



Working Toward Equitable Access and Affordability:
*How Private Schools and Microschools Seek to Serve
Middle- and Low-Income Students*

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Introduction

For the past several decades, private schools have steadily served about one in ten students in the United States. However, the student population enrolled in private schools has changed. Thousands of Catholic schools, which often serve less affluent urban communities, have closed; meanwhile, tuition increases in independent schools have outpaced inflation and wage growth, making them less accessible to those with limited means. This suggests an emerging gap in affordable options and merits a fresh look at private schools that still seek to serve middle- and low-income families. In this report, we sought to understand the landscape of private schools that are working to remain affordable, the approaches they are taking, and how some are revisiting traditional operating models.

Those private schools that have a mission to serve middle- and low-income families often struggle to find a sustainable financial model. Some rely on reducing the costs to families (i.e., tuition) by providing significant financial aid or partnering with scholarship programs; some have found inventive new revenue streams; and some have streamlined operations and leveraged technology to reduce their per-pupil expenditures. Another category of private schools — microschoools — has upended the modern conception of schooling. Serving fewer than 150 students, these intentionally small learning communities offer very different educational experiences and constitute a bold experiment in scale. Their profoundly different operational and financial profiles may also have potential to provide affordable options.

This deck provides an overview of private schools' enrollment, an analysis of the strategies private schools use to be accessible to middle- and low-income families, and an analysis of microschoools, in particular. It ends by surfacing questions regarding the role of private schools in serving middle- and low-income students, the lessons they might hold for others, and their potential to scale and innovate.

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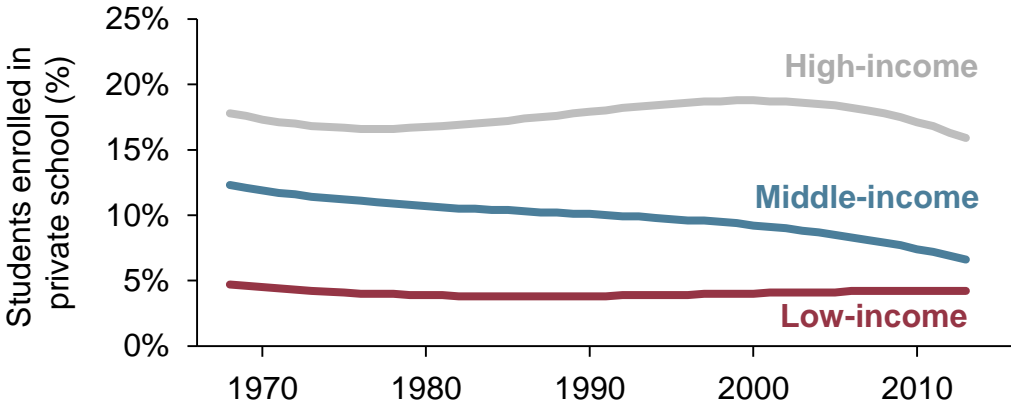
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Trends in private school enrollment raise questions about access and affordability

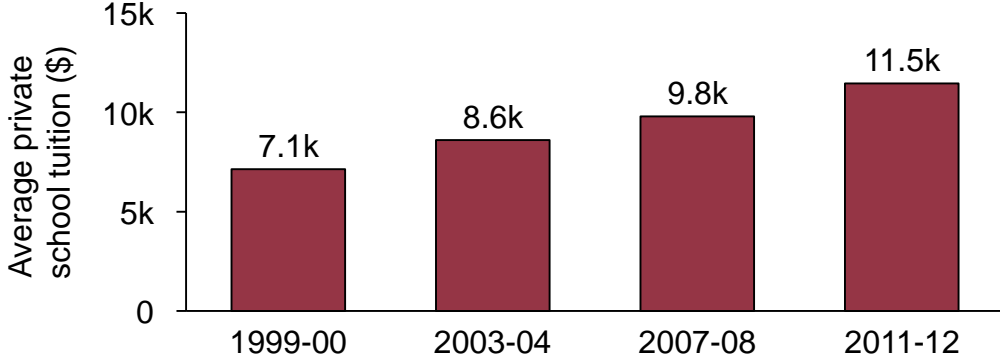
Private schools historically have served an average of 10% of all U.S. students. However, 40% of parents said they would prefer to send their child to a private school

The enrollment rate of middle-income families has declined steadily since the late 1960s; the enrollment rate of low-income families has remained low



The low percentages of low-income students and declining percentage of middle-income students enrolled in private school coincides with the rising average private school tuition

From 1999 to 2011, the average private school tuition increased significantly (in 2016 dollars)



Sources: [DiPerna & Shaw, 2018, Figure 9](#); [Murnane et al., Education Next, Winter 2018, Figure 2](#); [NCES, 2017 Digest of Education Statistics, table 205.50](#) (NCES has not collected data on tuition since 2011).

A single definition of private school “affordability” is elusive, but is limited for low- and middle-income families

What does it mean to be affordable?

There is **no consensus** on the definition of affordability for private school tuition. It is difficult to define partly because the threshold for “affordability” varies depending on each family’s circumstances

Calculating Family Financial Need

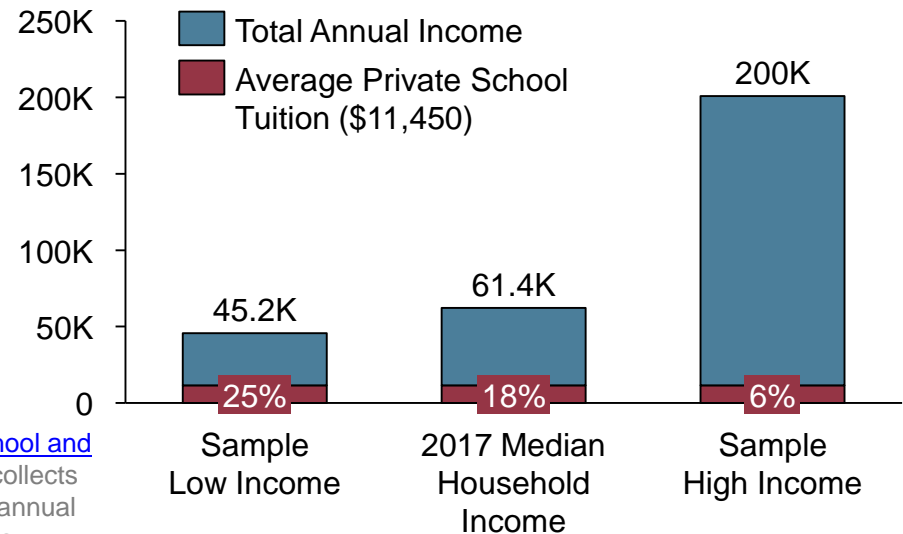
Schools typically take **family conditions** into account to determine how much the family can afford to contribute to tuition. Factors that private schools consider when calculating family contribution include:

- Household income
- Number of children (and number in college or private school)
- Assets, such as a house
- Debt, such as a mortgage
- Non-retirement savings

Affordability as Proportion of Family Income

One way to think about affordability is as a percentage of family income:

- A family earning \$200K would only need to spend 6% of annual income to afford the national average 2011 private school tuition of \$11.5K*
- If we extrapolated 6% of income as a benchmark for affordability, then a tuition of \$3.7K would be “affordable” for a family earning the 2017 national median income of \$61.4K
- For a family living below the poverty line, even a tuition of a few hundred dollars could be out of reach



Sources: [NCES, 2017 Digest of Education Statistics, table 205.50](#); [School and Student Services](#); [U.S. Census](#). *Note: [Private School Review](#), which collects and publishes data on a subset of private schools, indicates a median annual tuition of \$10.7K in 2018, which does not substantially alter this analysis.

We identify and examine a variety of strategies private schools use to improve affordability

1 Subsidize cost with public funds

Publicly funded programs, such as vouchers, tax-credit scholarships, and education savings accounts, provide public funding for private-school tuition

2 Subsidize cost with private funds

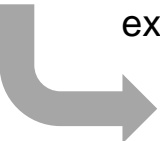
Private donations and endowments help schools provide financial aid to low-income students, or a **scholarship program** may help low-income students access private schools

3 Find alternative revenue streams

Schools identify and sustain **creative revenue streams**, such as a work-study program or a teacher training program

4 Reduce expense of the model

Schools leverage **low overhead and minimal staffing models** to reduce per-pupil school expenditures



Microschools are an emerging model with a strikingly different financial profile, driven by intentionally small scale. They have potential to provide affordable private school options.

We explore the potential of microschools as an option for affordable private schooling

Could microschools offer a new option for affordable private schooling?

Microschools are schools **intentionally designed to be small** but, other than size, there is little consensus on **what characteristics define a microschool**

We interviewed dozens of microschool leaders and experts and surveyed 37 microschool leaders

We found that the most **common traits** of microschools include:

- ✓ multiage classrooms
- ✓ seeking freedom from traditional accountability structures
- ✓ personalized approach to instruction
- ✓ use of blended learning and technology
- ✓ student-led learning

In our research, we found:

- 42% of microschools in our survey reported annual tuition within range of the average Catholic school and other religious school tuitions; 60% of microschools in our survey cited per-pupil expenditures below \$10K/year
- 24 out of 37 microschools in our survey indicated that reaching disadvantaged students is part of the school's mission, but microschools tend to enroll relatively few low-income students and students of color. More than half of those surveyed serve less than 25% students of color or students who qualify for free/reduced lunch

Similar to other private schools, microschools' goal to serve middle- and low-income families is in tension with financial sustainability

*"Our intent is to get to something like 1/3 low-income students. To date we are generating \$125K in tuition revenue. The rest has to be made up in grants. **We are trying to figure out a funding model.**"*

Our research on low-cost private schools and microschoools raised a number of questions for consideration

- 1 Can other schools learn from private schools' efforts to increase revenue, reduce costs, and serve middle- and low-income students?

Schools could replicate cost-saving practices such as alternative revenue streams, use of blended learning and technology, and streamlined staffing structures. However, laws and regulations may prohibit schools from doing so and some strategies may have limited potential for schools whose students require more support
- 2 Can other schools learn from private schools' innovative design features, especially as implemented in intentionally small learning environments?

Unique educational approaches of microschoools include multigrade classrooms, teacher as "guide on the side," city as the classroom, and commitment to intentional inclusivity. Other schools could learn from these models, and how microschoools pilot them at a small scale. However, many microschoools do not administer standardized tests and have very small populations, making it difficult to measure impact
- 3 What is the potential for private schools to serve middle- and low-income students at scale? For microschoools?

A number of practices in the private school sector demonstrate potential for increasing access to low- and middle-income families. However, absent more and better funded public programs, the options available now are unlikely to reach significant scale. Especially as schools-within-schools, microschoools in the public sector could help pilot new ideas
- 4 How should policymakers, researchers, and others consider the role of private schools in American education today, and in the future?

Important considerations include providing equal access to private schools for students and families who want it, providing students and families with a diverse set of school options, and providing space to innovate and iterate on new school models
- 5 What questions merit further research into this sector of private schooling?

Several topics merit further discussion, including lack of high-quality, publicly available datasets on private schools, potential for replication in the public school sector, lessons from low-cost private schools abroad, and consideration of unbundled schooling models

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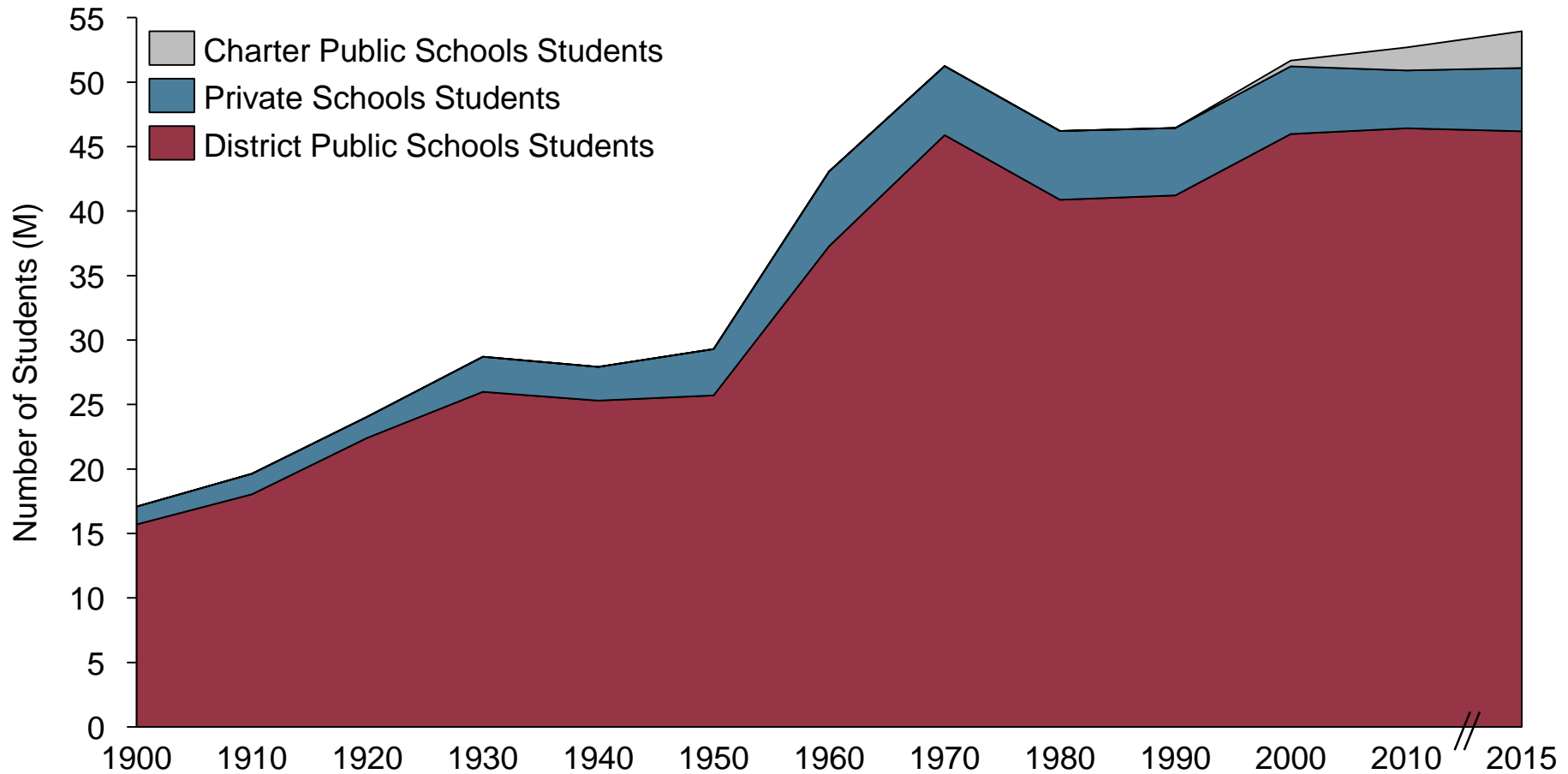
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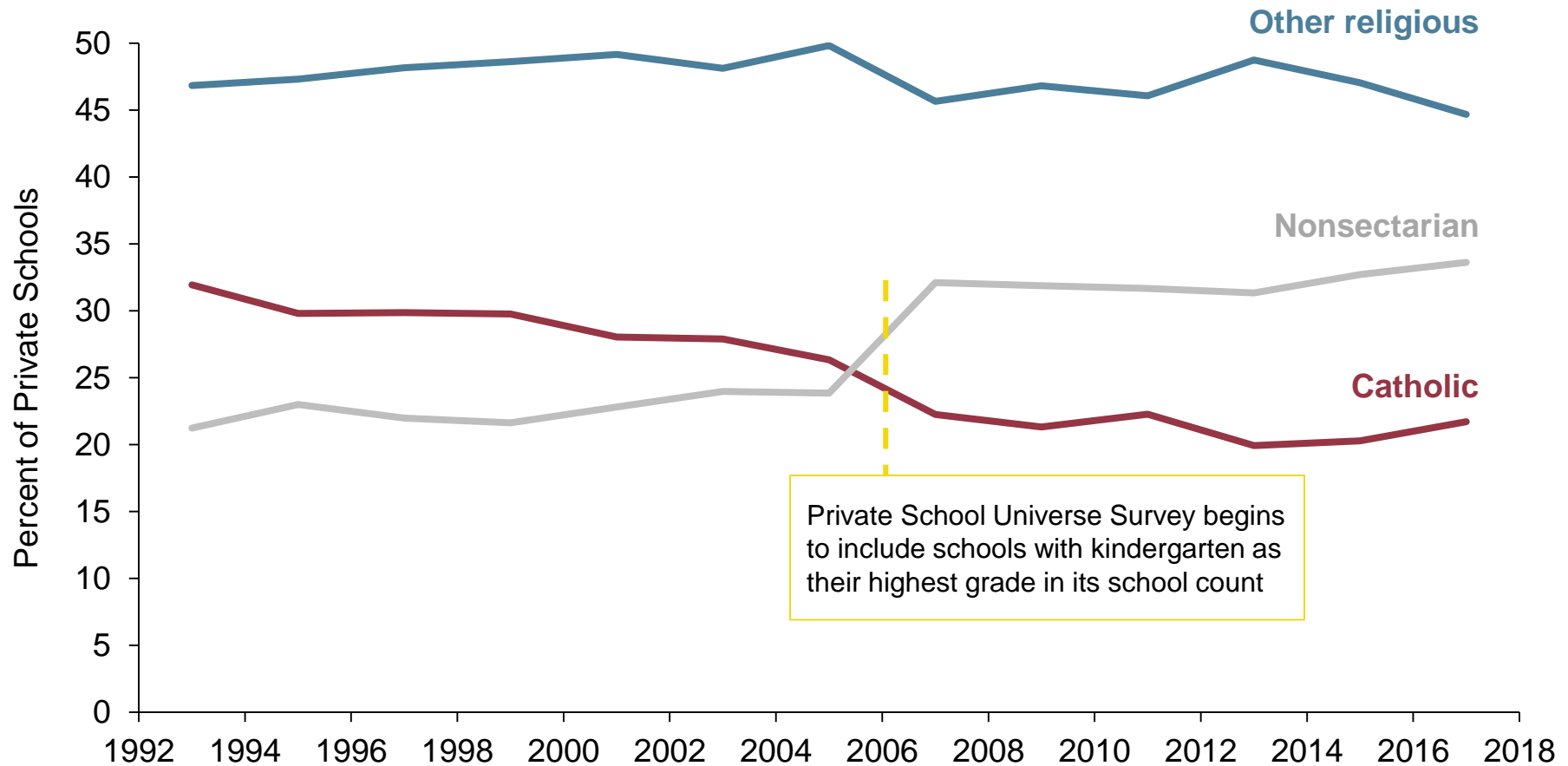
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Private schools have historically served ~10% of students; in 2015, 35K private schools enrolled 5M students



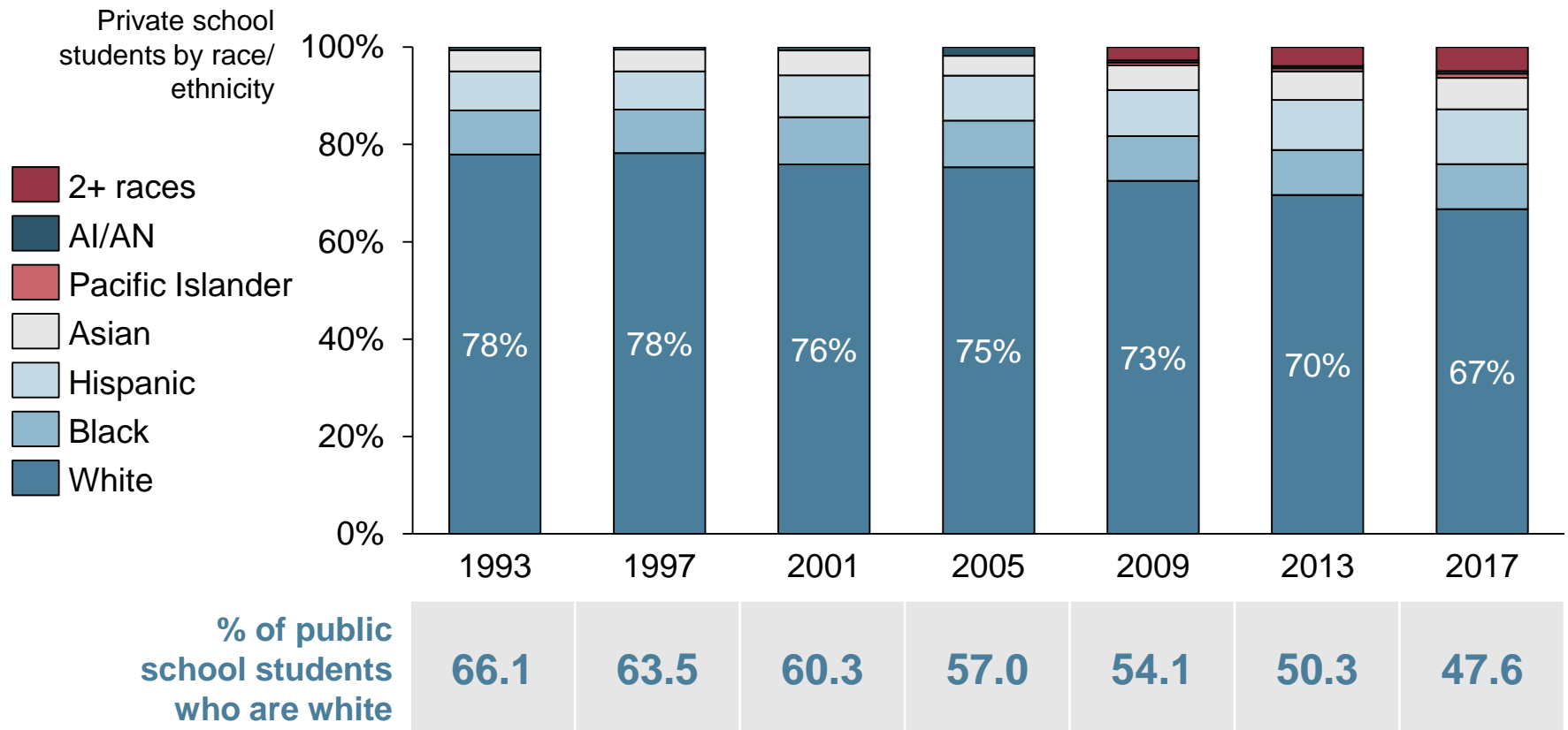
Sources: Historical data on district and private school enrollment (1900-1990) is from NCES, [120 Years of American Education: A Statistical Portrait](#), Table 9; data on recent enrollment (2000-2015) is from NCES (private schools, [table 205.15](#); district schools, [table 203.10](#); charter schools, [table 216.30](#)). Number of private schools is from Digest of Education Statistics, 2017, [table 205.80](#). Data excludes enrollment in prekindergarten.

In recent decades, within the private school sector, Catholic schools declined in proportion to nonsectarian schools ...



Race and ethnicity of private school students have shifted slightly during this period ...

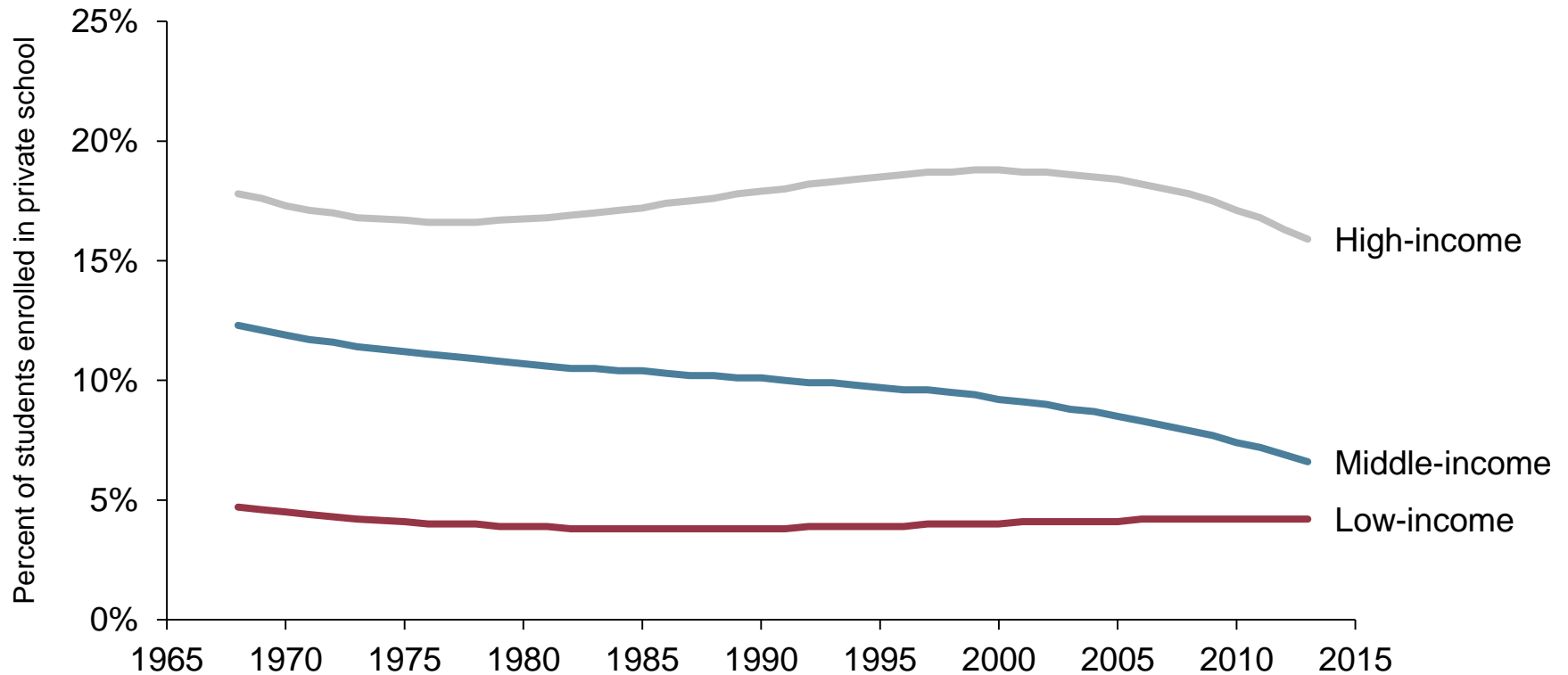
The student enrollment in private schools has become slightly more diverse over the past 15 years, but still serves a percentage of white students higher than public schools



Sources: Private school student demographic data is from NCES, [Private School Universe Surveys](#), from 1993 to 2017 (note: NCES did not provide different categories for Asian and Pacific Islander students or provide a category for students of two or more races until 2005; public school student demographic data is from NCES, Digest of Education Statistics, 2018, table [203.60](#); 1999, [table 45](#); and 1995, [table 44](#))

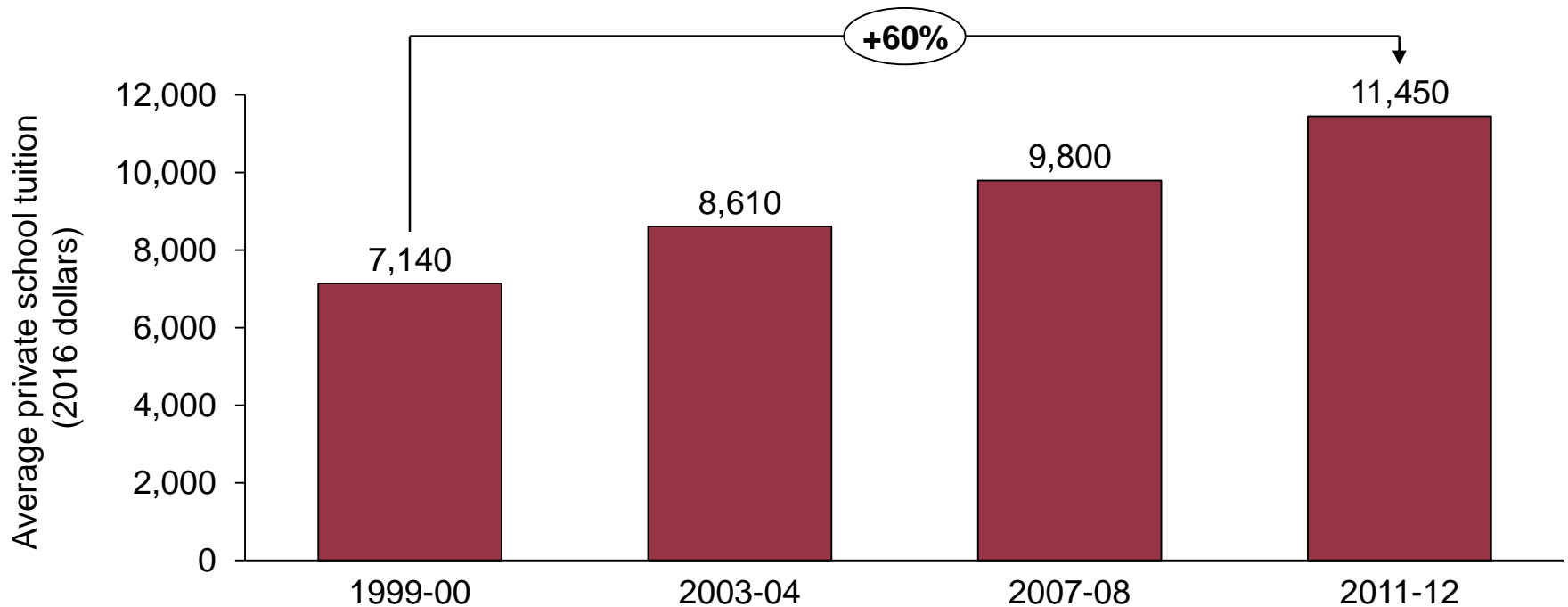
... And the private school enrollment rates of students from different socioeconomic backgrounds has changed

Low-income students have enrolled in private schools at a low and steady rate of about 5%, while the percent of middle-income students enrolled in private schools has declined by nearly half since the 1960s



Some of the changes in private school enrollment may be at least partially attributed to the rising cost of tuition

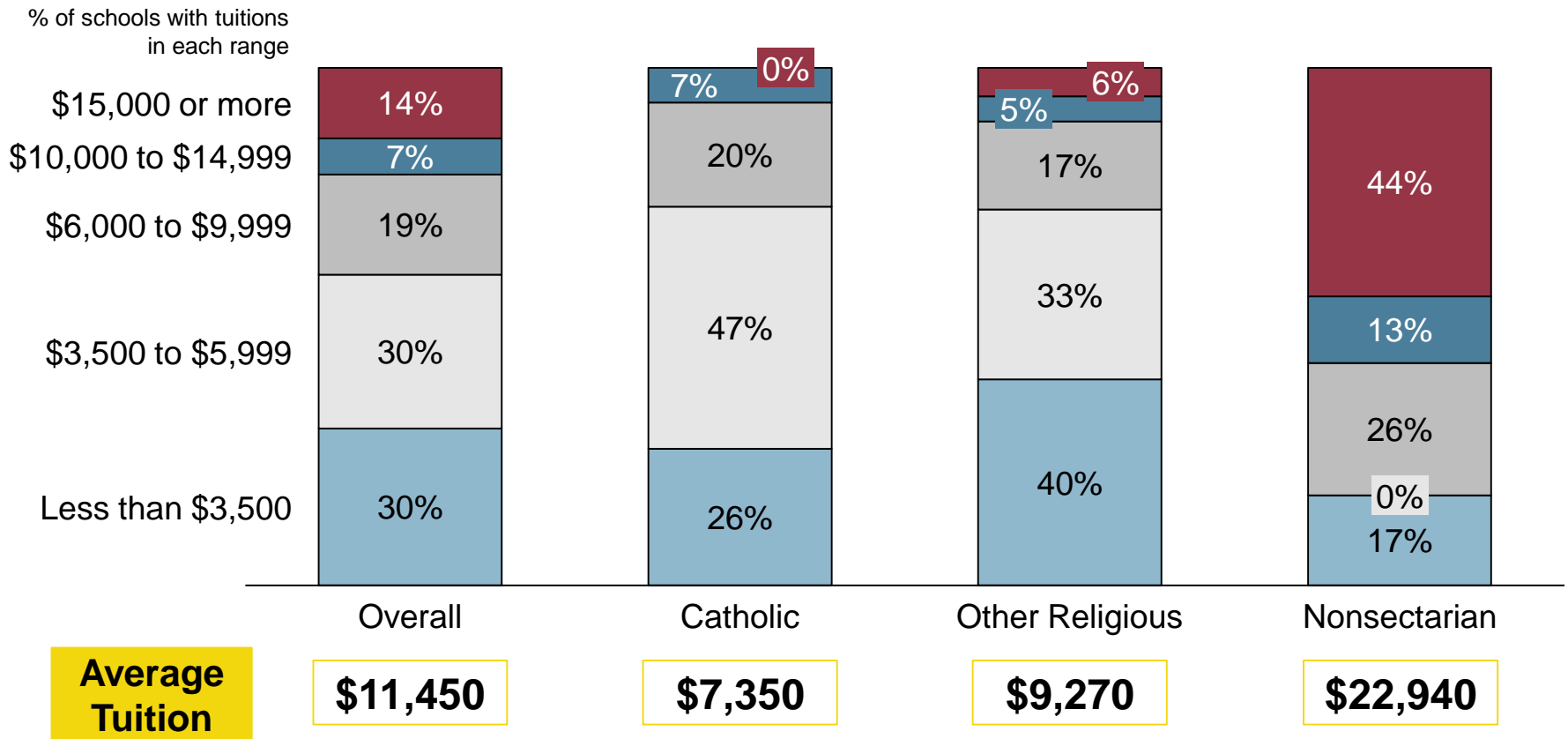
From 1999 to 2011, the average private school tuition increased significantly



Unfortunately, the National Center for Education Statistics has not collected data on private school tuition since 2011-12

In particular, the decline in Catholic schools has meant fewer schools with the lowest tuitions

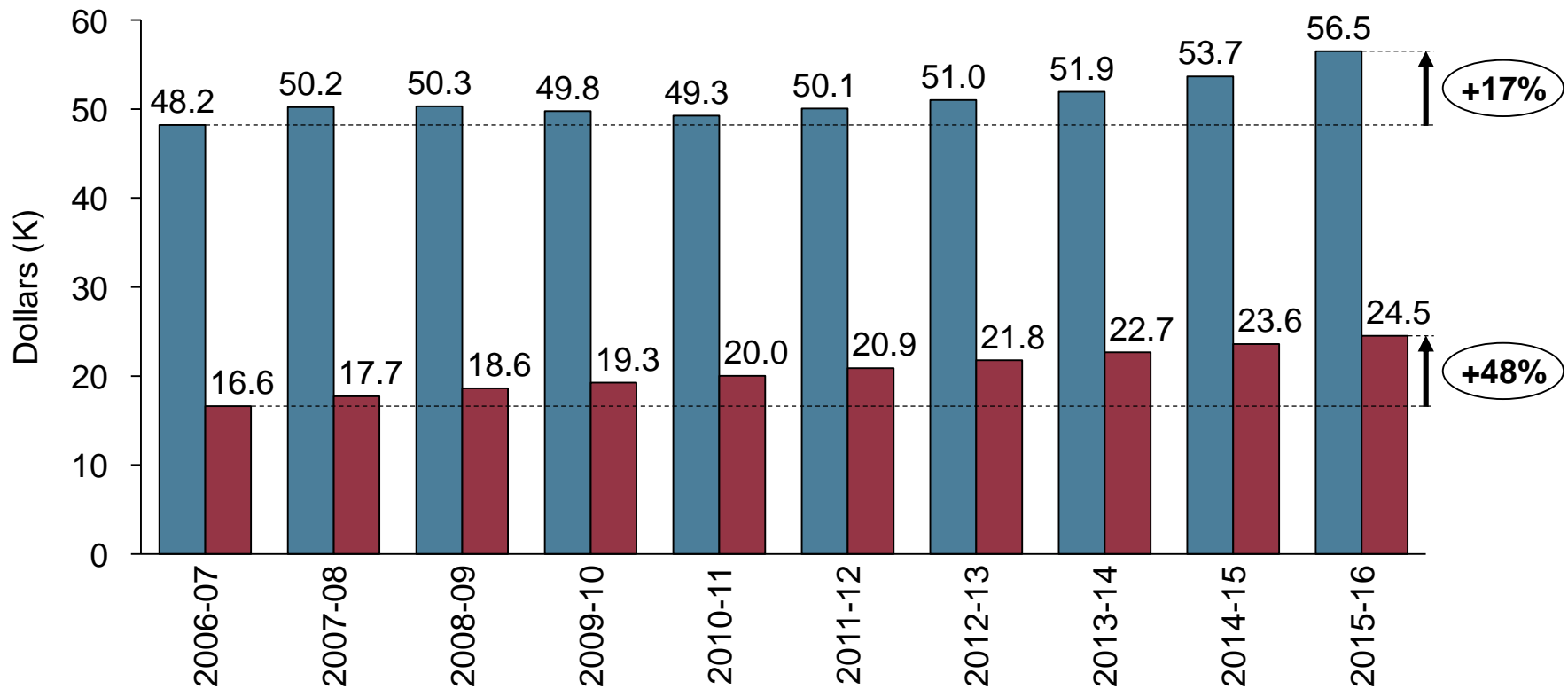
In 2011-12 (the most recent data available), the average Catholic and other religious schools had average tuitions significantly lower than the average nonsectarian schools



Source: NCES, [Table 205.50](#), 2017; data is from the 2011-12 Schools and Staffing Survey and NCES has not collected data on private school tuition since

And tuition increases at independent schools* have outpaced inflation and income growth

Over the past decade, median tuition at independent schools increased by 48% while median income increased by 17%

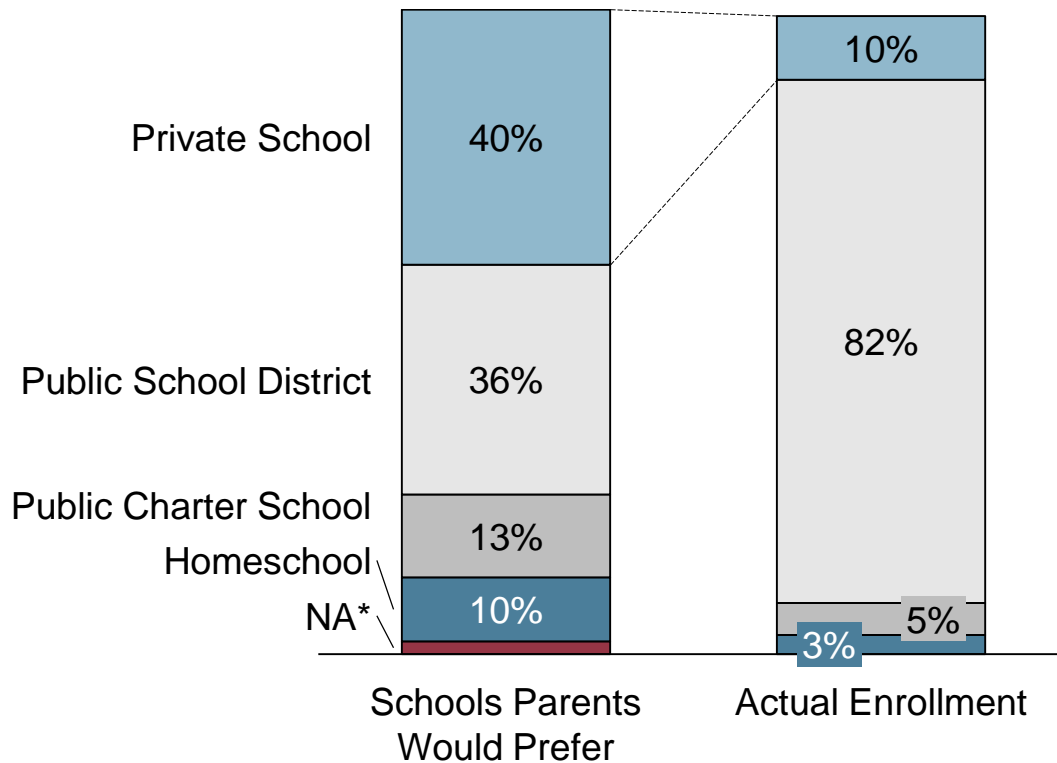


Source: National Association of Independent Schools, [Trendbook Excerpt: Tuition Increasing as a Percentage of Family Income](#), 2017-18. *Independent schools refer to those with independent boards while nonsectarian schools refer to those that do not have a religious affiliation. There is significant but not perfect overlap between these categories.

■ Median Income ■ Median Tuition

As affordable schools close and independent school tuition increases, many families still want a private school education

40% of Americans would prefer to send their children to a private school, but only **10%** actually enroll their children in private schools



Many private schools want to be more **affordable** and **accessible** to middle- and low-income families

Source: Paul DiPerna and Michael Shaw, [Schooling in America Survey](#), Figure 9, 2018. *NA includes survey respondents who didn't know, refused to answer, or who skipped the question in the online version of the survey.

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For schools that seek to provide an “affordable” education, there is no consistent threshold for what families can pay

In interviews with sector and school leaders, no consensus emerged about how to define “affordable”

“Between \$6K and \$10K might be considered payable for families that aren’t covered by public assistance”

“I think any tuition below the median could fall into the affordability category”

“Annual income of \$250K is the rule of thumb, [below which] schools will give financial aid to”

“ ‘Affordable’ should probably be calculated as a percentage of the income that the family brings in”

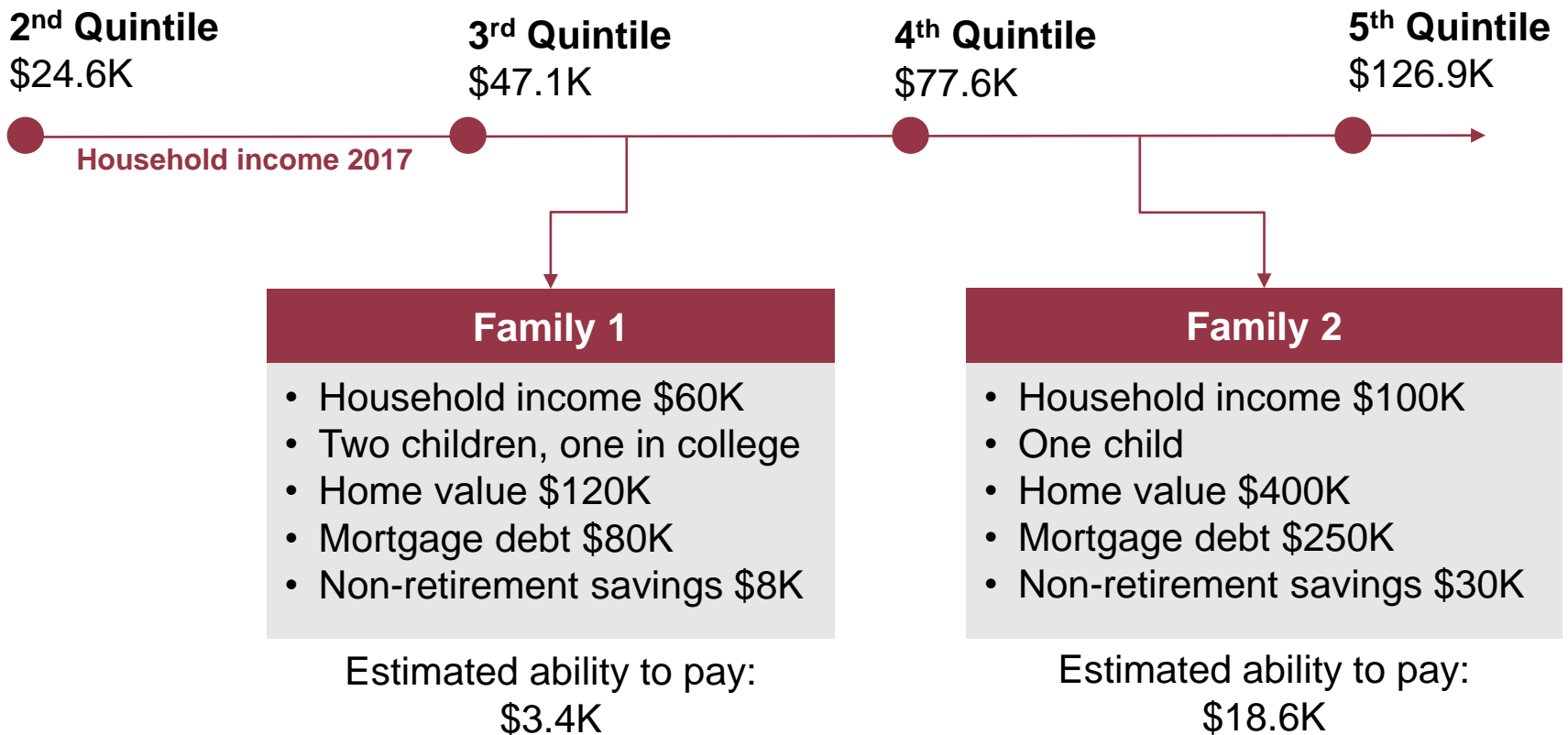
The definition is elusive partly because the threshold for “affordable” varies depending on each family’s circumstances

Similar to the factors that determine financial aid for higher education, private primary and secondary schools often consider family conditions when deciding how much the family can afford to contribute to tuition:

- Household income
- Number of children (and number in college or private school)
- Assets, such as a house
- Debt, such as a mortgage
- Non-retirement savings

School and Student Services (SSS), which helps schools assess families' financial need, provides some benchmarks

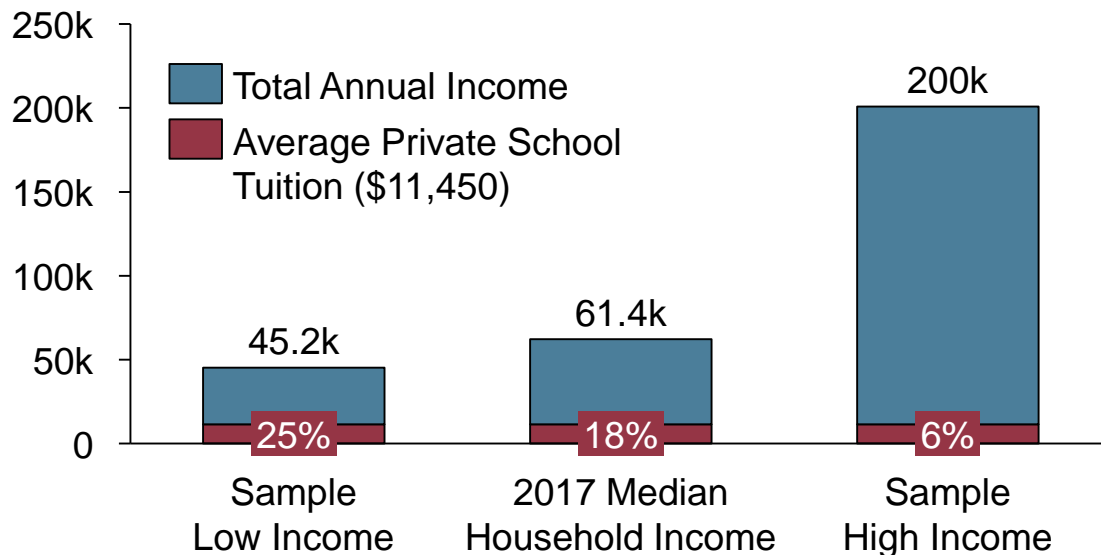
Using many of the factors described on slide 19, SSS provides some case studies of how a variety of family characteristics affect its estimates of what a family can afford



Sources: [School and Student Services](#); U.S. Census Bureau, [Table H-1 Income Limits for Each Fifth and Top 5 Percent of All Households: 1967 to 2017](#).

Affordability can also be thought of in terms of the percentage of income a family would pay for tuition

A family earning \$200K would only need to spend 6% of annual income to afford the national 2011 average private school tuition of \$11.5K — a significantly smaller percentage compared to a middle- or low-income family paying the same tuition



How are “middle-income” and “low-income” defined?

- The Pew Research Center defines “middle-income” as adults whose annual household income falls between two-thirds of and twice the national median, after adjusting for household size. Their research shows that in 2016, the range for middle income fell between \$45,200 and \$135,600 annually for a three-person household.
- Eligibility for free/reduced lunch is another way to define “low-income.” The U.S. Department of Agriculture sets the threshold at 185% of the federal poverty level, or \$46,435 for a family of four.

If we extrapolated 6% of income as a benchmark for affordability, then a tuition of \$3.7K would be “affordable” for a family earning the median income—suggesting that **very few non-parochial private schools are truly “affordable.”** Meanwhile, for a family living below the poverty line, even a tuition of a few hundred dollars would be out of reach.

Schools can use a variety of strategies to improve affordability for middle- and low-income families

1 Subsidize cost with public funds

Publicly funded programs, such as vouchers, tax-credit scholarships, and education savings accounts, provide public funding for private-school tuition

2 Subsidize cost with private funds


Private donations and endowments help schools provide financial aid to low-income students, or a **scholarship program** may help low-income students access private schools

3 Find alternative revenue streams

Schools identify and sustain **creative revenue streams**, such as a work-study program or a teacher training program

4 Reduce expense of the model

Schools leverage **low overhead and minimal staffing models** to reduce per-pupil school expenditures



What about microschools? Do they have a role in affordable private schooling? Microschools' academic models are built on intentionally small learning communities. Their bold experiment with scale also yields different financial profiles. Starting on slide 41, we explore whether microschools have potential to provide affordable private options

A private school may rely on one strategy more than others, but typically uses multiple strategies to maximize affordability

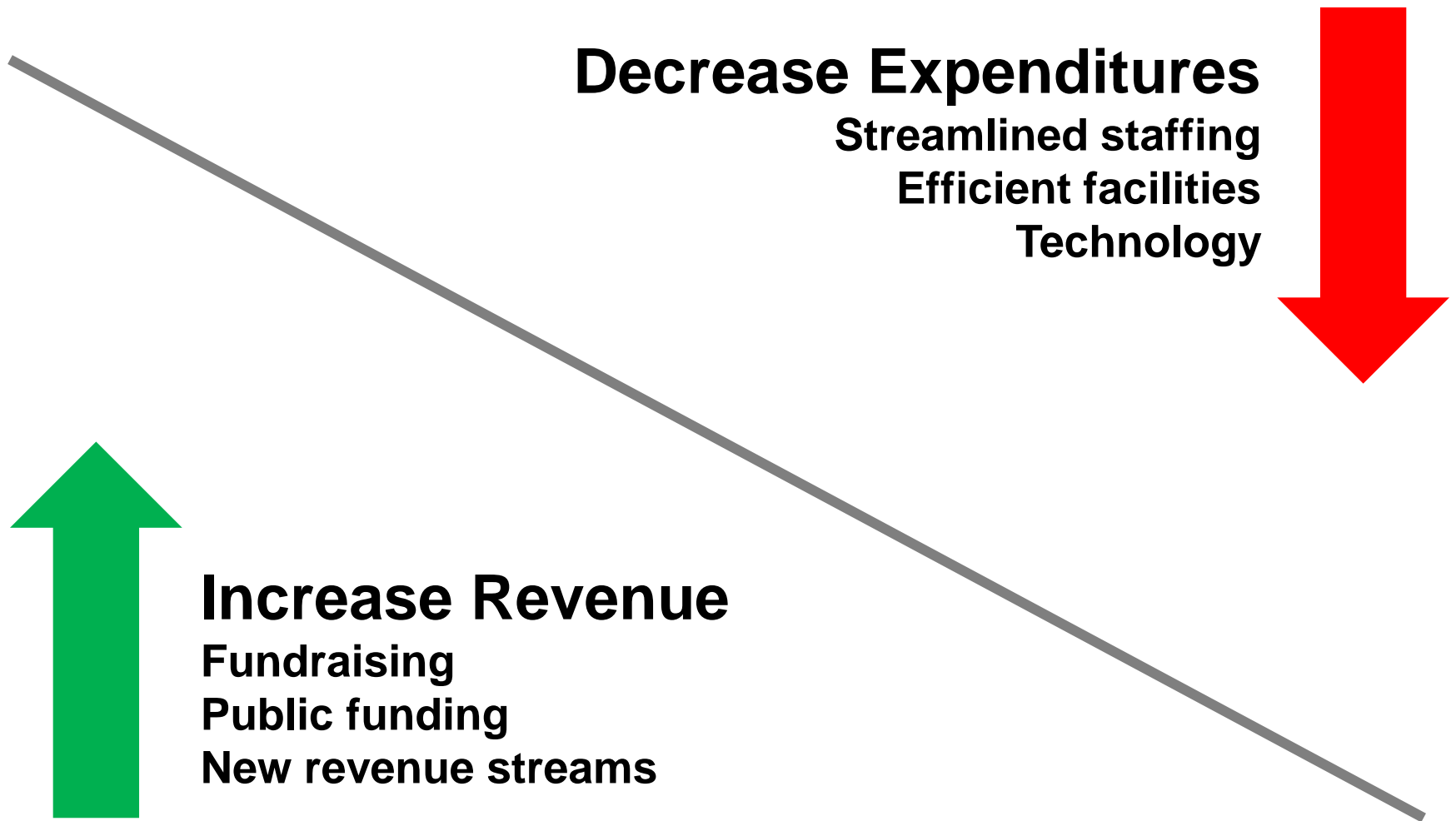


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In this section, we profile private schools that illustrate how each of these four strategies can improve affordability

1 Subsidize cost with public funds

2 Subsidize cost with private funds

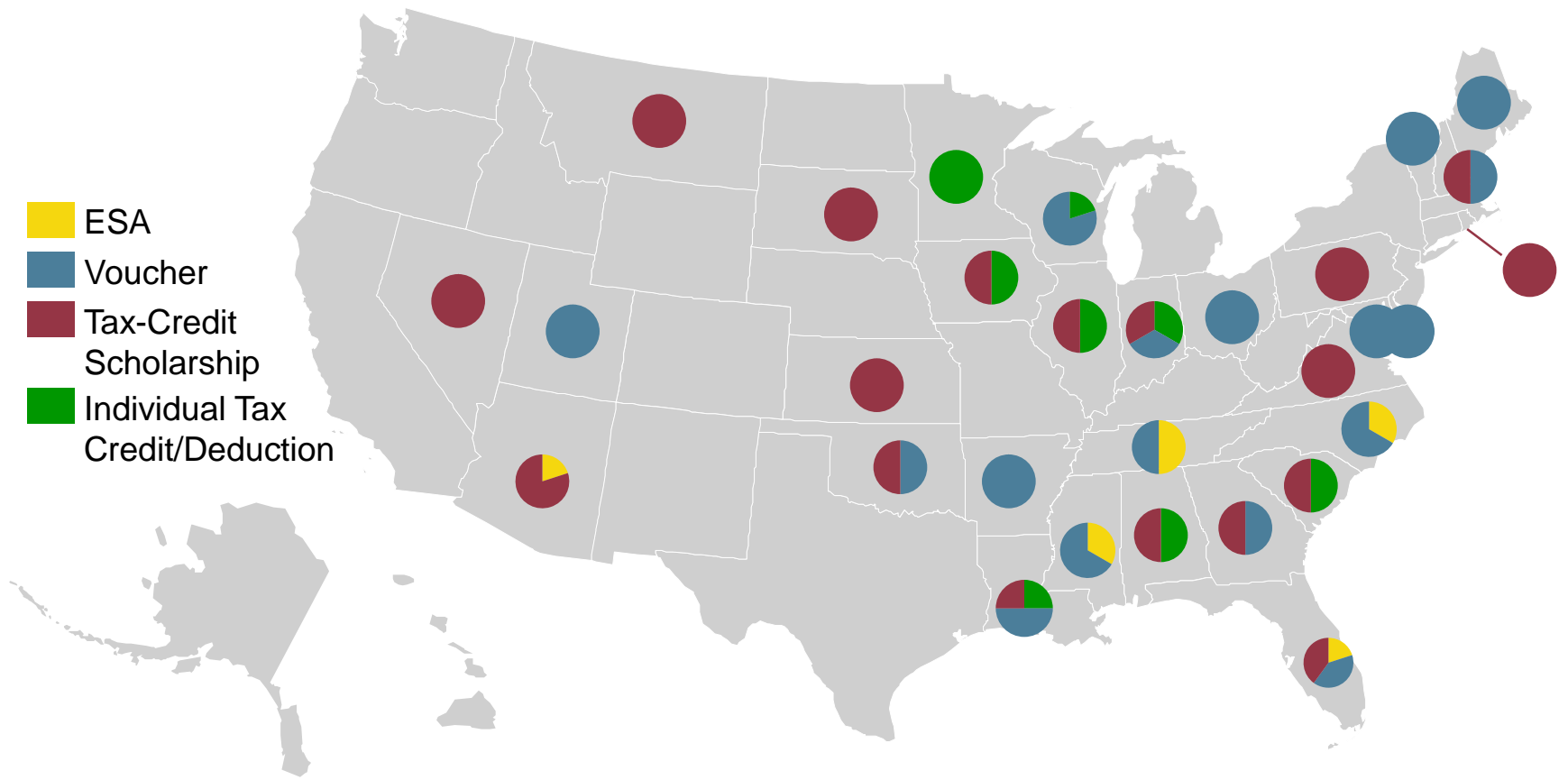
3 Alternative revenue streams

4 Reduce expense of the model

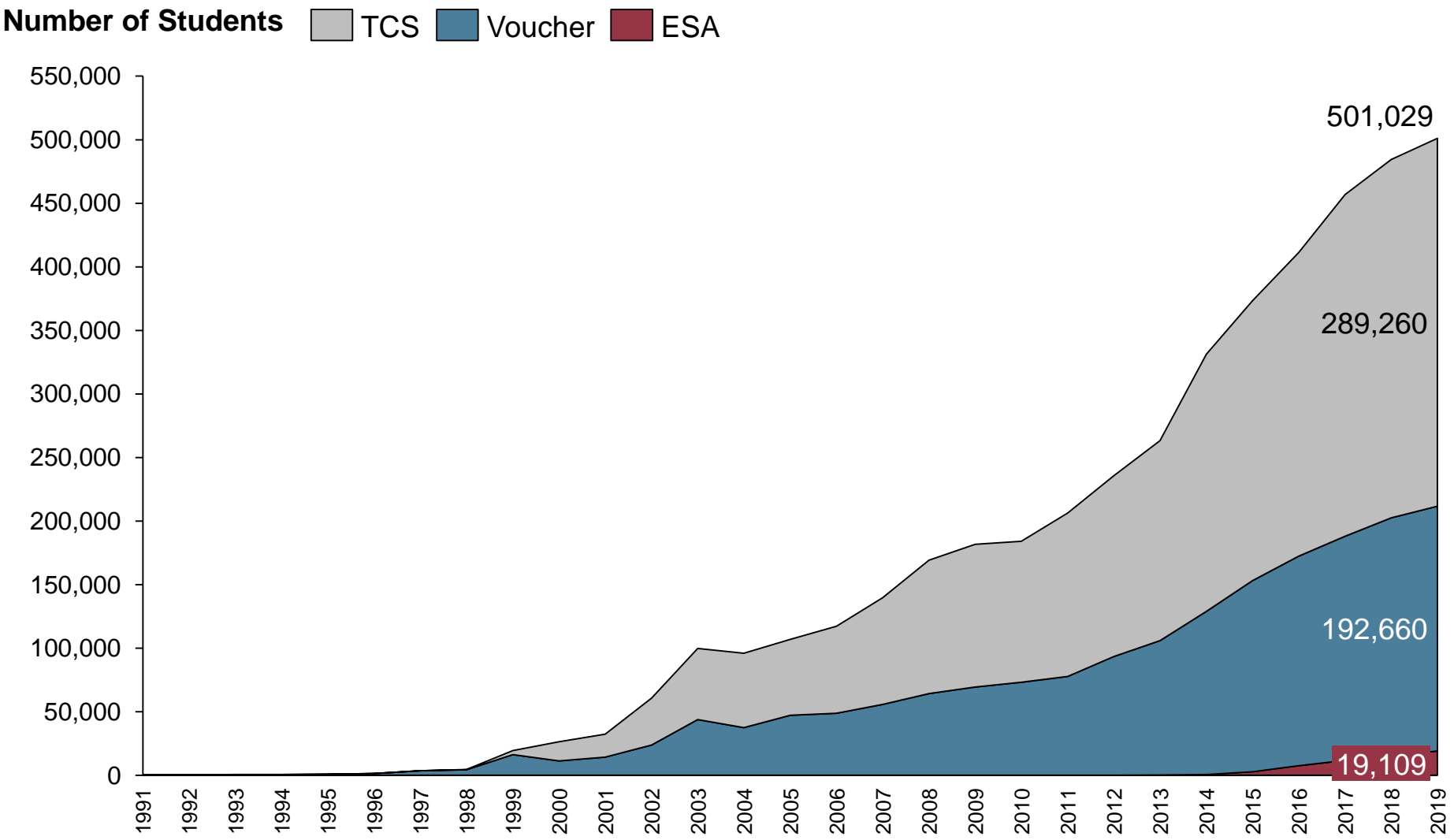
This report focuses on domestic education in the U.S., but it is worth noting that **low-cost private schools**, like Bridge International Academies and Omega Schools, have emerged to provide education in many **developing countries**. James Tooley, a prominent advocate for low-cost private schools abroad, has also helped launch a low-cost private school in Durham, England.

1 Sixty-six private school choice programs, across 29 states and D.C., help many families afford private school tuition

Of the 66 private school choice programs, 57 are education savings accounts, tax-credit scholarships, or voucher programs. Unlike individual tax credit/deduction programs (which allow families to receive tax relief for approved educational expenses), these programs provide families with additional funding to put toward their child's education



1 These programs have grown significantly in the past two decades, and now serve about 500K students



Source: Up-to-date data provided by EdChoice; Note: TCS = Tax-Credit Scholarship; ESA = Education Savings Accounts

1 Many publicly funded private school choice programs specifically serve students with special needs

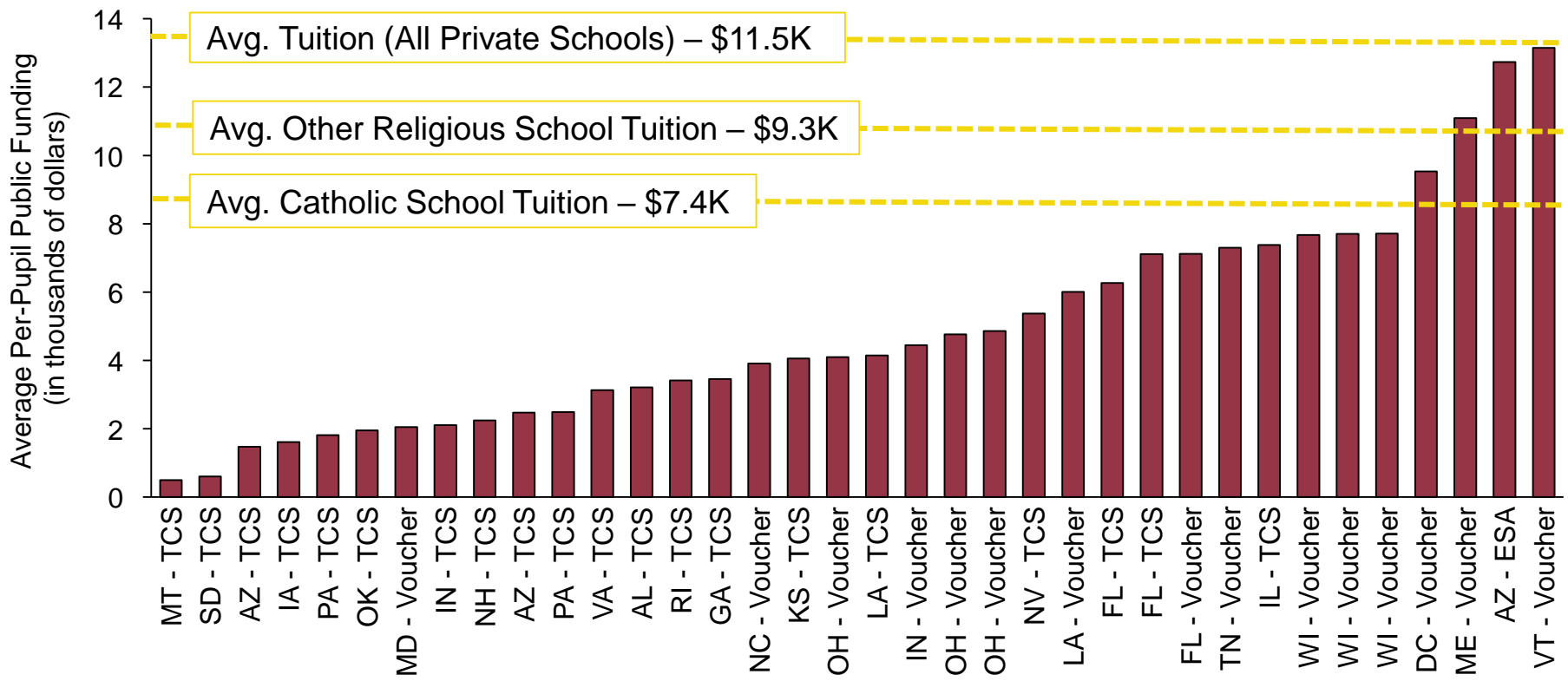
Among 57 education savings accounts, tax credit scholarships, and voucher programs, eligibility for 19 programs is limited to students with special needs

Program Type	Total # of programs	# limited to special needs students	# not limited to special needs students
Education Savings Accounts <i>Parents receive a deposit of public funds into government-authorized accounts, which they can use for an approved set of education expenses</i>	6	4	2
Vouchers <i>Parents receive a government-funded voucher, which they can use to cover some or all of their child's tuition at a private school</i>	28	12	16
Tax-Credit Scholarships <i>Individuals or corporations receive tax credits for donations to nonprofit organizations, which then provide scholarships to students</i>	23	3	20

Source: Author's analysis of EdChoice, "[School Choice in America Dashboard](#)," 2019.

1 And it is unlikely that publicly funded programs alone can sufficiently increase affordability in participating schools

Among 38 programs serving general education students, the average funding amounts in education savings account, voucher, and tax-credit scholarship programs fall short of average tuition, suggesting many of the 7.7K participating schools must rely on supplemental revenue. Even if more funding were available, many private schools are reluctant to participate because of perceived threats to independence due to testing and other requirements



Source: EdChoice, [School Choice in America Dashboard](#)

Note: TCS = Tax-Credit Scholarship; ESA = Education Savings Accounts; chart excludes individual tax-deduction programs as well as programs that target special education students

2 Private schools, especially those that lack access to public programs, rely on fundraising and development revenue

There is limited public data on private schools' financials, but interviews with sector experts and data collected by two private school associations suggest a significant focus on raising private funding

The National Catholic Education Association (NCEA) reports that schools subsidize tuition using direct subsidies from the parish, diocese, or congregation or through fundraising and development

74% In Catholic secondary schools, the average tuition of \$11,239 covers about 74% of actual costs per pupil of \$15,249

82% In Catholic elementary schools, the average tuition of \$4,841 covers about 82% of actual costs per pupil of \$5,936

The National Association of Independent Schools (NAIS) reports that schools also subsidize tuition and are increasing their investments in fundraising and development

81% In independent day schools, median per-pupil net tuition revenue (tuition and fees minus financial aid) of \$17,723 covers 81% of median costs per pupil of \$21,795

58% 58% of independent schools increased their investment in fundraising in 2017

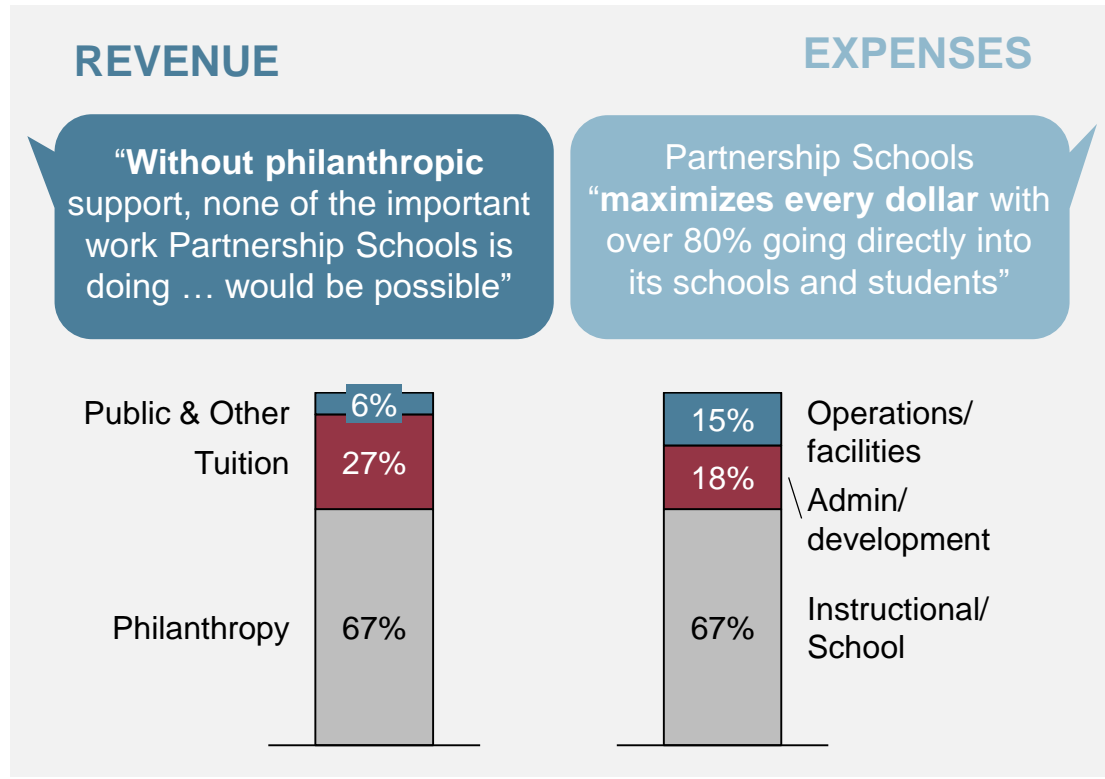
Sources: NCEA Annual Statistical Report on Schools, Enrollment and Staffing, 2017-18, p. 18; NAIS Trendbook 2017-18, p. 83; email communication with NAIS.

2 Partnership Schools operates seven Catholic schools; it uses fundraising and efficiency to defy trends in school closure

The mission of Partnership Schools, located in New York City, “is to develop outstanding Catholic elementary schools that provide low-income students with the academic preparation, values and skills they need to break the cycle of poverty and lead fulfilling, productive lives”

Quick facts

2010	Year founded
7	Schools
\$9.7K	Avg. per-pupil expenditure
\$2.7K	Avg. parent contribution
100%	Students receiving tuition support
68%	Hispanic students
28%	Black students
70%	Low-income



As many Catholic schools close, Partnership Schools is on a mission to prove that — with the right support and a healthy dose of thrift — Catholic schools can be financially sustainable and high-quality

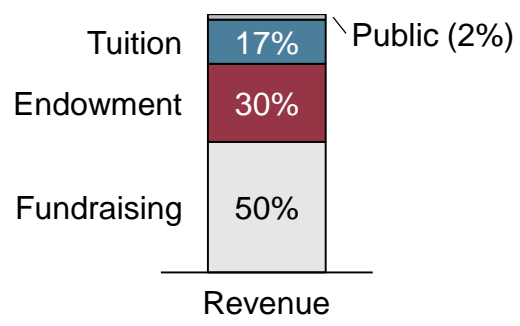
Sources: Partnershipnyc.org, “Who We Are,” “How It All Adds Up,” [Financial Report](#), and email correspondence with network leadership; Disclosure: Partnership Schools has been a Bellwether [client](#).

2 Similarly, among three nonsectarian schools we identified, tuition ranges from just 10 to 20% of revenue



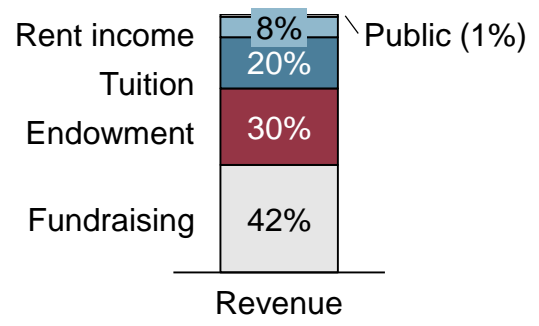
“City Academy transforms children, families and our community through exceptional education and bold expectations that empower children to overcome barriers.”

- 220** Students, preK-gr6
- \$20K** Per-pupil expenditure
- 100%** Receive financial aid
- 83%** Tuition covered by aid



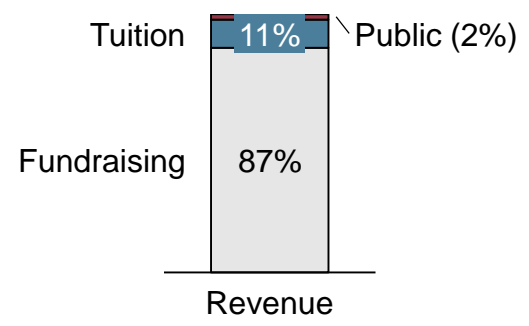
“We empower our diverse student body to reach full academic and leadership potential while building a Beloved Community.”

- 126** Students, gr4-8
- \$20K** Per-pupil expenditure
- 90%** Receive financial aid
- 80%** Tuition covered by aid



“Harlem Academy drives equity of opportunity for promising students, guiding them to thrive at the highest academic levels and one day make a mark on the world.”

- 124** Students, gr1-8
- \$32K** Per-pupil expenditure
- 100%** Receive financial aid
- 88%** Tuition covered by aid



Sources: [City Academy](#); [Community Preparatory School](#); [Harlem Academy](#); interviews with school leaders; Disclosure: Harlem Academy has been a Bellwether client.

2 Other private schools enroll middle- and low-income students with the help of private scholarship programs

For example:



A BETTER CHANCE

A Better Chance

A Better Chance's mission is "to increase substantially the number of well-educated young people of color who are capable of assuming positions of responsibility and leadership in American society"

- Founded in 1963, A Better Chance recruits students of color in grades 4 through 9 across the country and **helps place them into independent schools**
- The unique program currently serves 2,222 scholars nationally, placing approximately 500 scholars yearly
- Over 90% of participants receive financial aid. The organization **helps scholars access financial aid** at their admitting school; \$19 million in aid for new scholars was leveraged in 2018. And the program provides a limited number of **last-dollar scholarships** to support families most in need
- As middle-class families are increasingly seeking financial aid to afford private schools, A Better Chance **has instituted an income cap of \$250,000 for eligibility** for the program

JKCF



Jack Kent Cooke Foundation (JKC)

JKC's mission is "advancing the education of exceptionally promising students who have financial need"

- Founded in 2000, the national JKC Scholarship Program accepts scholars in 7th grade and **supports them through graduate school**
- JKC helps students across the country find **the best high school placement** for them, including public/charter (50%), independent day schools (~25%), boarding schools (~25%), or a handful of homeschooling or alternative options
- For private schools, **JKC provides last-dollar scholarships** to subsidize the family contribution after financial aid
- **JKC funds summer experiences and counseling** to boost skills and prepare students for college

3 The Cristo Rey Network's innovative revenue stream also provides students with workplace experience

Cristo Rey Network – Corporate Work Study Program

“The Cristo Rey Network empowers thousands of students from underserved, low-income communities to develop their minds and hearts to become lifelong contributors to society. By providing students an extraordinary college preparatory education and a unique four-year, integrated corporate work study experience, we seek to transform urban America one student at a time”



37 schools
24 states



12,000 students
Over **18,000** high school graduates



2/3 students are Latino
1/3 are African American
2/3 students are low-income



\$14.5K avg. per-pupil expenditure
\$1K to \$2.5K in tuition per pupil,
depending on family need

Cristo Rey Schools uses its Corporate Work Study Program to supplement revenue and reduce cost to families

- **Partner with local businesses**, such as law firms, banks, and other firms where students can build professional skills
- Each student works five full days per month; **four students equal one full-time employee**
- Each full-time job generates about **\$31K**; instead of being paid wages, students' earnings go directly to the school to **supplement tuition**
- 50% of revenue comes from Corporate Work Study Program; 40% from fundraising or publicly funded school choice programs; 10% comes from family contribution

Sources: Interview with school leader; [Cristo Rey Website](#); Disclosure: The Cristo Rey Network has been a Bellwether [client](#).

3 At Ron Clark Academy, a fee-based teacher training program helps generate significant revenue

Ron Clark Academy (RCA) in Atlanta, GA enrolls 120 students in grades 4 through 8; a significant and growing proportion of its revenue comes from its nationally renowned trainings for teachers

RCA Teacher Training



Since 2007, **over 60K educators** have visited RCA to observe master teachers, participate in workshops, and observe school culture



Teachers can receive **continuing education credits** for the training

RCA Students and Staff



150 students, gr4-8
\$37K/year average family income for 70% of families



RCA seeks to enroll students with a **variety of academic backgrounds**, including those who have struggled



RCA employs **17 full-time staff** and **3 part-time staff**, including **17 classroom teachers**; all staff support teacher training program

RCA Revenues

78%

RCA charges \$525 for one-day **trainings** and \$995 for two-day trainings, which allows the school to generate revenue while also extending its impact

12%

Fundraising from individuals, corporations, and foundations, and some RCA students participate in the **Georgia Tax Credit Scholarship** program, which averages \$3.5K per pupil

4%

Tuition varies by family income:
• For families ~\$45K: \$1.2K per year
• For families ~\$58K: \$1.4K per year
• For families ~\$100K: \$7.2K per year
• For families >\$170K: \$18K per year

6%

3% from school merchandise; **3%** from other sources

\$24M

A capital campaign will allow RCA to move to a new, larger facility in 2020

3 Build UP helps low-income students toward home ownership, while gaining job skills and associate degrees

Build UP – Apprenticeship Program

“Build UP is the nation’s first and only workforce development model that provides low-income youth career-ready skills through paid apprenticeships with industry-aligned secondary and early-postsecondary academic coursework, leading them to become educated, credentialed, and empowered civic leaders, professionals, homeowners and landlords”



- Founded in **2018** in Birmingham, AL



- **70** students, grades 9 and up



- Students earn a high school diploma and associate degree in 6 years



- Full tuition is **\$25,000**, but the student/family out-of-pocket contribution is limited to **\$1,500** annually
- Build UP receives additional revenue from tax credit scholarships
- **Half of student pay** from their apprenticeship goes to tuition
- The remaining expenses are **fundraised**

Build UP works with the Birmingham Land Bank Authority to purchase blighted homes the students will one day own.

- Students receive an educational stipend of \$15/hour, half of which they earn as “take-home pay”
- Students split their time between receiving academic instruction, gaining industry-recognized credentials, and renovating abandoned homes through paid apprenticeships
- Student coursework includes financial literacy, entrepreneurship, and justice-based leadership
- Upon beginning a high-wage job (\$40K+ salary), enrolling toward a 4-year college degree, or launching their own business, graduates take over the deeds to an owner-occupied home and a rental property

4

Thales Academy is a network of eight schools that pursues affordability primarily through efficiency



Students: 3,000 students across 8 schools (six preK-5 and two 6-12)



Tuition: \$5,000-\$6,000, depending on location & grade



Location: Multiple sites in NC; soon in TN & VA

Mission

Thales Academy seeks “to provide an excellent and affordable education for students in Pre-K to 12th grades through the use of Direct Instruction and a Classical Curriculum that embodies traditional American values.”

Founding Story

Thales Academy was founded in 2007 by Bob Luddy, the president and founder of the commercial kitchen ventilation company, CaptiveAire Systems. Driven by a strong belief in the power of education, Luddy set out to create a high-quality, affordable option for students. The first school was opened in the rear of Luddy’s corporate office in Raleigh, NC, with just 30 students. The model was highly successful and quickly grew to eight locations in the Raleigh area. In the 2020-21 school year, the organization will open two incubator locations in Richmond, VA and Nashville, TN.

4

With minimal private funding, Thales uses efficient facilities, a lean staffing model, and technology to reduce expenses



Commitment to Affordability

Thales benchmarks tuition at a third of the average price of local day schools. For example, if the average tuition in the local market is \$15,000, the local Thales will not set tuition above \$5,000.

Luddy, the founder, also provides about \$450,000 in scholarships across the eight schools, which is disbursed to families in increments of \$1,000, \$2,000, and \$3,000. Between those scholarships and a North Carolina state Opportunity Scholarship, 5-10% of students at each school receive scholarships to attend.

*Thales does not serve IEPs or 504s, students who generally require more resources to serve well.



Financial Model

In a fully enrolled Thales school, per-pupil expenditures are about \$3,500*. Operational costs are covered by tuition. The purchase or construction of each facility is underwritten by the founder, who is paid back gradually over time with proceeds from tuition.



Focus on Efficiencies

In order to keep tuition low, the leaders focus on efficiencies to minimize per-pupil costs. Staffing is one area that leaders monitor carefully to control costs. The student-teacher ratio (about 1:25 in elementary and 1:20 in junior high) is designed to maximize class size without sacrificing quality, while keeping salaries competitive with the local county. Administrative costs are also streamlined, with only one administrator and an administrative assistant at schools under 500 students. Thales also invests in both systems and pedagogical technology to maximize efficiency and reduce the administrative burden on teachers. For example, they reduced materials costs by investing in iPads and online curricula.

4 Mission Dolores Academy, in partnership with Seton Education Partners, uses blended learning to reduce costs



MISSION DOLORES ACADEMY
In partnership with the Megan Furth Memorial Fund
San Francisco, CA since 1852

Seton partners with 14 schools in 9 cities, serving 4.1K students, 95% of whom are low-income

“Seton provides partner schools with the know-how, training, and fundraising required to convert to **blended learning**. [Its] goal is to substantially improve the **academic performance** and **reduce the operating costs** of financially struggling urban Catholic schools.”

Sources: [Mission Dolores Website](#); [Seton Education Partners Website](#); Smarick and Robson, “Catholic School Renaissance,” 2015

\$5.1K tuition

65% low-income

85% students receive aid

“The economics of education technology follows that of other forms of technology: Costs continue to drop as products also become more powerful. Additionally, with half the class working independently online, the cost of a teacher can be spread out across larger class sizes while delivering more effective, individualized instruction.”

As of 2019, blended learning helped Mission Dolores reduce its staffing of lead teachers from a **14:1** student-teacher ratio in 2011 to **27:1**. It also helped reduce per-pupil expenditures from **\$15K** in 2010 to **\$11K** in 2019.



As many private schools seek new revenue and lower costs, others' bold experiments in scale may offer a new path

Microschools have emerged over the past decade, with academic models built to leverage intentionally small learning communities

The Rise of AltSchool and Other Micro-schools
Combinations of private, blended, and at-home schooling meet needs of individual students
By Michael B. Horn

Micro-Schools Offer Kids a Customized, Hands-On Education
New York, NY

Are Microschools the Next Big Thing?
The promise and peril of tiny private schools.
Tyler Koteskey from the March 2016 issue - view article in the Digital Edition

'Micro Schools' Could Be New Competition for Private K-12
Student Guide Kelley Gary, center, leads a group discussion at Acton Academy in Austin, Texas. Roughly 30 students make up the Middle School Studio, a one-room environment where students are self-directed in their academic progress.
—Julia Robinson for Education Week
By Arianna Prothero

MICRO-SCHOOLS MAKING A BIG SPLASH IN EDUCATION
JANUARY 15, 2018
By Kenneth Artz
A new trend in schooling is gaining popularity: establishing small class sizes and personalized learning through the traditional one-room schoolhouse model.
"Micro-schools" are loosely defined as private schools with a self-directed curriculum enrolling approximately 10 to a few dozen students. Prominent micro-schools have been founded in Austin, Texas; Berkeley, California; New Orleans; New York City; and Washington, DC in just the past few years.

Microschools' sizes also yield vastly different financial profiles. Do they have a role in affordable private schooling?

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Appendix

Research and data on microschoools is very limited

We interviewed dozens of school and sector leaders, and collected data through a brief survey of microschoool leaders

Interviews With Thought Leaders

We asked thought leaders in education about microschoools, including the following:

- How do you **define** a microschoool?
- What do you think are the **common characteristics** of microschoools?
- **Why** do you think microschoools have emerged?
- Where did **microschoools come from**, and how have **they grown**?
- How do microschoools track student **learning** and school **effectiveness**?
- How does being a private school help a microschoool **innovate** and/or bypass **regulatory burdens**?
- What can microschoools do to **make themselves affordable** to more students and families?
- What should the K-12 education sector learn from microschoools?

Interviews With and Survey of Microschoool Leaders

Interviews and a survey of microschoool leaders included the following questions:

- How do you **define** a microschoool?
- What is the **mission/vision** for your school?
- What is the school's **pedagogical** approach?
- What is the **role of a teacher** at your school?
- What **sources of data** do you use to understand whether your school is meeting its goals?
- How does your school **track student learning**?
- What is **tuition** for your school? Aside from tuition, **how is your school funded**?
- Do you seek to serve a **particular population** of students?
- What percentage of your student population is **low-income**?
- Do you have **aspirations to scale**?

We identified almost 200 microschoools across the country

We identified microschoools through our networks, funders, and extensive internet research. Nonetheless, the lack of a microschoool hub or comprehensive directory — or even a common definition of a microschoool — means there are likely microschoools missing from this collection



Note: In July 2019, AltSchool announced that its four schools will change management while the organization pursues the growth of its learning platform

There is little consensus on the defining characteristics of microschoools ...

Intentionally small

- Mentioned by 21 interviewees*
- Microschools are purposefully small, with a low teacher-student ratio

Multiage classrooms

- Mentioned by 9 interviewees
- Students are often grouped together across age, sometimes with no grade level assigned

Autonomous

- Mentioned by 11 interviewees
- Microschools seek freedom from traditional accountability structures

Personalized approach to instruction

- Mentioned by 10 interviewees
- Students often set individualized goals and work at their own pace

Use of blended learning/technology

- Mentioned by 10 interviewees
- Technology is often used to personalize instruction and augment the small staff size

Student-led learning

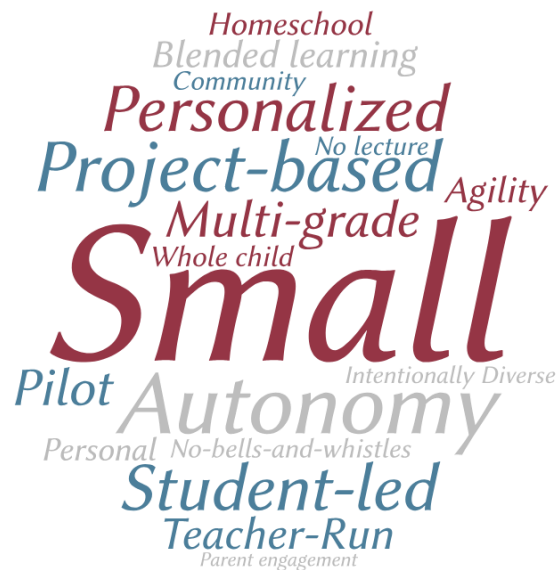
- Mentioned by 10 interviewees
- Learning is driven by student interests, with teacher serving as a “guide on the side” rather than “sage on the stage”

*We conducted a total of 27 interviews about microschoools (14 school leaders; 13 thought leaders)

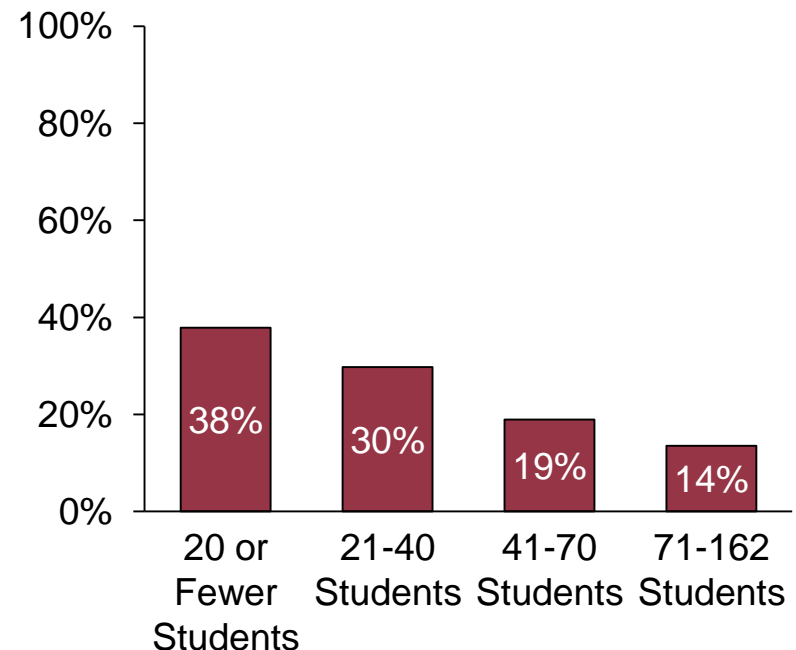
... Except that they are intentionally small

An enrollment threshold of 150 students is often tagged to research that suggests 150 people is the maximum size of a community in which everyone still has personal relationships with every other individual; most microschools currently serve fewer than 70 students

Characteristics of microschools, by frequency cited by sector/school leaders



Survey respondents' reported student enrollment ranges from 4 to 162

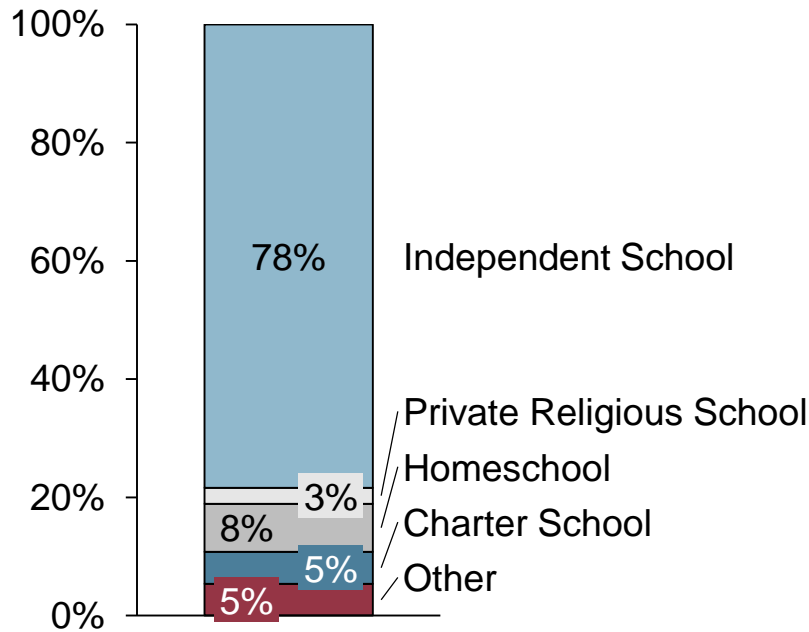


Note: See the research, for instance, of Robin Dunbar, as summarized in [The New Yorker](#), October 2014; Sources: Microschool survey conducted by authors; interviews with school leaders and thought leaders

Many school leaders cite autonomy and the agility of small size as key enablers to innovation and iteration

A substantial majority of microschool leaders who responded to our survey indicate their schools are independent schools

Independent schools are not bound to the same rules and regulations as charters, or to norms of religiously affiliated institutions



Which of the following most closely describes your school? (n=37)

“They’re not bound to a larger charter school network or district. **They tend to have autonomy.** Smallness in size extends to their DNA. They are autonomous from the ‘mothership.’ ”

“There is a **certain agility that accompanies size.** With [larger] size comes rigidity. You have to be more systematized and process oriented.”

The small size allows microschoools an environment conducive to specific programmatic features ...

Multiage classrooms

92% of survey respondents report their schools use multiage classrooms

“Multiage grouping is really important. A 6-year-old who reads at 8th-grade level will be more successful. For a 10-year-old reading at 1st-grade level, **it’s easier at microschoools to put these students together and teach them together.**”

Social-emotional learning

86% of survey respondents indicate their schools focus on character/social-emotional learning

“... emphasis on relationships between students and between students and adults. Such a **family feel with deep personal relationships** that’s much different culturally from a regular school. Their kid is really known.”

Alternatives to testing

43% of survey respondents indicate using formative or summative assessments to monitor student learning

“We have a **competency-based taxonomy** that leverages best work across the country to build a set of milestones across grade levels in each subject area. Alongside of that are **students setting their own learning goals and capturing evidence.**”

... But microschoools' size also translates into very different financials, especially regarding salaries, facilities, and tech

“We have a lean business model. We can charge less.”

Facilities

“One of the advantages of having a school that occupies a less than 10,000-square-foot footprint [is that] you can **pay less for space**. ...You can **dramatically lower per-pupil facilities costs**.”

Microschools in survey:

- 11% in school buildings
- 40% in storefronts/office bldgs
- 16% in churches

Staffing

“There are **no administrators**. Teachers ... tend to have a real entrepreneurial drive. They want to be in the position to make decisions about the administrative things.”

One microschool:

- 140 kids
- 1 admin
- 5 full-time staff

Technology

“There’s a way to leverage learning tech to **individualize [instruction]** and make schools work **more efficiently**.”

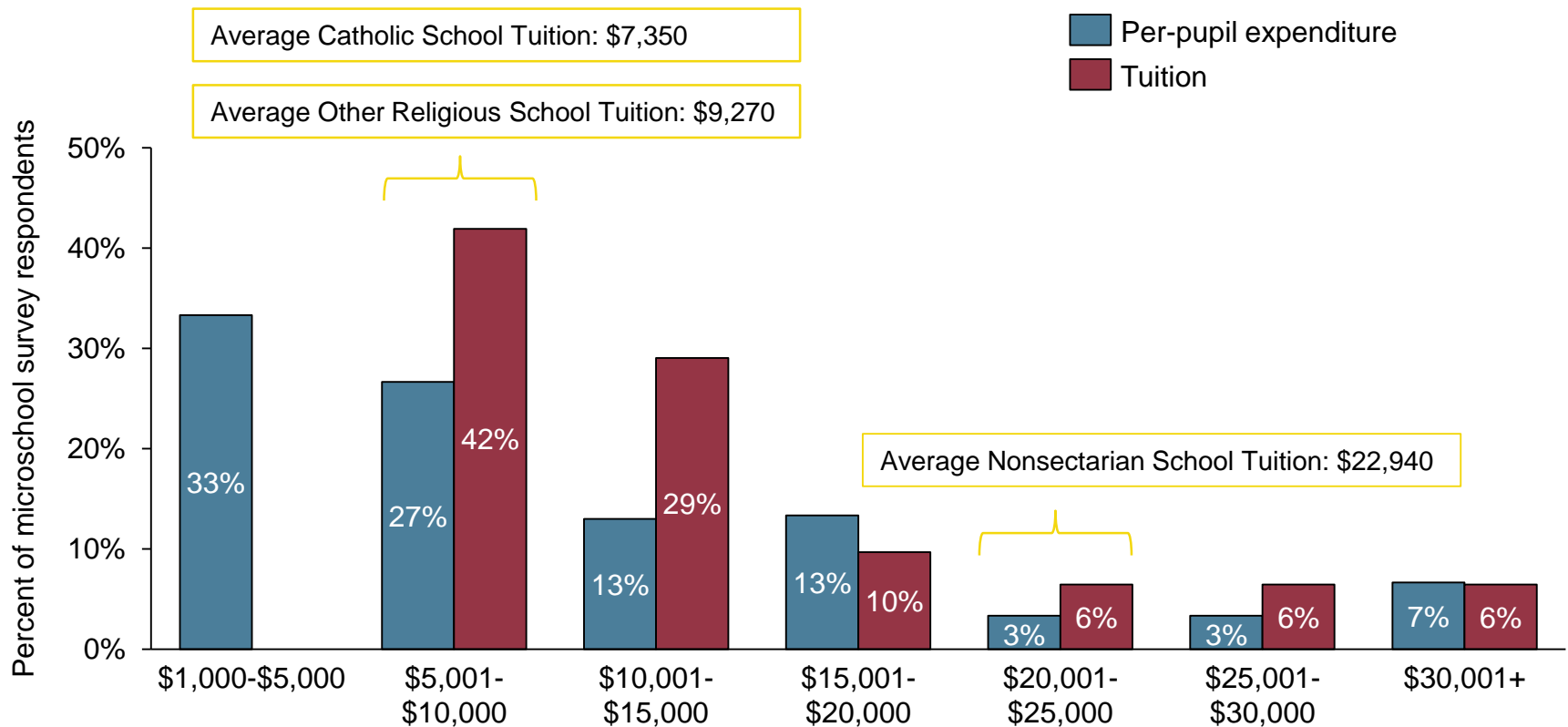
“Disruptive innovation of online learning pushes the tuition cost down.”

14 of 37 microschoools:

- About 40% of survey respondents reported using blended learning

Not all microschools are affordable, but many have tuition amounts in line with Catholic and other religious schools

42% of microschools reported annual tuition within the same range as average Catholic school and other religious school tuitions; 60% of microschools cite per-pupil expenditures below \$10K/year



How much is annual tuition per student? (n=31) and
What is your average per-pupil expenditure per year? (n=30)

Many microschools that responded to our survey aspire to serve disadvantaged students

24
out of
37 microschools in our survey indicated that reaching disadvantaged students is part of the school's mission

17
out of
37 microschools in our survey indicated that one of their school's key design features is to be intentionally inclusive/diverse

"We're looking to shift a small private school to something that can hold **greater amounts of diversity.**"

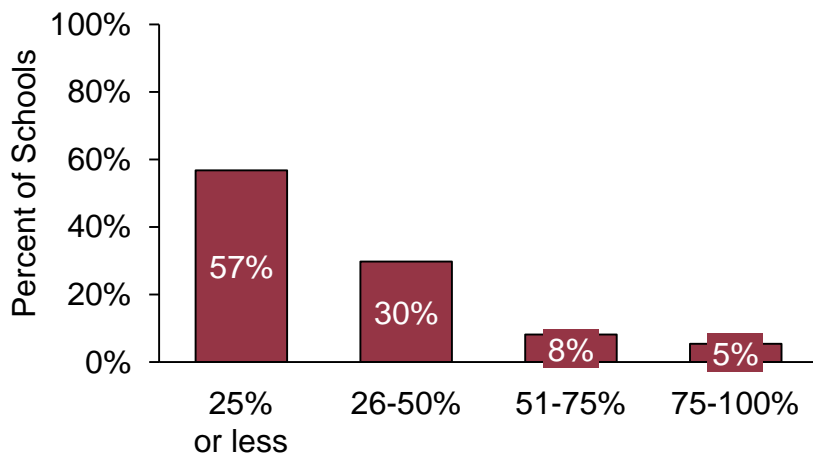
"At every open house, we lead with an **intentionally diverse** environment ..."

"Part of what we're excited about is socioeconomic diversity. **We aim to achieve 1/3 lower-income, 1/3 middle-, and 1/3 higher-income.**"

"What we're finding is students coming from public schools are low-income. We've been a little hesitant to market hard to our private schools. **We're bringing students from different schools together.**"

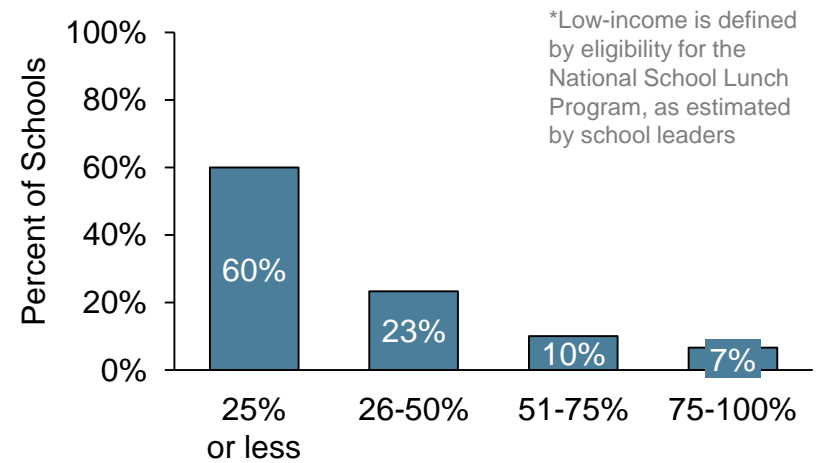
Even so, microschoools tend to enroll relatively few low-income students and relatively few students of color

57% of survey respondents indicate their schools serve less than 25% students of color



What percentage of your student population are students of color? (n=37)

60% of survey respondents indicate their schools serve less than 25% students who qualify for free/reduced lunch



What percentage of your student population is low-income?* (n=30)

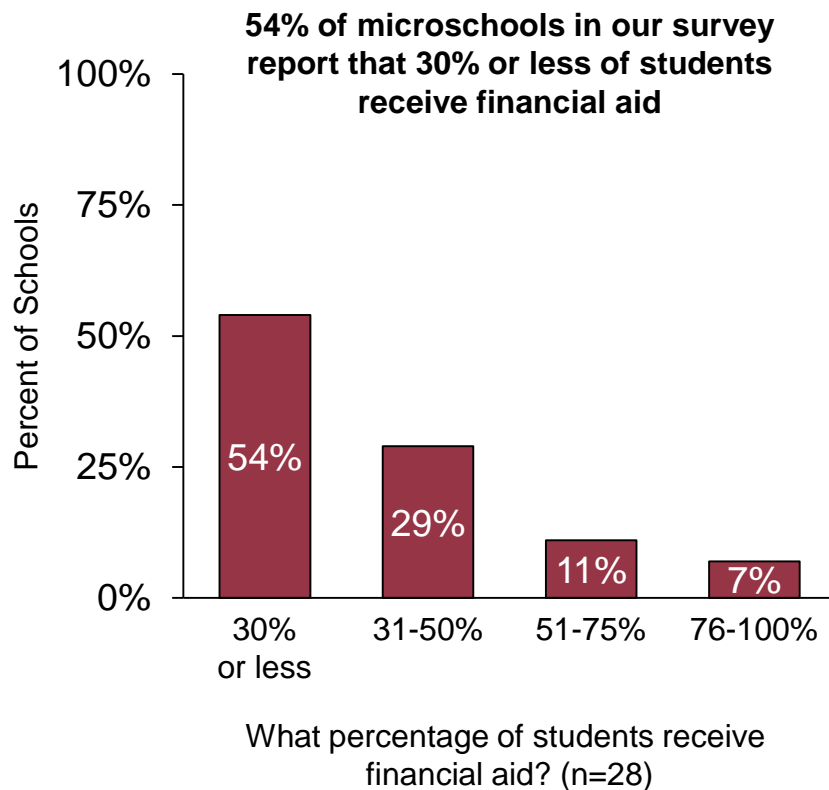
Some experts we spoke with questioned whether microschoools could be a credible vehicle for equity

“If the business model is paying tuition, then by definition you can’t have a diverse population. Even with a sliding scale, you cater to those paying money.”

“Microschoools do not typically focus on basic literacy and numeracy, which does not bode well for democratizing access, as both scaling and equity require accepting students with a broad range of experiences and incoming abilities.”

Like other private schools, many microschools increase affordability by offering financial aid; some seek public funds

In the survey sample, microschool tuition ranged from \$5,000 to \$35,000, with less than half charging \$10,000 or less (see slide 49). To make themselves affordable, most microschools offer financial aid

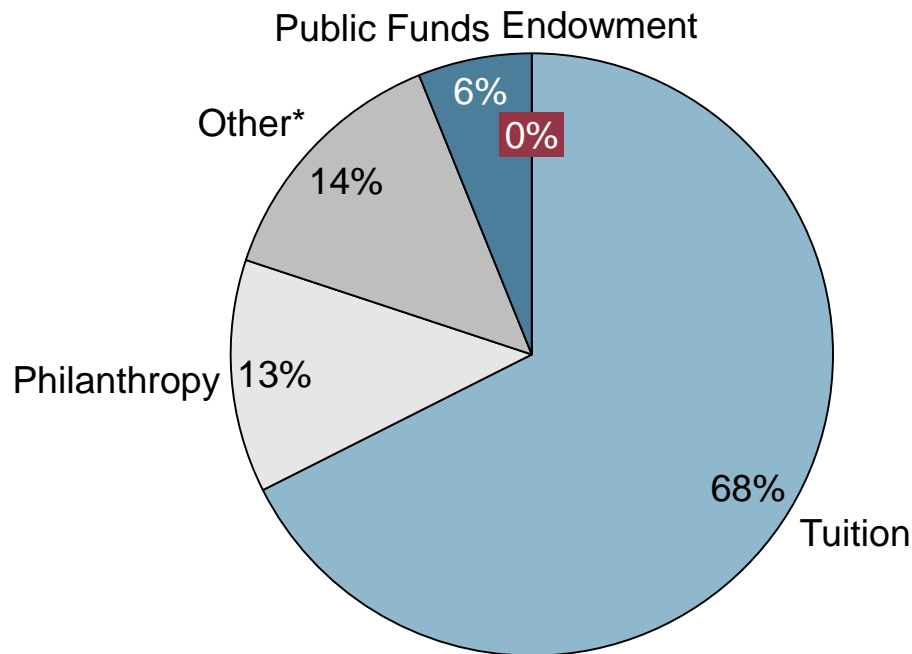


“Our intent is to get to something like 1/3 low-income students. To date we are generating \$125K in tuition revenue. The rest has to be made up in grants. **We are trying to figure out a funding model.** Is there a way to secure public funding?”

“The business model is \$15K per student per year. That is unaffordable for many families and ... **part of what we’re excited about is socioeconomic diversity:** 1/3 lower-income, 1/3 middle-income, 1/3 higher-income. ... We agreed \$15K was doable for middle-income families. **Financial aid can go a long way** with that number, too. That’s the way we’re able to achieve the 1/3 1/3 and 1/3 mix.”

Similar to other private schools, microschoools rely on other funding sources to increase revenue and reduce tuition

Microschools that responded to our survey report receiving an average of 68% of their revenue from tuition



What percent of your funding comes from each of the sources listed below? (n=37)

While many microschoools are still in start-up phase and have not yet settled into predictable revenue patterns, only 10 of the 37 schools that responded to our survey operate on tuition revenue alone

*Other sources of revenue include: Equity investors, in-kind facilities, venture capital, and founders' personal contributions. Sources: Microschool survey conducted by authors; interviews with school leaders and thought leaders

Several microschoools may be affordable; some rethink the notion of “school”; some operate within public schools



prenda



The Forest School, an Acton Academy, launched in Fayetteville, Georgia in 2018



Students: 31 students, grades 1-12 (max 140)



Facility: House and modular units



Staff: 5 full-time, 5 contractors



Tuition: \$9,975



Financial aid: 20% of students, avg of \$4K



Model: Diverse by design

Founding Story

Joy and Tyler Thigpen launched The Forest School in August of 2018 in Pinewood Forest, an emerging town for creators, entrepreneurs, and storytellers in Fayetteville, GA. While looking for a school model that would be a fit for their four kids, they teamed up with leaders of Pinewood Forest to open a new school. Tyler proposed starting a microschool. Inspired by the model and reputation of Acton Academy, Tyler and Joy began the process of starting the school in November 2017. Tyler continues his job as partner at Transcend, a national nonprofit focused on innovative school design, and summer instructor at University of Pennsylvania Graduate School of Education while running the Forest School.

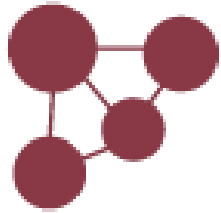
Approach

“The Forest School at Pinewood Forest is a 21st-century microschool with learner-driven technology, Socratic discussions, hands-on projects, and real-world apprenticeships in an intentionally diverse and character-forging community.”

Acton Academies

Founded in 2009 in Austin, TX, Acton Academy is often cited as one of the first microschools in the country. Parents Laura and Jeff Sandefer created the school to offer students a tech-enriched, learner-driven education. Eventually Acton began offering “kits” for others to launch similar Acton models — becoming a key engine for the growth of microschools around the U.S. and internationally.

The Forest School, along with 90+ other microschoools across the country, leverages the Acton Network



Acton Model

The Acton Network has been an invaluable resource for Forest School co-founders Joy and Tyler. From the beginning, Acton provided a toolkit to launch the school, which included a to-do list of items accompanied by a timeline. While offering clear guidance, the Acton model provides autonomy, empowering the school leaders to make decisions that would best fit in the context of their community and vision and the students they serve. Acton also provides a network that allows school leaders to share resources with one another through an online forum.



Acton Toolkit

When an individual receives approval to begin an Acton Academy, the school leader receives a new owner's kit that includes tested frameworks, tools, and systems. The kit also includes best practices, curriculum, and a catalog of learning challenges for guides.

School leaders are able to customize various components of the toolkit that are most suitable for the students and community with whom they work.

Blyth-Templeton Academy, an offshoot of the Blyth Academy network in Canada, launched in D.C. in 2015



Students: 50 students, grades 9-12 (max 150)



Facility: Community center



Model: Diverse by design



Tuition: \$14,850, is 100% of revenue



Financial aid: 30% of students, avg of \$5K



Growth: Goal to open additional schools

Founding Story

Blyth-Templeton Academy (BTA) is a partnership between the Blyth Academy network of microschools in Canada and Templeton Learning, an organization founded by the Keller family to build high-quality, highly accessible K-12 education models for 21st-century learners. Templeton Learning and BTA Co-Founder Temp Keller had spent over a decade leading innovative organizations that support teachers and schools. He was inspired to start a quality affordable private school while serving as an Entrepreneur-in-Residence at the Acton Academy in Austin, TX. In collaboration with Blyth Academy, he launched BTA in 2015.

Mission

“To transform the lives of its students by providing highly individualized, experiential education in small classes with dedicated and skilled educators.”

Blyth-Templeton Academy uses a unique schedule and its location in D.C. to rethink schooling for a diverse student body



Unique Schedule

Students take just two classes a day per semester, with an average class size of eight. This allows them to delve deeply into each subject, and also provides time for excursions out into the city. Sitting around a table with the teacher, students spend two and a half hours every day engaging in discussion, hands-on learning, critical thinking, and collaborative work to gain a deep understanding of a single subject.



Expeditionary Learning

The school views the city and resources of Washington, D.C., as part of its campus. Students take trips to locations such as the U.S. Capitol, American History Museum, National Building Museum, and a local community garden to support and enrich their learning in various subjects.



Socio-economically Diverse

BTA strives to make a high-quality education accessible to students at every income level. Although full tuition at BTA is \$14,850, the school offers financial aid. The financial model is designed to support the goal of enrolling roughly one-third low-income students, one-third middle-income, and one-third higher-income. Currently, 30% of BTA's students are students of color and an estimated 25% are low-income.

Our research also surfaced a number of educational resources that challenge the very definition of a school

prenda

Prenda is a network of 40 organically grown microschools, each serving 5-10 students. Prenda serves more than 200 K-8 students all over Arizona, with a goal of reaching 400 students in 30 additional microschools by August 2019. Prenda microschools are small groups meeting in person every day in informal settings, funded by state education revenue through partnerships with charter or district schools, or through the Empowerment Scholarship Account program. Prenda's model combines mastery learning through technology with collaborative activities and creative projects.

“Prenda is halfway between homeschool and an innovative charter/private school.”

WORKSPACE Education

Workspace Education is a co-learning community in Bethel, CT. Families pay for a membership: \$3K for a family with one child and \$1K for each extra child. Upon beginning at Workspace, families complete ten hours of onboarding. From this onboarding, parents and staff then develop curriculum customized for their children. Workspace Education also hosts embedded microschools including an Acton Academy.

“I think what we are is a co-learning community. And then we have embedded microschools within.”

Some microschools are starting to emerge in the public sector, often as schools within schools rather than stand-alone entities



CICS Boy's Lab is a microschool that co-locates with the Chicago International Charter School Network's Longwood Campus. It is "designed to serve boys of color, empowering them to close the artificial achievement gap through positive relationships amongst their peers and teachers, and to create an academic environment that promotes a safe, joyful and engaging learning community." While CICS Boy's Lab required philanthropic support to get started, it is sustainable long term on public per-pupil revenue.



15-20 boys, gr4-6



100% of students are students of color



85% of students are low-income



Identity affirmation



Experiential learning



Peer-to-peer relationships

"We can be an incubator ... [one of the] core reasons charter schools exist is to find promising factors that can move the system. We consider it an important part of our work."

Other public sector microschool efforts are underway. For example, Edgecomb County Public Schools in North Carolina is using a microschool to pilot a new school model with 30 8th- and 9th-graders, developed in partnership with Transcend. The Wildflower network of Montessori microschools also includes a small handful of public charter schools.

Many private microschoools' goal to serve middle- and low-income families is often in tension with financial sustainability

"It's a very **challenging financial model**. Having run schools before, I was surprised. ... Schools are already small so maximum tuition is capped for you because you're talking about between 35 and 100 students."

"We discount if there is a family in need. We are already doing it for **under cost**. ... We try to do the **lowest price possible**. No one is making a profit here."

"Once you figure **public funding** out, and the schools operate in a high-quality way, that is a more sustainable funding stream."

"Our focus on low-income students and **financial sustainability** means not a lot of **microschools have met our criteria**."

"[There is] **very little wiggle room** when dealing with a microschool financial model. It needs to be very precise. Each of the ingredients — number of students, staffing ratio, real estate — need to be **conservatively planned** from the beginning. [You need] just the right equilibrium for each one."

Microschools are still relatively rare and new, so it **remains to be seen** how their financial models will settle out over time. At this stage of development, similar to other private schools, many microschoools struggle with financial sustainability and **rely on philanthropy or private investment to serve middle- and low-income students**

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Appendix

Our research on low-cost private schools and microschoools raised a number of questions for future consideration

- To serve middle- and low-income students, many private schools are constantly working to increase revenue and reduce expenditures. Can other schools, in both the private and public sectors, learn from these efforts?
- Many schools implement innovative approaches, such as multigrade classrooms, and microschoools in particular cite their size as an important element of strong implementation. What can other schools learn from these approaches, and the scale at which many schools have piloted them?
- For private schools and microschoools, the desire to serve diverse student populations is often in tension with financial sustainability. What is the potential for low-cost private schools to serve middle- and low-income students at scale? For microschoools?
- Private schools have played a significant historical role in education in the U.S. How should policymakers, researchers, and others consider the role of private schools in American education today, and in the future?
- What questions merit further research into this sector of private schooling?

Can other schools adopt strategies to increase revenue and reduce expenditures, to serve middle- and low-income students?

Increasing Revenues

While efforts to fundraise private dollars and access increased public dollars are already common across the education sector, other schools could potentially **replicate the alternative revenue streams** like those of Cristo Rey, Ron Clark Academy, and Build UP.

The partnerships and philanthropy necessary to support these models are likely to **limit their scale** in the private sector. In the public sector, **laws and regulations** (such as those around seat time) would create obstacles to their implementation.

Many public and private schools **already use blended learning** and other technologies to extend the reach of teachers, leverage data, and create operational efficiencies, but there may be lessons for other schools when it comes to facilities and staffing.

Several low-cost private schools and microschools occupy nontraditional **facilities**, such as storefronts; at least one uses a pre-fab facility design to reduce costs. In the public sector, charter schools often make similar trade-offs. Schools need and should have spaces that meet the needs of their educational program, but there may be a middle ground that **meets needs and cuts costs**.

Schools we studied tended to have **streamlined staffing structures**, in which teachers have greater leadership and autonomy. Other schools could learn from efforts to streamline administrative staffing to **send more resources directly to classrooms**. Private schools may be more primed for this because they have fewer **compliance requirements** requiring staff time. Application in the public sector may also be more limited because, without selective admissions processes, public schools likely require more **staff dedicated to the needs of at-risk or special education students**.

Reducing Expenditures

Can others learn from innovative educational approaches, especially the scale at which many schools have piloted them?

Educational Approach	What we heard ...
Multigrade classrooms	<ul style="list-style-type: none">• Because of their small size and individualized approach, microschoools often include students of different grades in one classroom, allowing students with diverse abilities and skills to share their strengths and learn from one another
Teacher as “guide on the side”	<ul style="list-style-type: none">• Many microschoools position the teacher as a facilitator who guides educational investigations rather than as an expert who delivers knowledge• Students feel more agency over and engagement in their learning
City as classroom	<ul style="list-style-type: none">• Several microschoools extend students’ education outside of the classroom on a regular basis by drawing on public institutions and community or business partners• Students deepen and apply their learning in real-life situations
Commitment to intentional inclusivity	<ul style="list-style-type: none">• Among low-cost private schools with an explicit mission to serve low-income students, most were deliberate about creating a culture where no students feel excluded — for example, by fundraising so that all students can go on field trips at no cost, or by not singling out students who receive free or reduced lunch; when schools do not explicitly commit to inclusivity, socioeconomic differences can be very apparent and make students feel unwelcome and disengaged

These practices are not the exclusive domain of microschoools, nor private schools generally. But many microschoool leaders cited school size as an **important element for strong implementation, and crucial to the iterative process**. The impact of these design features deserves further research, as does the importance of scale in their success. Other schools could learn a great deal, not only about the value of these approaches but also about the scale at which private schools pilot and refine them. Of course, many microschoools **do not administer standardized tests** and have **very small populations**, making evidence-based evaluations difficult.

What is the potential for low-cost private schools to serve middle- and low-income students at scale?

Private schools currently implement a number of different strategies to help increase access to low- and middle-income families, but scale remains elusive

- 1 Subsidize cost with public funds.** While publicly funded school choice programs benefit an increasing number of students, such programs are only available in certain states, and the majority fall short of average tuition rates.
- 2 Subsidize cost with private funds.** A number of private schools and programs provide financial aid to low-income students, but lack of fundraising capacity, donor fatigue, and dependence on a few high-paying sponsors prevent this funding source from assisting students at scale.
- 3 Find alternative revenue streams.** A handful of private schools receive funding from innovative partnerships that also serve as professional and workforce development experiences. While there is promise in this approach, the results are yet unclear and occur at a very small scale.
- 4 Reduce cost of the model.** Some private schools reduce costs to families with limited outside funding, by using efficient facilities, lean staffing structures, and technology to streamline school operations and instruction. However, such lean models may not be suitable to meeting the needs of at-risk or special education students.

A number of practices in the private school sector demonstrate **potential for increasing access** to low- and middle-income families. However, absent **more and better funded public programs**, the options available now are **unlikely to reach significant scale**.

What is the potential for microschools to serve middle- and low-income students at scale?

Scaling microschools to serve middle- and low-income students may require public funding ...

- Microschools serve small numbers of students, so a large number of schools would be necessary to educate **a substantive proportion of K-12 students**; private sources of start-up funding may not be sufficient to support an investment of that size
- **Several microschools** like the North-Phillips Micro School of Innovation and the Boy's Lab at Chicago International Charter School are microschools in the public sector

... But publicly funded microschools face challenges for standard accountability

- **Policymakers have a responsibility** to ensure that microschools operating in the public space are serving their students well. However, most **microschools share a commitment to autonomy** over their instructional approach, and emphasize a highly individualized approach that often aligns poorly to standardized testing. Meanwhile, accountability systems **require some standardization** of programs and measures so that district leaders and other stakeholders can assess schools' relative performance
- If microschools are to become a viable public option, school leaders and policymakers will have to wrestle with **fair and transparent measures of quality** that do not compromise the model

Public sector microschools would require school leaders, policymakers, and authorizers to grapple with the tension between **standardized accountability structures** and microschools' highly customized and context-dependent designs; in lieu of this, microschools' role in the public sector may be as "**schools within schools,**" where **new approaches can be tested and refined** before broader implementation

How should policymakers, researchers, and others consider the role of private schools today, and in the future?

Providing equal access to students and families

Currently, middle-income and low-income students and students of color are underrepresented in private schools. Given that private schools historically serve as a **pathway to positions of leadership and power**, it is important to ensure that all students who want to can have an equal opportunity to access private education and networks

Microschools are an option for families interested in the size and level of individualized attention, but who don't have the capacity or resources to pursue homeschooling

Providing students and families diverse options

The scale of public charter and district schools require **more uniformity and accountability structures** across schools, whereas smaller private schools have more freedom to create unique environments that may suit different families' specific tastes

Microschools in particular offer **nontraditional academic settings**, and may appeal to families looking for a focus on characteristics such as personalized learning, social-emotional learning, project-based learning, or a small teacher-to-student ratio

Providing space to innovate and iterate

Private schools are **limited by fewer policies and regulations**, allowing them increased opportunities to innovate

Some experts and school leaders see microschools as **providing a venue to pilot innovative ideas** such as emerging instructional technology, or competency-based approaches. Some school leaders explicitly express the desire to scale up their programs or see their approaches widely adopted, with the goal of providing innovative options for all children

Several topics and questions merit further consideration

Private school data desert

Quality public datasets on private schools, and microschoools in particular, is lacking; to identify lessons for others, it would be valuable to analyze data on private schools, particularly their budgets, how they manage costs, and how streamlined staffing affects roles and compensation

Public sector replication

Private schools are subject to fewer regulations than charter and district schools, and therefore have more room to experiment and evolve new school models; further research is needed to understand if and how these private-sector innovations could be replicated in the public sphere or how microschoools-within-public schools could help pilot new practices

Lessons from abroad

Low-cost private schools and microschoools are not just an American endeavor, but have popped up all over the world. There is an opportunity to explore whether domestic operators might learn from these models — especially those in the U.K.

Unbundled schooling

The emergence of platforms for educators to offer and families to select educational programming à la carte may align to the needs of homeschooling families and the individualization of younger generations. These platforms deserve further examination

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- Are microschools affordable?

Questions, challenges, and implications

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Appendix

Conclusion

Private schools in the United States serve many middle- and low-income families, but trends in tuition and enrollment suggest it is becoming more difficult for them to do so. In an effort to reduce costs to families, private schools are in a continuous battle to raise revenue and cut expenses — all while providing families with compelling, high-quality options. We identified many private schools that are doing so successfully, but most have limited potential to scale without public funding.

A new element in the private school space, microschoools, also has potential for increasing affordability. In addition to their distinctive academic models, their bold experiment in scale has potential to unlock a new branch of low-cost private schools. However, we found that microschoools are not a silver bullet for affordability. Some do not focus on serving middle- and low-income families, charging tuitions that are out of reach for all but the most affluent. Many microschoools do serve less affluent families, but often rely on financial aid and philanthropic support to make ends meet — just like their more traditionally sized peers.

Just a fraction of low-income families enroll students in private schools, and middle-income enrollment has declined since the 1960s. Beyond the expansion of publicly funded choice programs, are there opportunities for more private schools to serve these populations? If not, how can the public sector learn from how private schools, and microschoools in particular, pilot and implement new approaches and models? Our research leaves us with these and other questions meriting further exploration.

As is the case with so many models and practices in education, neither low-cost private schools nor microschoools are a panacea for providing more families with access to private school education. They may, however, be *part* of a patchwork of schools providing options and new ideas.

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Survey Methods: We identified almost 200 microschoools, and sent a survey to as many as possible, via multiple pathways

We distributed the survey through multiple pathways, including: email outreach to individual school leaders, contact forms on school websites, partners at organizations that work with microschoools, and microschoool networks' email listservs. Thirty-seven schools responded from 20 states. The small sample size cautions against extrapolating sector-wide trends from the data reported in this deck



Survey Methods: We asked microschool leaders to answer questions on a wide range of school characteristics

Basic Information

- School name
- City
- State
- Year founded
- Affiliated network, if applicable
- Considers itself a microschool

Students

- Current enrollment
- Grade levels served
- Target student population
- % students of color
- % low-income students
- Maximum enrollment

School operations and finances

- School building
- Avg. per-pupil expenditure
- Avg. tuition
- Sources of revenue
- Financial aid amounts
- % students who receive aid
- Tax status (e.g., 501(c)(3))

School founding

- Defining objective of school
- Involvement of parents
- Mission to serve disadvantaged students

Pedagogical approach

- Instructional approaches (e.g., personalized learning)
- Focus areas (e.g., STEM)
- Design features (e.g., multigrade classrooms)

School founder characteristics

- Age, gender
- Racial or ethnic background
- Educational attainment
- Previous industry
- Experience in education

Plans for growth

- Plan to start another school
- Plan to scale element of school

School quality

- Measures of school quality
- Measures of student learning

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