK-12 public education in Massachusetts.<sup>1</sup> The 2016 defeat of Question 2 at the hands of public education supporters, with substantial leadership from the Massachusetts Teachers Association, continues to resonate as a major check against state and national crusades to privatize more segments of public education.

In her 2020 book, *Slaying Goliath*, education researcher Diane Ravitch includes the failed 2016 Massachusetts charter expansion initiative as one powerful example of educators, parents and community leaders successfully pushing back against education “reformers” who “had promised a dramatic transformation in American education, based on their strategy of high-stakes testing, teacher evaluation by test scores, charter schools, and closing low-scoring public schools.”<sup>2</sup>

While the defeat clearly pulled local charter proponents up short, the results were also a Massachusetts shot heard ’round the charter world. Since 2016 — which featured not only the defeat of Question 2 but also voters’ rejection of a ballot initiative in Georgia that would have given the state more authority to take over schools or convert them to charters — there has been only one other state ballot initiative promoting education privatization, a defeated 2018 Arizona measure that would have expanded the state’s disability scholarship program to all students.<sup>3</sup>

Losses at the polls are not the only sign of the changing charter landscape. Nationally, the number of new charter schools approved has been declining since a high-water mark in the 2013-2014 school year, while the number of charter school closings has increased.<sup>4</sup> In 2019, the Massachusetts Board of Elementary and Secondary Education declined to authorize any new charter schools.<sup>5</sup> Another setback came from the high-profile charter school City on a Hill, which consolidated locations after surrendering the charter for its New Bedford campus and was put on probation by the BESE.<sup>6</sup> Charter schools dotted the 2019 list of Massachusetts schools said to require targeted assistance from their districts because of low test scores.<sup>7</sup>

One challenge for charter supporters is the lack of results from their publicly funded but privately operated school experiments. A 2019 study by the National Center for Education Statistics shows that there has been no significant difference in achievement between charters and traditional public schools. As Ravitch puts it: Despite the billions of dollars spent by federal, state and local governments and deep-pocketed philanthropists, the “reforms” never materialized. “The leaders of this charade had confidently predicted that success was just beyond the horizon. But as so often happens with mirages, the horizon kept receding farther away. None of their promises and claims

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1 “Per Pupil Expenditure Details,” Massachusetts Department of Elementary and Secondary Education, March 2020, <http://www.doe.mass.edu/finance/statistics/per-pupil-exp.xlsx>

2 *Slaying Goliath: The Passionate Resistance to Privatization and the Fight to Save America’s Public Schools*, Diane Ravitch, Alfred A. Knopf, January 2020, p.5

3 Arizona Proposition 305, Ballotpedia, [https://ballotpedia.org/Arizona\\_Proposition\\_305,\\_Expansion\\_of\\_Empowerment\\_Scholarship\\_Accounts\\_Referendum\\_\(2018\)](https://ballotpedia.org/Arizona_Proposition_305,_Expansion_of_Empowerment_Scholarship_Accounts_Referendum_(2018))

4 Charter schools openings and closings, National Association of Charter School Authorizers, <https://www.qualitycharters.org/authorizing-by-the-numbers/charter-schools/>

5 “State board opts against approving new charter schools,” State House News Service, 2/12/2019, <https://www.southcoasttoday.com/news/20190212/state-board-opts-against-approving-new-charter-schools>

6 “City On A Hill Charter School Network Placed On Probation,” WBUR, 2/25/2020, <https://www.wbur.org/edify/2020/02/25/city-on-a-hill-charter-school-probation>;

7 “Here are the 199 Mass. schools that need targeted assistance,” *The Boston Globe*, 9/24/2019, <https://www.bostonglobe.com/metro/2019/09/23/here-are-mass-schools-that-need-targeted-assistance/Eaoij469xLCUOshk0oqPN/story.html?event=event12>



came true. Judged by their own chosen metrics — standardized test scores — the fake ‘reformers’ failed.”<sup>8</sup>

Make no mistake: It’s far too soon to declare the charter movement close to over, or even fundamentally deterred, since the ideological opposition to a true system of public schools and the overall amount of public funding will always make public education a ripe and tempting target for tinkering, or worse. It is evident, though, that the march to build out an alternative school system is being forced to take some new routes in both Massachusetts and the nation as a whole. Many carry their own particular brand of danger to public education and the common good.

Over the last couple of years, privateers have been looking for a new twist on “reforms.” There are major financial commitments nationally to new school models, inspired by Silicon Valley’s emphasis on technology or rising interest in “portfolio” school models, all with a murky mix of for-profit interests. Privatization advocates, including President Donald Trump and the local Pioneer Institute, are also betting more on private and religious schools, the focus of education “reformers” long before charters took hold.

Across the spectrum, teachers remain under assault, facing frontal public attacks from “astroturf” popups — groups appearing to be grassroots organizations that are actually funded by privatization leaders trying to drown out educators’ voices. These efforts carry the not-so-subtle message that in the war over education policy, educators and their unions are the enemy.

**The Future of Governor Charlie Baker.** The governor has tackled education policy in fits and starts, most notably with his all-in effort to promote the Question 2 charter initiative. The 62 percent to 38 percent defeat of the ballot question remains the most stinging repudiation of Baker’s priorities since he won election in 2014. While as of the publication of this report he had not formally announced plans to run for a third term, Baker has retained his top political advisors even as his supporters fund a political action committee, advised by Baker’s finance director, to influence local and legislative races.<sup>9</sup>

The Massachusetts Majority PAC had raised more than \$1.2 million as of February 2020, seeking to influence 15 mayoral and city council races in 2019 and three legislative contests in early 2020. Major contributors include Baker’s reliable supporters and several of the largest Question 2 donors, including Suffolk Construction CEO John Fish and tech scientist Charles Longfield. Amos and Barbara Hostetter, whose fortune fuels the pro-privatization Barr Foundation, were also among the top donors to both the Baker-aligned PAC and the “yes” campaign for Question 2.<sup>10</sup>

Even if the governor does not end up running for a third term, Baker and his education team, led by longtime charter school advocate and now Education Secretary Jim Peyser and Education Commissioner Jeffrey Riley, have significant time left to influence education policy. There is room to attempt more creative end runs around democratically elected school boards and to try to carve out special charter districts. The Boston Public Schools will clearly get more attention: After being battered by a critical state report, Boston’s schools will operate under a quasi-receivership structure

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8 *Slaying Goliath: The Passionate Resistance to Privatization and the Fight to Save America’s Public Schools*, Diane Ravitch, Alfred A. Knopf, January 2020, pp.4-5

9 “PAC with ties to Baker getting active,” *CommonWealth*, 10/31/2019, <https://commonwealthmagazine.org/politics/pac-with-ties-to-baker-getting-active/>

10 Massachusetts Majority data, Campaign finance database, Office of Campaign and Political Finance, <https://www.ocpf.us/Filers/Index>

brokered with the Baker administration, with the threat of full receivership.

Baker can shape the fate of decisions about education spending and scheduled *Student Opportunity Act* funding that were intended to not only increase money for preK-12 public schools, but, by extension, to boost funds flowing to charter schools. The funding picture won't be clear, however, until legislators and Baker weigh federal stimulus funding for education against declining state revenues from the coronavirus outbreak.

One Baker team member apparently missing from the governor's future official education decisions is tech executive Paul Sagan, who gave nearly \$600,000 to the pro-Question 2 campaign while playing a key role in overseeing all preK-12 public schools in Massachusetts as chair of the BESE. Sagan left the state board and was replaced as chair in March 2019 by Babson College Chief Administrative Officer Katherine Craven.<sup>11</sup>

**More Experiments in School Structures.** Education “reformers” who want to privatize public schools share a common belief: They consider classrooms laboratories of sorts, with their philanthropic money posing the ultimate disruption to a public school system they can't control. Changing the size of high schools and forcing more testing on students are just two expensive examples of recent national experiments spurred on by philanthropists. For-profit school operators thought they could one-up public schools with chains such as Edison Inc. and the bankrupt Education Alternatives Inc., which falsely claimed they could run schools for less than districts while producing greater student achievement.<sup>12</sup>

States including California, Florida, Ohio, Wisconsin and Education Secretary Betsy DeVos' home state, Michigan, along with Massachusetts, egged on by philanthropic groups, are littered with the wreckage left by charter schools that closed or were funded and never opened.

These experiments come with a cost. A 2019 Network for Public Education study concluded that 11 percent of charter schools funded through the federal Charter School Program between 2006 and 2014 never opened and that another 26 percent were closed, at a cost to taxpayers of more than \$500 million. Some \$4.6 million in federal money paid for now-defunct Massachusetts charter schools, and the state has had at least 17 “ghost” schools — schools that were funded but never opened, the study said.<sup>13</sup>

Still persistent, though, the privateers may have learned enough in Massachusetts since 2016 to define their approach to seizing public school assets by using terms aside from “charter.” Foundations and donors nationally are emphasizing “innovation” — their currently preferred emblem for “disruption” in public schools through “portfolio” schools or the New Orleans model. In Massachusetts, that thinking has encouraged experiments such as the failed New Bedford

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*A 2019 Network for Public Education study concluded that 11 percent of charter schools funded through the federal Charter School Program between 2006 and 2014 never opened and that another 26 percent were closed, at a cost to taxpayers of more than \$500 million.*

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11 “Paul Sagan, chairman of Massachusetts Board of Elementary and Secondary Education, steps down,” *MassLive*, 3/26/2019, <https://www.masslive.com/news/2019/03/paul-sagan-chairman-of-massachusetts-board-of-elementary-and-secondary-education-steps-down.html>

12 “F” Is for Fizzle: The Faltering School Privatization Movement,” *The American Prospect*, 11/19/2001, <https://prospect.org/education/f-fizzle-faltering-school-privatization-movement/>; “The failures of for-profit K-12 schools,” *The Washington Post*, 10/4/2013, <https://www.washingtonpost.com/news/answer-sheet/wp/2013/10/04/the-failures-of-for-profit-k-12-schools/>

13 “Still Asleep at the Wheel: How the Federal Charter Schools Program Results in a Pileup of Waste and Fraud,” Network for Public Education, February 2020, <https://networkforpubliceducation.org/wp-content/uploads/2020/02/Still-Asleep-at-the-Wheel.pdf>

“neighborhood” charter school model. The takeover methodologies created in Springfield and Lawrence are looming threats as potential future strategies for the Baker administration to muscle its way into lower-performing districts.

Personalized learning and the ongoing parade of tech products into classrooms will commingle more public and private money as the state continues its public-private partnership through the MAPLE/LearnLaunch experiment,<sup>14</sup> seeks quick fixes for student achievement, and explores options it may pursue for schools that were closed early in 2020 because of the COVID-19 pandemic.

**Rhetoric Packaged by Astroturf Groups.** With the experiments comes a change in messengers. A consulting group’s assessment of the Question 2 debacle, paid for by the Walton family, concluded that the privatization campaign failed in part because the out-of-state influences and lack of diversity on the pro-charter side were no match for the “no” campaign of educators and parents highlighting the devastating financial drain of charters on public schools. “Voters wanted to hear about the impact of charter schools from those who would be affected the most by a cap raise: teachers, parents, and students,” the Global Strategy Group assessment said. “These voices were largely absent from the conversation on the Yes side. But voters turned to, and trusted, the opposition’s primary messengers: teachers.”<sup>15</sup>

That conclusion helped shape a significant development: the reduction of influence or departure of some corporate-style “reform” groups such as Stand for Children and Families for Excellent Schools in favor of groups and nonprofits created to suggest a home-grown effort to take on public schools. Instead of being actual grassroots groups that emphasize diversity in school leaders and teachers, however, these organizations are relying on the same donors, many of them based out of state, that helped finance and direct the 2016 charter campaign. Though these groups say they are speaking for parents, it’s difficult to separate their stated mission from their leaders’ backgrounds and the money behind them.

**Massachusetts Parents United: Born in New York, Funded from Arkansas.** Massachusetts Parents United says it speaks for parents in the Commonwealth as it seeks to shape state education policy and counter the influence of educators and their unions. Yet MPU was founded by a veteran of astroturf organizing and created through the New York charter school group Education Reform Now, a center for the Northeast charter school movement. Financed by the Walton family and other privateers and based in New York, ERN is the parent organization of the political group Democrats for Education Reform. It also created Educators for Excellence, an anti-union teacher group, and the now-defunct Families for Excellent Schools, also from New York.<sup>16</sup>

In 2016, MPU’s founder and a DFER board member, Keri Rodrigues, was the spokesperson and state director for the shadowy Families for Excellent Schools, which managed the charter campaign for the local ballot committee Great Schools Massachusetts and left Massachusetts after its political

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14 “Maple: About Us,” <https://learnlaunch.org/maple/about-us/>

15 Global Strategy Group memo to Walton Education Coalition, March 2017, <https://assets.documentcloud.org/documents/4442316/WaltonQuestion2Full.pdf>; “After a political rout, New York’s wealthiest charter group searches for an identity,” Politico, 11/15/2017, <https://www.politico.com/states/new-york/albany/story/2017/11/14/after-a-political-rout-in-massachusetts-new-yorks-wealthiest-charter-group-searches-for-an-identity-115679>

16 “How DFER Leaders Channel Out-of-State Dark Money,” PR Watch, Center for Media and Democracy, 3/31/2016, <https://www.prwatch.org/news/2016/03/13065/how-dfer-leaders-channel-out-state-dark-money-colorado-and-beyond>

committee was fined and shut down by the state.<sup>17</sup> DFER, its parent group ERN and campaign lead FES all moved money through political committees supporting the Question 2 campaign.<sup>18</sup>

Rodrigues runs MPU's political arm as the president of Massachusetts Parent Action, a 501(c)4 group that pays consulting fees and MPU salaries,<sup>19</sup> while leading the 501(c)3 organization MPU, along with local directors and a Florida director, Christine Cullison.<sup>20</sup>

Education Reform Now, at a minimum, acted as the fiscal agent for MPU in handling its initial money. Tax records from the Barr Foundation, funded by Boston developer and Question 2 donor Amos Hostetter, show a \$1,000 contribution from Barr to ERN to pay for "scholarship support" for attendees of MPU's initial "convention" in August 2017.<sup>21</sup>

The Arkansas-based Walton Family Foundation — which boosted Question 2 with funding for FES and had two family members combining to give \$2.5 million, or about one-tenth of what was raised, directly to the campaign — gave MPU at least \$520,000 in 2017 and 2018,<sup>22</sup> appearing to be the largest donor. Maurice Cunningham, a University of Massachusetts Boston associate professor and noted researcher on privatization, has examined this issue in depth and reported on Walton support of the MPU, both directly and indirectly, in his blog, *masspoliticsprofs.org*.

Other donors include charter backer Charles Longfield, through his Longfield Family Foundation, with \$1,000; the Irene E. and George A. Davis Foundation with \$2,500; and The Boston Foundation, which gave \$38,000 in 2018.<sup>23</sup>

**The National Parents Union.** After incorporating in Massachusetts in 2019, MPU declared plans to create a national network of similar groups under the umbrella of the National Parents Union, again with Walton Family Foundation money.<sup>24</sup> The NPU was founded on paper by Rodrigues and Alma Marquez, another astroturf organizer who co-founded the Los Angeles Parents Union, which helped enact the so-called Parent Trigger law in California under the guise of empowering parents in public education.<sup>25</sup>

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17 "Parent provocateur," *CommonWealth*, 7/10/2018, <https://commonwealthmagazine.org/education/parent-provocateur/>; "Families for Excellent Schools planning to close following CEO's firing," *Politico*, 2/5/2018, <https://www.politico.com/states/new-york/city-hall/story/2018/02/05/families-for-excellent-schools-planning-to-close-following-ceos-firing-235707>

18 Massachusetts Office of Campaign and Political Finance database, <https://www.ocpf.us/Filers/Index?q=95424&section=Reports#>; "Gov. Baker, pro-charter Democrats team up for Question 2," *Lowell Sun*, 10/25/2016, <https://www.lowellsun.com/2016/10/25/gov-baker-pro-charter-democrats-team-up-for-question-2/>

19 Form 990, Massachusetts Parent Action, 2018, [https://apps.irs.gov/pub/epostcard/cor/822269311\\_201812\\_9900\\_2020013017088076.pdf](https://apps.irs.gov/pub/epostcard/cor/822269311_201812_9900_2020013017088076.pdf)

20 Articles of Organization, Massachusetts Parent Action, Massachusetts Secretary of State, Massachusetts, 7/24/17, Articles of Organization, Massachusetts Parents United, Massachusetts Secretary of State, 4/25/2017, Annual Report, Massachusetts Parent Action, Massachusetts Secretary of State, 4/5/2019; Annual Report, Massachusetts Parents United, Massachusetts Secretary of State, 4/5/2019,

21 Form 990, Barr Foundation, 2017, <https://pdf.guidestar.org/PDF/Images/2017/046/579/2017-046579815-101776c5-F.pdf>

22 Walton Family Foundation grants database, Massachusetts Parents United, 2017 and 2018, <https://www.waltonfamilyfoundation.org/grants-database?q=massachusetts+parents&s=1>

23 Foundation Center grants database, Massachusetts Parents United

24 "'National Parents Union' to Challenge Political Influence of Teachers Groups," *USA Today*, 1/13/2020, <https://www.usnews.com/news/education-news/articles/2020-01-13/national-parents-union-to-challenge-political-influence-of-teachers-groups>

25 "Parent power: The secret weapon that swept in change for public education in Los Angeles," *LA School Report*, 5/25/2017, <http://laschoolreport.com/parent-power-the-secret-weapon-that-swept-in-change-at-laUSD/>; "Mothers of invention: Frustrated with the educational status quo and conventional parent organizing, two Latinas gave birth to a national parents union," *LA School Report*, 1/28/2020, <http://laschoolreport.com/mothers-of-invention-frustrated-with-the-educational-status-quo-and-conventional-parent-organizing-two-latinas-gave-birth-to-a-national-parents-union/>; "Power to the Parents," *GreatSchools.org*, 12/21/2011, <https://www.greatschools.org/gk/articles/parent-revolution/>

Marquez helped direct the Small Schools Alliance political committee, a group funded by charter school backer Eli Broad that was started by Green Dot schools founder Steve Barr to create public schools modeled after Green Dot charter schools.<sup>26</sup> She is also a board member of Great Schools, which is supported financially by major national charter donors including the Bill and Melinda Gates Foundation and the Walton Family Foundation.<sup>27</sup>

The NPU's other leaders<sup>28</sup> include advisor Shavar Jeffries, president of Democrats for Education Reform, the national charter political group started by hedge fund managers through Education Reform Now, which Jeffries previously served as president,<sup>29</sup> and board member Gerard Robinson, former executive director of the Walton-financed Black Alliance for Educational Options and now the executive director of the Center for Advancing Opportunity, a research initiative created by the Thurgood Marshall College Fund, the Charles Koch Foundation and Koch Industries.<sup>30</sup> Peter Cunningham, founder of the pro-charter *Education Post* website in Boston — who works for Whiteboard Advisors, an education policy, research and communications firm — is a board member of the NPU and a Great Schools board member along with Marquez.

A former Service Employees International Union president, Andrew Stern, identified initially on the NPU website and in news accounts as its “president emeritus” and considered by Rodrigues to be her “mentor,”<sup>31</sup> serves as “honorary senior adviser” to MPU.<sup>32</sup> Rodrigues has used antagonistic rhetoric suggesting that teachers have blocked parents’ input from shaping education policy, but Stern has tried to downplay disputes. He says of the national organization: “In the beginning, there will be tension with the teacher unions as they adjust to this.”<sup>33</sup>

Stern is a board member and employee of an education company called Cambiar Education, a nonprofit that runs a school leadership training program similar to the “academy” run by the Broad Center; he chairs it and invests in technology and school design groups through a venture fund.<sup>34</sup> Stern has been critical of what he considers the too-slow pace of the charter school movement — “the math is clear,” he says, that “charters are not the future” — and touts Silicon Valley-style innovation as the next experiment for public education.<sup>35</sup>

It’s not clear how successful Rodrigues and Marquez have been in creating a multistate organization.

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26 “About Us, Alma V. Marquez,” Delsol Group, <https://www.delsolgroup.com/about/>; “Give him an A for Ambition,” *Los Angeles Times*, 2/20/2007, <https://www.latimes.com/archives/la-xpm-2007-feb-20-me-barr20-story.html>; “A Chronicle of Echoes: Who’s Who in the Implosion of American Public Education,” Mercedes Schneider, Information Age Publishing, 2014, pp. 328-329, [https://www.amazon.com/reader/1623966736?\\_encoding=UTF8&query=Barr#reader\\_1623966736](https://www.amazon.com/reader/1623966736?_encoding=UTF8&query=Barr#reader_1623966736)

27 Bill and Melinda Gates Foundation grants database, <https://www.gatesfoundation.org/how-we-work/quick-links/grants-database#q=Great%20Schools&page=5>; Walton Family Foundation grants database, <https://www.waltonfamilyfoundation.org/grants-database?q=great+schools&s=1>

28 “Leadership,” National Parents Union, <https://nationalparentsunion.org/>

29 Form 990, Education Reform Now, 2018, [https://apps.irs.gov/pub/epostcard/cor/203687838\\_201812\\_990\\_2019120616930031.pdf](https://apps.irs.gov/pub/epostcard/cor/203687838_201812_990_2019120616930031.pdf)

30 “Our Story,” Center for Advancing Opportunity, <https://www.advancingopportunity.org/our-story/>

31 “Parent union forming to combat power of public school teachers unions,” Fox News Wilmington, 1/12/2020, <https://foxwilmington.com/headlines/parent-union-forming-to-combat-power-of-public-school-teachers-unions/>; “Former top labor official boosts parents group as counterweight to teachers unions,” *Washington Examiner*, 1/10/2020, <https://www.washingtonexaminer.com/policy/economy/former-top-labor-official-boosts-parents-group-as-counterweight-to-teachers-unions>

32 “Inside MPU,” Massachusetts Parents United, <https://www.maparents.org/inside-mpu>

33 “Former top labor official boosts parents group as counterweight to teachers unions,” *Washington Examiner*, 1/10/2020, <https://www.washingtonexaminer.com/policy/economy/former-top-labor-official-boosts-parents-group-as-counterweight-to-teachers-unions>

34 Form 990, Cambiar Education, 2017, [https://projects.propublica.org/nonprofits/display\\_990/813508420/02\\_2019\\_prefixes\\_77-81%2F813508420\\_201712\\_990\\_2019020516064240](https://projects.propublica.org/nonprofits/display_990/813508420/02_2019_prefixes_77-81%2F813508420_201712_990_2019020516064240;);

35 “Charter Schools Didn’t change the World — Now Let’s Move on From that Tired Debate,” Andy Stern, *The Daily Beast*, 2/4/2019, <https://www.thedailybeast.com/charter-schools-didnt-change-the-worldnow-lets-move-beyond-that-tired-debate>

The NPU's organizing timeline targeted getting all presidential candidates to sign its "Parent Action Agenda" by January 2020, but after an initial handful of news stories, there was no significant coverage of the NPU and its organizing by late April.

**The Massachusetts Education Equity Partnership.** Reflective of the lack of depth behind the privatization movement, Rodrigues speaks for a third group, the Massachusetts Education Equity Partnership, a collection of organizations that share many of the same donors that have been instrumental in promoting privatized schools and school operations.

The coalition includes Baker-friendly groups whose members backed the Question 2 charter-expansion campaign, including Latinos for Education, whose CEO, Amanda Fernandez, is a Baker appointee to the Board of Elementary and Secondary Education. Teach Plus and ERN offshoot Educators for Excellence, groups propped up with money from the Gates and Walton foundations, also belong to the coalition, along with Teach Western Mass and the He is Me Institute, organizations recently receiving funding from the Waltons and privatization donor NewSchools Venture Fund.<sup>36</sup> Stand for Children was a MEEP member until it shuttered its Massachusetts chapter.

The partnership's contribution to the privatization push is in trying to illustrate problems with public schools.<sup>37</sup> A 2019 report critical of Massachusetts schools relies on a mix of information from the National Center for Education Statistics, the Massachusetts Department of Elementary and Secondary Education and the Education Trust, a MEEP member whose donors also include the Barr, Boston, Gates and Walton foundations, along with some donors perceived as progressive.<sup>38</sup>

The creation of the partnership, MPU and the NPU is reminiscent of the right wing's voucher strategy: produce a list of groups purporting to support African American and Latino students and parents — the Walton family-funded Black Alliance for Educational Options and Hispanic Council for Reform in Educational Options, for instance — and then argue that vouchers are the equitable education solution. As the voucher debate waned, the BAEO spent down its assets and closed, including paying Acting President Jacqueline Cooper \$325,000 in 2017, its last year of operation.<sup>39</sup> The HCREO has gone dormant as well, with leaders moving on to help charter groups and voucher efforts.<sup>40</sup>

**Broadening the Assault Beyond Charters.** Long before the national charter movement took hold, critics of public education worked to build up private and religious schools as the alternative to public education. The voucher push dates to the 1980s, inspired by the late economist Milton

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36 "Walton Family Foundation Announces \$3.5 Million in Funding to Diversify the PreK-12 Teaching Profession," Walton Family Foundation news release, 10/24/2019, <https://www.waltonfamilyfoundation.org/about-us/newsroom/3-5-million-to-diversify-prek-12-teaching-profession>

37 "New education alliance, same funding crisis," *Bay State Banner*, Sept. 26, 2018, <https://www.baystatebanner.com/2018/09/26/new-ed-alliance-same-funding-crisis/>; "Troubling Trends, Promising Opportunities," Massachusetts Education Equity Partnership, 2/20/2020, <https://masseduequity.org/wp-content/uploads/sites/20/2020/02/Troubling-Trends-Promising-Opportunities-Moving-Towards-Equity-February-2020.pdf.pdf>

38 Education Trust, <https://edtrust.org/who-we-are/supporters/>

39 Form 990, Black Alliance for Educational Options, 2017, [https://projects.propublica.org/nonprofits/display\\_990/392015443/10\\_2018\\_prefixes\\_39-42%2F392015443\\_201712\\_990EZ\\_2018100315762946](https://projects.propublica.org/nonprofits/display_990/392015443/10_2018_prefixes_39-42%2F392015443_201712_990EZ_2018100315762946); "Unable to reinvent itself, Black Alliance for Educational Options to shut down after nearly 20 years," *Chalkbeat*, 10/25/2017, <https://chalkbeat.org/posts/us/2017/10/25/unable-to-reinvent-itself-black-alliance-for-educational-options-to-shut-down-after-nearly-20-years/>

40 "IRS Revocation Notice," Hispanic Council for Reform and Educational Options, <https://apps.irs.gov/app/eos/displayAll.do?dispatchMethod=displayAllInfo&id=876264&ein=743023330&country=US&deductibility=all&dispatchMethod=searchAll&isDescending=false&city=&ein1=&postDateFrom=&exemptTypeCode=al&submitName=&sortColumn=orgName&totalResults=1&names=Hispanic+Council+for+Reform+&resultsPerPage=25&indexOfFirstRow=0&postDateTo=&state=All+States>

Friedman, with hardline right-wing donors helping to create the first program in Milwaukee in 1990 and eventually pumping hundreds of millions of dollars into expensive experiments with vouchers, online schools and privately funded scholarships. Today EdChoice reports that 15 states and the District of Columbia have voucher programs covering about 192,000 students.<sup>41</sup>

Charter schools also emerged in the 1990s with a slower start — but they would later catch on nationally as an easier sell, given that they were marketed as public schools even though they are privately managed. With spottier national support for charters nowadays, some privatization advocates have renewed support for self-identified private education funded with public dollars.

The Pioneer Institute in Boston continues to promote charter schools while at the same time backing a national push to allow public money to be spent on tuition at religious schools, a move that could help vouchers and private scholarship programs. Pioneer provided legal briefs supporting a 2020 U.S. Supreme Court case, *Espinoza v. Montana Department of Revenue*, that challenged so-called Blaine amendments, adopted by states after Maine Representative James Blaine attempted in 1875 to add constitutional language prohibiting state governments from spending public money on religious schools. Massachusetts was the first state to add “Blaine amendment” language; it was followed by 35 other states.<sup>42</sup> In addition to providing legal help through its litigation arm, PioneerLegal, the institute has publicized its desire to nullify Blaine provisions through the high court case.

Pioneer’s supporters include backers of the charter effort and donors with longer histories of supporting private school vouchers and scholarship programs that help pay for private school tuition. The Walton Family Foundation, historically one of the most enthusiastic donors in support of vouchers, scholarships and charters, has given the Pioneer Institute at least \$1.4 million since 2011.<sup>43</sup> The Fidelity Investments Charitable Gift Fund, a donor-advised fund that does not disclose the identity of contributors to specific nonprofits, gives an average quarter-million dollars annually to Pioneer.<sup>44</sup> While Pioneer identifies donors, it is not clear which, if any, gave through the shielded Fidelity fund. It matters because together the Waltons and Fidelity’s gift fund provided more than one-fifth of Pioneer’s revenues in 2017 alone.<sup>45</sup>

Over time, the Lovett and Ruth Peters Foundation and, personally, Pioneer founder Lovett Peters and his wife, Ruth, now both deceased, have been identified as the largest donors in Pioneer’s 30 years, along with major donors including the Walton family and David Koch.<sup>46</sup>

While helping promote the arguments to repeal all Blaine amendments, Pioneer also endorses charter schools, homeschooling and virtual schools through “The Learning Curve” podcast, an institute messaging vehicle that gives privateers a platform and highlights the work of other right-leaning think tanks. A March podcast reflected the kind of guest Pioneer likes to feature: Democrats for Education Reform Chair Kevin Chavous, who is also a board member of the DeVos family’s American Federation for Children voucher group and was instrumental in the Walton-backed Black

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41 “EdChoice Fast Facts,” *EdChoice*, <https://www.edchoice.org/engage/fast-facts/>

42 “What is a Blaine Amendment?” FindLaw, 6/20/2016, <https://education.findlaw.com/curriculum-standards-school-funding/what-is-a-blaine-amendment.html>

43 Walton Family Foundation grants database, Annual Reports, 2011-2018, <https://www.waltonfamilyfoundation.org/grants-database?q=pioneer+institute&s=1>

44 Foundation Center grants database

45 Form 990, Pioneer Institute, 2017, [https://apps.irs.gov/pub/epostcard/cor/222632081\\_201809\\_990\\_2019072416520243.pdf](https://apps.irs.gov/pub/epostcard/cor/222632081_201809_990_2019072416520243.pdf); Foundation Center grants database

46 Annual Report, Pioneer Institute, <https://pioneerinstitute.org/download/2018-annual-report/>

Alliance for Educational Options; he is now working for the for-profit online school chain K12 Inc.<sup>47</sup>

Pioneer's interest in private education may get a boost from the Trump administration, which called for essentially eliminating the Charter Schools Program and rolling funding previously earmarked for charters into a \$19 billion block grant that would allow states to spend federal money as they choose.<sup>48</sup>

In his fiscal 2021 budget, Trump paired the charter school program change with a \$5 billion proposal to fund vouchers and private school scholarships that rely on tax credits — a change touted in 2019 by U.S. Education Secretary Betsy DeVos, whose family has dumped millions of dollars into voucher and scholarship programs nationally, especially in her home state of Michigan.<sup>49</sup> In fact, her activism on school “choice” issues, which included helping bankroll anti-public-education and anti-teacher causes, gave her the profile that helped Trump justify her choice as an education secretary with very little education experience.

If the two changes go through Congress — and there is doubt that there is majority support for such a drastic policy change — a governor could direct money to charter schools at the expense of public schools, while a more public-school-friendly governor could direct more federal money to public classrooms.

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47 The Learning Curve podcast, Pioneer Institute, <https://pioneerinstitute.org/podcast/the-learning-curve-new-national-education-podcast/>

48 “Why charter school leaders are furious at Trump and Betsy DeVos,” *The Washington Post*, 2/11/2020, <https://www.washingtonpost.com/education/2020/02/11/why-charter-school-leaders-are-furious-trump-devos/>

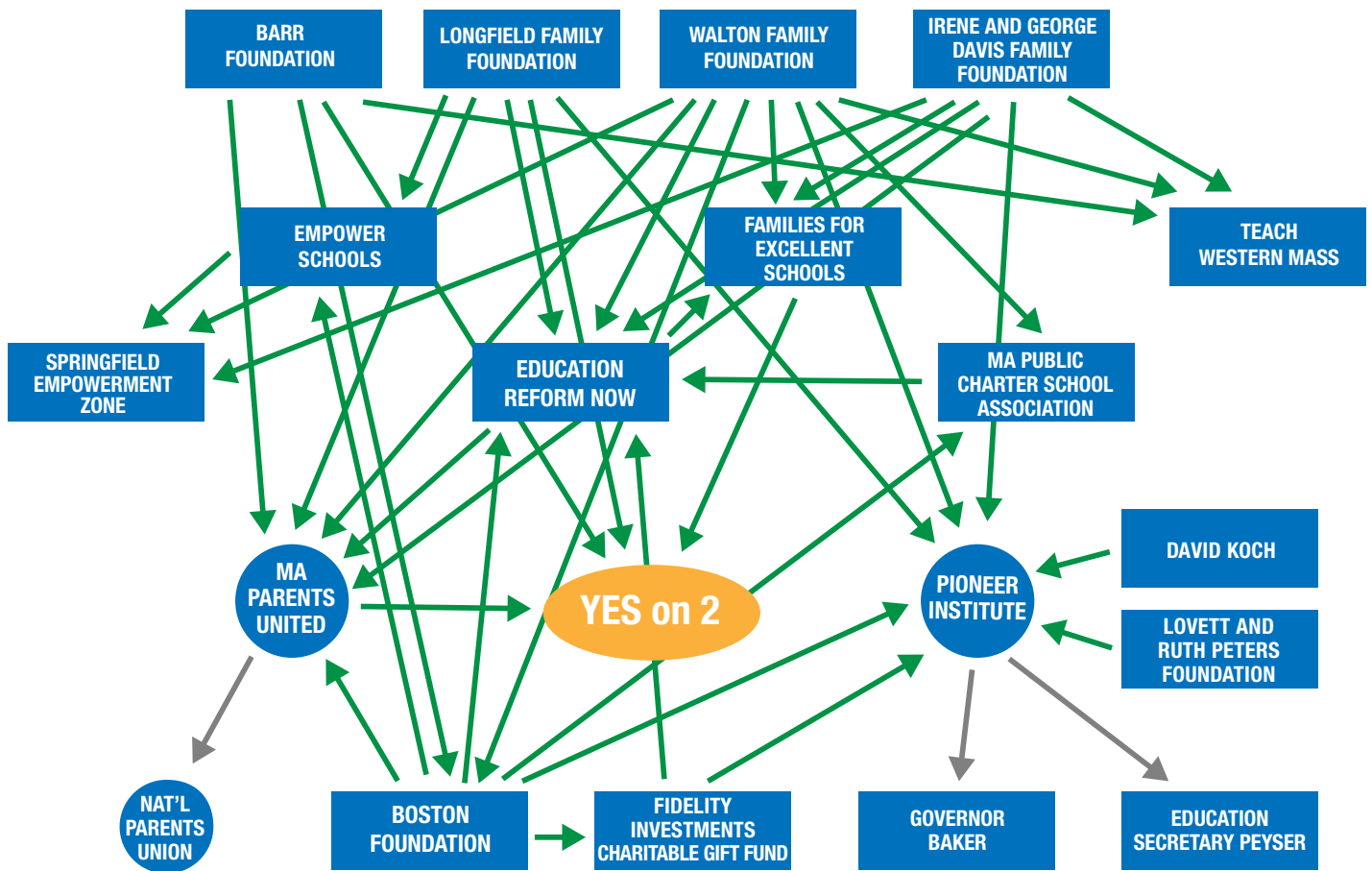
49 “Betsy DeVos Wants to Use America’s Schools to Build ‘God’s Kingdom’: Trump’s education secretary pick has spent a lifetime working to end public education as we know it,” *Mother Jones*, March/April 2017, <https://www.motherjones.com/politics/2017/01/betsy-devos-christian-schools-vouchers-charter-education-secretary/>





**THE DONORS  
'DISRUPTING'  
PUBLIC EDUCATION**

## 'Disrupting' Public Education



For more than two decades, three foundations have dominated privatization interests in preK-12 education: the Walton Family Foundation, the Bill and Melinda Gates Foundation and The Eli and Edythe Broad Foundation. These billion-dollar forces, sometimes working together and sometimes going it alone, have tried to influence all aspects of public schooling, but each has a favored goal. The Waltons are committed to growing the charter school footprint. Microsoft founder Bill Gates continues to pursue seemingly quixotic strategies to push far-reaching testing, standards and teaching changes. Business magnate Eli Broad wants to impose a corporate C-suite mentality onto school leadership.

Still a threat, all three foundations face a shifting landscape in the new decade, as a new generation emerges and old tactics aimed at forcing wholesale change get a second look and inspire more donors.

## The Walton Family Foundation

A new generation of Waltons, composed of the grandchildren of Walmart founder Sam Walton, is asserting more influence over the family foundation and emphasizing what is being pitched as an entrepreneurial approach to education. While continuing to double down on the family's more traditional privatization interests with grants supporting groups that advance vouchers, charters and non-unionized schools, the foundation is pursuing a potentially more threatening strategy to chip away at public education by changing how schools are designed, built and staffed. The previously lower-profile Waltons — always giving big, but not always calling attention to it — have new partnerships with a range of other “reform” leaders, from Charles Koch to an incubator-style school startup group, and are publicizing their latest assaults on public education.

The Walton family is an escalated threat in Massachusetts, with fresh dollars for new teaching initiatives and non-public school projects throughout the Commonwealth. A 2018 report on the foundation's updated approach — which includes plans to increase spending on changing public school districts and promoting charter, private and special-population schools — noted the long waiting lists for charter schools in states including Massachusetts as one motivation.<sup>1</sup>

Since June of that year, the Waltons have rolled out significant funding initiatives, most of them intended to make it easier to open charter schools. They are joining the Charles Koch Foundation in backing the bulk of a \$15 million fund through 4.0, a New Orleans-based Silicon Valley-style group that brings an “early-stage” investing strategy to creating new schools and recruiting “entrepreneurial” school leaders.<sup>2</sup>

Along with the NewSchools Venture Fund, the Waltons are supporting a \$3.5 million fund to recruit and retain “diverse schoolteachers” that emphasizes charter school educators or, in the

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1 “Rooted in Opportunity: The Walton Family Foundation's Approach to Starting and Growing High-Quality Schools,” Walton Family Foundation report, June 2018, <https://8ce82b94a8c4fdc3ea6d-b1d233e3bc3cb10858bea65ff05e18f2.ssl.cf2.rackcdn.com/9a/c1/19acf1e34db3833684f6461790c4/rooted-in-opportunity-digital-version-final.pdf>; “\$100 Million in Walton Education Grants Will Go Beyond Charter Schools,” *Chronicle of Philanthropy*, 6/19/2018, <https://www.philanthropy.com/article/100-Million-in-Walton/243701>

2 “4.0 Launches \$15m Fund to Grow the Field of Education Entrepreneurs and Expand Innovative Approaches to New Schools,” Walton Family Foundation news release, 6/21/2019, <https://www.waltonfamilyfoundation.org/about-us/newsroom/4-0-launches-15m-fund-to-grow-the-field-of-education-entrepreneurs-and-expand-innovative-approaches-to-new-schools>

case of Massachusetts, charters and Springfield Empowerment Zone schools.<sup>3</sup> The first grantees include two Massachusetts groups: the He is Me Institute in Boston, run by a former Match charter school assistant principal, and Teach Western Mass in Springfield, co-founded by the Springfield Empowerment Zone Partnership. Separately, the Waltons are helping finance a new Fund for Teaching Excellence for teacher retention through the Boston Collegiate Charter School.<sup>4</sup>

A third effort, the Waltons' Building Equity Initiative, commits at least \$100 million to helping charter schools buy and renovate school buildings with low-interest loans and gain access to lending, technical and real estate providers.<sup>5</sup> A fourth partnership, with the Local Initiatives Support Corporation, uses federal tax breaks to help charter schools open or expand new or rehabilitated buildings through the Trump administration's federally designated Opportunity Zones.<sup>6</sup>

Independently, the Waltons are running a third funding round of an "Innovative Schools Program" that awards potential school operators up to \$325,000 for new school designs. The foundation says the grants are available to public, private and charter schools — but the schools highlighted to date tend to be charters.<sup>7</sup>

The foundation identifies five national partners in what the Waltons call the "high-quality choice movement"<sup>8</sup> — and two have had significant stakes in Massachusetts. The charter school advocacy group Education Reform Now — the parent group of Democrats for Education Reform — gave \$779,000 to Question 2 committees in 2016.<sup>9</sup> Longtime Walton beneficiary KIPP runs elementary, middle and high schools on campuses in Boston and Lynn.<sup>10</sup>

The Waltons' interest in Massachusetts doesn't end with charter schools, but extends to groups claiming to represent families. The foundation provided initial funding for Massachusetts Parents United and then emerged as the lead financial backer for the National Parents Union, which is intended to serve as a multistate version of the Massachusetts group and a rival to educators'

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3 Walton Family Foundation Announces \$3.5 Million in Funding to Diversify the PreK-12 Teaching Profession," Walton Family Foundation news release, 10/24/2019, <https://www.waltonfamilyfoundation.org/about-us/newsroom/3-5-million-to-diversify-prek-12-teaching-profession>

4 Walton Family Foundation Announces Major Investments to Support, Retain and Increase the Diversity of Educators Nationwide," Walton Family Foundation news release, 9/17/2019, <https://www.waltonfamilyfoundation.org/about-us/newsroom/major-investments-to-support-retain-and-increase-the-diversity-of-educators-nationwide>; "Mass. Charter Schools Test New Ways To Reduce High Teacher Turnover," WBUR, 1/25/2019, <https://www.wbur.org/edify/2019/01/25/charter-school-teacher-turnover>

5 "Equitable Facilities Fund to Issue \$100M in Bonds to Support Public Education," Walton Family Foundation news release, 7/26/2018, <https://www.waltonfamilyfoundation.org/about-us/newsroom/equitable-facilities-fund-to-issue-100m-in-bonds-to-support-public-education>; "Walton Family Foundation Launches Two Funds to Support Charter Schools," Mission Investors Exchange, 4/9/2018, <https://missioninvestors.org/news/walton-family-foundation-launches-two-funds-support-charter-schools>

6 "LISC and Walton Family Foundation Launch \$2M Effort to Expand High-Quality Education in OZs," LISC news release, 9/18/2019, <https://www.lisc.org/our-stories/story/new-grant-program-aims-expand-quality-education>

7 "Walton Family Foundation Opens Applications for Innovative Schools Program," Walton Family Foundation news release, 11/13/2019, <https://www.waltonfamilyfoundation.org/about-us/newsroom/walton-family-foundation-opens-applications-for-innovative-schools-program>; "Innovative Schools Offer Students New Paths to Success," Walton Family Foundation blog post, 11/13/2019, <https://www.waltonfamilyfoundation.org/stories/k-12-education/innovative-schools-offer-students-new-paths-to-success>

8 "Walton Family Foundation: Key Grantees," <https://www.waltonfamilyfoundation.org/our-work/k-12-education/supporting-the-high-quality-movement>

9 Office of Campaign and Political Finance database, Question 2 ballot initiative, 2016

10 KIPP: MA, Our Schools, <http://kipppma.org/our-schools/>

unions.<sup>11</sup>

Foundation Chair Carrie Walton Penner equates the foundation's "fresh way of thinking"<sup>12</sup> with the same innovation the Waltons exhibited more than two decades ago with their first school startup grant, when they began laying the groundwork for what would become a national 2,200-school footprint of Walton-financed charter, private and district schools.<sup>13</sup> Penner is joined on the foundation board by two of Sam Walton's children, Alice Walton and Jim Walton, both top Question 2 donors. Rounding out the board is James Walton, another Sam Walton grandchild whose pet projects include expanding Montessori schools nationwide, including the Wildflower chain, which operates 17 schools in Massachusetts.<sup>14</sup> Wildflower leaders have twice submitted applications to open charter schools in Haverhill, but neither proposal has advanced.

In a post penned for the foundation's 2018 strategy report, James Walton cast the family's philosophy as seeking "new visions of schooling." He added: "The future of school can and will look radically different from the way it has for the last century. We are overdue for finding new ways to foster the creation and growth of schools led by entrepreneurs, educators, and leaders of color; deeply rooted in the communities they seek to serve."<sup>15</sup> Despite the diversified education funding portfolio and talk of change, the Walton family continues to support union nemesis groups including the Boston-based Pioneer Institute and the anti-NEA Association of American Educators — and it has not abandoned its attempt to build the outsized political muscle it had hoped to exert in the Question 2 charter campaign. Family members spent some \$10 million to influence 2018 Chicago mayoral and school board races, backing pro-charter candidates.<sup>16</sup> Complementing political activity is the family's ongoing support for advocacy, with funding for cheerleading "reform" outlets, including *The 74*,<sup>17</sup> totaling at least \$1.5 million from 2016 to 2018, and the *Education Post*.<sup>18</sup>

## The Bill and Melinda Gates Foundation

Bill Gates, long the bigfoot among donors influencing preK-12 education policy, may be headed toward a more subdued role in seeking to shape America's schools, with a new emphasis on higher education. After years of pumping hundreds of millions of dollars into maneuvers to recast public

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11 "Mothers of Invention: Frustrated With the Educational Status Quo and Conventional Parent Organizing, Two Latinas Gave Birth to a National Parents Union," *The74.org*, 1/27/2020, [https://www.the74million.org/article/mothers-of-invention-frustrated-with-the-educational-status-quo-and-conventional-parent-organizing-two-latinas-gave-birth-to-a-national-parents-union/?utm\\_source=The+74+Million+Newsletter&utm\\_campaign=b5b2f6111b-EMAIL\\_CAM-PAIGN\\_2020\\_01\\_27\\_10\\_23&utm\\_medium=email&utm\\_term=0\\_077b986842-b5b2f6111b-176209061](https://www.the74million.org/article/mothers-of-invention-frustrated-with-the-educational-status-quo-and-conventional-parent-organizing-two-latinas-gave-birth-to-a-national-parents-union/?utm_source=The+74+Million+Newsletter&utm_campaign=b5b2f6111b-EMAIL_CAM-PAIGN_2020_01_27_10_23&utm_medium=email&utm_term=0_077b986842-b5b2f6111b-176209061)

12 "A Message from Leadership," Walton Family Foundation Annual Report, 2018, <https://annual-report.waltonfamilyfoundation.org/>

13 "Walton Family Foundation Announces Major Investments to Fuel High-Quality School Growth Nationwide," Walton Family Foundation news release, 6/19/2018, <https://www.waltonfamilyfoundation.org/about-us/newsroom/major-investments-to-fuel-high-quality-school-growth-nationwide>

14 Annual Report, 2018, Association Montessori Internationale, <https://montessori-ami.org/sites/default/files/downloads/news/2018AMIAnnualReport.pdf>; "Putting A New Twist on an Old Individualized Learning Model," Walton Family Foundation news release, 9/25/2018,

15 Post by James Walton, 6/19/2018, <https://www.waltonfamilyfoundation.org/stories/k-12-education/putting-students-on-a-better-path-to-opportunity>

16 "Pro-charter school Walmart heirs jump in Chicago mayoral, aldermanic contests," *Chicago Sun-Times*, 12/26/2018, <https://chicago.suntimes.com/2018/12/26/18346450/pro-charter-school-walmart-heirs-jump-in-chicago-mayoral-aldermanic-contests>; "Editorial: Why charter school supporters worry about the next mayor of Chicago," *Chicago Sun-Times*, 12/28/2018, <https://chicago.suntimes.com/2018/12/28/18314649/editorial-why-charter-school-supporters-worry-about-the-next-mayor-of-chicago>

17 Walton Family Foundation grants database, <https://www.waltonfamilyfoundation.org/grants-database?q=Educa-tion+Post&s=1>

18 "New Group Takes Aim at 'Toxic Nature' of K-12 Debate," *Education Week*, 9/9/2014, <https://www.edweek.org/ew/articles/2014/09/10/03edpost.h34.html>

schools, testing and the teaching profession, the Gates foundation appears to be losing enthusiasm for wholesale preK-12 “reforms,” perhaps a lesson learned from pursuing expensive priorities — sometimes unsuccessfully.

Consider the Gates track record. Though figures vary, the foundation spent at least \$650 million before abandoning efforts to remake public high schools into smaller operations<sup>19</sup> and spent at least \$200 million as part of a total \$545 million public and private investment in a “teacher quality” initiative that the Rand Corporation discounted in a 2018 study.<sup>20</sup> Gates orchestrated the Common Core frenzy with investments that spurred hundreds of millions more in public funding before the standards lost their widespread appeal and Gates admitted that they fell short of improving student achievement.<sup>21</sup>

Although Gates can still make headlines by disrupting education policy with major gifts — a new initiative will create teaching materials<sup>22</sup> and a second will create school “networks”<sup>23</sup> — his spending on the wholesale reshaping of public schools generally appears to be at least somewhat on the decline.

Of the \$5 billion distributed by Gates in 2018, some \$493 million funded U.S. programs, with roughly \$355 million committed to education.<sup>24</sup> Comparatively, Gates spent \$416 million on education initiatives in 2011.<sup>25</sup> Even factoring in his plan announced in 2017 to spend \$1.7 billion on public education over five years, his school spending would fall short of past giving, year over year, and charters appear to be destined for a smaller share going forward.<sup>26</sup> Instead, global priorities in health, development, policy and advocacy are drawing more Gates dollars,<sup>27</sup> including a \$100 million biotech center in Cambridge.<sup>28</sup>

What Gates has committed to education includes spending on higher education. The foundation funded the Postsecondary Value Commission, a 30-member group examining the economic returns of higher education, ahead of congressional consideration of the Higher Education Act. Commission findings, expected in the summer of 2020, will consider the value of a college degree — especially for low-income students and students of color. The findings likely will be timed to influence debate in

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19 “Bill Gates has a(nother) billion-dollar plan for K-12 public education. The others didn’t go so well.” *The Washington Post*, 10/19/2017, <https://www.washingtonpost.com/news/answer-sheet/wp/2017/10/19/bill-gates-has-another-plan-for-k-12-public-education-the-others-didnt-go-so-well/>

20 “A \$1 billion Gates Foundation-backed education initiative failed to help students, according to a new report — here’s what happened,” *Business Insider*, 6/27/2018, <https://www.businessinsider.com/bill-melinda-gates-foundation-education-initiative-failure-2018-6>

21 “Gates admits Common Core failure, then doubles down on it,” *Philanthropy Daily*, 11/1/2017, <https://www.philanthropydaily.com/gates-philanthropy-failure-common-core/>; “After 10 Years of Hopes and Setbacks, What Happened to the Common Core?,” *The New York Times*, 12/6/2019

22 “With new focus on curriculum, Gates Foundation wades into tricky territory,” *Chalkbeat*, 2/6/2018, <https://chalkbeat.org/posts/us/2018/02/06/with-new-focus-on-curriculum-gates-foundation-wades-into-tricky-territory/>

23 “Billionaire Bill Gates announces a \$1.7 billion investment in U.S. schools,” *The Washington Post*, 10/19/2017, [https://www.washingtonpost.com/local/education/billionaire-bill-gates-announces-a-17-billion-investment-in-us-schools/2017/10/19/9938f11c-b4eb-11e7-a908-a3470754bbb9\\_story.html](https://www.washingtonpost.com/local/education/billionaire-bill-gates-announces-a-17-billion-investment-in-us-schools/2017/10/19/9938f11c-b4eb-11e7-a908-a3470754bbb9_story.html)

24 Bill and Melinda Gates Foundation, Annual Report, 2018, <https://www.gatesfoundation.org/Who-We-Are/Resources-and-Media/Annual-Reports/Annual-Report-2018>

25 Bill and Melinda Gates Foundation, Annual Report, 2011, <https://www.gatesfoundation.org/Who-We-Are/Resources-and-Media/Annual-Reports>

26 “Bill Gates has a(nother) billion-dollar plan for K-12 public education. The others didn’t go so well.” *The Washington Post*, 10/19/2017, <https://www.washingtonpost.com/news/answer-sheet/wp/2017/10/19/bill-gates-has-another-plan-for-k-12-public-education-the-others-didnt-go-so-well/>

27 Bill and Melinda Gates Foundation, Annual Report, 2018, <https://www.gatesfoundation.org/Who-We-Are/Resources-and-Media/Annual-Reports/Annual-Report-2018>

28 “Bill And Melinda Gates Start A Nonprofit Biotech In Boston,” *Forbes*, 6/7/2018, <https://www.forbes.com/sites/matthewherper/2018/06/07/bill-and-melinda-gates-start-a-nonprofit-biotech-in-boston/#5aa4cd631a45>

the presidential election.<sup>29</sup> A new lobbying and advocacy arm called the Gates Policy Initiative will be positioned to push higher education changes supported by Gates. A separate \$20 million Gates grant program, Intermediaries For Scale, will provide grants to 12 nonprofits that support first-generation college students, students of color and degree-seeking working adults.<sup>30</sup>

## The Eli and Edythe Broad Foundation

Big changes are ahead for the Broad foundation's signature privatization project and training ground for "reform-minded" public education leaders, the Broad Center. Billionaire Eli Broad, who for nearly two decades ran the Broad Center in Los Angeles, is sending his venture for shaping the next generation of public education leaders to Yale University. The move follows Broad's 2017 announced retirement from the foundation.

A \$100 million gift to Yale relocates the previously non-academic Broad Center to New Haven, Connecticut, and will fund a new master's degree program for public education leadership, a leadership training program and a research arm. Broad steered the gift not to the school's interdisciplinary English Studies program, as might have been expected, but to the School of Management, in line with his long-held belief that schools should be run more like businesses. Broad Center alumni are sprinkled throughout school districts and are leading large privatization nonprofits, including TNPT, previously The New Teacher Network, and major charter chains KIPP, Uncommon Schools and Achievement First.

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*Broad's Yale gift reminds observers of the Walton family's major contributions to the University of Arkansas, which helped create the university's Department of Education Reform.*

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The gift is a reminder that megadonors have great capacity to influence higher education — and to lend legitimacy to their viewpoints in shaping preK-12 education. *Nonprofit Quarterly's* Martin Levine notes that Broad's gift to Yale raises questions about possible influence, stating: "We are left to wonder whether the Broad family gift to Yale is really a gift, or if the 'gift' is really a way for the Broads to leverage Yale resources to increase their influence." No matter, says *Forbes* contributor Peter Greene: After two decades of Broad advocacy, "the case for treating school districts like businesses still hasn't been made."

Broad's Yale gift reminds observers of the Walton family's major contributions to the University of Arkansas, which helped create the university's Department of Education Reform. The department generates research and other policy instruments that tout charters and question spending on teacher retirement — topics favored by privatization advocates. Robert M. Costrell, who helped shape Massachusetts' charter funding formula, is on the Arkansas faculty.<sup>31</sup> Sandra Stotsky, a former member of the Massachusetts Board of Elementary and Secondary Education who also worked at the Department of Elementary and Secondary Education, is a professor emerita at the university.

During his philanthropic career, Eli Broad has tried to remake school boards and expand charter schools — and even in retirement, his education priorities shape his namesake foundation. Grants continue to underwrite KIPP, Teach for America and Boston-based Building Excellent Schools, whose national school development network includes a dozen Massachusetts charters. The Broad

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29 "Gates Foundation Asks: Is College Worth It?" *U.S. News & World Report*, 5/16/2019, <https://www.usnews.com/news/education-news/articles/2019-05-16/gates-foundation-launches-major-higher-ed-initiative>

30 Gates Foundation Launches Major Student Success Initiative, *Forbes*, 1/9/2020, <https://www.forbes.com/sites/michaeltnietzel/2020/01/09/gates-foundation-launches-major-student-success-initiative/#46a6c190bbf8>

31 Faculty, Department of Education Reform, University of Arkansas, <https://edre.uark.edu/people/faculty/uid/costrell/name/Robert+M.+Costrell/>



Foundation worked in tandem with the Walton Family Foundation to fund the new National Parents Union, which was reportedly advised in the early stages by Broad Center board member Andy Stern, a former SEIU president and now an education company executive.

## **Transparency in Philanthropy: Working to Unmask Donors Influencing Education Policy**

The use of “dark money” — contributions from nonprofit groups not required to disclose donors — has become a disturbingly common practice in political campaigns, including those involving ballot initiatives. Massachusetts voters got a lesson in dark money in 2016 from a political committee that hid contributions to the unsuccessful Question 2 charter school expansion campaign. One year after the election, the state levied a record fine against the committee used for the deception, fully exposing all of the donors.

Philanthropy, with the growing practice of using corporate structures that can mask giving or donor-advised funds that shield contributors' identities, may be headed that way on a broad scale. While both right-wing donors and others use these tactics, some of the most influential education “reform” advocates top the list of such givers. Donors using limited liability companies include Facebook founder Mark Zuckerberg and his wife, Priscilla Chan, Texas billionaires John and Laura Arnold, and Laurene Powell Jobs, the widow of Apple founder Steve Jobs — all notable because they have each committed at least \$100 million to a single education cause. All are funding major initiatives to redesign schools or upend teaching with technology.

Traditionally, an individual or family foundation — including some of the ones profiled in this report, such as those run by the Walton and Gates families — files a publicly available Internal Revenue Service form that lists grant amounts paid out to nonprofits. Some also provide databases or annual reports that self-report grants. The structure isn't ideal, and there are usually delays in the availability of the information, but the IRS form reliably discloses amounts paid out to nonprofits.

Yet some large-impact donors are now opting instead for far more opaque practices. Wealthy donors choosing a business structure are creating corporations, usually private LLCs, to manage a combination of political, philanthropic and for-profit activities or to act as holding companies. Donors like the flexibility the business setup provides them, allowing, for example, the pairing of nonprofit gifts with investments in a startup company or funding for an advocacy group — full engagement in what they call “impact” investing. Critics say the practices disguise the true impact a donor is having on an issue and argue that money initially flowing through an LLC challenges the spirit of philanthropy.

A second development that undermines transparency is the rapid rise in spending through donor-advised funds, or DAFs. By taking this approach, many donors can create their own accounts or pool money into a single foundation structure that receives favorable tax treatment. The DAF reports the money going out on an IRS form, but usually doesn't report the identity of the donor guiding the gift, which effectively conceals the source of the funds. DAFs are attracting more attention as they grow, and in 2019, California became the first state to consider legislation to force greater transparency on them through requirements for more public reporting.<sup>32</sup> More states are likely to follow.

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32 “CalNonprofits Sponsors Bill for Transparency in Donor-Advised Funds,” California Association of NonProfits, <https://calnonprofits.org/publications/article-archive/636-calnonprofits-co-sponsors-bill-on-donor-advised-funds>

In some instances, donors are responding to transparency concerns and are offering their own databases to report some of their giving. Still, there is much catching up required as megadonors broaden their influence.

Among those choosing corporate structures for their charities and advocacy are Zuckerberg and Chan, who have created the Chan Zuckerberg Initiative, an LLC that combines their foundation, a donor-advised fund managed through another entity, and a 501(c)4 operation for political giving. John and Laura Arnold created Arnold Ventures to run their foundation, a donor-advised fund and a 501(c)4. Powell Jobs manages her giving through an LLC called the Emerson Collective.

## The Chan Zuckerberg Initiative: Priscilla Chan and Mark Zuckerberg

In 2015, the power couple created the Chan Zuckerberg Initiative, a limited liability company to oversee their philanthropy.<sup>33</sup> Initially, there was no public information available about the CZI's contributions other than what it chose to release. In an apparent effort to counter concerns about transparency, however, the initiative added a database to its website to self-report some spending.<sup>34</sup> In its first two years, the initiative spent \$308 million on education, Chan and Zuckerberg said,<sup>35</sup> including projects such as recruiting and training educators, adding more technology in classrooms through personalized learning, and providing instructional tools through the Summit Schools charter model.

Understanding the depth of the Chan-Zuckerberg interest in education is crucial, given that the couple has joined other wealthy benefactors, including Bill Gates, in taking the Giving Pledge, committing to give away most of their wealth. Zuckerberg and Chan pledged to give 99 percent of their Facebook shares at the rate of \$1 billion annually — money that flows to their private LLC and that can be spent on the Chan Zuckerberg Foundation, the Chan Zuckerberg Donor-Advised Fund within the Silicon Valley Community Foundation, and Chan Zuckerberg Advocacy.<sup>36</sup>

Like many of the younger megadonors, Chan and Zuckerberg want to influence educators and introduce more technology — a pathway for privatization — while boosting charter schools or creating schools that are more private than public. They have funded groups active in education advocacy in Massachusetts, including Teach For America, The Boston Foundation, Camelback Ventures, Education Leaders of Color, and Latinos for Education, a partner in the Massachusetts Education Equity Partnership.<sup>37</sup>

Tools developed through a \$100 million investment in Summit Learning, a personalized learning technology initiative that the Chan Zuckerberg Initiative financed through the Summit charter

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33 “Facebook’s CEO and wife to give 99 percent of shares to their new foundation,” *Reuters*, 12/1/2015, <https://www.reuters.com/article/us-markzuckerberg-baby/facebooks-ceo-and-wife-to-give-99-percent-of-shares-to-their-new-foundation-idUSKB-N0TK5UG20151202>

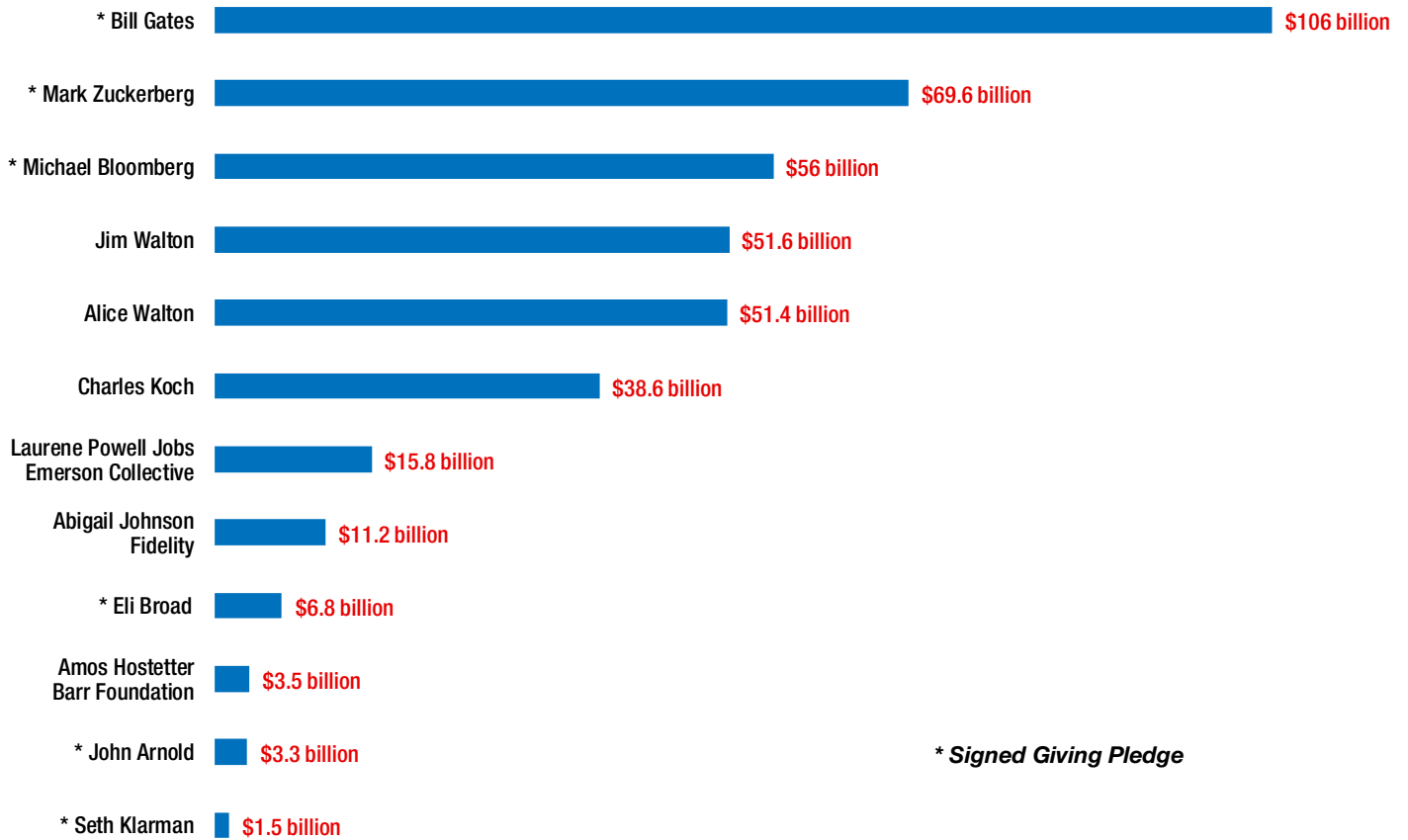
34 Chan Zuckerberg Initiative: Our Grantmaking, 3/29/2019; <https://chanzuckerberg.com/newsroom/our-grantmaking/>

35 “Lifting the veil on education’s newest big donor: Inside Chan Zuckerberg’s \$300 million push to reshape schools,” *Chalkbeat*, 9/10/2018, <https://chalkbeat.org/posts/us/2018/09/06/chan-zuckerberg-education/>

36 “Facebook’s CEO and wife to give 99 percent of shares to their new foundation,” *Reuters*, 12/1/2015, <https://www.reuters.com/article/us-markzuckerberg-baby/facebooks-ceo-and-wife-to-give-99-percent-of-shares-to-their-new-foundation-idUSKB-N0TK5UG20151202>; “Mark Zuckerberg’s \$45 billion loophole,” *Medium*, 12/3/2015, <https://medium.com/bull-market/mark-zuckerberg-s-45-billion-loophole-7dcff7b811b3>

37 CZI grants database, <https://chanzuckerberg.com/grants-ventures/grants/>; “Lifting the veil on education’s newest big donor: Inside Chan Zuckerberg’s \$300 million push to reshape schools,” *Chalkbeat*, 9/10/2018, <https://chalkbeat.org/posts/us/2018/09/06/chan-zuckerberg-education/>

## Education Donors' Wealth and Capacity to Influence Policy



Source: *Fortune* database, March 2020.

school network, are showing up in Massachusetts schools. Nationally, the program has attracted critics concerned about student privacy and the isolated nature of tech-based learning.<sup>38</sup>

The initiative is providing substantial amounts of money to two major classroom technology projects funded through the NewSchools Venture Fund. A \$20 million CZI pledge supports “diverse leaders in education” — an education instructional pipeline — and efforts to develop technology tools and fund schools, including charters. It complements a \$50 million partnership with NewSchools and the Bill and Melinda Gates Foundation targeting student achievement in math.<sup>39</sup>

The CZI and the Gates Foundation gave \$6 million each to Boston’s New Profit fund to hand out to groups that promote technology, including two in Massachusetts. The Baker administration’s LearnLaunch program, which also relies on corporate sponsors, collected at least \$475,000 from the initiative to put more technology products in schools.<sup>40</sup>

The Zuckerberg wealth is showing up in public and private higher education, as well. A \$5.5 million gift to UMass Amherst is funding a database through the university’s Center for Data Science to make published scientific and medical works widely available.<sup>41</sup> A \$30 million CZI grant is underwriting a joint Massachusetts Institute of Technology-Harvard Graduate School of Education K-12 reading initiative that relies on technology tools.<sup>42</sup>

### Arnold Ventures: John and Laura Arnold

Texan John Arnold built his wealth first as a natural gas trader for Enron, walking away from the company’s collapse with a sizable bonus, and later as a hedge fund manager.<sup>43</sup> Retiring at age 38 and working with his wife, Laura, Arnold formed a family foundation to channel their philanthropy. In 2019, they created Arnold Ventures, a limited liability company that acts as an umbrella for the Laura and John Arnold Foundation, the Laura and John Arnold Donor Advised Fund and a 501(c)4 group called the Action Now Initiative that funds lobbying and advocacy. “The creation of Arnold Ventures is another example of billionaire donors becoming ever more sophisticated about using private wealth to influence public policy — wielding exponentially more power in American life than ordinary citizens of more modest means,” *Inside Philanthropy* wrote after the conversion.<sup>44</sup>

The Arnolds, among the “poorest” of the impact investors — who are worth an estimated \$3.3 billion — are eclectic in their giving, tackling issues ranging from criminal justice to health care, but they have poured hundreds of millions of dollars into education and a wide-scale effort to cut spending on pensions for public employees. They have signed the Giving Pledge to make it clear they want to spread their wealth.

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38 “After rapid growth, Zuckerberg-backed school program faces scrutiny over effectiveness, data privacy,” *Fast Company*, 11/19/2018, <https://www.fastcompany.com/90269809/after-rapid-growth-zuckerberg-backed-school-program-faces-scrutiny-over-effectiveness-and-data-privacy>

39 “Lifting the veil on education’s newest big donor: Inside Chan Zuckerberg’s \$300 million push to reshape schools,” *Chalkbeat*, 9/10/2018, <https://chalkbeat.org/posts/us/2018/09/06/chan-zuckerberg-education/>

40 CZI grants database, <https://chanzuckerberg.com/grants-ventures/grants/>

41 “Chan Zuckerberg Initiative awards \$5.5 million to UMass for artificial intelligence project,” *MassLive*, 1/30/2019, [https://www.masslive.com/news/2018/01/chan\\_zuckerberg\\_initiative\\_has.html](https://www.masslive.com/news/2018/01/chan_zuckerberg_initiative_has.html)

42 “Harvard-MIT Project to Help Kids Read Gets \$30 Million From Zuckerberg Chan; Other Big Gifts,” *The Chronicle of Philanthropy*, 3/12/2018, <https://www.philanthropy.com/article/ZuckerbergChan-Give-30/242797>

43 “John Arnold Made a Fortune at Enron. Now He’s Declared War on Bad Science,” *Wired*, 1/22/2017, <https://www.wired.com/2017/01/john-arnold-waging-war-on-bad-science/>

44 “When Philanthropy Is Not Enough: A Top Donor Couple Takes a Broader Approach to Impact,” *Inside Philanthropy*, 7/18/2019, <https://www.insidephilanthropy.com/home/2019/1/28/when-philanthropy-is-not-enough-a-top-billionaire-donor-couple-take-a-broader-approach-to-impact>

In the last two years, the Arnolds have bet heavily on portfolio model schools. With \$100 million committed to date and a partnership with Netflix founder Reed Hastings, they are anchor donors for the new portfolio school incubator The City Fund,<sup>45</sup> which now houses the Arnold foundation's education staffers. After Hastings and the Arnolds paid in, The City Fund attracted support from the Dell, Gates and Walton foundations and former Microsoft executive Steve Ballmer's Ballmer Group.<sup>46</sup>

Arnold philanthropy includes more than \$36 million sent to the Charter School Growth Fund incubator supporting new charter schools, plus grants to charter school chains and more than \$4 million in recent years to the NewSchools Venture Fund, whose investments include several charter schools in Massachusetts.

The couple, long critical of spending on public pensions, has funded research through the National Alliance for Public Charter Schools and charter associations in several states to encourage charter schools to drop out of state pension plans and craft their own market-designed retirement plans.<sup>47</sup> The Arnolds are paying Sudbury's Bellwether Education Partners more than \$2.2 million to provide research and materials to challenge spending on public teacher pensions.<sup>48</sup>

In Massachusetts higher education, MIT is working off of nearly \$2 million in Arnold grants to study unified enrollment systems as measures of school quality.<sup>49</sup> Boston University has a \$300,000 grant to study charter schools in Newark, New Jersey. The Arnolds' Action Now advocacy group has spent \$800,000 on a proposed Massachusetts ballot measure to adopt ranked-choice voting in primary and general elections.<sup>50</sup>

The Arnolds address transparency criticism by including a searchable database on their website that self-reports grants from the foundation and the donor-advised fund, and they take the additional step of adding their IRS Form 990 to the site.

## The Emerson Collective: Laurene Powell Jobs

Powell Jobs has become one of the most aggressive investors in preK-12 nonprofits and education companies, though her funding practices are among the least transparent. Her nonprofit activities include the XQ Institute, which runs a school design competition, with more money flowing through Emerson Collective LLC, a difficult-to-trace combination of funded startups, nonprofits and political initiatives. "Emerson Collective may be the strangest entity in Silicon Valley: part charitable foundation, part venture capital firm, operating in near-total secrecy, despite being run by one of the most famous women in business," *Bloomberg News* concluded.<sup>51</sup>

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45 "Nonprofit Launched to Promote 'Portfolio Model' of Schools," *Philanthropy News Digest*, 8/1/2018, <https://philanthropynewsdigest.org/news/nonprofit-launched-to-promote-portfolio-model-of-schools>

46 "74 Interview: 'The City Fund' Founders Talk About Their New Campaign to Identify America's Most Innovative Public School Systems and the First Metro Areas Where They'll Be Investing," *The 74*, 12/9/2018, <https://www.the74million.org/article/74-interview-the-city-fund-founders-talk-about-their-new-campaign-to-identify-americas-most-innovative-public-school-systems-and-the-first-metro-areas-where-theyll/>

47 Arnold Ventures grants database, <https://www.arnoldventures.org/grants-list?focus=education&q=City%20Fundv>

48 Arnold Ventures grants database, <https://www.arnoldventures.org/grants-list/p4?focus=criminal-justice%3Ffocus%3Dcriminal-justice&q=Bellwether%20Education%20>

49 Arnold Ventures grants database, <https://www.arnoldventures.org/grants-list?focus=education&q=massachusetts>; "With big names and \$200 million, a new group is forming to push for the 'portfolio model,'" *Chalkbeat*, 7/31/2018, <https://chalkbeat.org/posts/us/2018/07/31/the-city-fund-portfolio-model-200-million/>

50 Ranked Choice Voting 2020 Committee reports, Office of Campaign and Political Finance database, <https://www.ocpf.us/Reports/DisplayReport?menuHidden=true&id=727634#>

51 "Billionaire Laurene Powell Jobs Turned Her LLC Into a VC Machine," *Bloomberg*, 4/25/2019, <https://www.bloomberg.com/news/articles/2019-04-25/billionaire-laurene-powell-jobs-turned-her-llc-into-a-vc-machine>

Powell Jobs has steered money into the NewSchools Venture Fund and pro-charter consultant Bellwether Education Partners, but also has been increasingly active on the for-profit side of education, pumping resources into startups. Many of her education investments help tech companies provide classroom tools; with Zuckerberg and Gates, she put capital into personalized learning company AltSchool,<sup>52</sup> and, with Zuckerberg, she invested in Ellevation Education, which produces English language learning software.

Additional education investments have gone into tech product companies LearnPlatform<sup>53</sup> and Amplify,<sup>54</sup> which have rebounded financially after Powell Jobs' capital infusion. The Springfield schools, through the state-mandated Springfield Empowerment Zone, are LearnPlatform customers, using company products as digital learning tools and to measure student outcomes. LearnPlatform identifies MAPLE, the public-private Massachusetts personalized learning consortium that showcases tech products, as one of its partners. The exposure in Massachusetts and other states has paid off: LearnPlatform reported more than doubling the number of educators, districts and states using company products in 2019 over 2018.<sup>55</sup>

The flashiest Emerson venture is the "Super School Project" competition, which awards \$10 million for each proposed new school design. The competition has operated to mixed reviews: At least three of the initiative's 19 approved schools either never opened or failed to expand as planned, and a fourth closed in 2019.<sup>56</sup>

The proposed Powderhouse Schools project in Somerville received a \$10 million prize from XQ, but the Somerville School Committee ultimately rejected the opening of the planned school.<sup>57</sup> Another \$10 million XQ grant was committed to the Equity Lab Charter School in Lynn, which the state rejected in 2019. Equity Lab founder Frank DeVito has tried numerous times to open a charter school; his proposals were rejected three times in Lynn, and a fourth DeVito-proposed school was scrapped in Lawrence in 2019 after nonprofits complained of faked support letters using their names and education officials expressed concern that the landlord for his school building served on his proposed board.<sup>58</sup> In a fifth try to open a charter, with XQ funding, DeVito's proposal did not receive a recommendation from the commissioner of education to advance to the final stage of consideration by the Board of Elementary and Secondary Education.

Elected officials are clamoring to partner with Powell Jobs on her redesign effort. With the Robin Hood Foundation and New York Mayor Bill de Blasio's administration, Emerson is financing a competition that will solicit ideas from the community, including parents and students, to start

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52 "Can AltSchool — The Edtech Startup With \$174M From Billionaires Like Zuckerberg And Thiel — Save Itself From Failure?" *Forbes*, 1/30/2019, <https://www.forbes.com/sites/susanadams/2019/01/30/can-altschoolthe-edtech-startup-with-174m-from-billionaires-like-zuckerberg-and-thielsave-itself-from-failure/#5f111d2b1997>

53 Crunchbase funding database, <https://www.crunchbase.com/organization/emerson-collective/timeline/timeline#section-related-hubs>

54 "Inside Laurene Powell Jobs's big bet on digital curriculum," *Fast Company*, 10/16/2018, <https://www.fastcompany.com/90207561/amplify-education-gets-a-new-lease-on-life-this-time-from-a-nonprofit>

55 "EdTech Effectiveness and Equity Trailblazer Gains Momentum for Expanding Work with Schools and Districts," LearnPlatform, 2/10/2020, <https://www.prnewswire.com/news-releases/edtech-effectiveness-and-equity-trailblazer-gains-momentum-for-expanding-work-with-schools-and-districts-301002017.html>

56 "Innovative Disruption vs. Incremental Change: Which Serves Children Best?," *NonProfit Quarterly*, 10/23/2019, <https://nonprofitquarterly.org/innovative-disruption-vs-incremental-change-which-serves-children-best/>

57 "Anatomy of a failure: How an XQ Super School flopped," *The Hechinger Report*, 8/7/2019, <https://hechingerreport.org/anatomy-of-a-failure-how-an-xq-super-school-flopped/>

58 "Proposed charter school pulls out, citing uproar over faked letters," *Eagle-Tribune*, 2/1/2019, [https://www.eagletribune.com/news/merrimack\\_valley/proposed-charter-school-pulls-out-citing-uproar-over-faked-letters/article\\_249351ee-a7dd-5e8e-ac92-df2382c0d342.html](https://www.eagletribune.com/news/merrimack_valley/proposed-charter-school-pulls-out-citing-uproar-over-faked-letters/article_249351ee-a7dd-5e8e-ac92-df2382c0d342.html)

new schools or overhaul existing ones.<sup>59</sup> In Rhode Island, Emerson is taking on the entire state in a partnership with the Department of Education, starting by offering five high schools \$500,000 grants to reconsider how they teach students.<sup>60</sup>

Emerson's eclectic funding portfolio is also including more investments in media companies and nonprofits, in part because of Powell Jobs' concern about the future of local media. Emerson helped fund NowThis, a "millennial social video media outlet" run through Group Nine Media,<sup>61</sup> and has purchased stakes in *Axios* and *OZY* media. It owns a majority stake in *The Atlantic*, for which Powell Jobs has provided magazine content.

## Reshaping Education Giving Through Donor-Advised Funds

As noted earlier, donor-advised funds, which offer contributors a way to secure favorable tax treatment, are one of the fastest growing — and least transparent — forms of giving. Boosted by massive gains in the stock market through early 2020 and Trump administration tax law changes that make it more advantageous to bundle charitable contributions, these funds have expanded so massively and quickly that they are changing the face of philanthropy.<sup>62</sup>

DAFs generally fall into three categories: operating as commercial funds, as community foundations or as single-issue funds.<sup>63</sup> While all types of giving vehicles may support a wide variety of causes, hundreds of millions of dollars flowing through commercial DAFs, community foundations and ideological funds influence preK-12 and higher education policy, seek to undermine the education profession, shape college campus academics, underwrite charter schools, promote school vouchers and advance anti-tax measures — all without identifying the donors behind the spending.

Critics see problems that go beyond the lack of transparency. Donors get immediate tax breaks for their gifts, hitting U.S. Treasury receipts, but the money doesn't have to be paid out right away: In fact, money that might otherwise be put to use is being stockpiled. Comparing the increase in contributions to DAFs — such as the one overseen by Fidelity Investments — to the comparatively lower payout rates offered through other vehicles shows that such funds are sitting on more money than ever. In 2018, contributions to donor-advised funds grew faster than the growth rate of grants from donor-advised funds to charities<sup>64</sup> and at that time, DAFs collectively held \$110 billion in assets.<sup>65</sup> Unlike family or private foundations, which are required by law to pay out 5 percent of their assets each year, DAFs have no such rules.

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59 "NYC to open 20 new schools, overhaul 20 more with new design competition," *New York Daily News*, 10/3/2019, <https://www.nydailynews.com/new-york/education/ny-ny-city-school-reform-expansion-20191003-pdouz6424baqt-n6jgdikimhyua-story.html>

60 "R.I. to rethink high school instruction in partnership with education nonprofit," *Providence Journal*, 2/7/2019, <https://www.providencejournal.com/news/20190207/ri-to-rethink-high-school-instruction-in-partnership-with-education-nonprofit>

61 "Scoop: Emerson Collective initial launch partner for new NowThis division," *Axios*, 1/7/2020, <https://www.axios.com/emerson-collective-nowthis-non-profits-media-9bef74ac-925c-4dcf-a588-269f2c98fe82.html>

62 "A Donor Advised Fund Proposal That Would Work for Everyone," *The Chronicle of Philanthropy*, 9/23/2019, <https://www.philanthropy.com/article/A-Donor-Advised-Fund-Proposal/247204>; "Value of Donor-Advised Funds Soars Above \$110 Billion," *The Chronicle of Philanthropy*, 11/13/2018, <https://www.philanthropy.com/article/Value-of-Donor-Advised-Funds/245074>

63 "Working With Donor-Advised Funds: The Basics," *The Chronicle of Philanthropy*, 5/1/2018, <https://www.philanthropy.com/article/Working-With-Donor-Advised/243282>

64 "The 2019 DAF Report," National Philanthropic Trust, <https://www.nptrust.org/reports/daf-report/>

65 "A Donor Advised Fund Proposal That Would Work for Everyone," *The Chronicle of Philanthropy*, 9/23/2019, <https://www.philanthropy.com/article/A-Donor-Advised-Fund-Proposal/247204>; "Value of Donor-Advised Funds Soars Above \$110 Billion," *The Chronicle of Philanthropy*, 11/13/2018, <https://www.philanthropy.com/article/Value-of-Donor-Advised-Funds/245074>

**Fidelity's Commercial DAF Tops All Charities.** The Charitable Gift Fund operated by Boston-based Fidelity Investments, with \$27 billion in assets, is the largest donor-advised fund in the United States; rival investment companies including Vanguard, Goldman Sachs and Charles Schwab have similar products that are growing quickly. In its 2017 tax year, the Fidelity Investments Charitable Gift Fund took in \$9 billion in contributions from donors, breaking a \$10 billion barrier for total revenue, including investment income, and gave away \$4.7 billion. That represented a dramatic surge in contributions from the \$4 billion that Fidelity collected, with \$3.1 billion paid out to nonprofits, just two years earlier.<sup>66</sup>

With those numbers, Fidelity is the second-largest grantmaker in the U.S., trailing only the Bill and Melinda Gates Foundation, and the largest public charity — larger even than the United Way. It is a major donor to education causes ranging from charter school chains and voucher groups to anti-labor and anti-educator groups. Area colleges and universities and health and cultural institutions receive Fidelity funding alongside groups working locally to undermine public schools, including the Pioneer Institute, the charter-backing NewSchools Venture Fund and New Profit, and Education Reform Now.<sup>67</sup>

The rapid growth of the Fidelity fund and other DAFs has stirred heated debate over whether such giving vehicles provide helpful philanthropy or are merely amped-up tax breaks for the wealthy and a lucrative line of business for fund sponsors. The lack of transparency around these funds, and the focus on some of the extreme groups receiving financial support from DAFs, prompted Massachusetts activists to demand that Fidelity make changes in its grantmaking policies. A coalition of labor, faith, community, immigrant rights and civil rights organizations, organized through Community Labor United's Public Good Coalition, wants Fidelity to stop funding groups whose statements or practices malign or attack entire classes of people because of their race, ethnicity, religion, national origin, gender identity or sexual orientation. In 2016 alone, the Fidelity DAF gave more than \$3 million to 18 anti-immigrant, anti-Muslim and anti-LGBTQ groups.<sup>68</sup>

**Community Foundations Make Big Plays in Education.** The nation's community foundations, which handle discretionary money and individual DAFs, are led by the \$13.5 billion Silicon Valley Community Foundation, home to some of the more active education "disruptors," with grants distributed worldwide.<sup>69</sup> While noting the difficulty of identifying donors to the foundation and its donor-advised funds, *Forbes* research reports that some of tech's biggest names and charter supporters have helped grow foundation coffers. Facebook founder Zuckerberg has given an estimated \$1.75 billion in Facebook stock, and Netflix founder Hastings, instrumental in starting the NewSchools Venture Fund and partnering with the Arnolds on portfolio schools, gave at least \$100 million to the foundation in 2016.<sup>70</sup>

Silicon Valley Community Foundation grants support charter school associations, charter chains and charter funds such as the NewSchools Venture Fund and the Charter School Growth Fund. Only about one-third of the foundation's money stays in the Silicon Valley region, though, with a

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66 Form 990, Fidelity Investments Charitable Gift Fund, 2015 and 2017

67 Form 990, Fidelity Investments Charitable Gift Fund, 2015-2017

68 Form 990, Fidelity Investments Charitable Gift Fund, 2016, [https://apps.irs.gov/pub/epostcard/cor/110303001\\_201706\\_990\\_2018091915706095.pdf](https://apps.irs.gov/pub/epostcard/cor/110303001_201706_990_2018091915706095.pdf); Petition and Letter to Fidelity CEO Abigail Johnson, <http://unmaskingfidelity.org/>

69 "The 'Black Hole' That Sucks Up Silicon Valley's Money," *The Atlantic*, 5/14/2018, <https://www.theatlantic.com/technology/archive/2018/05/silicon-valley-community-foundation-philanthropy/560216/>

70 "Here Are 17 Billionaires Who've Donated To The Silicon Valley Community Foundation," *Forbes*, 5/2/2018, <https://www.forbes.com/sites/kerryadolan/2018/05/02/here-are-16-billionaires-whove-donated-to-the-silicon-valley-community-foundation/#1bc24c091bfb>



considerable number of grants flowing into Massachusetts to affect education. In addition to gifts to local colleges and universities, the foundation has provided grants to Latinos for Education, Bellwether Education Partners, Citizen Schools, Teach Plus, the Clayton Christensen Institute and The Boston Foundation. The now-defunct Families for Excellent Schools, which managed the Question 2 pro-charter campaign, collected at least \$400,000 from the foundation during the campaign<sup>71</sup> — and the foundation has poured tens of millions of dollars into the Fidelity Investments Charitable Gift Fund, money that is impossible to trace.

Closer to home, The Boston Foundation funds numerous community projects, including some that involve the Boston Public Schools, while at the same time building out the city's charter school footprint and providing ammunition for public school critics. The fast-growing foundation, whose assets rose from \$948 million in June 2016 to \$1.3 billion two years later, has provided grants to the Massachusetts Public Charter School Association and advocacy groups including Teach Plus.<sup>72</sup> One of The Boston Foundation's largest transfers, which the Foundation Center estimates to have totaled \$2.5 million in 2018, aided the National Philanthropic Trust,<sup>73</sup> another donor-advised fund that was an early donor to Massachusetts Parents United.

Further grants by The Boston Foundation have funneled money to Strategic Grant Partners, another significant charter player, and then-Springfield Empowerment Zone partner Empower Schools. The foundation produces pro-privatization studies that have resembled rhetorical fodder for a potential state intervention in the Boston schools, including a 2019 report that cited some gains — along with many perceived shortcomings — and a 2020 report that concluded minority children are being “isolated” in the city's public schools.<sup>74</sup>

The Boston Foundation's 2019 annual report notes specified gifts from some of the Boston area's most active philanthropists, including Boston Foundation board Chair Sandra Edgerley and her husband, Paul Edgerley; Josh and Anita Bekenstein; Amos and Barbara Hostetter; and the Kraft Family Foundation, all representing top-tier donors to the pro-Question 2 effort and local charter chains.<sup>75</sup> In giving through The Boston Foundation and their own private foundations, these donors can spread their money across multiple funding vehicles — again, making it all that much harder to track.

The Boston Foundation is in for change, with the 2020 retirement of longtime President Paul Grogan. Grogan used his 19-year tenure to build up foundation assets and influence, creating a more activist organization — one that has become deeply involved in education policy and that helped increase the number of charter schools in and around Boston. He has been a go-to source for opinions on public education and charters; he's been critical of teacher salaries in the Boston Public Schools and built up a repository of studies touting charters as the savior for urban schoolchildren.<sup>76</sup>

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71 Foundation Center grants database

72 Foundation Center grants database

73 Foundation Center data

74 New Report Finds Promise — And Urgent Problems — Facing Boston Public Schools, WBUR, 2/26/2019, <https://www.wbur.org/edify/2019/02/26/boston-schools-report>; “Kids Today: Boston's Declining Child Population and Its Effect on School Enrollment,” The Boston Foundation, January 2020, <https://www.bostonindicators.org/-/media/indicators/boston-indicators-reports/report-files/kids-today.pdf?la=en&hash=AFEE64818EA25B5A8428ABDE8A51D5D142305CB3>

75 The 2019 Boston Foundation Annual Report, <https://www.tbf.org/-/media/tbf/reports-and-covers/2019/tbf-2019-annual-web.pdf?la=en>

76 The 2019 Boston Foundation Annual Report, <https://www.tbf.org/-/media/tbf/reports-and-covers/2019/tbf-2019-annual-web.pdf?la=en>

**Ideological Donor Funds Active in Massachusetts.** Two prominent ideologically motivated DAFs, Donors Trust Inc. and Donors Capital Fund Inc., collect contributions from right-wing and free-market donors and funnel grants to dozens of like-minded anti-public-education and anti-labor nonprofits. Once dubbed “the right’s dark-money ATM”<sup>77</sup> for its reliance on old-line right-wing funders, the 20-year-old DonorsTrust, as it generally refers to itself, and Donors Capital Fund are smaller DAFs but, like commercial DAFs and community foundations, have both grown steadily in recent years. DonorsTrust, the larger of the two funds, nearly doubled the amount of grants it distributed from \$57 million in 2014 to \$110 million in 2017.<sup>78</sup>

The Donors funds market themselves by attracting hard-right donors to support the stated goal of protecting “the Nation’s constitutional liberties and strengthening civil society through private institutions rather than government programs.”<sup>79</sup>

Think tanks and national right-leaning advocacy and activist groups are the largest recipients of Donors’ money: the American Legislative Exchange Council, the American Enterprise Institute, Americans for Tax Reform, the Atlas Network and the Heritage Foundation, among others. Crusading law firms of the right, including the anti-public-schools Institute for Justice and the anti-labor National Right to Work Legal Defense Foundation, rely on Donors funding, as does the Leadership Institute, the parent group for *Campus Reform*, a news opinion outlet that breathlessly tracks perceived injustices against right-leaning thought on college campuses.<sup>80</sup>

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*The Donors funds market themselves by attracting hard-right donors to support the stated goal of protecting “the Nation’s constitutional liberties and strengthening civil society through private institutions rather than government programs.”*

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While it is impossible to determine all of the contributors to DonorsTrust, research shows that money flows to the grantmaker from contributors including the Koch family and some of the older names in the network of conservative-minded benefactors it works with.<sup>81</sup> Groups sending money to DonorsTrust include the Adolph Coors Foundation, funded by the Coors brewing company family; the Mercer Family Foundation, the philanthropic vehicle for \$15 million-plus Trump backer Robert Mercer<sup>82</sup>; the J.P. Humphreys Foundation,<sup>83</sup> the Missouri right-to-work funder; and the L.E. Phillips Family Foundation, a Wisconsin-based organization that is the top donor to the Freedom to Choose Network, a media nonprofit whose free-market philosophies follow the beliefs of the late economist Milton Friedman.

## Select National and Local Donors

When influencing public policy and determining the future of public schools, donors who support education privatization seemingly cannot keep their checkbooks out of Massachusetts. Despite the millions of dollars poured into the Question 2 campaign by pro-charter donors and the campaign’s overwhelming defeat, the same contributors keep coming back for more, hoping to shape schools and recast teacher training and recruitment while diminishing the influence of educators and unions.

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77 “DonorsTrust — the Right’s Dark-Money ATM — Pumps Out Record \$96 Million,” *Mother Jones*, 12/3/2013, <https://www.motherjones.com/politics/2013/12/donors-trust-franklin-center-alec-mercatus-center-dark-money/>

78 Form 990, Donors Trust, 2014-2017

79 Mission and Principles, DonorsTrust, <https://www.donorstrust.org/who-we-are/mission-principles/>

80 DonorsTrust and Donors Capital, Form 990, 2014-2016

81 Foundation Center grants database

82 “Crickets. They’re Gone’: Why the Mercers, Trump’s Biggest 2016 Backers, Have Bailed on Him,” *Vanity Fair*, 6/18/2019, <https://www.vanityfair.com/news/2019/06/why-the-mercers-trumps-biggest-2016-backers-have-bailed-on-him>

83 “Missouri mega donor spent another \$2.3 million pushing ‘right to work,’” *The Kansas City Star*, 8/30/2016, <https://www.kansascity.com/news/politics-government/article98773722.html>

A handful of local and national education funds and nonprofits that exist largely to distribute grants are significant players in the Commonwealth. Some have already been mentioned in this report, but their roles are worthy of further exploration.

**The NewSchools Venture Fund.** The California-based NewSchools Venture Fund, former employer of state Education Secretary Jim Peyser, acts as an incubator of for-profit education companies and nonprofit schools and advocacy organizations. NewSchools promotes greater use of technology in schools while investing in nonprofit and for-profit educational technology ventures.<sup>84</sup> It has operated a portfolio of more than 300 companies and nonprofits, funding Massachusetts charter chains including Roxbury Preparatory, Excel Academy and KIPP MA.<sup>85</sup>

A session at the NewSchools annual meeting in 2019, however, revealed some fissures among the groups that NewSchools supports. Participants worried about the future of the charter movement, given recent efforts in some states to restrict the growth of charters either through legislation or contract provisions. NewSchools CEO Stacey Childress said the pushback “is a shift that does present a new set of challenges for charter schools who are now being targeted in an unprecedented way.”<sup>86</sup>

**Massachusetts-Based Education Funds.** Two Massachusetts education funders, New Profit and Strategic Grant Partners, draw support from some of the top individual donors to the Question 2 campaign and continue to support education privatization nonprofits.

The larger of the two, New Profit, awarded \$7.9 million in grants in 2018 but took in \$27 million in revenues that year.<sup>87</sup> While providing substantial support for local charter groups including the Achievement Foundation and the Match Foundation, New Profit has directed much of its grant money outside of Massachusetts, to groups including Great Schools and the National Center for Special Education in Charter Schools. In 2019, New Profit announced a “parent empowerment” effort in schools, which relies on technology,<sup>88</sup> and it partners with Stand for Children, the national charter groups 50Can and Great Schools, and Democrats for Education Reform, among others.<sup>89</sup>

New Profit has created a targeted \$2 million fund for technology and higher education that will work through its Postsecondary Innovation for Equity Initiative, also funded by the Walton Family Foundation.<sup>90</sup>

Board members and supporters of New Profit include Bain Capital Co-Chair Joshua Bekenstein, retiring Boston Foundation President Paul Grogan and Wendy Kopp, CEO and founder of Teach for America.<sup>91</sup>

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84 “NewSchools Venture Fund and Gallup Release Survey Findings About Ed Tech Usage in U.S. PreK-12 Schools,” NewSchools Venture Fund news release, 9/12/2019, <https://www.newschoools.org/blog/newschoools-venture-fund-and-gallup-release-survey-findings-about-ed-tech-usage-in-u-s-prek-12-schools/>

85 “Our Ventures,” NewSchools Venture Fund, <https://www.newschoools.org/about-us/ventures/all-ventures/?search=massachusetts>

86 “As Charters Face Growing Opposition, NewSchools Summit Makes Its Case,” *EdSurge*, 5/14/2019, <https://www.edsurge.com/news/2019-05-14-as-charters-face-growing-opposition-newschoools-summit-makes-its-case>

87 Form 990, New Profit, [https://apps.irs.gov/pub/epostcard/cor/043396766\\_201812\\_990\\_2020012217054034.pdf](https://apps.irs.gov/pub/epostcard/cor/043396766_201812_990_2020012217054034.pdf)

88 “New Profit Launches Parent Empowerment in Education Website,” New Profit news release, 4/23/2019, <http://blog.new-profit.org/amplify/new-profit-launches-parent-empowerment-in-education-website>

89 “Our Partners,” Parent Empowerment in Education, <https://www.parentpowerined.org/>

90 “New Profit Committing More Than \$2 Million to Entrepreneurs Working on Education Access and Social Mobility for Underserved Students,” *The 74*, 10/2/2019, <https://www.the74million.org/new-profit-committing-more-than-2-million-to-entrepreneurs-working-on-education-access-and-social-mobility-for-underserved-students/>

91 “New Profit Board of Directors,” New Profit, <https://www.newprofit.org/the-team/>

The second local fund, Strategic Grant Partners, gave out \$6.8 million in grants in 2018, with \$8 million in contributions, and made six-figure grants to charter groups including the Brooke School Foundation, Friends of Veritas Preparatory School, the Match Foundation and UP Education Network, as well as Montessori school nonprofit Wildflower Foundation.<sup>92</sup> Teach for America, Educators for Excellence and Generation Teach also receive substantial SGP support.

Donors to SGP include members of its board and top Question 2 donors: Bain Capital's Bekenstein and his wife, Anita Bekenstein; retired Bain Capital managing director Paul Edgerley and his wife, Sandra Edgerley; Baupost Group President Seth Klarman and members of his family; and Joanna Jacobson, SGP's co-founder and managing partner, through the One8 Foundation, which she also leads. Boston billionaire Niraj Shah, co-founder of the online retailer Wayfair, is a major SGP donor. Several donors give through funds established through The Boston Foundation.

SGP has directed funding to public colleges and universities working recently to ensure online instruction for students learning from home because of the coronavirus crisis. SGP gave Worcester State University \$434,130 for laptops and technology in April 2020.<sup>93</sup> In January 2020, SGP gave Middlesex Community College \$841,000 for a "learn-and-earn" biotechnology program for students to train for careers in local industry.<sup>94</sup>

**The Barr Foundation.** Described in 2015 as Boston's "virtual government" for its influence in shaping policy, the Barr Foundation is funded and run by Amos Hostetter, a cable magnate who became a major philanthropist. With assets exceeding \$1.8 billion in 2018, the Barr Foundation is a significant force in financing education experiments and charter schools.<sup>95</sup>

In the years following the Question 2 campaign, the Barr Foundation has stepped up its support for charters, with six-figure gifts to UP Education Network, the Phoenix Charter Academy and Equity Lab Charter Schools, as well as to education groups including Teach for America, Generation Teach, Latinos for Education and Teach Western Mass.

Through 2018, Barr has given the Massachusetts Public Charter School Association at least \$1.7 million<sup>96</sup> and has funded a "principal pipeline" effort — shaped by a working group of district, state and charter management representatives — to recruit and train principals in clusters of public schools.<sup>97</sup>

On top of directly funding charters and charter advocacy, Barr also has moved to pay for expanded news coverage of schools, education policy and other important subjects — a step that gives pause to observers who are adamant about the need for objectivity in reporting. The foundation announced a \$600,000 gift to *The Boston Globe* in 2019 to help finance an "investigative team" reporting on public

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92 Form 990, Strategic Grant Partners, 2018, [https://apps.irs.gov/pub/epostcard/cor/460512638\\_201906\\_990PF\\_2020021117137108.pdf](https://apps.irs.gov/pub/epostcard/cor/460512638_201906_990PF_2020021117137108.pdf)

93 "Worcester State receives \$484K grant to enhance digital learning," *Worcester Business Journal*, 4/21/2020, <https://www.wbjournal.com/article/worcester-state-receives-484k-grant-to-enhance-digital-learning>

94 "MCC lands biotech grant, plans STEM hub in downtown Lowell," *The Sun*, 1/31/2020, <https://www.lowellsun.com/2020/01/30/mcc-lands-biotech-grant-plans-stem-hub-in-downtown-lowell/>

95 "Boston's Barr Foundation raises its profile," *The Boston Globe*, 6/5/2015, <https://www.bostonglobe.com/business/2015/06/04/once-private-barr-foundation-new-embrace-openness/yn59ZmCpetpqWv206lW64H/story.html?event=event12>

96 Foundation Center grants database, Barr Foundation; Form 990, Barr Foundation, 2018, [https://apps.irs.gov/pub/epostcard/cor/046579815\\_201812\\_990PF\\_2019122316975817.pdf](https://apps.irs.gov/pub/epostcard/cor/046579815_201812_990PF_2019122316975817.pdf)

97 "Barr Announces New Grants and Partnerships to Strengthen School Leadership in Massachusetts," Barr Foundation, 11/7/2019, <https://www.barrfoundation.org/blog/new-partnerships-strengthen-school-leadership-in-massachusetts>

education in Massachusetts.<sup>98</sup> Similar support from Barr funds WBUR and its coverage of the arts. In both instances, the *Boston Business Journal* notes, Barr Foundation money is supporting coverage of institutions that Barr also underwrites — cultural institutions reviewed by WBUR and, in the case of the *Globe*, which at times has been highly favorable to privatization and critical of educators' unions, funding and policy matters affecting schools and educational nonprofits.<sup>99</sup>

**The Irene E. and George A. Davis Foundation.** The Davis Foundation is considerably smaller than the Barr Foundation, reporting \$122 million in assets in 2018,<sup>100</sup> but the Springfield grantmaker has been a reliable supporter of charter schools, espousing the “the critical role” that charters play in education.<sup>101</sup> The foundation was established in 1970 by the late James E. Davis and his mother, the late Irene E. Davis, and is named for Irene and her husband, the late George Davis, owner of American Saw & Manufacturing.<sup>102</sup>

The foundation supports charter schools and nonprofits in Springfield and Holyoke and started Springfield Business Leaders for Education and the early learning program Educare.<sup>103</sup> In recent years, though, the foundation has extended its support for charter, privatization and education policy advocacy with funding for Building Excellent Schools, Teach for America and, as noted earlier, Massachusetts Parents United. The Davis Foundation also steers a portion of its grants through the Fidelity Investments Charitable Gift Fund.

**The Future of the Koch Family’s Philanthropy.** The final word on donors that have impacted Massachusetts must address the Koch family, which is on the verge of perhaps the most closely watched generational shift in the history of philanthropy. As has been well documented, brothers David and Charles Koch, inspired by their late father, Fred Koch, used their massive wealth, accumulated through the family’s conglomerate, Koch Industries Inc., to build out a network of political committees, think tanks, legislative groups, legal nonprofits, business alliances and grassroots-style advocacy organizations that drove the right-wing agenda for two generations.

The danger of the Kochs’ strategy is that a harmful idea — such as promoting deregulation, privatization or anti-union assaults — gains traction in their network and can be extremely difficult to stop. In one state, a Koch-backed group will advance an idea that is adopted through legislation or a ballot measure. When challenged, the new policy is defended in court by a Koch-funded legal group. That same idea is then duplicated in other states or nationally by passing through more Koch-sponsored hands — academics, researchers, judges and elected officials. Using this network, David and Charles Koch presided over the systematic spread of their anti-government, anti-tax, anti-public-education, anti-labor and anti-environmental philosophy. At all turns, they have used their legal firepower and litigious inclinations to advance their agenda, which they assert is intended to promote free markets. No other donor entity in America has been more effective in pushing forward a set of ideas that constitute a singular viewpoint — one that is antithetical to a healthy public sector.

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98 “Boston Globe launches investigative education team with support from Barr Foundation,” *The Boston Globe*, 6/20/2020, <https://www.bostonglobe.com/metro/2019/06/20/boston-globe-launches-investigative-education-team-with-support-from-barr-foundation/1l5m57MTekKQCojGo4XU9M/story.html>

99 “Nonprofit grants for journalism are on the rise. So are potential conflicts of interest,” *Boston Business Journal*, 12/6/2019, <https://www.bizjournals.com/boston/news/2019/12/05/nonprofit-grants-for-journalism-are-on-the-rise-so.html>

100 Form 990, Irene E. and George A. Davis Foundation, 2018, [https://apps.irs.gov/pub/epostcard/cor/611816364\\_201812\\_990PF\\_2020010817005493.pdf](https://apps.irs.gov/pub/epostcard/cor/611816364_201812_990PF_2020010817005493.pdf)

101 “Primary Focus Area,” The Irene E. and George A. Davis Foundation, <https://www.davisfdn.org/primary-focus-areas/>

102 “The Irene E. and George A. Davis Foundation,” *BusinessWest.com*, 2/1/2010, <https://businesswest.com/blog/the-irene-e-and-george-a-davis-foundation/>

103 “Mary Walachy retires from Davis Foundation after 23 years; praised for early education and literacy initiatives,” *MassLive.com*. 1/8/2020, <https://www.masslive.com/news/2020/01/mary-walachy-retires-from-davis-foundation-after-23-years.html>

The death of David Koch in 2019 and the advancing age of Charles Koch leave the fate of the family's philanthropy to new leaders, possibly Charles Koch's son, Chase Koch, or a combination of caretakers. Just as Sam Walton's grandchildren have different ideas about the family's extensive education philanthropy through the Walton Family Foundation, so too does Chase Koch, who appears less interested in politics and more intrigued by ideas such as anti-poverty efforts and Montessori-style education. The future of the sprawling Koch network, suggests *Politico*, may be guided by a "kinder, gentler libertarian philanthropy."<sup>104</sup> But there are many factors that will determine how things play out, and no one can count on the family's disappearance from the foundations of the hard right, with everything that implies for the future.

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104 "The Next Koch Doesn't Like Politics," *Politico*, 12/14/2018, <https://www.politico.com/magazine/story/2018/12/14/koch-brothers-chase-charles-next-generation-223099>



**LOSING THE 'PUBLIC'  
IN PUBLIC PREK-12 AND  
HIGHER EDUCATION**





As the donor profiles show, there is more money directed at reshaping preK-12 public schools and public higher education now than ever before — and there is more to come as major donors and foundations direct more philanthropy to nonprofits because of Giving Pledge promises and generational changes in leadership.

In preK-12 schools, unchecked private money flows in and out of the public system through charter schools, technology and experimental classroom products and “innovations” promoted to change how public schools operate — much of it money that is difficult to trace. In higher education, public institutions stressed from diminishing public support look to large donor gifts, some with implied or specified strings attached. They pay private companies to recruit international students and hand over the operation of student services to for-profit companies.

The spread of the coronavirus, with its forced closure of school buildings and college campuses — and its still-unspooling drastic impact on the economy — will likely invite even more private money into public education, along with more interference. To cite one vital area, the change to “remote learning” in Massachusetts and other states across the nation has created an instant market for more online instructional tools for both preK-12 and college students. “This is online education’s moment,” Chip Paucek, chief executive officer of the college online learning company 2U Inc., told *MarketWatch* as schools were shutting their doors.<sup>1</sup>

Makers of education technology products believe that once schools experience more tech-based teaching tools — many of them being offered for free during the pandemic — they will be more likely to consider using a combination of classroom and online learning in future years. An executive at online school company K12 Inc. said that the corporation isn’t trying to “drive growth because of something awful.” But as is the case with other tech companies, K12’s stock has increased in price since early bets by investors that public schools would need its products.<sup>2</sup>

While the MTA has worked to mitigate efforts by the Baker administration to expand privatization, the move to more online instruction shows how critical it will be to remain vigilant as education expands further beyond brick-and-mortar classrooms. Education Commissioner Jeffrey Riley added to the already prevalent unease in suggesting that school closings represented an “amazing opportunity” to examine public education, including considering more project-based learning,<sup>3</sup> a practice that is popular under personalized learning models.

With the combination of more experimentation, shifting revenues and greater competition for fewer students, preK-12 schools, colleges and universities face a significant challenge in preserving the “public” in public education.

**Personalized Learning and Tech Products.** Massachusetts officials jumped in front of the educational technology boom in 2015 by creating a partnership with local nonprofit LearnLaunch to

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*The spread of the coronavirus, with its forced closure of school buildings and college campuses — and its still-unspooling drastic impact on the economy — will likely invite even more private money into public education, along with more interference.*

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1 “This is online education’s moment as colleges close during coronavirus pandemic,” *MarketWatch*, 3/18/2020, <https://www.marketwatch.com/story/this-is-online-educations-moment-as-colleges-close-during-coronavirus-pandemic-2020-03-17>

2 “A \$100,000 cleaning machine? A ‘silver bullet’ disinfectant? Businesses cash in on coronavirus panic at schools,” *USA Today*, 3/8/2020, <https://www.usatoday.com/story/news/education/2020/03/08/coronavirus-schools-public-fear-cleaning-health-crisis/4957448002/>; “Coronavirus Outbreak to Offer Opportunities to Online Educators” *Zacks Equity Research*, 3/23/2020, <https://finance.yahoo.com/news/coronavirus-outbreak-offer-opportunities-online-153203022.html>

3 “Baker closes Mass. schools through May 4; Riley sees ‘amazing opportunity’ to rethink education,” *Common Wealth*, 3/25/2020, <https://commonwealthmagazine.org/education/baker-closes-mass-schools-through-may-4/>

help schools implement more technology in classrooms. The Massachusetts Personalized Learning Edtech Consortium, known widely as MAPLE, is a public-private partnership between the DESE and LearnLaunch Institute,<sup>4</sup> part of the LearnLaunch “family,” which includes a for-profit company that invests in tech startup companies, many of them developed for the preK-12 and higher education markets. Former Governor Jane Swift was tapped as president and executive director of the LearnLaunch nonprofit in 2019, and the for-profit side has its own management and investment team.<sup>5</sup>

LearnLaunch has two designations for participating school districts, indicating that some have become more quickly engaged than others. There are about a dozen schools or districts considered to be “catalyst members,” committed to pursuing personalized learning, and 34 schools or districts called “general members” in the earlier stages of technology, with the latter group including three charter schools and the Greenfield Commonwealth Virtual School.<sup>6</sup>

LearnLaunch illustrates the challenge of tracking public education money in the current climate. Tax returns and website information show that the state-sanctioned MAPLE is managed by a nonprofit that pays more than one-third of its total revenues to its for-profit arm in management fees.<sup>7</sup> The for-profit arm can benefit from products showcased or tested in public schools: In pitching its for-profit Accelerator program, which invests in ed-tech companies, LearnLaunch says its nonprofit arm provides “marketing support” and “research,” some of which is passed along through the relationships it maintains with its network of Massachusetts schools.<sup>8</sup>

The nonprofit LearnLaunch<sup>9</sup> has been funded with at least \$1 million each from the Barr Foundation, already noted as a charter supporter, and the Nellie Mae Education Foundation, a wholly owned subsidiary of student loan provider SLM Corporation, or Sallie Mae.<sup>10</sup> The Bill and Melinda Gates Foundation is close behind, with commitments of at least \$788,000.<sup>11</sup> LearnLaunch reported \$1.45 million in revenues for the school year that ended in June 2018 and expenses of \$1.2 million, including \$579,093 in rent and management fees paid to the LearnLaunch for-profit company.<sup>12</sup>

Funding from the Gates Foundation for technology includes support for MassNet, an initiative through LearnLaunch that trains teachers on classroom technology.<sup>13</sup>

**New Bedford and “Neighborhood” Schools.** In a show of vigilance to protect against more education privatization, the MTA, the New Bedford Educators Association and a local grassroots group called the New Bedford Coalition to Save Our Schools worked together in 2019 to block a plan for a precedent-setting “neighborhood” school model wrapped in a proposed expansion of the Alma del Mar Charter School.

After local resistance to the school’s proposed nearly 1,200-seat expansion, Education Commissioner

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4 “Maple: About Us,” <https://learnlaunch.org/maple/about-us/>

5 “Former Governor Jane Swift Joins LearnLaunch As President and Executive Director,” *Business Wire*, 5/30/2019, <https://www.businesswire.com/news/home/20190530005558/en/Governor-Jane-Swift-Joins-LearnLaunch-President-Executive>

6 LearnLaunch <https://learnlaunch.org/maple/members/>

7 Form 990, LearnLaunch, 2017, [https://apps.irs.gov/pub/epostcard/cor/461270864\\_201806\\_990\\_2019041216216878.pdf](https://apps.irs.gov/pub/epostcard/cor/461270864_201806_990_2019041216216878.pdf)

8 “LearnLaunch Platform,” <https://learnlaunch.com/accelerator/platform/>; “LearnLaunch Accelerator: BoostPlus Informational Deck Summary,” LearnLaunch, <https://drive.google.com/file/d/1ZQ7TbjEwp8pRI0oODwOdk94WhzjWlJN/view>

9 Form 990, LearnLaunch, 2017, [https://apps.irs.gov/pub/epostcard/cor/461270864\\_201806\\_990\\_2019041216216878.pdf](https://apps.irs.gov/pub/epostcard/cor/461270864_201806_990_2019041216216878.pdf)

10 Foundation Center grants database

11 The Bill and Melinda Gates Foundation grants database

12 Form 990, LearnLaunch, 2017, [https://apps.irs.gov/pub/epostcard/cor/461270864\\_201806\\_990\\_2019041216216878.pdf](https://apps.irs.gov/pub/epostcard/cor/461270864_201806_990_2019041216216878.pdf)

13 “MassNET,” LearnLaunch, <https://learnlaunch.org/massnet/>

Riley, New Bedford Mayor Jon Mitchell, Alma del Mar CEO Will Gardner and New Bedford School Superintendent Thomas Anderson struck a deal to create a 450-seat expansion and a second school campus, with the city giving Alma del Mar the former Kempton School building and land outright. The plan would have created a “neighborhood” district, with students living near the school automatically enrolled in the charter.

New Bedford parents and activists, supported by the NBCSOS, the MTA and the NBEA, filed a lawsuit to block the giveaway<sup>14</sup> while the Baker administration worked in the Legislature to achieve passage of a home rule change that would have allowed the neighborhood charter school model. The legislation stalled, and Riley abandoned the plan in the face of growing opposition led by parents, educators, and others in the New Bedford community.<sup>15</sup>

MTA leaders saw the plan not just as a local battle but as a treacherous shift with statewide implications. “The way students were being chosen for Alma del Mar II raised many questions, as research on the new zone indicated a pattern that excluded higher proportions of black and Hispanic residents, as well as leaving out residents from larger multiunit housing,” said MTA President Merrie Najimy. Had the New Bedford deal prevailed, state education leaders could have replicated it statewide in lower-income districts. “This plan embodied some of the harshest aspects of education privatization that we have seen in Massachusetts,” said MTA Vice President Max Page.

A major danger of the New Bedford deal was its precedent: Creating one neighborhood charter school with default charter school enrollment could lead to more, circumventing the will of voters statewide who rejected expanding charter schools in the successful campaign to defeat Question 2 in 2016. While there are many models of portfolio schools, such a structure destroys the traditional model of a school district. It divides the district, setting up more competition between charters and public schools, and allows charter schools to operate with less accountability. Applied across a public school district, the change could create a hybrid charter system.<sup>16</sup>

*Forbes* education contributor Peter Greene cites the many possibilities for portfolio models but points to one common thread: “removing as many rules as possible and, ideally, union protections for teachers.”<sup>17</sup> Privatization donors Laura and John Arnold, the Waltons and the Gates Foundation are pumping money into the portfolio concept, including financing initiatives through the nonprofit privatization group City Fund, which reportedly hopes to take the model to 40 cities in the next few years.<sup>18</sup> Schools in Atlanta, Chicago, Indianapolis and New Orleans have experimented with the portfolio-style model. Texas is spending some \$20 million to reshape school districts using the approach, and portfolio plans have contributed to strikes by educators in Denver and Los Angeles.<sup>19</sup>

In Denver, the local Gates Family Foundation — which is not related to the Bill and Melinda Gates Foundation — retained Empower Schools of Boston to build out what the foundation calls

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14 “New Bedford charter school expansion scheme draws community lawsuit,” *massteacher.org*, 5/13/2019, <https://massteacher.org/news/2019/05/newbedfordlawsuit>

15 “Coalition welcomes charter scheme’s demise,” *massteacher.org*, 5/31/2019, <https://massteacher.org/news/2019/05/coalition-welcomes-charter-schemes-demise>

16 Form 990, Laura and John Arnold Foundation, 2017

17 “Portfolio School Management For Dummies,” *Forbes*, 1/16/2019, <https://www.forbes.com/sites/petergreene/2019/01/16/portfolio-school-management-for-dummies/#7079a4b96203>

18 “A Chalkbeat explainer: What is the ‘portfolio model’ of running schools?” *Chalkbeat*, 3/8/2019, <https://chalkbeat.org/posts/us/2019/03/08/portfolio-model-explainer/>

19 “Texas is spending millions to bring the “portfolio model” to its schools. The strategy has led to teacher strikes in other states,” *Texas Tribune*, 10/10/2019, <https://www.texastribune.org/2019/10/10/texas-education-portfolio-charter-teacher-strikes/>

“disruptive innovation” through a portfolio model called the Luminary Learning Network, which steered school management to charter school networks.<sup>20</sup>

**The Springfield Empowerment Zone.** One Baker administration experiment that continues to attract private money is the Springfield Empowerment Zone, a collection of 10 schools that operates separately from the Springfield Public Schools through its own governance model. The zone schools have included two started as charter-like schools and one operated briefly by the UP Academy charter chain, with all of them answering to a hand-picked board instead of to the democratically elected Springfield School Committee. Under the model, Empowerment Zone schools operate with less transparency than public schools, on a longer school day.

The Springfield Empowerment Zone school board continues to be led by venture capitalist and Massachusetts Board of Higher Education Chair Chris Gabrieli, whose Empower Schools consulting nonprofit helped design the zone. Empower Schools has worked on similar school experiments in at least four other states and has offered advice to more states,<sup>21</sup> using the Springfield model as its calling card. Empower no longer works in Springfield, but continues to pitch its Massachusetts experience as it drums up new business. It offered its expertise — though it did not appear to land a contract — to Rhode Island, which initiated a state takeover of some public schools under Angélica Infante-Green, a former candidate for the education commissioner’s post in Massachusetts.<sup>22</sup>

Despite Empower’s marketing that promotes the model, the Springfield schools continue to face challenges with student achievement and recruiting and retaining experienced and qualified teachers.<sup>23</sup> Critics of the “empowerment” model generally, notes *Education Dive*, “cite concerns over the elected school board’s loss of control, the model’s relative lack of accountability, and the feeling it’s just another form of takeover by an outside organization.”<sup>24</sup>

The public-private structure of the Empowerment Zone also opens the door for money from influential charter and privatization donors, with outside financial support for Springfield continuing to increase. The SEZ reported \$1.8 million in revenues in its fiscal year ending in June 2017, with more than one-third of that from private sources, up from \$1.5 million in revenues as of June 2016 and \$395,000 in 2015.<sup>25</sup>

Massachusetts donors supportive of charter schools and other privatization experiments have pitched in: According to the most recent available figures from tax returns, the Barr Foundation has given at least \$600,000 to the SEZ and the Irene E. and George A. Davis Foundation has added at least another \$150,000.<sup>26</sup> The 2017 SEZ tax return for the fiscal year ending in June 2018 shows that more

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20 “Our Story,” Luminary Learning Network, <https://www.lindenver.org/our-story>; “Disruptive Innovation in an Urban School District: Denver’s Luminary Learning Network,” Gates Family Foundation, 2018, [https://www.empowerschools.org/wp-content/uploads/2018/07/CaseStudy\\_DenversLuminaryLeaders.pdf](https://www.empowerschools.org/wp-content/uploads/2018/07/CaseStudy_DenversLuminaryLeaders.pdf)

21 “This turnaround model is spreading. Is it a better way to help struggling schools or just a new brand of takeover?” *Chalkbeat*, 8/21/2019, <https://chalkbeat.org/posts/us/2019/08/20/school-turnaround-empowerment-zones/>

22 “Providence schools might learn lessons from Springfield, Mass,” *Providence Journal*, 9/27/2019, <https://www.providence-journal.com/news/20190923/providence-schools-might-learn-lessons-from-springfield-mass>

23 “State has checkered history of school district interventions,” *Bay State Banner*, 2/24/2020, <https://www.baystatebanner.com/2020/02/24/state-has-checkered-history-of-school-takeovers/>

24 “Questions increase as Empower Schools expands turnaround model’s reach,” *Education Dive*, 8/23/2019, <https://www.educationdive.com/news/questions-increase-as-empower-schools-expands-turnaround-models-reach/561477/>

25 Form 990, Springfield Empowerment Zone Partnership, Inc., 2016-2017, [https://apps.irs.gov/pub/epostcard/cor/371770485\\_201706\\_990\\_2018081615594221.pdf](https://apps.irs.gov/pub/epostcard/cor/371770485_201706_990_2018081615594221.pdf) and [https://apps.irs.gov/pub/epostcard/cor/371770485\\_201806\\_990\\_2019052916356448.pdf](https://apps.irs.gov/pub/epostcard/cor/371770485_201806_990_2019052916356448.pdf)

26 Foundation Center grants database; Form 990, Barr Foundation, 2018, [https://apps.irs.gov/pub/epostcard/cor/046579815\\_201812\\_990PF\\_2019122316975817.pdf](https://apps.irs.gov/pub/epostcard/cor/046579815_201812_990PF_2019122316975817.pdf)

than half of SEZ expenses covered salaries and related employment costs.<sup>27</sup>

Meanwhile, Empower Schools finances its work with the funding it receives from school districts, plus private contributions.<sup>28</sup> Donors commonly regarded as progressive — including the Ford Foundation and the W.K. Kellogg and Carnegie corporations — have been substantial givers, alongside The Eli and Edythe Broad Foundation, the Walton Family Foundation, the Bill and Melinda Gates Foundation, and local donors Strategic Grant Partners and The Boston Foundation.<sup>29</sup> Gates Foundation funding for Empower Schools has totaled more than \$4.5 million,<sup>30</sup> and Gates gave the Springfield Public Schools \$90,000 in 2018 for college advising.<sup>31</sup>

While the Springfield Empowerment Zone enjoys private support, state funding for SEZ schools shows the perils of experiments within school districts alongside revenue-draining charters. Governor Baker's proposed budget included increases in education funding statewide through the *Student Opportunity Act*, which was enacted in late 2019 after a major campaign led by the Fund Our Future coalition, of which the MTA is a leading member. In Springfield's share, based on information that was available in March 2020, local officials contended that SEZ schools and local charters together could consume nearly half of the proposed increase in funding.<sup>32</sup>

Baker's attempts to expand the model, making it easier for a superintendent or a group of parents to initiate an empowerment zone, have stalled in the Legislature.<sup>33</sup> Proposals to apply the concept are termed efforts to create "takeover zones" by public education advocates.

**Boston Public Schools Under State Pressure.** An audit by Education Commissioner Riley's office critical of the Boston Public Schools<sup>34</sup> prompted what will be a closely watched test, the quasi-receivership of 33 Boston schools with the stated goals of improving student achievement and expanding teacher recruitment and retention. The schools will be designated "transformation schools," and an additional 15 schools will work through an existing Department of Elementary and Secondary Education program called the Kaleidoscope Collective for Learning.<sup>35</sup>

A memorandum of understanding outlining how the schools will work through the collective states that they will rely on additional partnerships and financial support from private philanthropy, once again opening the door for more private money in public schools.<sup>36</sup> Based on the interest in

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27 Form 990, Springfield Empowerment Zone Partnership, [https://apps.irs.gov/pub/epostcard/cor/371770485\\_201806\\_990\\_2019052916356448.pdf](https://apps.irs.gov/pub/epostcard/cor/371770485_201806_990_2019052916356448.pdf)

28 Form 990, Empower Schools, 2017, [https://apps.irs.gov/pub/epostcard/cor/043534001\\_201806\\_990\\_2019060716394790.pdf](https://apps.irs.gov/pub/epostcard/cor/043534001_201806_990_2019060716394790.pdf)

29 Form 990, The Boston Foundation, 2016 and 2017, [https://apps.irs.gov/pub/epostcard/cor/042104021\\_201706\\_990\\_2018052515346650.pdf](https://apps.irs.gov/pub/epostcard/cor/042104021_201706_990_2018052515346650.pdf) and [https://apps.irs.gov/pub/epostcard/cor/042104021\\_201806\\_990\\_2019052916354475.pdf](https://apps.irs.gov/pub/epostcard/cor/042104021_201806_990_2019052916354475.pdf)

30 Bill and Melinda Gates Foundation grants database, <https://www.gatesfoundation.org/how-we-work/quick-links/grants-database#q/k=empower%20schools>; Foundation Center grants database

31 Bill and Melinda Gates Foundation grants database, <https://www.gatesfoundation.org/How-We-Work/Quick-Links/Grants-Database/Grants/2018/08/OPP1199517>

32 "Education funding overhaul disappoints in Springfield," *MassLive.com*, 3/2/2020, <https://www.masslive.com/news/2020/03/education-funding-overhaul-disappoints-in-springfield-schools-expecting-only-small-increase.html>

33 "Gov. Charlie Baker files bill to expand Springfield's 'empowerment zone' model for schools statewide," *MassLive.com*, <https://www.masslive.com/news/2019/03/gov-charlie-baker-files-bill-to-expand-springfields-empowerment-zone-model-for-schools-statewide.html>

34 "District Review Report," Boston Public Schools, 3/13/2020, <https://d279m997dpfwgl.cloudfront.net/wp/2020/03/BPS-Comprehensive-District-Review-Report-March-2020-Final-1.pdf>

35 "DESE and BPS Agree to a New Model for Improvement in District," Boston Public Schools, <https://www.bostonpublicschools.org/site/default.aspx?PageType=3&DomainID=4&ModuleInstanceID=14&ViewID=6446EE88-D30C-497E-9316-3F8874B3E108&RenderLoc=0&FlexDataID=27958&PageID=1>

36 "Memorandum of Understanding Between the Boston Public Schools and the Massachusetts Department of Elementary and Secondary Education," DESE, 3/10/2020, <https://d279m997dpfwgl.cloudfront.net/wp/2020/03/Fully-executed-MOU-2.pdf>

Massachusetts charters and school experiments, there will clearly be no shortage of state or national privatization funders interested in engaging in the trial.

One philanthropic model for donor engagement might be the Boston Schools Fund, which provides grants and assistance to Boston public, charter and parochial schools, but has been tilted in recent years toward supporting charters.<sup>37</sup> The fund has been popular with privatization donors in Massachusetts and from out of state, including the Gates, Walton, Barr, Boston and Longfield foundations, as well as charter supporters Michael and Susan Dell and the Fidelity Investments Charitable Gift Fund.<sup>38</sup>

Even with the quasi-receivership planned for Boston schools, some critics of public education seemed to think the state action fell short. The astroturf group Massachusetts Parents United called the agreement “shockingly vague,”<sup>39</sup> with its leaders perhaps disappointed that the detailed Boston report and agreement failed to prompt a more drastic step, such as an outright state takeover, that would have made it easier to create new charter-style or empowerment-model schools.

## Private Interests in Higher Education

With growing financial pressure on public colleges and universities and state funding lagging behind by nearly 20 years, Massachusetts is living out a prediction by Robert J. Manning, chair of the University of Massachusetts Board of Trustees. “We are privatizing, whether we like it or not,” he stated in 2009 remarks to the trustees.<sup>40</sup>

Strapped for funding and facing declining enrollments, colleges and universities nationwide are turning to private donors to subsidize faculty, construction, research and student life. Campus leaders often defend privatization as necessary to help close the gap between revenue sources and rising expenses, even as these arrangements further blur the line between public and private institutions.

In Massachusetts, the move to more private support results from a crisis in higher education funding — years of accumulated shortchanging by the state that stresses students and faculty in the UMass system and at community colleges and state universities. The state funding commitment per student, adjusted for inflation, dropped 26 percent, from \$11,953 in 2001 to \$8,793 by 2020.<sup>41</sup> An earlier study calculated a more than 30 percent reduction in per-student state support over the 2001 to 2018 period.<sup>42</sup>

Diminishing funding from the state contributes to rising tuition and fees, leaving students carrying devastating amounts of debt. For a student at a four-year Massachusetts public college or university, the inflation-adjusted average debt load was \$20,680 in 2001, and by 2018 it had reached \$31,862.<sup>43</sup>

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37 Foundation Center grants database, Form 990, Boston Schools Fund, 2017, [https://apps.irs.gov/pub/epostcard/cor/473093274\\_201806\\_990\\_2018121716011989.pdf](https://apps.irs.gov/pub/epostcard/cor/473093274_201806_990_2018121716011989.pdf)

38 Foundation Center grants database

39 “Mass. officials release scathing review of Boston school system,” *The Boston Globe*, 3/13/2020, <https://www.bostonglobe.com/2020/03/13/metro/mass-officials-release-scathing-review-boston-school-system/?event=event12>

40 “Independent Working Group on the Future of UMass Boston,” [http://www.faculty.umb.edu/gary\\_zabel/Independent\\_Working\\_Group/Home.html](http://www.faculty.umb.edu/gary_zabel/Independent_Working_Group/Home.html)

41 Computed from data from the Massachusetts Budget and Policy Center, the U.S. Bureau of Labor Statistics and the Massachusetts Department of Higher Education, April 2020

42 “Educated and Encumbered: Student Debt Rising with Higher Education Funding Falling in Massachusetts,” Massachusetts Budget and Policy Center, 3/1/2018, [https://massbudget.org/report\\_window.php?loc=Educated-and-Encumbered.html](https://massbudget.org/report_window.php?loc=Educated-and-Encumbered.html)

43 Computed from data provided by the Massachusetts Budget and Policy Center derived from College Insight, [www.college-insight.org](http://www.college-insight.org)

Higher education is also a picture of disparity. A Center on Budget and Policy Priorities study shows that in Massachusetts, the net price of attendance at a public four-year institution places twice the burden on Hispanic and African American students as it does on white and non-Hispanic students.<sup>44</sup> Higher education faculty are moving to an inequitable two-tier system, as more institutions — led by community colleges — turn to more part-time staff: adjuncts and non-tenure-track members who earn far less than their full-time counterparts and lack health insurance, pension benefits and job security.

Uncertain enrollment trends compound the revenue problems. Undergraduate enrollment has dropped at 18 of the state's public colleges and universities over the last decade, with some declines as steep as 20 percent, and there is little relief in sight.<sup>45</sup> “As youth populations decline everywhere but the southern and western United States, colleges in New England and the Midwest will find it increasingly hard to lure students, particularly those able to pay,” *The Washington Post* reported.<sup>46</sup> The coronavirus pandemic, with its challenges to enrollment and student capacity to cover tuition, will further strap campuses.

With all the stresses, colleges and universities have become hooked on private support. “Universities have taught politicians and the voters at large that they can and will deal with 5 percent, 10 percent or 20 percent public funding cuts by finding alternative revenue streams, nearly all of which are private,” writes Christopher Newfield, author of *The Great Mistake: How We Wrecked Public Universities and How We Can Fix Them*.<sup>47</sup> In his book, Newfield argues that the higher education model that includes adequate public support for higher education “has been broken by too much funding and service to private interests.”<sup>48</sup>

To move Massachusetts toward relief, the MTA is working with the Fund Our Future coalition to win enactment of the *Cherish Act*, which would boost funding for colleges and universities by roughly \$550 million when fully phased in through the 2025 fiscal year — helping faculty, staff and students — and would freeze tuition for that period, as long as the Legislature appropriates the funds required to reach fiscal 2001 per-student funding levels in five years.<sup>49</sup> Another measure, the *Debt Free Future Act*, would create a grant program that would cover the full cost of a public college or university for eligible students.<sup>50</sup>

Until such relief arrives, however, and potentially even with it, private interests encouraged by willing administrations will continue to make inroads into Massachusetts. The COVID-19 crisis will worsen the situation in many respects, but the MTA and its allies are determined to fight austerity budgets

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*A Center on Budget and Policy Priorities study shows that in Massachusetts, the net price of attendance at a public four-year institution places twice the burden on Hispanic and African American students as it does on white and non-Hispanic students.*

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44 “State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality,” Center on Budget and Policy Priorities, Table 1, 10/24/2019, <https://www.cbpp.org/sites/default/files/atoms/files/10-24-19sfp.pdf>

45 “Declining Enrollment Puts The Squeeze On Public Higher Ed In Massachusetts,” WBGH News, 11/4/2019, <https://www.wgbh.org/news/local-news/2019/11/04/declining-enrollment-puts-the-squeeze-on-public-higher-ed-in-massachusetts>

46 “Are Liberal Arts Colleges Doomed?” *The Washington Post Magazine*, 10/21/2019, <https://www.washingtonpost.com/magazine/2019/10/21/downfall-hampshire-college-broken-business-model-american-higher-education/?arc404=true>

47 “University Research and the Great Mistake,” *Inside Higher Ed*, 4/13/2017, <https://www.insidehighered.com/views/2017/04/13/how-universities-have-gotten-caught-privatization-trap-essay>

48 *The Great Mistake*, Christopher Newfield, Johns Hopkins University Press, 2016, [https://www.amazon.com/Great-Mistake-Universities-Critical-University/dp/1421421623/ref=tmm\\_hrd\\_swatch\\_0?\\_encoding=UTF8&qid=&sr=#reader\\_B01M-DV81Q6](https://www.amazon.com/Great-Mistake-Universities-Critical-University/dp/1421421623/ref=tmm_hrd_swatch_0?_encoding=UTF8&qid=&sr=#reader_B01M-DV81Q6)

49 “Advocates call on state to reinvest in public higher education,” *massteacher.org*, 3/2020, <https://massteacher.org/news/2020/03/highered-advocacy-day>

50 “Funding of public higher education system is broken, legislators are told,” *massteacher.org*, April 30, 2019, <https://massteacher.org/news/2019/04/cherishact>



and similar measures that would harm students, educators, communities and campuses across the Commonwealth.

**International Student Recruitment.** With U.S. enrollment down, public colleges and universities are looking overseas to increase their numbers, often relying on private companies to recruit international students.<sup>51</sup> Observers question the industry's practices through these so-called pathways programs, which include tuition-sharing arrangements between universities and private companies and commissions paid to recruiters as enrollment incentives. How these companies handle staffing and campus jobs is another concern.

Boston-based Shorelight Inc., one of the busier international companies active in this area, struck a deal with UMass Amherst in 2016 to recruit international students for a combination of campus-based work during the summer and online instruction, sharing tuition paid by the students with the university. The deal had the impact of helping UMass fill otherwise empty dorms during the summer and increasing enrollment for UMass Online.<sup>52</sup> Online job boards show Shorelight hiring for UMass campus jobs.<sup>53</sup>

Shorelight also recruits for UMass Boston, quoting prospective students tuition equivalent to out-of-state charges of about \$35,500, plus board and fees and an additional \$6,000 per semester to cover intensive support for students needing assistance with English and with assimilating to the campus.<sup>54</sup>

Shorelight, which has about a dozen U.S. institutions as clients, told *Inside Higher Ed* that it pays agent commissions that are similar to those offered by other companies in the industry, up to 15 percent of first-year tuition, though the news outlet reported that the company pays 20 percent commissions for intensive English programs for international students.<sup>55</sup>

The Shorelight board is led by Chris Hoehn-Saric, who managed the for-profit school chain Sylvan Learning Systems, later split into Educate Inc. and Laureate Education, an international online university operator that runs Walden University in the United States.<sup>56</sup> Shorelight's management team includes executives who previously worked at for-profit education companies including Kaplan and K12 Inc.<sup>57</sup>

A second company, Australian recruiter Navitas Limited, first signed contracts with UMass campuses in Boston, Dartmouth and Lowell in 2010 and renewed all three in 2015 for at least five years, though

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51 "Key Senators Turn Up Heat on OPMs," *Inside Higher Ed*, 2/5/2020, <https://www.insidehighered.com/news/2020/02/05/online-program-management-companies-face-washington-microscope>

52 "UMass Amherst and Shorelight Education Announce Partnership to Offer Master's Degree to International Students," University of Massachusetts Amherst news release, 11/3/2016, <https://www.umass.edu/newsoffice/article/umass-amherst-and-shorelight-education>; "UMass Partners With Private Company To Recruit International Students," WGBH, 7/11/2016, <https://www.wgbh.org/news/2016/07/11/local-news/umass-partners-private-company-recruit-international-students>

53 Jobvite, <https://jobs.jobvite.com/shorelight/jobs/>

54 "University of Massachusetts Boston, Tuition & Cost," Shorelight Partners, <https://partners.shorelight.com/schools/university-of-massachusetts-boston/>; "University of Massachusetts Boston Undergraduate Tuition and Fees, Spring 2020," University of Massachusetts Boston, [https://www.umb.edu/editor\\_uploads/images/bursar/Spring\\_2020\\_Undergraduate\\_Tuition\\_and\\_Fees.pdf](https://www.umb.edu/editor_uploads/images/bursar/Spring_2020_Undergraduate_Tuition_and_Fees.pdf)

55 "Commissions and Incentives," *Inside Higher Ed*, 6/20/2018, <https://insidehighered.com/news/2018/06/20/corporate-pathway-providers-shake-international-student-landscape-and-ante>

56 "For-profit Laureate sells St. Augustine for \$400M, holds onto Walden U," *Education Dive*, 2/7/2019, <https://www.educationdive.com/news/for-profit-laureate-sells-st-augustine-for-400m-holds-onto-walden-u/547850/>; Chris Hoehn-Saric, Shorelight Inc., <https://corporate.shorelight.com/staff/crhis-hoen-saric/>

57 "Leadership Team," Shorelight, <https://corporate.shorelight.com/about/>

Boston signed on for another decade.<sup>58</sup> From the start, Navitas has worked with recruiters to find students overseas and help them apply, then provided them with additional English language classes and guidance on culture once they arrive on campus.

News accounts about the Navitas-UMass arrangement said Navitas received half of the out-of-state tuition,<sup>59</sup> though international student recruitment generally appears to receive little scrutiny, making it challenging to unravel arrangements with private companies.

While Massachusetts continues to be a customer of both Shorelight and Navitas, not all university recruiting arrangements last. Western Kentucky University ended its contract with Navitas in 2016, with Navitas all but conceding that the arrangement wasn't profitable — therefore making it not successful.<sup>60</sup> Other online recruiters have been replaced or cut off at colleges and universities for failing to meet enrollment goals.<sup>61</sup>

The Massachusetts campuses have added their own international recruiting efforts to complement Navitas work.

**Online Instruction.** UMass has offered online classes since 2001 and currently enrolls about 20,000 students, but accelerated offerings after hiring former Pearson executive Don Kilburn in 2017 to oversee the university's online academics.<sup>62</sup> Under Kilburn, and with a directive from the UMass Board of Trustees, UMass is doubling down on online education, announcing plans in 2019 to create a national online university that would compete with Southern New Hampshire University, Penn State World Campus and Purdue University Global. The trustees want UMass to triple online enrollment, targeting older and working students nationwide who may have started but never completed work toward a college degree.<sup>63</sup>

Kilburn estimates that the virtual university will generate up to \$400 million; it would be financed initially with “university reserves” that would be recovered from online revenues. But privatization issues to watch once plans are fully revealed include whether UMass will retain an outside company — with a tuition-sharing arrangement — to handle online programming, a popular practice in online higher education. Marketing will likely be another area needing outside help: *Inside Higher Ed* reported that Southern New Hampshire University spent \$139 million on marketing in 2018 to build its national brand and increase enrollment.<sup>64</sup>

As of April 2020, the online university concept appeared to remain in the planning stages for

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58 “Parting Ways,” *Inside Higher Ed*, 6/20/2018, <https://www.insidehighered.com/news/2018/06/20/some-third-party-pathway-partnerships-have-ended>

59 “As colleges go global, recruiting goes private,” *The Boston Globe*, 11/27/2011, <https://www.bostonglobe.com/metro/2011/10/27/university-massachusetts-other-schools-turn-private-recruiters-find-foreign-students/wST4724JvKIHL4tLM-LzI2M/story.html>

60 “Navitas and WKU end their partnership,” *College Heights Herald*, 2/3/2016, [https://wkuherald.com/news/navitas-and-wku-end-their-partnership/article\\_08d595b6-cae2-11e5-84f3-dbd7729f7cba.html](https://wkuherald.com/news/navitas-and-wku-end-their-partnership/article_08d595b6-cae2-11e5-84f3-dbd7729f7cba.html); “Navitas to close non performing SAE colleges and end affiliation with Western Kentucky University, Navitas Limited news release, 12/15/2015, <https://e6c67dfe-a7107c66cf4b-5fe525cefecba56744297355853ea71e.ssl.cf6.rackcdn.com/Navitas+to+close+non+performing+colleges.pdf>

61 “Parting Ways,” *Inside Higher Ed*, 6/20/2018, <https://www.insidehighered.com/news/2018/06/20/some-third-party-pathway-partnerships-have-ended>

62 “UMass names former Pearson executive to oversee online courses,” *Boston Business Journal*, 11/27/2017, <https://www.bizjournals.com/boston/news/2017/11/27/umass-names-former-pearson-executive-to-oversee.html>

63 “UMass Will Build a National Online College. But What About Its Previous Online Offshoot?” *EdSurge*, 3/7/2019, <https://www.edsurge.com/news/2019-03-07-umass-will-build-a-national-online-college-but-what-about-its-previous-online-offshoot>

64 “Marketing for a Massive Online University,” *Inside Higher Ed*, 10/8/2019, <https://www.insidehighered.com/news/2019/10/08/how-marketing-helped-southern-new-hampshire-university-make-it-big-online>

UMass,<sup>65</sup> but the effort could soon take on a higher profile, a result of the coronavirus pandemic as students become more accustomed to learning online. The industry will step in, predicts The Century Foundation, as online program management companies “pitch themselves as fail-safe, cost-efficient streams of revenue during uncertain times — an immediate solution for schools to quickly convert programs or create new ones online.” Instead, the foundation advises, “schools interested in expanding their online footprint should do it themselves, develop the programs in-house, and retain control over their operations and management.”<sup>66</sup>

UMass has contracts with outside vendors to help generate leads for its existing online instruction, including one with Pearson subsidiary Embanet, in place since 2013 and scheduled for renewal consideration when the agreement concludes in July 2020.<sup>67</sup> Other recruiting contracts obtained by The Century Foundation<sup>68</sup> show UMass retaining a Houston company, HigherEducation, to recruit prospective students<sup>69</sup> and holding an earlier contract with a Waltham company, Avenue100.<sup>70</sup>

Massachusetts U.S. Senator Elizabeth Warren and Ohio U.S. Senator Sherrod Brown have been looking at the recruitment side of online education, examining management arrangements. Warren and Brown have sent letters to five companies — 2U, Academic Partnerships, Bisk Education, Pearson Learning and Wiley Education Services — asking for details of their contracts with public colleges and universities.<sup>71</sup>

**Private Donors.** Gifts from private donors funding research, faculty chairs and academic programs are among the clearest examples of private money entwined in public higher education, and these relationships can be hard to untangle. Major announcements of donor activity, such as Eli Broad’s gift to move his education academy to Yale and the Walton family’s support for education policy work at the University of Arkansas, make the news. Yet these gifts and other less-noticed contributions are guided by agreements that can give donors wide latitude in determining the scope, staff and faculty involved in executing a gift.

Responding to the lack of transparency in donor gifts, the MTA adopted a new business item at its 2018 Annual Meeting of Delegates that called for full public disclosure of agreements between donors and public higher education institutions. In demanding greater transparency from the Board of Higher Education and the UMass Board of Trustees, the MTA asserted the need for information to be readily available so that Massachusetts residents could ensure their colleges and universities would operate with academic independence. “Public disclosure is essential to the public trust,” said MTA President Najimy.<sup>72</sup>

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65 “One year later, UMass online college still mainly ‘discussions,’” *Boston Business Journal*, 3/2/2020, <https://www.bizjournals.com/boston/news/2020/03/02/one-year-later-umass-online-college-still-mainly.html>

66 “How Colleges Can Get Online Education Right,” The Century Foundation, 3/31/2020, <https://tcf.org/content/report/colleges-can-get-online-education-right/>

67 “University of Massachusetts, Through UMass Online and Pearson Amendment 3 to the Client Services Agreement,” 8/1/2013, [https://production-tcf.imgix.net/assets/OPM\\_contracts2/University+of+Massachusetts+%26+Pearson.pdf](https://production-tcf.imgix.net/assets/OPM_contracts2/University+of+Massachusetts+%26+Pearson.pdf)

68 “Dear Colleges: Take Control of Your Online Courses,” The Century Foundation, 9/12/2019, <https://tcf.org/content/report/dear-colleges-take-control-online-courses/?agreed=1&session=1&agreed=1>

69 Orders, 4/17/2019, [https://production-tcf.imgix.net/assets/OPM\\_contracts2/University+of+Massachusetts+%26+HigherEducation.pdf](https://production-tcf.imgix.net/assets/OPM_contracts2/University+of+Massachusetts+%26+HigherEducation.pdf); [https://production-tcf.imgix.net/assets/OPM\\_contracts2/University+of+Massachusetts+%26+Education+Dynamics.pdf](https://production-tcf.imgix.net/assets/OPM_contracts2/University+of+Massachusetts+%26+Education+Dynamics.pdf)

70 Insertion Order, 6/16/2017, [https://production-tcf.imgix.net/assets/OPM\\_contracts2/University+of+Massachusetts+%26+Avenue100.pdf](https://production-tcf.imgix.net/assets/OPM_contracts2/University+of+Massachusetts+%26+Avenue100.pdf)

71 “Key Senators Turn Up Heat on OPMs,” *Inside Higher Ed*, 2/5/2020, <https://www.insidehighered.com/news/2020/02/05/online-program-management-companies-face-washington-microscope>

72 “MTA calls for disclosure of higher ed donor agreements,” *massteacher.org*, 3/9/2019, <https://massteacher.org/news/2019/03/mta-calls-for-disclosure-of-higher-ed-donor-agreements>

Watchdog groups began collecting information about the impact that donors were having nationally after research showed extensive funding and influence from the Koch family on college campuses, particularly George Mason University in Virginia, where Charles Koch helped start the Mercatus Center, a right-leaning think tank. *The New York Times*, reporting on the Koch family's largesse to GMU, found donor agreement documents and emails about the gifts that posed a larger question for all higher education institutions: whether “universities that rely heavily on private donors can remain free from the influences of contributors who may be pursuing commercial, political or philosophical agendas.”<sup>73</sup>

Higher education grant funding resembles the model that John and Laura Arnold and other right-leaning donors employ to fund “research” produced by similarly minded think tanks and advocacy groups. The Arnolds have used multiple grants to bolster their criticism of public pension management and costs, for instance, scattering funding across higher education and nonprofits, including Bellwether Education Partners and sister think tanks of the Pioneer Institute that belong to the national right-wing State Policy Network.<sup>74</sup> The Arnolds use such reports to advocate for legislators and voters to convert public pensions to privatized models.<sup>75</sup>

To shape their still-evolving thinking about employment and wages, the Arnolds have pumped at least \$3.7 million into college and university studies examining the minimum wage, with mixed results.<sup>76</sup> They claim that through their funded research, they hope to move beyond previous “inconclusive” findings and chart their course for public policy after determining whether raising the minimum wage actually helps families, employees and communities.<sup>77</sup>

The Arnolds committed \$220,906 from 2016 through 2020 to UMass Amherst for a joint assessment with University College London of the employment effects of minimum wage policies. An initial study released in 2019 found that the overall number of low-wage jobs remained essentially unchanged over five years following increases in the minimum wage, and that affected low-wage workers overall saw a wage gain of 7 percent after a minimum wage increase.<sup>78</sup>

A much more extensive series of studies, financed with a \$2.6 million Arnold Ventures grant to the University of Washington plus funding from the city of Seattle and the right-leaning Smith Richardson Foundation, concluded that Seattle's graduated increase in the minimum wage actually hurt lower-wage employees through lost hourly work and reduced income.<sup>79</sup> The Economic Opportunity Institute in Seattle panned the work and income study, noting that it suffered from “distortions, discrepancies and lack of objective contextual analysis.”<sup>80</sup>

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73 “What Charles Koch and Other Donors to George Mason University Got for Their Money,” *The New York Times*, 5/5/2018, <https://www.nytimes.com/2018/05/05/us/koch-donors-george-mason.html>

74 Arnold Ventures grants database, <https://www.arnoldventures.org/grants-list?q=pension>

75 “Two Texas Billionaires Think They Can Fix Philanthropy,” *Bloomberg*, 12/12/2019, <https://www.bloomberg.com/news/articles/2019-12-12/billionaires-john-and-laura-arnold-s-data-driven-philanthropy>

76 Arnold Ventures grants database, <https://www.arnoldventures.org/grants-list?q=minimum%20wage>

77 “More Than a Number: The Impacts of a Higher Minimum Wage,” Arnold Ventures, <https://www.arnoldventures.org/stories/number-impacts-higher-minimum-wage/>

78 “UMass Amherst Economists and Colleagues Find No Change in Overall Numbers of Low-Wage Jobs Following Minimum Wage Increases,” University of Massachusetts Amherst news, 8/5/2019, <https://www.umass.edu/newsoffice/article/umass-amherst-economists-and-colleagues>

79 “Minimum wage increases, wages, and low-wage employment: Evidence from Seattle,” University of Washington researchers in National Bureau of Economic Research, June 2017, <https://evans.uw.edu/sites/default/files/NBER%20Working%20Paper.pdf>

80 “UW minimum wage study: disconcerting, distorted and biased,” Economic Opportunity Institute, 7/10/2017, <http://www.opportunityinstitute.org/blog/post/uw-minimum-wage-study-disconcerting-distorted-and-biased/>

**National Pressures.** The ongoing need for substantial resources to help students and higher education gets little help from the Trump administration, which has continued to propose reductions in federal support for colleges and universities and to make it harder for students to manage loan debt. President Trump's 2021 budget proposal, unveiled in February 2020 and likely to get a major rewrite, included a nearly 8 percent overall reduction in U.S. Department of Education spending on higher education, but a nearly \$900 million increase in funding for career and technical education.<sup>81</sup>

The Center for American Progress called the plan “an overt bid for the higher education system to abandon any aspiration to offer access and equity to all students,”<sup>82</sup> and House Budget Chairman John Yarmuth, a Kentucky Democrat, called it a “destructive and irrational budget.”<sup>83</sup> The Trump budget would wipe out more than \$2 billion in federal student financial support, eliminate Stafford Loans, freeze the maximum Pell Grant for one year, reduce funding for the federal work-study program and eliminate Public Service Loan Forgiveness.

The new budget only deepens the outrage among students and advocates already wary of U.S. Education Secretary Betsy DeVos. DeVos suspended and then rewrote Obama administration regulations protecting student borrowers from fraudulent marketing by for-profit institutions. The Obama protections were intended to help students owing loans for study at for-profit schools including the failed Corinthian College, which used highly questionable advertising tactics to build enrollment.<sup>84</sup> DeVos continued collecting on student loans for the failed schools and was ordered to stop twice by a federal judge. After that, DeVos relaxed oversight of the loans at the expense of students, issuing rules that put the burden on them to prove they were deceived and defrauded.<sup>85</sup> Democrats and Republicans in both the U.S. House and Senate voted in 2020 to challenge the DeVos-initiated change through legislation intended to block the loan plans.

Responding to the skyrocketing unemployment rate during the coronavirus pandemic, President Trump announced plans in April 2020 to waive interest on all student loans held by federal government agencies. The change did not reduce student payments or delay them, but stipulated that payments would be applied to paying down loan principal.<sup>86</sup> The congressional stimulus package enacted in March 2020 included a six-month reprieve on federal student loan payments.<sup>87</sup>

But advocates for fair treatment of students strongly contend that more is needed — and the circumstances on campuses, where private interests are still gaining influence and problems continue to mount, clearly point to a difficult road ahead.

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81 “Trump looks to kill student loan forgiveness program,” CNBC, 2/11/2020, <https://www.cnn.com/2020/02/10/trump-proposes-end-to-student-loan-forgiveness-program.html>

82 “Trump’s Latest Budget Proposal Would Deepen the Student Debt Crisis,” Center for American Progress, 2/10/2020, <https://www.americanprogress.org/issues/education-postsecondary/news/2020/02/10/480347/trumps-latest-budget-proposal-deepen-student-debt-crisis/>

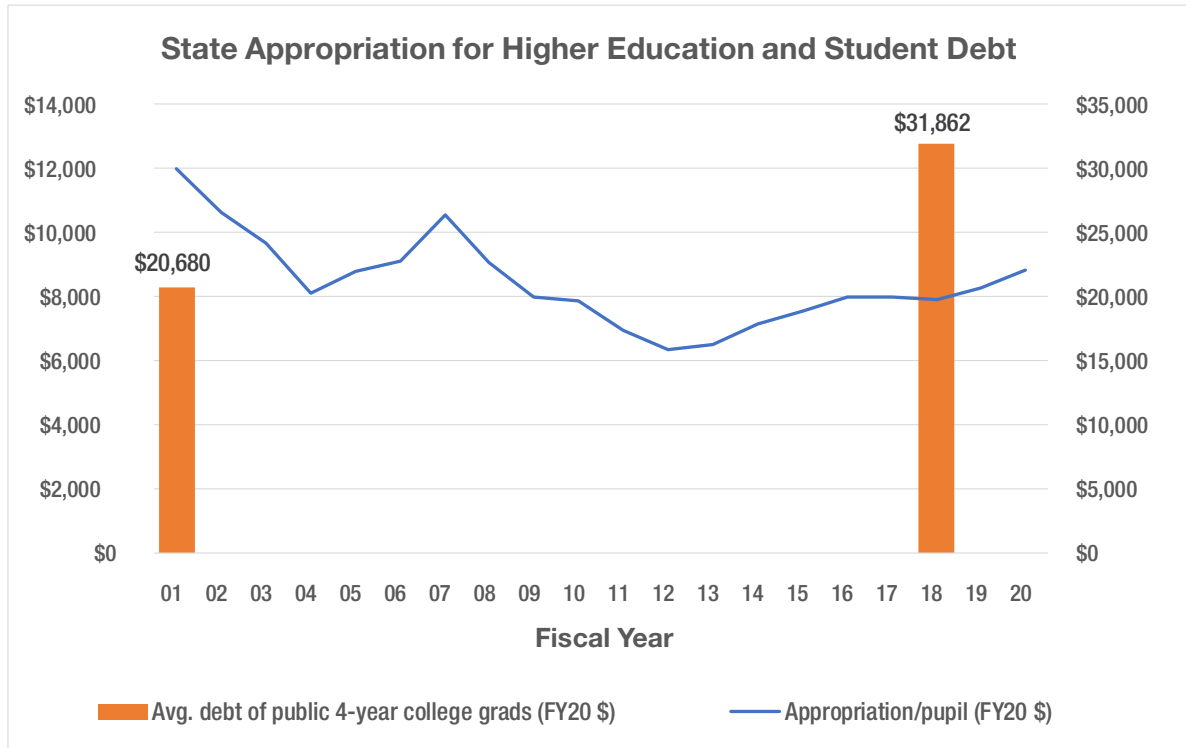
83 “Trump Budget Proposes Cuts To Education,” *Forbes*, 2/10/2020, <https://www.forbes.com/sites/wesleywhistle/2020/02/10/trump-budget-proposes-cuts-to-education/#381babce708d>

84 “Feds found widespread fraud at Corinthian Colleges. Why are students still paying the price?” *The Washington Post*, 9/29/2016, <https://www.washingtonpost.com/news/grade-point/wp/2016/09/29/feds-found-widespread-fraud-at-corinthian-colleges-why-are-students-still-paying-the-price/>

85 “Judge Threatens Betsy DeVos With Jail In Student Loan Case,” *Forbes*, 10/8/2019, <https://www.forbes.com/sites/adamminsky/2019/10/08/judge-threatens-betsy-devos-with-jail-in-student-loan-case/#2d81c4fa51c0>; “Senate passes rebuke of DeVos over student loan forgiveness,” ABC News, 3/11/2020, <https://abcnews.go.com/Business/wireStory/senate-passes-rebuke-devos-student-loan-forgiveness-69539393>

86 “Trump’s Student Loan Interest Waiver Isn’t What You May Think,” *The New York Times*, 3/14/2020, <https://www.nytimes.com/2020/03/14/business/student-loans-coronavirus-trump.html>

87 “Congress Stops Student Loan Repayment For 6 Months,” *Forbes*, 3/25/2020, <https://www.forbes.com/sites/zackfriedman/2020/03/25/student-loan-repayment-coronavirus/#7f6208375f85>



Source: The Institute for College Access & Success, *College InSight*, <http://www.college-insight.org>, February 28, 2020. Most college-level data are taken directly from U.S. Department of Education sources and the Common Data Set (CDS).

The line in the graph above shows the Massachusetts state budget appropriation per pupil for public higher education over the period fiscal year 2001 through fiscal year 2020, adjusted for inflation. The bars show the average debt of graduates of public four-year institutions of higher education, also adjusted for inflation, for fiscal year 2001 and fiscal year 2018, the most recent year for which data were available.

## Private Funds and Ideological Gifts Cast Shadows on Campuses

Money from the right-wing Koch family — along with more mainstream funding — is linked to a new think tank at Tufts University that says it will educate lawmakers and voters about Massachusetts legislation and ballot initiatives. Tufts is a private university, but the project will have implications for public policy, with the new Center for State Policy Analysis promising nonpartisan studies in the model of the Congressional Budget Office.<sup>1</sup>

In addition to Blue Cross Blue Shield of Massachusetts, the second announced donor is Emergent Ventures, a fund created at the Koch-backed Mercatus Center at George Mason University with contributors including partisan Republican megadonor and Trump supporter Peter Thiel, a co-founder of PayPal.<sup>2</sup> Emergent Ventures manager Tyler Cowen, who runs the Mercatus Center, says Emergent will support projects that “radically advance prosperity, opportunity, liberty, and well-being,”<sup>3</sup> terms that echo those used by the far right and some libertarians. Charles Koch’s influence at the Mercatus Center, where he remains an honorary board member, has extended in the past to helping choose GMU professors and ensuring that they support “free-market” ideas.<sup>4</sup> He gave a \$10 million gift to GMU to name the university’s law school after the late conservative U.S. Supreme Court Justice Antonin Scalia.<sup>5</sup>

The Tufts center is run by Executive Director Evan Horowitz, a former “Quick Study” columnist for *The Boston Globe*.<sup>6</sup> It is advised by a board with some progressive members, including Michael Dukakis, a former Democratic governor of Massachusetts and presidential candidate who is now a professor at Northeastern University. Yet the board is heavy on pro-privatization figures, including former Governor Jane Swift, who now runs the state’s educational tech partner, LearnLaunch; Michael Widmer, former president of the Massachusetts Taxpayers Foundation; and Carolyn Ryan, senior vice president for policy and research at the pro-charter Greater Boston Chamber of Commerce. Katherine Craven, chair of the state Board of Elementary and Secondary Education, is also on the center’s advisory board.

While it would be unfair to prejudge the center’s long-term output, a healthy level of caution will likely be in order given the topics it has promised to weigh in on. Moreover, the funding pattern behind the venture and the board’s composition serve to highlight one theme of this report that applies to higher education: the place that donor money holds in campus ventures designed to exert public influence over sensitive policy issues. Massachusetts is a center of heated tax debate at this very moment, and the Fair Share Amendment — which will be a vital topic in the months ahead — is expected to be on the state ballot in 2022. In addition, the center is beginning its work at

1 “Tufts University’s Tisch College launches Center for State Policy Analysis,” Tufts University news release, 2/13/2020, <https://now.tufts.edu/news-releases/tufts-university-s-tisch-college-launches-center-state-policy-analysis>; “Tufts University Will Launch CBO-Like Center To Estimate Costs Of Mass. Bills,” WBUR, 2/20/2020, <https://www.wbur.org/news/2020/02/13/tufts-university-massachusetts-legislature-cost-estimates>

2 “Mercatus Center Launches Emergent Ventures,” Mercatus Center news release, 7/18/2018, <https://www.mercatus.org/features/emergentventures>

3 “Philanthropy ‘Pop-Ups,’ Risk-Taking, and the Value of Small Bets,” Tyler Cowen, Donors Trust, 12/13/2018, <https://www.donorstrust.org/philanthropy/pop-ups-risk-taking-small-bets/>

4 “The Mercatus Center and George Mason University Regarding The Establishment of A Professorship,” Donor Agreement, 7/27/2009, <https://ia803105.us.archive.org/0/items/FOIA7GMU2007MercatusCenterFullinwiderProfessorship/FOIA%208%20GMU%202009%20Mercatus%20Center%20Charles%20Koch%20Professorship.pdf>

5 “George Mason law school to be renamed the Antonin Scalia School of Law,” *The Washington Post*, 4/1/2016, <https://www.washingtonpost.com/news/grade-point/wp/2016/03/31/george-mason-law-school-to-be-renamed-the-antonin-scalia-school-of-law/>

6 Leadership,” The Center for State Policy Analysis,” <https://tischcollege.tufts.edu/cspa>

a particularly painful time for higher education, given the forces being exerted by the coronavirus crisis, ongoing privatization efforts, and the lack of adequate support for students from President Donald Trump and his education secretary, Betsy DeVos.

The Koch name is familiar on Massachusetts campuses. Tax records from 2017 show a \$503,000 gift from the Charles Koch Foundation to Tufts and a \$19,000 grant to UMass Amherst.<sup>7</sup> Harvard and the Massachusetts Institute for Technology receive Koch support, and Suffolk University in Boston received nearly \$1 million from the Koch family to fund the Beacon Hill Institute when the right-leaning think tank was housed at Suffolk.<sup>8</sup>

Students, faculty and religious leaders have been urging Boston College to reject a Charles Koch Foundation grant for the political science department.<sup>9</sup> One petition cited the Koch family's financial support for groups that deny climate change and the foundation's "documented history of donating money to American colleges and universities in order to promote its agenda."<sup>10</sup>

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7 Form 990, Charles C. Koch Charitable Foundation, 2017, [https://apps.irs.gov/pub/epostcard/cor/480918408\\_201712\\_990/PF\\_2019012816035874.pdf](https://apps.irs.gov/pub/epostcard/cor/480918408_201712_990/PF_2019012816035874.pdf)

8 "BHI defends funding despite Suffolk alum's petition: No Koch money," *The Suffolk Journal*, 11/13/2013, <https://thesuffolkjournal.com/12568/news/bhi-defends-funding-despite-suffolk-alums-petition-no-koch-money/?print=true>

9 "Over 10,000 Christians petition Boston College to reject Koch grant," Religious News Service, 12/13/2019, <https://religionnews.com/2019/12/13/over-10000-christians-petition-boston-college-to-reject-koch-grant/>

10 "Freedom over Funding: A Statement of Petition from the Boston College Community Against the Acceptance of a Grant from the Charles Koch Foundation," [https://docs.google.com/document/d/1tXxexV6n-9u-Uc0KqgBMoi0y9aZLo\\_3Bnvy3z-bYBYYc/edit](https://docs.google.com/document/d/1tXxexV6n-9u-Uc0KqgBMoi0y9aZLo_3Bnvy3z-bYBYYc/edit)





**WORKING IN PREK-12  
AND PUBLIC HIGHER  
EDUCATION**



Educators have been under siege for years from financial, legal, organizing and bureaucratic forces threatening their pay, health care coverage and pensions, as well as the safety of their workplaces. Yet educators — teachers, higher education faculty, Education Support Professionals and other staff members — remain at potentially greater risk in the uncertain months and years ahead.

Continuing fallout from the virus that has gripped the nation, shuttering preK-12 schools and higher education campuses, closing businesses, casting millions of people out of work and escalating health care fears, is the biggest immediate threat to America's institutions, families and, especially, its workers. The pandemic, *Axios* observed, "is exposing — and deepening — many of the nation's great divides."<sup>1</sup> Forced closures of preK-12 and college buildings and campuses show the vulnerability of many education employees and their students.

While difficult to predict what the long-range fallout from the pandemic will be, it is critical, now more than ever, to understand who — and which institutions — will stand with educators and other workers over expediency, ideology or the bottom line.

**Higher Education's Unique Challenges.** Faculty and staff at many public higher education institutions have been losing ground in recent years because of the financial crisis hitting campuses. Budget cuts have prompted layoffs, and benefits have been under siege. As the coronavirus took hold in early 2020, safety, job security and health care emerged as increasingly critical considerations for the fraught year ahead.

*Staffing.* Staffing has been especially acute in Massachusetts, where the MTA estimates that adjunct faculty — with low rates of pay and uneven or no health insurance — on average teach 70 percent of the statewide course load in community colleges.<sup>2</sup> The fate of adjunct faculty and the provisions protecting their work demand continuous attention, with the state expanding online instruction amid the crisis and working to establish a national online university through UMass. UMass Online CEO Donald Kilburn has said that the new institution will depend heavily on adjunct professors for instruction.<sup>3</sup>

Nationally, *Inside Higher Ed* calls the turbulence caused by the virus and economic uncertainty "an unprecedented threat" to the careers of adjunct faculty.<sup>4</sup> As a result, more non-tenure-track faculty members at U.S. colleges and universities are seeking extensions on appointments and contract renewals.

The MTA has long advocated for workplace fairness for adjunct faculty members: access to health insurance and state pension options, requirements for pay parity with equivalent full-time faculty, the establishment of a state contribution of 7.5 percent of an employee's salary to the retirement accounts for those who work less than half time, and provisions for current adjunct faculty members

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1 "America's gaping coronavirus inequality," *Axios*, 4/11/2020, [https://www.axios.com/coronavirus-inequality-darwinian-cbe-43189-a776-445c-9d4a-40ddae1d2e38.html?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosdeepdives&stream=top](https://www.axios.com/coronavirus-inequality-darwinian-cbe-43189-a776-445c-9d4a-40ddae1d2e38.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosdeepdives&stream=top)

2 "Shift to adjunct faculty hurting community college students, union report says," *Telegram & Gazette*, 7/17/2013, <https://www.telegram.com/article/20130717/NEWS/307189958/1116>

3 "Math problem: Faculty, experts question UMass online plans," *Boston Business Journal*, 6/6/2019, <https://www.bizjournals.com/boston/news/2019/06/06/math-problem-faculty-experts-question-umass-online.html>

4 "Next-Level Precarity," *Inside Higher Ed*, 4/10/2020, <https://www.insidehighered.com/news/2020/04/10/next-level-precarity-non-tenure-track-professors-and-covid-19>

to receive notice and priority consideration for new or vacant full-time positions.<sup>5</sup>

Financial shortfalls within university budgets have caused increasing job insecurity, and some campuses have been highly stressed. Salem State University offered voluntary buyouts to faculty, staff and administrators in 2019 as part of a plan to reduce salary costs by \$4.5 million. UMass Boston has been strapped with legacy costs from a problem-plagued parking garage and debt resulting from a campus construction boom that affected the operating budget, leading to staff and faculty job reductions.<sup>6</sup> These issues contribute to continued uncertainty over campus finances.<sup>7</sup>

Union-protected employees also must remain vigilant against the creeping privatization that continues on campuses across the Commonwealth, with the outsourcing of jobs in bookstores, dining halls and a variety of campus services justified as money-saving moves. In June 2019, the Professional Staff Union at UMass Amherst filed an unfair labor practice complaint with the Department of Labor Relations after more than 20 PSU jobs were folded into the University of Massachusetts Amherst Foundation, the private nonprofit that raises money for the university.<sup>8</sup>

*Benefits.* Benefits such as health insurance are unevenly applied, dependent on contracts with individual institutions or requiring a waiting period — critical concerns given the need for coronavirus-related treatment and preventive care. The MTA has fought for proposed legislation that would make some 9,000 adjunct faculty members eligible for the state’s pension system, based on their course loads, as well as make health care more accessible and allow collective bargaining agreements for adjunct faculty to first be reviewed by the Legislature rather than the school administration.<sup>9</sup>

In arguing against additional resources, the Pioneer Institute heaps blame on UMass spending for faculty and staff expenses, including pensions and health insurance. Pioneer’s Greg Sullivan assessed the 2019 proposed budget, for instance, saying the system “has a spending problem, not a funding problem.”<sup>10</sup> Sullivan is a former state inspector general who serves as a Baker appointee to the Massachusetts School Building Authority.

Pensions remain under attack from deep-pocketed state and national think tanks arguing for reductions in public spending on educators and other public-sector employees. Pioneer’s Sullivan has argued that Massachusetts should consider a 401(k)-style private program for new employees to reduce future pension liabilities, essentially a privatized retirement system.<sup>11</sup> The same idea is being advanced in Connecticut by Pioneer’s sister think tank, the Yankee Institute for Public Policy, in

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5 “Legislative Action: Legislative priorities address funding and a range of issues,” Massachusetts Teachers Association, <https://massteacher.org/current-initiatives/legislative-action>

6 “Jobs of Longtime Workers Cut to Solve UMass Boston Debt Crisis,” PSU, 3/19/2018, <https://www.umass.edu/psumta/news/jobs-longtime-workers-cut-solve-umass-boston-debt-crisis>

7 “UMass Boston budget cuts target academic research centers,” *The Boston Globe*, 4/2/2018, <https://www.bostonglobe.com/metro/2018/04/02/umass-boston-budget-cuts-target-academic-research-centers/Nsl3PSQa1FmmOJa7W8hBDI/story.html>

8 “PSU Files Unfair Labor Practice Charge Over Privatization of Jobs,” *PSU Strong*, December 2019, [https://www.umass.edu/psumta/sites/default/files/newsletters/2019\\_12\\_PSU\\_Strong.pdf](https://www.umass.edu/psumta/sites/default/files/newsletters/2019_12_PSU_Strong.pdf)

9 “Adjunct faculty describe struggles, seek benefits,” *Daily Hampshire Gazette*, 5/29/2019, <https://www.gazettenet.com/adjunct-college-faculty-25894496>; “LEGISLATIVE ACTION ALERT:HEALTH CARE FOR ADJUNCTS,” MTA, [https://mccc-union.org/wp-content/uploads/sites/69/2018/08/8-23-18\\_Adjunct\\_healthcare\\_H4153.pdf](https://mccc-union.org/wp-content/uploads/sites/69/2018/08/8-23-18_Adjunct_healthcare_H4153.pdf)

10 “UMass has a spending problem,” Pioneer Institute, <https://pioneerinstitute.org/wp-content/uploads/UMass-spending-is-the-problem.pdf>

11 “Massachusetts state pension, debt liability ‘at crisis level,’” *Boston Herald*, 1/16/2020, <https://www.bostonherald.com/2020/01/16/massachusetts-state-pension-debt-liability-at-crisis-level/>

arguing against keeping defined-benefit plans for preK-12 teachers.<sup>12</sup>

The American Legislative Exchange Council, the right-wing group representing conservative state legislators, tries to build the case for “reform” of public pensions and “post-employment liabilities,” including public employee health care and life insurance, in states including Massachusetts that rank higher in liabilities.<sup>13</sup>

*Safety.* Safety has emerged as a sharper campus concern during the virus outbreak. Positive COVID-19 cases on campuses added to the fears of faculty and staff who remained on campus as universities moved to online instruction, sometimes with inadequate guidance on who should report to work. Ensuring continued access to pay and health care for workers in all education-related fields remains a top concern for the MTA and other advocates for public higher education, campus employees and students.<sup>14</sup>

Early on in the pandemic, the PSU, the Classified Staff Union and the Graduate Employee Organization joined other unions at UMass Boston in pressing campus leaders to clarify staffing levels and ensure continued pay and benefits for employees.<sup>15</sup> The UMass Amherst chapter of the PSU bargained and signed an agreement with the administration to maintain pay and to better manage employees who remained on campus.<sup>16</sup> The Massachusetts Community College Council and the Board of Higher Education reached agreement on sick-leave policies during the virus disruption.<sup>17</sup>

Looking ahead, adjunct faculty and staff will almost certainly remain in a precarious position, with the struggle against COVID-19 and resulting hiring freezes on campuses exposing their vulnerability. Federal stimulus funding enacted in March 2020 to support individuals, businesses and nonprofits included about \$14 billion for colleges, only about one-quarter of what advocates sought.<sup>18</sup> With colleges and universities sure to be deeply affected in the months ahead, efforts to put in place more reductions, more shifting to online education and more demands on faculty and staff to do more with less appear likely. The MTA has vowed to fight the continued push for austerity and organize members against it.

**Legal Challenges for PreK-12 Schools and Public Higher Education.** The June 2018 Supreme Court decision that prohibited unions from collecting agency fees, *Janus v. AFSCME*, was intended to

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12 “Growing Liability: How Connecticut teacher pensions put teachers, taxpayers and students at risk,” Yankee Institute for Public Policy, 10/16/2019, <https://yankeeinstitute.org/2019/10/16/growing-liability-how-connecticut-teacher-pensions-put-teachers-taxpayers-and-students-at-risk/>; “Connecticut teachers better off with 401(k) plan instead of pensions?” Yankee Institute for Public Policy, 11/7/2019, <https://yankeeinstitute.org/2019/11/07/connecticut-teachers-better-off-with-401k-plan-instead-of-pensions/>

13 “Unaccountable and Unaffordable, 2018,” American Legislative Exchange Council, March 2019, <https://www.alec.org/publication/unaccountable-and-unaffordable-2018/>; “Other Post-Employment Benefit Liabilities: The Continuing Need for OPEB Reform,” American Legislative Exchange Council, 2019, <https://www.alec.org/app/uploads/2020/01/OPEB-FEBRU-ARY-WEB.pdf>

14 “UMass workers unions demand protections amid coronavirus,” *The Boston Globe*, 3/26/2020, <https://www.bostonglobe.com/2020/03/27/metro/umass-workers-unions-demand-protections-amid-pandemic/>

15 “Interim Chancellor Newman, keep us all safe!” Petition, UMass Unions United, <https://massteacher.org/news/2020/03/help-umass-boston-union-members-fight-unsafe-staffing-levels>

16 “PSU Amherst Reaches Agreement with University on COVID-19 Policies,” PSU news release, 3/26/2020, <https://www.umass.edu/psumta/news/psu-amherst-reaches-agreement-university-covid-19-policies>

17 “Agreements and Understandings between the BHE/MCCC On Covid-19 Sick Leave and Travel Related Issues,” Massachusetts Community College Council, 3/20/2020, <https://mccc-union.org/wp-content/uploads/sites/69/2020/03/BHE-MCCC-Agreement-on-Covid-19-Sick-Leave-Travel-Related-Issues.pdf>

18 “Struggling Colleges Face Financial Nightmare With Students And Classes Off Campus,” WGBH, 4/7/2020, <https://www.wgbh.org/news/education/2020/04/07/struggling-colleges-face-financial-nightmare-with-students-and-classes-off-campus>

be the death knell for public-sector unions. The decision capped a 20-year march — funded by right-wing donors through a web of legal firms, think tanks, advocacy groups and political committees — to the receptive high court to strip money and influence from the defenders of public education and public service.

Disappointed that organized labor did not collapse after the decision, the forces behind the *Janus* case have continued to wage a legal war over union funding. The National Right to Work Legal Defense Foundation, the litigating arm of the National Right to Work Committee, has continued to try to recruit educators and staff in preK-12 and higher education to take on their unions over exclusive representation, among other things.<sup>19</sup>

NRTWC attorneys often strategize with lawyers attached to think tanks, including the Pioneer Institute and its sister policy groups, all of which share like-minded donors. In addition to past support from the Walton family and ongoing funding from the secretive Donors Trust, the NRTWC’s legal arm receives money from other anti-public-education donors including the Lynde and Harry Bradley Foundation and the Edgar and Elsa Prince Foundation, funded by the parents of U.S. Secretary of Education Betsy DeVos. The Edgerly Foundation, the philanthropic organization of former State Street Corporation CEO William Edgerly, a former Pioneer Institute board member and co-founder of Advantage Schools,<sup>20</sup> has given at least \$26,000 since 2017.<sup>21</sup>

Supported by the Pioneer Institute’s legal arm,<sup>22</sup> NRTWC lawyers worked with four educators from UMass and the Hanover Public Schools in a post-*Janus* case arguing that their First Amendment rights were being violated because they were forced to associate with their union in order to have a voice and a vote in collective bargaining over their conditions of employment. The Massachusetts Supreme Judicial Court rejected the challenge, ruling in 2019 that it lacked merit,<sup>23</sup> and affirmed the union’s exclusive right to represent employees. The NRTWC tried to take the case to the U.S. Supreme Court but the court declined to consider it.<sup>24</sup>

In the months after the *Janus* decision, the Michigan-based Mackinac Center for Public Policy launched a social media and email campaign targeting educators and other public employees and encouraging them to drop their union membership.<sup>25</sup> The Mackinac campaign — titled “My Pay. My Say.” — was quickly exposed in Massachusetts and elsewhere as an anti-labor stunt that was sponsored by donors who are hostile to labor.<sup>26</sup> Education Secretary DeVos and her husband, Dick DeVos, and other DeVos family members are among Mackinac’s largest donors, along with the Koch

19 “Right To Work Attorneys Aiding Employees Nationwide, Ending Restrictions on Janus Rights,” National Right to Work Committee, 11/5/2019, <https://nrtwc.org/right-to-work-attorneys-aiding-employees-nationwide-ending-restrictions-on-janus-rights/>

20 “The Pioneer Institute: Privatizing the Common Wealth,” Political Research Associates, 7/13/2002, <https://www.politicalresearch.org/2002/07/13/pioneer-institute-privatizing-common-wealth>; Form 990, The Edgerly Foundation, 2018, [https://apps.irs.gov/pub/epostcard/cor/043165980\\_201812\\_990PF\\_2019062716446177.pdf](https://apps.irs.gov/pub/epostcard/cor/043165980_201812_990PF_2019062716446177.pdf); Foundation Center grants database

21 Foundation Center grants database

22 “Press Release: Pioneer Institute Filed Amicus Brief in Case Applying Supreme Court’s Janus Ruling to MA,” Pioneer Institute news release, 1/8/2019, [https://pioneerinstitute.org/press\\_releases/press-release-pioneer-institute-filed-amicus-brief-in-case-applying-supreme-courts-janus-ruling-to-ma/](https://pioneerinstitute.org/press_releases/press-release-pioneer-institute-filed-amicus-brief-in-case-applying-supreme-courts-janus-ruling-to-ma/)

23 “SJC rejects challenge to union authority in public workplaces,” *MassLive*, 4/10/2019, <https://www.masslive.com/news/2019/04/sjc-rejects-challenge-to-union-authority-in-public-workplaces.html>

24 “Supreme Court Denies Union Exclusive Representation Question,” *Bloomberg Law*, 1/13/2020, <https://news.bloomberglaw.com/daily-labor-report/supreme-court-denies-union-exclusive-representation-question>

25 “Teachers are getting targeted anti-union emails from conservative groups,” PBS, 8/7/2018, <https://www.pbs.org/newshour/education/teachers-are-getting-targeted-anti-union-emails-from-conservative-groups>

26 “Who is behind the emails asking you to quit your union?” Massachusetts Teachers Association, 6/29/2018, <https://massteacher.org/news/2018/06/betsy-devos-just-asked-you-to-drop-your-union-membership>; Foundation Center grants database

and Coors family foundations. Mackinac often teams up with allied think tanks in the nationwide State Policy Network, including the Pioneer Institute, which is housed in Boston.

The MTA and other unions protective of employee rights worked successfully to pass legislation in 2019 to blunt the impact of the *Janus* decision, winning passage of a bill that, among other things, allows unions to have access to members and potential members. When Governor Baker tried to block the measure, egged on by the Pioneer Institute, Massachusetts legislators from both parties voted to override his veto.<sup>27</sup>

**Alternative Association Recruiting.** Emboldened by the *Janus* decision, the Association of American Educators, a right-leaning California-based group that pitches itself as an alternative teacher association, has tried to use the ruling to recruit more preK-12 members away from the NEA and the AFT. After failing for some 25 years to create a robust national organization, the AAE targeted strong union states after the *Janus* decision and brought its missives to Massachusetts in 2019, partnering with the Pioneer Institute and carrying the union-busting message of the NRTWC.

Although it has envisioned becoming a national network of state chapters, the AAE today has affiliates physically located in just five states, along with a handful of alliances with state charter school associations.<sup>28</sup> The AAE claims members in public, private, religious and charter schools, and among home-schooling families — “any educational entity”<sup>29</sup> — but its leadership and track record tilt heavily to privatized education.<sup>30</sup> Advisory board members have positions in the Walton-funded University of Arkansas education division, the American Enterprise Institute and the Thomas B. Fordham Institute, and in charter schools.

The AAE has a lot to answer for as it approaches public school educators. For years it has tried to have it both ways on policy matters — claiming it supports public education while highlighting member surveys that show support for private school vouchers and private school tuition programs.<sup>31</sup> Founder Gary Beckner has used the Heritage Foundation and other anti-public-education outlets in the past to note AAE members’ support for private education.<sup>32</sup>

The AAE’s 2019 survey reported deep support for private school options among its members: More than 70 percent support “charter schools and blended-learning environments,” and more than 80 percent “voiced support for tax credits and education savings accounts” used to pay for private schools.<sup>33</sup> Not surprisingly, the AAE reported that its members prefer to negotiate contracts individually, not collectively.<sup>34</sup>

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*The MTA and other unions protective of employee rights worked successfully to pass legislation in 2019 to blunt the impact of the Janus decision, winning passage of a bill that, among other things, allows unions to have access to members and potential members.*

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27 “Mass. Senate Overrides Veto Of Union Dues Bill,” WBUR, 9/19/2019, <https://www.wbur.org/bostonmix/2019/09/19/janus-bill-veto-override-massachusetts>

28 “State Chapters and Partners,” Association of American Educators, <https://www.aeteachers.org/index.php/state-partners>

29 “About Us,” AAE, <https://www.aeteachers.org/index.php/about-us>

30 “AAE Advisory Board,” <https://www.aeteachers.org/index.php/about-us/aae-advisory-board>

31 “Teachers: The Unsung Heroes of School Choice,” Heritage Foundation *Townhall*, 1/29/2013, <https://townhall.com/columnists/garybeckner/2013/01/29/teachers-the-unsung-heroes-of-school-choice-n1500345>

32 Gary Beckner op-ed on Unions’ Role in Blocking School Choice, *Washington Examiner* op-ed on the AAE, 1/13/2011, <https://www.astapro.org/index.php/blog/216-gary-beckner-op-ed-on-unions-role-in-blocking-school-choice->

33 “Association of American Educators Celebrates National School Choice Week; Releases Member Survey Results on School Choice,” AAE news release, 1/29/2019; <https://www.aeteachers.org/index.php/press-release-pages/012119-aaecelebratesnscw2019>

34 “AAE Member Survey Reveals Teacher Support for Negotiating Individual Contracts,” AAE news release, 4/24/2019, <https://www.aeteachers.org/index.php/press-release-pages/042419-surveycontractnegotiations>



With its stepped-up recruitment, the AAE is aligning with more right-wing groups than ever before. Coverage of the gun debate and its impact on schools reveals AAE members' extreme positions. AAE representatives told the *Christian Science Monitor* in 2015 that "61 percent of their members would support concealed carry for teachers who received specialized training."<sup>35</sup> The embattled National Rifle Association reported in August 2019 that the AAE is one of the leading groups endorsing the NRA's "Eddie Eagle" firearm safety program, which supporters, including right-leaning legislators, have endorsed for classroom instruction.<sup>36</sup>

The AAE Foundation started the "Teacher Freedom Project," which uses an interactive map to point educators in each state toward resources to opt out of union membership, with help from NRTWC. The AAE and the NRTWC work in tandem with think tanks including the Pioneer Institute on lawsuits challenging the rights of educators and other public employees and discouraging union membership. The partnership serves two purposes: scouting new members for the AAE and identifying teachers who can assist the NRTWC's legal efforts to weaken laws protecting workers' rights. The NRTWC is one of the leading litigators on the right, using lawsuits and investigations to challenge union laws, worker protections, dues collection and collective bargaining.<sup>37</sup>

As early as 2006, the AAE and the Pioneer Institute signed friend-of-the-court briefs supporting the NRTWC in a key Washington State case that challenged union spending on political activity. Today the NRTWC highlights its Massachusetts lawsuit brought on behalf of four MTA members,<sup>38</sup> cited above, and a deeply flawed Pioneer Institute study critical of union dues.<sup>39</sup>

The AAE co-sponsors "Employee Freedom Week" with the Nevada Public Policy Institute, a think tank allied in a national right-wing network with the Pioneer Institute. The annual series of events is carried out with a coalition that includes Pioneer and the Massachusetts Fiscal Alliance, plus the American Legislative Exchange Council, the NRTWC and advocacy groups funded by the Koch network.<sup>40</sup> Denouncing the NEA and the AFT is central to the AAE's recruitment efforts.

The AAE operates as a membership organization with a supporting foundation whose budget is almost entirely subsidized by donors hostile to both unions and public schools. In some years the Walton Family Foundation has provided more than one-third to nearly half of the funding for the advocacy foundation, a total of \$6.7 million since 1995.<sup>41</sup>

Other donors with anti-union track records likewise are big supporters. The Jaquelin Hume Foundation and the Lynde and Harry Bradley Foundation gave the AAE Foundation \$1.2 million between them from 2010 through 2014. The Gleason Family Foundation, a major donor to the anti-public-education Center for Education Reform, has been a consistent donor, giving \$75,000 annually

35 "Donald Trump recommends guns in classrooms. What do teachers say?" *Christian Science Monitor*, 10/14/2015; <https://www.csmonitor.com/USA/USA-Update/2015/1004/Donald-Trump-recommends-guns-in-classrooms.-What-do-teachers-say>

36 "NRA's Eddie Eagle GunSafe Program Reaches 32 Million Children," NRA Blog, 8/30/2019; <https://www.nrablog.com/articles/2019/8/the-nra-eddie-eagle-gunsafe-program-reaches-32-million-children/>

37 "New Milestone: Two Million American Teachers Now Corralled Into Unions, 1.3 Million Forced to Pay Dues," NRTWC, 8/19/2008; <https://www.NRTWC.org/news/new-milestone-two-million-american-teachers-now-corralled-into-unions-1-3-million-forced-to-pay-dues/>

38 "Four Bay State educators argue that MTA scheme violates their rights by prohibiting nonmembers from having influence over workplace conditions," NRTWC/Teacher Freedom Project post, 1/7/2019; <https://www.NRTWC.org/news/massachusetts-01072019/>

39 "NEWS | Report: Teachers' dues don't stay local," Teacher Freedom Project post, 11/13/2018; <https://teacherfreedom.org/news-item/news-report-teachers-dues-dont-stay-local/>

40 "Employee Freedom Week: The Coalition"; <http://employeefreedomweek.com/services/>

41 Walton Family Foundation grants database, <https://www.waltonfamilyfoundation.org/grants-database?q=association+of+american+educators&s=1>; Foundation Center grants database

in recent years.<sup>42</sup> Foundations with similar philosophies — seeking weakened public schools and educators’ unions — have joined in contributing: NRTW supporter Donors Trust, the Coors family’s Castle Rock Foundation, the right-leaning Daniels Fund of Colorado, the foundation run by *Waiting for Superman* backer Phil Anschutz, and the pro-voucher William E. Simon Foundation, JM Foundation and Randolph Foundation.<sup>43</sup>

**Bureaucratic Pressures.** As if any reinforcement were necessary, President Trump signaled his sentiments toward workers with his latest pick for the Department of Labor: corporate attorney Eugene Scalia, son of the late U.S. Supreme Court Justice Antonin Scalia. Scalia worked as Labor Department solicitor in the George W. Bush administration, tapped for the federal post after he helped overturn workplace safety standards, including ergonomics rules adopted to protect employees from repetitive-motion injuries.<sup>44</sup> In his private practice, he represented Walmart, Ford, UPS and Wall Street financial companies and other corporations challenging regulations and fighting union and worker protections.<sup>45</sup>

As labor secretary, Scalia has been central to the federal government’s response to the disastrous economic impact of COVID-19. He drew immediate criticism for trying to limit jobless claims and paid leave and for slowing down the release of support for out-of-work Americans. Worrying that the early stimulus package was too generous to workers, Scalia co-wrote on a Fox Business Network website: “We want workers to work, not to become dependent on the unemployment system.”<sup>46</sup>

Tapping Scalia as labor secretary was the latest outrage from an administration assaulting pay, worker protections and organizing rights on a broad scale. Trump’s Office of Management and Budget urged defeat of a minimum-wage bill passed by the House of Representatives that would increase the U.S. rate to \$15.<sup>47</sup> The National Labor Relations Board, run by three Republican-appointed members with two Democratic seats vacant, has been steadily eroding worker protections and siding with corporate interests.

So far in 2020, the NLRB has issued new rules to make it harder to form and maintain a union, apparently adopting at least one position directly from the NRTW.<sup>48</sup> *The Nation* noted that the NLRB, founded to defend the rights of workers, “is dismantling them just when workers need them most.”<sup>49</sup> The NLRB has been reviewing a rule that would reverse a 2016 ruling that allowed graduate students at private institutions to form unions.<sup>50</sup>

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42 Foundation Center grants database

43 Foundation Center grants database

44 “Another Scalia Vexes Regulators,” *The Wall Street Journal*, 10/2/2012, <https://www.wsj.com/articles/SB10000872396390443862604578032692057219364>

45 “Trump won key union workers in 2016. Will Scalia as labor secretary change that for 2020?,” PBS, 8/27/2019, <https://www.pbs.org/newshour/politics/trump-won-key-union-workers-in-2016-will-scalia-as-labor-secretary-change-that-for-2020>

46 “Labor Secretary Eugene Scalia faces blowback as he curtails scope of worker relief in unemployment crisis,” *The Washington Post*, 4/10/2020, <https://www.washingtonpost.com/business/2020/04/10/labor-secretary-eugene-scalia-faces-blowback-he-curtails-scope-worker-relief-unemployment-crisis/>

47 “Trump touted low-wage worker pay gains but much of the credit goes to state minimum wage hikes,” *USA Today*, 2/9/2020, <https://www.usatoday.com/story/money/2020/02/07/minimum-wage-2020-trumps-blue-collar-boom-due-higher-pay-floors/4682939002/>

48 “Worker Advocate Encouraged by National Labor Relations Board Rule Rolling Back Barriers to Workers Voting Out Unions,” National Right to Work Legal Defense Foundation, 4/1/2020, <https://www.nrtw.org/news/nlrp-fiscal-rule-04012020/>

49 “Under Trump the NLRB Has Gone Completely Rogue,” *The Nation*, 4/7/2020, <https://www.thenation.com/article/politics/nlrp-workers-rights-trump/>

50 “National Labor Relations Board to Rule on Student Workers’ Unions at Private Universities,” *The College Post*, 3/3/2020, <https://thecollegepost.com/student-workers-unions/>



# **THE REVENUE FIGHT**



“Americans Are Getting A Hard Lesson In Why Government — And Taxes — Actually Matter.”

— *Forbes*, March 2020<sup>1</sup>

Critics of spending public dollars for the common good have spent decades making the case that government is the nemesis of the people — and, by extension, that unions and others protective of using tax dollars to help working families and promote equity are forces of ill will. Americans for Tax Reform President Grover Norquist perhaps summed up the right wing’s disdain for such organizations and advocates most clearly with his declaration of his desire to reduce government “to the size where I can drag it into the bathroom and drown it in the bathtub.”<sup>2</sup> Norquist used his anti-tax message to help mastermind the early assaults on public-sector unions such as the National Education Association and its affiliates, fighting their right to collect dues and seeking to undermine the collective power of their members. Getting labor out of the way, he saw, would promote the right’s high-priority goal: a full-scale attack on government services through privatizing schools, transportation and most other public fixtures that would lead to a drastic reduction in expenditures.<sup>3</sup>

Norquist wasn’t the only anti-tax advocate with this vision, just one of the most quotable. The view has been carried forward by national advocacy groups, political action committees, corporate lobbyists and state-based “fiscal” groups in Massachusetts and elsewhere, all funded by right-leaning donors. Arguing that the “free market” and personal liberties should prevail no matter what, they have continued to batter the MTA and other defenders of public services while pushing back hard against funding for public education.

But in March 2020, a wider swath of Americans began to understand how the coronavirus outbreak threatened to wreck businesses, decimate nonprofits and tank the economy, as well as undermine public education and other services that some of them suddenly discovered are important. Amid the economic carnage, government has provided solutions: congressional passage of federal stimulus packages; governors curbing price-gouging, ensuring the availability of health care and instituting paid sick and family leave; and state and local elected leaders imposing and reinforcing curfews and shelter-in-place orders to reduce the spread of COVID-19. Despite the broader recognition of the government’s role in providing a lifeline to many people, the contradictions have remained. Some on the far right — influenced by tweets from President Trump and through other forms of media — are now participating in a “liberate” campaign against social distancing and stay-at-home orders in various states and continue to tap into the longstanding animosity toward government’s legitimate role. Moreover, the long-term impact of the “anti-taxers” can be seen in the situation in which the United States finds itself as it confronts the pandemic.

Their actions and advocacy over the years have taken a major toll on federal, state and local budgets, which now operate without substantial reserves. In the case of the U.S. government, addressing the crisis means pouring more red ink on an already staggering debt load. Still, some participants in the movement that Norquist stands for appear to be shifting their stands, at least for the moment. “The spending is just outrageously high,” said David McIntosh, president of the far right Club for Growth,

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1 “Americans Are Getting A Hard Lesson In Why Government — And Taxes — Actually Matter,” *Forbes*, 3/20/2020, <https://www.forbes.com/sites/taxnotes/2020/03/20/americans-are-getting-a-hard-lesson-in-why-government---and-taxes---actually-matter/#743b06dc7904>

2 “The GOP plot to drown Medicaid in the bathtub,” *The Week*, 3/9/2017, <https://theweek.com/articles/684754/gop-plot-drown-medicaid-bathtub>

3 “Happy Warrior,” *Reason*, February 1997, <https://reason.com/1997/02/01/happy-warrior/>

which is supported by anti-tax and Tea Party donors critical of government spending.<sup>4</sup> “But on the short-term basis, we’re pleased.”<sup>5</sup>

The full economic impact of the virus remains unclear, but nearly every source of tax revenue will likely suffer, all while the government remains under great pressure to cushion the economic blow. The stress on government to help solve immediate and long-term challenges as the economy struggles to recover may be the strongest argument yet for progressive taxation. As *Forbes* noted, “It seems quite possible that Americans will emerge from the current crisis with a newfound appreciation for many of the things that government must do — and a keen sense of what happens when it doesn’t do those things or doesn’t do them well.”<sup>6</sup> Although such sentiments are unlikely to influence the hardliners over the long term, they may be a powerful force in upcoming policy debates in Massachusetts and other states.

**Revenue Opportunities.** Supporters of public education, well-maintained roads and bridges, and quality public transportation have worked for years to put the Fair Share Amendment before Massachusetts voters, creating an additional tax of four percentage points on the portion of a person’s annual income above \$1 million. The amendment would generate an estimated \$2 billion a year to fund public schools, colleges and universities, as well as transportation needs.<sup>7</sup>

Anti-tax organizations and corporate groups protective of their wealthy members have waged a legal, legislative and advocacy war to keep the measure away from voters.

The Fair Share Amendment was first proposed in 2015 by a citizens’ petition and passed the Legislature in two successive sessions, as required before it could be considered by voters. After a corporate-backed challenge led by the Massachusetts High Technology Council and other business groups, the Supreme Judicial Court struck down the measure, declining to allow it to proceed to the 2018 state ballot. Undeterred — and buoyed by deep support expressed by Massachusetts residents in repeated polling — the Raise Up Massachusetts coalition returned to the Legislature and secured passage of the language in June 2019 under a different mechanism. The Fair Share measure must pass another constitutional convention in the 2021-2022 session to be considered by voters on the November 2022 ballot.

**Revenue Realities.** While anti-tax stalwarts have opposed the Fair Share effort to raise revenue from those Massachusetts residents who can most afford it — with Associated Industries of Massachusetts helping to lead the charge<sup>8</sup> — the federal stimulus package adopted in March 2020 offered relief for some of the very same taxpayers AIM contends would be hurt by the amendment.

Congressional Republicans handed millionaires the biggest individual haul in the federal stimulus package intended to help out-of-work Americans: a two-year provision that allows the owners of pass-through businesses to deduct more business losses against their personal income. The

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4 “Americans Are Getting A Hard Lesson In Why Government — And Taxes — Actually Matter,” *Forbes*, 3/20/2020, <https://www.forbes.com/sites/taxnotes/2020/03/20/americans-are-getting-a-hard-lesson-in-why-government---and-taxes---actually-matter/#743b06dc7904>

5 “Hawks no more: Fiscal conservatives embrace rescue package,” *WSET/Associated Press*, 3/28/2020, <https://wset.com/news/coronavirus/hawks-no-more-fiscal-conservatives-embrace-rescue-package>

6 “Americans Are Getting A Hard Lesson In Why Government — And Taxes — Actually Matter,” *Forbes*, 3/20/2020, <https://www.forbes.com/sites/taxnotes/2020/03/20/americans-are-getting-a-hard-lesson-in-why-government---and-taxes---actually-matter/#743b06dc7904>

7 “Fair Share Amendment,” Raise Up Massachusetts, <https://www.raiseupma.org/fair-share-amendment-2022/>

8 “Income Surtax Would Chase Away Businesses, Jobs,” Associated Industries of Massachusetts, 7/24/2019, <https://aimnet.org/blog/income-surtax-would-chase-away-businesses-jobs/>

nonpartisan Joint Committee on Taxation concluded that about 80 percent of those eligible will be some 43,000 taxpayers who earn more than \$1 million annually.<sup>9</sup> Real estate companies and hedge fund operators are considered to be the likeliest beneficiaries of the provision, which will cost an estimated \$90 billion in 2020.

The stimulus change is only the latest revenue boost for the wealthy. It became apparent in 2020, two years after President Trump's *Tax Cut and Jobs Act* took effect, that wealthier Americans were the overwhelming beneficiaries. Among other provisions, the law lowered the corporate tax rate from 35 percent to 21 percent and reduced income tax rates, with the greatest benefits going to the highest earners.<sup>10</sup>

In Massachusetts, news of an impending revenue crisis caused by the coronavirus came just months after Governor Baker announced a drop in the state's individual income tax rate to 5 percent for 2020, returning it to 1985 levels.<sup>11</sup> The Massachusetts Budget and Policy Center estimated the income tax reductions and other recent breaks contribute to the state losing some \$4 billion annually in income tax revenue,<sup>12</sup> calculations made before Massachusetts faced a substantial drop in revenues.

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*Putting the Fair Share measure before voters and passing it in 2022 will require overcoming deep opposition from anti-tax groups and business associations protective of wealthy members.*

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**Revenue Opposition.** Putting the Fair Share measure before voters and passing it in 2022 will require overcoming deep opposition from anti-tax groups and business associations protective of wealthy members. State and national groups have kept a sharp eye on the tax debate: Deep-pocketed opposition comes from the Massachusetts business community, with arguments being led by the Massachusetts High Technology Council, the Massachusetts Competitive Partnership and Associated Industries of Massachusetts and echoed by chamber of commerce groups. Some of these organizations joined the High Tech Council lawsuit that kept the Fair Share language off the ballot in 2018, and together they have great capacity to draft their corporate members to continue financing efforts to defeat the measure.

**The Massachusetts Fiscal Alliance, Fiscal Alliance Foundation and Beacon Hill Institute.**

The Massachusetts Fiscal Alliance, which advocates for “fiscal responsibility, transparency and accountability in state government,” has created an opaque funding structure to support its work as it fights spending and revenue collection in Massachusetts.

Mass Fiscal is organized as a 501(c)4 group, which means it can spend money on electioneering and advocacy and that contributions are not tax deductible for donors. It reported \$613,408 in revenues in 2018<sup>13</sup> that included \$370,000 from Fiscal Partners, Inc., a 501(c)6 membership association headed by Mass Fiscal President Paul Craney and reporting “membership dues” as its primary source of revenue.<sup>14</sup> Fiscal Partners shares the same Tremont Street address and some board members with

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9 “Tax change in coronavirus package overwhelmingly benefits millionaires, congressional body finds,” *The Washington Post*, 4/14/2020, <https://www.washingtonpost.com/business/2020/04/14/coronavirus-law-congress-tax-change/>

10 “Republicans passed tax cuts — then profited,” Center for Public Integrity/Vox, 1/24/2020, <https://publicintegrity.org/inequality-poverty-opportunity/taxes/trumps-tax-cuts/republicans-profit-congress/>

11 “Income tax rate returning to 1985 level,” *Common Wealth*, 12/13/2019, <https://commonwealthmagazine.org/economy/income-tax-rate-returning-to-1985-level/>

12 “Income Tax Cuts Cost Massachusetts Over \$4 Billion Annually, and Benefits Mostly Go to Highest Incomes,” Massachusetts Budget and Policy Center, 3/27/2019, [https://www.massbudget.org/reports/pdf/PITCutsStateTaxDeclines\\_3-27-2019.pdf](https://www.massbudget.org/reports/pdf/PITCutsStateTaxDeclines_3-27-2019.pdf)

13 Form 990, Massachusetts Fiscal Alliance, 2018, [https://apps.irs.gov/pub/epostcard/cor/273119044\\_201812\\_990O\\_2019122616977783.pdf](https://apps.irs.gov/pub/epostcard/cor/273119044_201812_990O_2019122616977783.pdf)

14 Form 990, Fiscal Partners, Inc., 2018, [https://apps.irs.gov/pub/epostcard/cor/813933113\\_201812\\_990O\\_2019122616977853.pdf](https://apps.irs.gov/pub/epostcard/cor/813933113_201812_990O_2019122616977853.pdf)



Mass Fiscal and a third group, the Fiscal Alliance Foundation. Craney and real estate developer Jim Rappaport, a former state Republican Party chair, are on the boards of all three groups.

The Fiscal Alliance Foundation says that it is a regional anti-tax group in the same mold as Mass Fiscal. Chaired by Mass Fiscal board member Danielle Webb, the foundation has employees who include two former legislative staffers and a former Heritage Foundation researcher.<sup>15</sup> With a mission similar to the one pursued by the Fiscal Alliance, the FAF states that it promotes “individual liberty, greater fiscal responsibility, and transparency in government” in New England, though its focus appears to be Massachusetts. The FAF has forged a partnership with the Beacon Hill Institute, distributing the BHI’s study critical of Governor Baker’s Transportation and Climate Initiative promoting a regional tax increase on gas and diesel fuel.<sup>16</sup> The foundation has also urged the Office of Campaign and Political Finance to repeal longstanding campaign rules and further restrict political contributions by unions.<sup>17</sup>

The FAF is organized as a 501(c)3 nonprofit, which allows it to bankroll “educational” and legal initiatives and collect tax-deductible contributions.<sup>18</sup> Together the three groups give Mass Fiscal the flexibility to raise money for educational, political and legal activity while masking donors’ identities.

The Beacon Hill Institute has re-emerged in the last year, weighing in on tax and spending issues. After reporting less than \$50,000 in revenues in 2015, the group seems to have sputtered back to life with state revenue projections, the Fiscal Alliance Foundation-promoted study and an anti-union report on project labor agreements.<sup>19</sup> The BHI’s most recent available tax returns from the Internal Revenue Service, from 2017 and 2018, reported \$198,466 and \$151,168 in revenues, respectively.<sup>20</sup>

Mass Fiscal and other anti-tax groups face a quandary in weighing their free-market views against the coronavirus containment effort and accompanying economic fallout. In late March 2020, before the peak of the virus and at a time when medical experts warned that staying at home was the best protection against the spread of COVID-19, Craney raised the prospect of declining property taxes, expressing his worries about “businesses not paying their rent, and therefore a drop in commercial property taxes.”<sup>21</sup> In April 2020, citing a Pioneer Institute report on rising unemployment, Craney urged state lawmakers to make “fiscally responsible, pro-growth” decisions in crafting the 2021 state budget.<sup>22</sup>

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15 “Fiscal Alliance Foundation’s board of directors,” Fiscal Alliance Foundation, <https://www.fiscalalliancefoundation.org/board-of-directors>; Form 990, Fiscal Alliance Foundation, [https://apps.irs.gov/pub/epostcard/cor/815302132\\_201812\\_990\\_2020012817080956.pdf](https://apps.irs.gov/pub/epostcard/cor/815302132_201812_990_2020012817080956.pdf)

16 “New Study: TCI Costs Higher than Initially Reported, Cost of Diesel Fuel Finally Disclosed; Estimated to Cost Massachusetts Over 9,000 Jobs,” Fiscal Alliance Foundation, 3/10/2020, <https://www.fiscalalliancefoundation.org/study-tci-costs-higher-than-initially-reported>

17 “RE: Comments of Fiscal Alliance Foundation on Proposed Amendments to 970 C.M.R. § 1.00 et seq.,” Fiscal Alliance Foundation letter to Office of Campaign and Political Finance,” 3/19/2019, [https://assets.nationbuilder.com/fiscalalliancefoundation/pages/23/attachments/original/1553021042/Fiscal\\_Alliance\\_Foundation\\_-\\_Comment\\_on\\_Proposed\\_970\\_CM\\_1.22\\_-\\_2019-03-....pdf?1553021042](https://assets.nationbuilder.com/fiscalalliancefoundation/pages/23/attachments/original/1553021042/Fiscal_Alliance_Foundation_-_Comment_on_Proposed_970_CM_1.22_-_2019-03-....pdf?1553021042)

18 “Financing the MILLIONAIRES TAX legal challenge — Poll: WALSH leads big over JACKSON — Robots taking over old GLOBE site,” 10/4/2017, *Politico*, <https://www.politico.com/tipsheets/massachusetts-playbook/2017/10/04/financing-the-millionaires-tax-legal-challenge-poll-walsh-leads-big-over-jackson-robots-taking-over-old-globe-site-222628>

19 “Study: Project Labor Agreements on public construction projects in Connecticut added 19.8 percent to costs,” Beacon Hill Institute, 2/11/2020, <http://www.beaconhill.org/wp-content/uploads/2020/02/FINAL-PressReleaseBHI-CT-PLA-2020-02-11dgt.pdf>

20 Form 990, Beacon Hill Institute, 2017 and 2018, [https://apps.irs.gov/pub/epostcard/cor/266265950\\_201712\\_990EZ\\_2018092115716722.pdf](https://apps.irs.gov/pub/epostcard/cor/266265950_201712_990EZ_2018092115716722.pdf); [https://apps.irs.gov/pub/epostcard/cor/266265950\\_201812\\_990EZ\\_2019052916350216.pdf](https://apps.irs.gov/pub/epostcard/cor/266265950_201812_990EZ_2019052916350216.pdf)

21 “Watchdogs warn of coronavirus pandemic impact on property tax,” *Boston Herald*, 3/29/2020, <https://www.bostonherald.com/2020/03/29/watchdogs-warn-of-coronavirus-pandemic-impact-on-property-tax/>

22 “MassFiscal Echoes Concerns Made by the Pioneer Institute’s Economic Report,” Massachusetts Fiscal Alliance, 4/8/2020, <https://www.massfiscal.org/massfiscal-echoes-concerns-pioneer-institute-report>

**The Massachusetts Taxpayers Foundation.** The Massachusetts Taxpayers Foundation has pushed back against tax increases, lobbied for a dramatically reduced estate tax and supported education privatization through charter schools. MTF President Eileen McAnneny has helped work the group into legislative influence by co-chairing the income tax subcommittee within a Senate revenue working group that includes a variety of viewpoints, including those of supporters and critics of the Fair Share Amendment.<sup>23</sup>

When the coronavirus hit, the MTF was among the earliest groups to start predicting economic fallout from the crisis, joining chamber of commerce groups and insurance companies in asking for federally funded premium assistance for small businesses and individuals to be included in federal stimulus support. The MTF estimated in late April 2020 that state revenue could drop more than 14 percent from pre-virus budget projections, with skyrocketing unemployment.<sup>24</sup>

Education privatization donors led by the Barr Foundation, The Boston Foundation and the Irene E. and George A. Davis Foundation support the MTF's work. In the 2019 education debate, the MTF joined business groups in encouraging Baker and legislators to add restrictions on how additional funding could be spent, imposing what McAnneny at one point called "explicit metrics."<sup>25</sup>

**National Tax Critics.** National groups opposing taxes and spending have kept an eye on the Massachusetts Fair Share Amendment effort and will likely engage in a future campaign, just as national donors and out-of-state groups directed resources to the state in their failed effort to expand charter schools in 2016 by seeking to pass Question 2.

The Heritage Foundation, a national think tank that served as a model for state-based think tanks including the Pioneer Institute, has opposed the idea of a millionaires' tax for nearly a decade, targeting the idea when mentioned as a revenue raiser in Congress or other states.<sup>26</sup> Americans for Tax Reform joined other tax critics in their "sky is falling" response to the Massachusetts Legislature's passage of Fair Share language in 2019, saying in July of that year that "there are still opportunities to stop it."<sup>27</sup> Heritage and ATR have common donors, including the Walton Family Foundation, the Lynde and Harry Bradley Foundation, the Charles Koch Foundation, the William E. Simon Foundation and the Fidelity Investments Charitable Gift Fund.<sup>28</sup>

The Tax Foundation — based in Washington, D.C. — has weighed in on the Fair Share Amendment, teaming up with the Pioneer Institute on legal strategy to keep the measure off the ballot<sup>29</sup> and providing "research" to argue that the tax would drive millionaires out of the state.<sup>30</sup> The Tax

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23 "Businesses owe more than \$160 million in back taxes in Mass.," *New Hampshire Union Leader*, 11/17/2019, [https://www.unionleader.com/news/business/economy/businesses-owe-more-than-million-in-back-taxes-in-mass/article\\_ef320efd-452b-5fae-9183-d0d4c2fc30e0.html](https://www.unionleader.com/news/business/economy/businesses-owe-more-than-million-in-back-taxes-in-mass/article_ef320efd-452b-5fae-9183-d0d4c2fc30e0.html)

24 "2021 Tax Revenue Forecast – COVID-19 Pandemic," Massachusetts Taxpayers Foundation news release, 4/14/2020, <https://www.masstaxpayers.org/sites/masstaxpayers.org/files/Press%20Release%20FY21%20Revised%20Economic%20forecast%204-14-20.pdf>

25 "With An Eye Toward Revamping Education Funding, Baker Proposes \$42.7 Billion State Budget," WBUR, 1/24/2019, <https://www.wbur.org/news/2019/01/23/baker-budget-proposal-education>

26 The Millionaire Tax: Yet Another Job-Killing Tax Hike, The Heritage Foundation, 10/11/2011, <https://www.heritage.org/taxes/report/the-millionaire-tax-yet-another-job-killing-tax-hike>

27 "Massachusetts Lawmakers Approve Oft-Failed Amendment to Tax Millionaires," Americans for Tax Reform, 7/31/2019, <https://www.ATR.org/massachusetts-lawmakers-approve-oft-failed-amendment-tax-millionaires>

28 Foundation Center grants database

29 "Christopher Ander, et al., v. Maura Healey," Brief, Massachusetts Supreme Judicial Court, <http://pioneerinstitute.org/wp-content/uploads/SJC-12422-Brief-for-Amici-Curiae-Pioneer-Institute-Inc.-The-Tax-Fou....pdf>

30 "Millionaires' Tax Take Two: Massachusetts legislature moves forward Millionaires' Tax," Tax Foundation, 6/24/2019, <https://taxfoundation.org/massachusetts-millionaire-tax/>

Foundation puts Massachusetts near the bottom of its corporate business climate ranking and contends the state should amend “several outdated provisions, such as a capital stock tax and a corporate income throwback rule.”<sup>31</sup> The Tax Foundation has relied on longtime far-right donors for its work, including the Sarah Scaife Foundation, the Lynde and Harry Bradley Foundation, the Searle Freedom Trust and the Adolph Coors Foundation.<sup>32</sup>

An advocacy group founded and funded by the Koch family, Americans for Prosperity, has the resources to finance a ground game opposing the Fair Share Amendment and to target legislators who vote to place the measure on the ballot. AFP tangled with New Jersey Governor Phil Murphy when Murphy proposed a millionaires’ tax in his budget in 2019, attacking the tax for providing revenue to transportation and public schools.<sup>33</sup> At the same time, AFP was challenging in court a New Jersey “dark money” law that required 527 political committees and 501(c)4 campaign committees to report their donors. AFP contended that the law preventing secretive committees — like the Families for Excellent Schools—Advocacy committee used in the Massachusetts charter campaign — violated free speech. AFP and two other challengers persuaded a federal judge in 2020 to block the New Jersey law from taking effect.<sup>34</sup>

Leaders of some of these groups, including the American Legislative Exchange Council and the Heritage Foundation, worked together in the spring of 2020 to advise President Trump on the coronavirus, urging defiance of medical experts in pressing for a speedier lifting of social distancing guidelines in order to restart the economy.<sup>35</sup> One of the founders of the anti-tax Club for Growth, Stephen Moore, is leading the group while working at the Heritage Foundation.<sup>36</sup>

**“Dark Store” Challenges as an Emerging Tax Issue.** The downturn’s effect on retail sales may impact property taxes, a critical revenue area for Massachusetts schools. Retailers in some states, led by chains including Walmart, Lowe’s and Home Depot, are using the so-called “dark store” tactic to appeal tax bills by arguing — and suing — to force local assessors to consider vacant big-box stores as comparable properties when setting assessments for large operating stores. When retailers challenging their tax bills are successful, the tactic hurts the property tax base vital to funding schools and other public services.<sup>37</sup>

Attorneys boil the argument down to whether localities should assess a property based on its value to the current user or on the property’s value to the market, meaning a busy store would have the same assessment as an empty store. Anti-tax groups supporting businesses, NPR reported, believe that

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31 “Massachusetts Should Create a More Neutral, Competitive Corporate Excise Tax,” Tax Foundation, 1/13/2020, <https://taxfoundation.org/massachusetts-corporate-excise-tax/>

32 Foundation Center grants database

33 “Responding to Governor Murphy’s Proposed Fiscal Year 2020 Budget,” Americans for Prosperity, 4/10/2019, <https://americansforprosperity.org/governor-murphys-proposed-fiscal-year-2020-budget/>

34 “NJ ‘dark money’ law faces first lawsuit challenging requirement to name secret donors,” *NorthJersey.com*, 6/26/2019, <https://www.northjersey.com/story/news/new-jersey/2019/06/26/nj-sued-over-dark-money-mandate-political-groups-name-donors/1571851001/>; “NJ ‘dark money’ law dead: Secret donors to remain secret from the public,” *NorthJersey.com*, 3/11/2020, <https://www.northjersey.com/story/news/2020/03/11/nj-dark-money-law-dead-secret-donors-remain-secret-public/4929249002/>

35 “White House aides, outside groups launch effort to reopen economy, but Mnuchin says decision poses risks,” *The Washington Post*, 4/13/2020, <https://www.washingtonpost.com/business/2020/04/13/trump-reopen-economy-conservative-groups-coronavirus/>

36 “Stephen Moore: \$5 trillion down the drain,” *The Oklahoman*, 3/23/2020, <https://oklahoman.com/article/5658363/stephen-moore-5-trillion-down-the-drain>

37 “Report: Dark Store Theory: Big-box stores rolling out new effort to get out of Maine property taxes,” Maine Center for Economic Policy, 10/31/2019, <https://www.mecp.org/wp-content/uploads/2019/10/Dark-Stores-Report-Final-for-Distribution-103119.pdf>

“property tax is about the building, not what’s inside it, no matter how well the owner’s doing.”<sup>38</sup>

The dark store tactic has been used to hold down tax bills for big-box retailers throughout the Midwest and the South, and the practice is being tested in the Northeast. Anti-taxers have pushed the issue through the courts, handling challenges or appeals of tax bills and policy, or through proactive legislation.<sup>39</sup> New York and other states have been debating measures that would set specific guidelines on tax assessments to prevent the tax dodge.<sup>40</sup>

Though the challenges occur at the local level, the dark store strategy is getting help from national anti-tax groups including Americans for Prosperity, Americans for Tax Reform,<sup>41</sup> the U.S. Chamber of Commerce<sup>42</sup> and the American Legislative Exchange Council,<sup>43</sup> representing right-leaning state lawmakers.

ATR Vice President for Public Affairs Patrick Gleason, commenting on Wisconsin legislation that would make it easier for businesses to argue down tax bills with the dark store strategy, sees the issue as having broader implications, possibly for homeowners. “One could imagine a proposal that is analogous to the Dark Stores legislation, but for residential property,” he wrote in 2018. “Such a proposal would require household income to partially determine the property tax liability of a house or condo.”<sup>44</sup>

Taxing commercial and business property is at the heart of a California initiative that public school supporters hope to qualify for the November 2020 ballot. If approved by voters, the *California Schools and Local Communities Funding Act* would generate additional revenue by amending commercial and property tax limitations imposed by the state’s 1978 Proposition 13 initiative.<sup>45</sup> The change, if successful, would increase taxes on larger business and commercial properties and produce up to \$12 billion annually for spending on public schools, community colleges and local services.

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38 “Taxes, Big-Box Stores And The ‘Dark Store Theory,’” NPR, 11/23/2017, <https://www.npr.org/2017/11/23/566213142/taxes-big-box-stores-and-the-dark-store-theory>

39 “As Big Retailers Seek to Cut Their Tax Bills, Towns Bear the Brunt,” *The New York Times*, 1/9/2019, <https://www.nytimes.com/2019/01/06/business/economy/retailers-property-tax-dark-stores.html>; “Dark Store Theory — How to Stop It from Coming to a State Near You,” Willamette Business Management, Summer 2016, Judy S. Engel and Lynne S. Linne, [http://www.willamette.com/insights\\_journal/16/summer\\_2016\\_7.pdf](http://www.willamette.com/insights_journal/16/summer_2016_7.pdf)

40 “Bill Would Ensure Assessors Follow Common Sense Guidelines When Utilizing Assessment Methods, *Rockland County Business Journal*, 1/31/2020, <https://rcbizjournal.com/2020/01/31/state-assembly-unanimously-passes-legislation-to-combat-dark-store-assessment-challenges/>

41 “Some Seek To Use 2018 Midterms To Facilitate Business Tax Hike In 2019,” *Forbes*, 9/6/2018, <https://www.forbes.com/sites/patrickgleason/2018/09/06/some-seek-to-use-2018-midterms-to-facilitate-business-tax-hike-in-2019/#7a7d4f46a555>

42 “A dark store grab for state and local tax revenue,” U.S. Chamber of Commerce, 5/1/2019; <https://www.uschamber.com/series/above-the-fold/dark-store-grab-state-and-local-tax-revenue>

43 “Task Force on Tax and Fiscal Policy, Fiscal Policy Reform Working Group,” 2018 Annual Meeting, American Legislative Exchange Council, 8/8/2018, <https://www.alec.org/meeting-session/fiscal-policy-reform-working-group/>

44 “Some seek to use 2018 midterms to facilitate business tax hike in 2019,” *Forbes*, 9/6/2018, <https://www.forbes.com/sites/patrickgleason/2018/09/06/some-seek-to-use-2018-midterms-to-facilitate-business-tax-hike-in-2019/#1c3e4a316a55>

45 “Prop. 13 opponents turn in their signatures,” *Los Angeles Daily News*, 4/19/2020, <https://www.dailynews.com/2020/04/19/prop-13-opponents-turn-in-their-signatures/>; “November ballot plan seeks new school money, would alter Prop. 13 of 1978,” *Capitol Weekly*, 2/25/2020, <https://capitolweekly.net/november-ballot-plan-seeks-new-school-money-would-alter-prop-13-of-1978/>



# CONCLUSION



In these perilous times, all of us can take heart from the inspiration for the nation's enduring system of public education, which was envisioned more than two centuries ago as a vital part of our democracy. "The whole people must take upon themselves the education of the whole people and be willing to bear the expenses of it. There should not be a district of one mile square, without a school in it, not founded by a charitable individual, but maintained at the public expense of the people themselves," Massachusetts native son John Adams wrote in 1785.<sup>1</sup>

As this report details, there are potent modern-day threats to the continued strength of the public education system that was so valued by Adams and others, including Horace Mann, who became the first secretary of the Massachusetts Board of Education in 1837 — roughly 50 years after Adams penned the words quoted above. The ongoing health and economic crisis brought on by the coronavirus pandemic provides a powerful reminder of the challenges facing our preK-12 public schools and our public higher education system — and it must strengthen our resolve in overcoming them.

Though there are many other lessons available in these pages, a few important takeaways from *Threat from the Right: New Tactics Emerge as Privatizers Regroup* are worth mentioning as the report concludes.

**Transparency Matters.** With more private money saturating public schools, colleges and universities, it is crucial to keep up the pressure for disclosure. The lack of clarity about private money in public education is becoming an ever greater problem with each passing year. Its sources, the amounts involved, and donors' intent are vital matters of public concern. As major funders merge philanthropy with for-profit activities and education policies encourage more private involvement, it will be increasingly difficult to access information critical to understanding how private money is influencing public education unless safeguards are put in place.

The MTA knows that sunlight works in protecting public education. Informing voters and community members about the dark money behind the Question 2 charter campaign and the fallacy of New Bedford's "neighborhood" school concept had significant impact. So can highlighting potential donor influence in "portfolio schools," takeover zones, college and university projects, news coverage, and other areas. One example of the kind of sleight of hand that demands context is the way the newest generation of astroturf groups that claim to represent grassroots interests — including Massachusetts Parents United and the National Parents Union — are portraying themselves.

Applying a watchful eye to privatization advocates will be even more important in the aftermath of the coronavirus crisis as maneuvering continues around issues regarding remote and online learning and as private interests seek to extract greater profits from public institutions.

**Education Matters.** The pandemic produced an overnight transformation in education. Millions of children and college students are no longer in their classrooms for now. Rather, they are being asked to learn through computers, even when many do not have access to adequate technology. They are unable to access the critical person-to-person educational, emotional, nutritional and health supports they traditionally receive from educators and other school staff. The kind of education now underway in people's homes is a stark reminder to students, parents and others of all that is lost when a classroom goes dark.

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1 John Adams letter to John Jebb, 9/10/1785, <https://founders.archives.gov/documents/Adams/06-17-02-0232>



**Funding Matters.** As the crisis and its accompanying economic devastation hit the Commonwealth, Massachusetts schools were on track to receive the first installment of *Student Opportunity Act* funding. Public education supporters hoped that the long-overdue debate over providing more resources for the state's long-starved public higher education system would come next and end quickly, with positive results. With state tax collections now less certain, billions of dollars could be at risk — either through lost revenue or spending needed for assistance or economic aid. The fight has been joined over these resources, and parents, unions, faith groups and others have been allies in pursuing it. Coalitions will be more important than ever before to hold on to the gains for public education and advance them further for the sake of our students, our communities, and our Commonwealth.

**Government Matters.** While government has struggled to buttress the economy, providing emergency resources that have been hungrily absorbed, tougher days lie ahead. Some right-leaning individuals otherwise disdainful of government have conceded the need for assistance — but they are sure to resume their relentless assault on public employees and public services. It is clear that anti-tax leaders will slip back into their “no spending” attacks immediately after the worst of the economic fallout is over, even as the MTA works with its partner organizations in Raise Up Massachusetts to promote the Fair Share Amendment so the state can generate essential education and transportation funding. The common good needs defending, and it will take a never-ending fight to protect it.

**Leadership Matters.** As is the case with any crisis, the pandemic has cast a spotlight on leadership and the urgent need for level-headed judgment and consistent state, local and federal decisions. People looking for leadership from their elected officials have heard mixed messages and countless distortions from President Donald Trump and many others about health, safety, the economy and the government's ability to meet the needs of so many residents of the United States who are out of work and seeking health care and other services. In the Commonwealth, the MTA has been out in front, calling for the closure of public school buildings before Governor Charlie Baker made his initial decision and then again prodding him to protect the public health by keeping them from reopening prematurely. The union has continued to press for clarity for students and families and reasonable and safe education policies, including the cancellation of MCAS testing for the current year.

**The MTA Matters.** MTA leaders and members remain in a position to exercise their wisely accumulated power and provide thoughtful guidance throughout the crisis and beyond — staying strong after overcoming years of repeated assaults on educators, successfully advocating for the interests of public schools and colleges, and prevailing on funding and other key issues for students. They have done so for 175 years — and they have no intention of letting up now.



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