

Commonwealth

POLITICS, IDEAS & CIVIC LIFE

Phoenix Charter Academy
class of 2014 graduate
Jazzmin Hernandez and
her daughter, Averyanna.

Comeback kids

Former dropouts
aim high at
Phoenix Charter

commonwealthmagazine.org

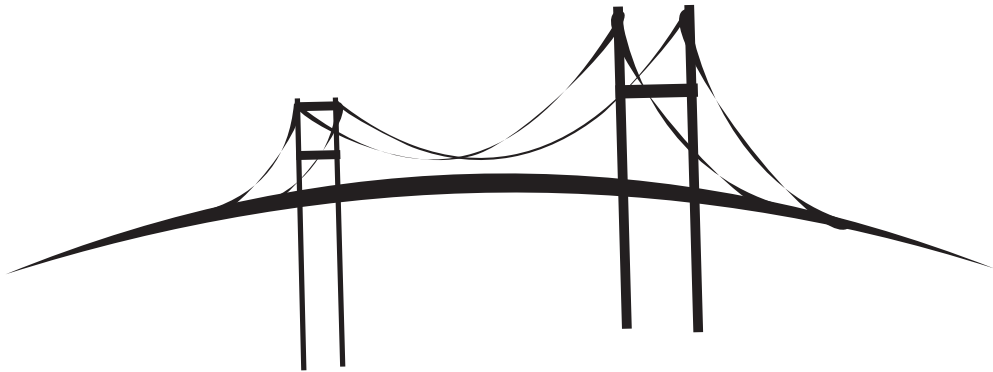
SUMMER 2014

\$5.00



0 03746 99374 2

42



Partnering for Success

Mintz Levin works with leading companies and nonprofits to complete projects that benefit our communities and drive our economy.

Delivering nationally recognized legal services as well as government affairs and public policy consulting support through our affiliate, ML Strategies, we provide strategic guidance to help each client steer the best course.

Clients collaborate with us to advance ambitious agendas across the state, the nation, and beyond. We are proud and honored to contribute to their success and to the vitality of the Commonwealth.

MINTZ LEVIN
Mintz Levin Cohn Ferris Glovsky and Popeo PC

ML
STRATEGIES

Information contained herein may be considered attorney advertising. Prior results do not guarantee a similar outcome. 3687

BEING HERE MADE IT WORTH ALL IT TOOK TO GET HERE.



With the right tools, the right strategy and commitment, life insurance can help protect your family while helping put your financial goals within reach. Discover how the flexibility of whole life insurance can help fund the costs of an education and more at **MassMutual.com**



We'll help you get there.®

LIFE INSURANCE + RETIREMENT/401(K) PLAN SERVICES + DISABILITY INCOME INSURANCE + LONG TERM CARE INSURANCE + ANNUITIES

MassMutual Financial Group refers to Massachusetts Mutual Life Insurance Co. (MassMutual) and its affiliated companies and sales representatives. Insurance products issued by MassMutual (Springfield, MA 01111) and its subsidiaries, C.M. Life Insurance Co. and MML Bay State Life Insurance Co. (Enfield, CT 06082). CRN201504-168362

For Your Health.

ADVOCACY FOR THE COMMONWEALTH.
HEALTH EDUCATION FOR ALL.

IN 1781, at the dawn of this nation, the 14 founding members of the Massachusetts Medical Society created a revolutionary vision: a health care system that promotes the health and welfare of all its citizens, through quality education and committed advocacy.

Today, we remain passionately committed to a health care system that works for us all.



**MASSACHUSETTS
MEDICAL SOCIETY**

Every physician matters, each patient counts.

WWW.MASSMED.ORG



Intelligence turns information into insights.

Over the past 50 years, leaders have experienced a revolution in the quality and quantity of information available for making decisions. Thankfully, the technology exists to help capture and process all this data, and turn it into actual intelligence.

IBM's deep understanding of IT systems and cutting edge technologies can help you get the most out of your information, enabling you to be more proactive. Gain control of your information. Anticipate opportunities and threats. Your company is smarter than you think. A smarter business needs smarter software, systems and services.

Let's build a smarter planet.



ibm.com/ibm/responsibility

IBM, the IBM logo, ibm.com, Let's build a Smarter Planet., Smarter Planet and the planet icons are trademarks of International Business Machines Corporation, registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at www.ibm.com/legal/copytrade.shtml. © IBM Corporation 2012.

P27472

CommonWealth

EDITOR Bruce Mohl

bmohl@massinc.org | 617.742.6800 ext. 105

EXECUTIVE EDITOR Michael Jonas

mjonas@massinc.org | 617.742.6800 ext. 124

SENIOR ASSOCIATE EDITOR Gabrielle Gurley

ggurley@massinc.org | 617.742.6800 ext. 142

ASSOCIATE EDITOR Paul McMorrow

pmmcorrow@massinc.org | 617.742.6800 ext. 155

SENIOR INVESTIGATIVE REPORTER Jack Sullivan

jsullivan@massinc.org | 617.742.6800 ext. 123

ART DIRECTOR Heather Hartshorn

CONTRIBUTING WRITERS Dave Denison,

Colman M. Herman, Phil Primack, Robert David Sullivan

WASHINGTON CORRESPONDENT Shawn Zeller

EDITORIAL ADVISORS Mary Jo Meisner, Daniel Okrent

INTERNS Jess Aloe, Anna Spack, Adaeze Nduaguha

PUBLISHER Gregory Torres

gtorres@massinc.org | 617.742.6800 ext. 103

SPONSORSHIP, ADVERTISING & CIRCULATION Caroline Palmer

cpalmer@massinc.org | 617.742.6800 ext. 145

> Full contents, as well as online exclusives, are available at www.commonwealthmagazine.org

CommonWealth (ISSN pending) is published quarterly by the Massachusetts Institute for a New Commonwealth (MassINC), 11 Beacon St., Suite 500, Boston, MA 02108. Telephone: 617-742-6800 ext. 109, fax: 617-589-0929. Volume 19, Number 3, Summer 2014. Third Class postage paid at Holliston, MA. To subscribe to *CommonWealth*, become a Friend of MassINC for \$75 per year and receive discounts on MassINC research reports and invitations to MassINC forums and events. Postmaster: Send address changes to Circulation Director, MassINC, 11 Beacon St., Suite 500, Boston, MA 02108. Letters to the editor accepted by email at editor@massinc.org. The views expressed in this publication are those of the authors and not necessarily those of MassINC's directors, advisors, or staff. *CommonWealth* is a registered federal trademark.

Education reporting in *CommonWealth* is sponsored in part by the Nellie Mae Education Foundation.

MassINC is a 501(c)(3) tax-exempt charitable organization. The mission of MassINC is to develop a public agenda for Massachusetts that promotes the growth and vitality of the middle class. MassINC is a nonpartisan, evidence-based organization. MassINC's work is published for educational purposes and should not be construed as an attempt to influence any election or legislative action.

The CITIZENS' CIRCLE



The individuals who have joined the MassINC Citizens' Circle help to ensure that the independent journalism of *CommonWealth* magazine and nonpartisan research of MassINC continue to raise pressing issues in the public interest, offering a neutral table for civic engagement and public debate.

Anonymous (9)	Roger D. Donoghue	Robin & Tripp Jones	R. Robert Popeo
William Actmeyer	Philip J. Edmundson	Michael B. Keating, Esq.	Mitchell T. & Adrienne N. Rabkin
Nicholas Alexos	James & Amy Elrod	Lori Kenschaft & Randall Smith	John R. Regier
Tom & Marsha Alperin	Thomas Engelman & Laurie Burt	Julie & Mitchell Kertzman	Dean Richlin
Carol & Howard Anderson	Mark L. Erlich	Stephen W. Kidder & Judith Malone	Thomas & Susan Riley
Ronald M. Ansin	Juliette Fay & Bill O'Brien	Thomas Kiley	Kenneth W. Robinson
Amy Anthony	Maurice & Carol Feinberg	Richard L. Kobus	Mark & Sarah Robinson
Jay Ash	David Feinberg	John Larivee	Rachel Rock & Josh Levy
Joseph Baerlein	Newell Flather	Anne & Robert Larner	Fran & Charles Rodgers
Richard J. & Mary A. Barry	Christopher Fox & Ellen Remmer	Gloria & Allen Larson	Paul & Alexis Scanlon
Robert L. Beal	Robert B. Fraser	Paul Levy	Helen Chin Schlichte
David Begelfer	Gabrieli Family Foundation	Stephen Lisauskas	Karen Schwartzman & Bob Melia
Joan & John Bok	Stephanie Garrett	Chuck & Susie Longfield	Matt Segneri
Frank & Mardi Bowles	John Gillespie & Susan Orlean	Anne & Paul Marcus	Ellen Semenoff & Daniel Meltzer
Ian & Hannah Bowles	Robert Gittens	Travis McCready	Robert K. Sheridan
John A. Brennan Jr.	Neal Glazier	William P. McDermott	Richard J. Snyder
Stephen Burrington	Lena & Ronald Goldberg	The Honorable Patricia McGovern	Patricia & David F. Squire
Rick & Nonnie Burnes	Ashton & Jim Goodfield	David McGrath	Lisa Lenon-Stanton & William Stanton
Jeffrey & Lynda Bussgang	Philip & Sandra Gordon	Katherine S. McHugh	Mark S. Sternman
Andrew J. Calamare	Jim & Meg Gordon	Paul & Judy Mattered	Timothy & Susanne Sullivan
Congressman Mike Capuano	Mary K. Grant	Stephen Meade	Ben & Kate Taylor
Neil & Martha Chayet	Tom Green	Gerald & Joanne Morrissey	David Tibbetts
Gerald & Kate Chertavian	Paul S. Grogan	William S. Mosakowski	Josh and Ann Connolly Tolkoff
Meredith & Eugene Clapp	Paul Guzzi	Joseph Mullaney	Gregory Torres & Elizabeth Pattullo
Margaret J. Clowes	Henry L. Hall, Jr.	Edward Murphy & Ann-Ellen Hornidge	Thomas Trimarco
Devin Cole	Scott Harshbarger & Judith Stephenson	John E. Murphy, Jr.	Eric Turner
Philip & Margaret Condon	John Hastings	Bruce & Pam Nardella	E. Denis Walsh
David & Victoria Croll	Martin W. Healy	W. Newman & M. Nienhuis	Michael Weekes
Cheryl Cronin	Anthony & Brenda Helies	Elizabeth Nichols	David C. Weinstein
Michael F. & Marian Cronin	E. Byron Hensley, Jr.	LZ Nunn	Robert F. White
Stephen P. Crosby & Helen R. Strieder	Harold Hestnes	Joseph and Katherine O'Donnell	Michael J. Whouley
Bob Crowe	Joanne Hilferty	Edward & Elizabeth Pattullo	Karyn Wilson
Jay Curley	Edward J. Hoff	Randy Peeler	Peter Woolley
Sally Currier & Saul Pannell	Liz & Dennis Holler	Finley H. Perry, Jr.	
Susan Davies & Richard Talkov	Barbara & Amos Hostetter	Jenny Phillips	
Thomas G. Davis	Peter Howe & Holly LeCraw Howe	Diana C. Pisciotto	
William A. Delaney	Tad Heuer	Michael E. Porter	
Geri Denterlein	C. Bruce Johnstone		
Gerard F. Doherty	Hugh Jones		

For information on joining The Citizens' Circle, contact MassINC at (617) 742-6800 ext. 101

Invested in the world.

It's as simple as this:

BNY Mellon's business is investments.

Managing them, moving them, making them work.

We bring their power to people's lives.



BNY MELLON

INVESTMENT MANAGEMENT + INVESTMENT SERVICING

bnymellon.com

©2013 The Bank of New York Mellon Corporation.



CHIEF EXECUTIVES' CLUB OF BOSTON

BOSTON COLLEGE

CARROLL SCHOOL OF MANAGEMENT



"The best networking event in town."

—*Boston Globe*

WWW.BC.EDU/CEOCLUB

MassINC

RESEARCH. JOURNALISM. CIVIC LIFE.

CHAIRMAN OF THE BOARD

Ann-Ellen Hornidge

BOARD OF DIRECTORS

Gregory Torres, *ex officio*

Jay Ash

David Begelfer

Andrew J. Calamare

Neil Chayet

Philip Condon

Geri Denterlein

Mark Erlich

David H. Feinberg

Pamela Feingold

Grace Fey

Robert B. Fraser

Stephanie Garrett

Mary K. Grant

Tom Green

C. Jeffrey Grogan

Harold Hestnes

Joanne Jaxtimer

Tripp Jones

Elaine Kamarck

William P. McDermott

Travis McCready

Michael E. Porter

Dean Richlin

Ken Robinson

Mark E. Robinson

Paul Scanlon

Tom Trimarco

Eric Turner

David C. Weinstein

HONORARY

Mitchell Kertzman,

founding chairman

John C. Rennie, *in memoriam*

ASSOCIATE BOARD

Devin Cole, *president*

Meaghan Casey

Aaron Chalek

Stephen Chan

John Coakley

Brendan Crighton

Neal Glazier

Daisy Gomez

Amanda Hall

Tad Heuer

Emilee Hoover

LZ Nunn

Jackney Prioly

Michael Ratty

Angie Rodriguez

Drew Russo

Matthew Segneri

Liz Walczak

Aimee Ward

PRESIDENT Gregory Torres

RESEARCH DIRECTOR Ben Forman

CHIEF OPERATING OFFICER Lauren Smith Louison

BUSINESS AND OPERATIONS MANAGER Caroline Palmer

ONLINE COMMUNICATIONS AND OUTREACH MANAGER John Prandato

RESEARCH ASSOCIATE Ian Jakus

GOVERNMENT AFFAIRS ASSOCIATE Winthrop Roosevelt

INTERNS Sarah Rubinton, Eric Tenczar, Evan Meisler, Sandra Larson, Emma Olswing, Natalie Audelo, Megan Aki

CommonWealth magazine is printed on FSC-certified recycled paper, manufactured with an elemental chlorine free process, using soy inks and 100% certified wind-energy credits for production.





ARTICLES

- 24 | THE HIRING MAN** Sidestepping seniority and tenure rules, principals working for the Boston Public Schools such as William Thomas are getting to hire who they want. **BY BRUCE MOHL**
- 32 | COMEBACK KIDS** At the Phoenix Charter Academy in Chelsea, former dropouts aim high. **BY MICHAEL JONAS**
- 40 | INCHING ALONG IN THE MARKET** The University of Massachusetts has done a great job building up its endowment. Is it time now to try riskier investments? **BY JACK SULLIVAN**
- 48 | CAUGHT IN A TIME WARP** The NAACP's Will Singleton says Pittsfield's municipal government doesn't reflect the community's changing demographics. **BY GABRIELLE GURLEY**

VISIT WWW.COMMONWEALTHMAGAZINE.ORG

DEPARTMENTS

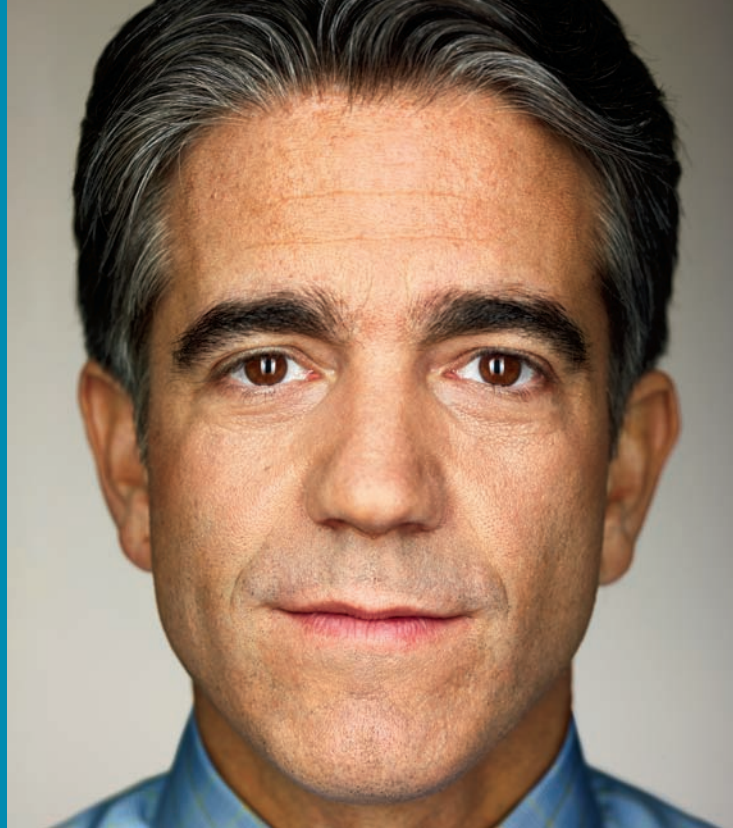
- 8 | EDITOR'S NOTE**
- 9 | INQUIRIES**
- 16 | ONE ON ONE** Barbara Madeloni, the new head of the Massachusetts Teachers Association. **BY MICHAEL JONAS**
- 17 | STATISTICALLY SIGNIFICANT** What's driving the growth in unenrolled voters in Massachusetts? **BY STEVE KOCZELA**
- 21 | WASHINGTON NOTEBOOK** The national Do Not Call list is leaking like a sieve, and Massachusetts residents are among those complaining the loudest. **BY SHAWN ZELLER**

DISCUSSION

- 56 | CONVERSATION** *New Boston Globe* CEO Mike Sheehan is incredibly optimistic about the future of the newspaper. **BY BRUCE MOHL**
- 67 | PERSPECTIVE** Sen. Dan Wolf offers five things Massachusetts can do to address the concentration of wealth and capital documented by Thomas Piketty.
- 71 | BOOK REVIEW** Suzanne Mettler's book documents how the politics of higher education is sabotaging the American Dream. **REVIEWED BY JOHN SCHNEIDER**

**WE'RE
TACKLING
HEALTH
CARE'S
TOUGHEST
CHALLENGES.**

**LIKE
HEALTH CARE
COSTS.**



Rethinking health care — and saving patients and businesses \$345 million in the process.

From doctors and nurses to researchers, technicians, and administrators, the 60,000 problem solvers at Partners HealthCare hospitals and medical centers are on the front lines of the health care system. Case in point: Dr. Dean Xerras. Dean and his colleagues at Massachusetts General Hospital led the way to our participation in the federal government's Pioneer Accountable Care Organization (ACO) Model. As a Pioneer ACO, we're working to help create a better blueprint for Medicare and ultimately the entire U.S. health system — one that delivers better care that's cost-effective for everyone.

Our commitment to changing health care for the better is also why we're working with the state's largest insurers to help save consumers \$345 million over the next four years.

See how we're changing health care for the better at connectwithpartners.org



FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL
AND MASSACHUSETTS GENERAL HOSPITAL

Going deep on Probation

THERE'S NOTHING IN this issue about the federal trial of former Probation commissioner John O'Brien and two of his top aides, but that's only because we've been reporting on the case extensively online at commonwealthmagazine.org. For those of you accustomed to reading just our quarterly print publication, the online coverage is worth checking out because the trial is providing a fascinating glimpse at the inner workings of patronage on Beacon Hill.

Our daily probation coverage is part of a new effort to provide deep online coverage of one or two current issues that are important to the state while continuing our ongoing and periodic reporting on such subjects as education, politics, transportation, and the environment.

The probation coverage is also attracting a big audience. We've had more visitors to our website in recent weeks than at any time in our history, including weeks when the quarterly magazine is released and all of its content is made available online. What that tells me is that there is a group of readers out there who are hungry for the type of in-depth coverage we offer that cannot be found anywhere else.

What drew us to the Probation trial is the nexus between power and jobs on Beacon Hill. The trial at times has become bogged down in the nitty-gritty of interview panels and scoring sheets. But ultimately the case is about how our lawmakers wield their power. Big names are involved, including House Speaker Robert DeLeo, Senate President Therese Murray, and a host of other lawmakers.

But none of those lawmakers are being charged with crimes. US Attorney Carmen Ortiz spent years pursuing lawmakers and came up empty. The only ones fighting for their freedom in court are O'Brien and his former deputies, Elizabeth Tavares and William Burke III.

State lawmakers have long had designs on filling jobs at Probation. Prior to 2001, they had to deal with the first justices at individual courts, who were in charge of hiring. Lawmakers made sure the judges would take their patronage referrals by funding each court separately, a practice that ensured the first justice would be receptive to their calls. One former Probation employee testified that if there were two openings at one court, one of the postings would go to the judge at the court and the other to a lawmaker. One defense attorney characterized the practice as "one for you and one for me."

The nexus between power and jobs on Beacon Hill.

In 2001, then-House speaker Thomas Finneran decided dealing with each individual court was too much trouble. According to court testimony, Finneran worked out a change in law with O'Brien giving him appointment authority for all jobs at Probation, transforming patronage at the agency from a retail to a wholesale operation.

Some say what happened at Probation is scandalous, while others say political horse-trading for jobs is nothing new. Whether a jury will find a crime was committed is far from clear. US District Court Judge William Young keeps reminding jurors that patronage is not a crime. He should know; he used to work as legal counsel to former Gov. Francis Sargent in the early 1970s, a time when governors often employed people who were openly referred to as patronage secretaries.

Enjoy reading our latest issue, but also be sure to check out our website. You'll be glad you did. **CW**



BRUCE MOHL

Celebrating 10 years of big ideas



IDEAS Boston at UMass Boston

Since 2004, IDEAS Boston has hosted the brawniest brains in New England.



Join Tom Ashbrook, host of NPR's *On Point* on WBUR, and leading-edge thinkers across the region for IDEAS Boston, October 29, 2014, at UMass Boston, your home for big ideas.

www.ideasboston.com



2013 SPONSORS



2013 MEDIA PARTNERS



inquiries

She's fighting for a T pass she can't use

Caroline Casey was one of 21 people arrested at a sit-in at the State Transportation building in June while advocating for a \$10-a-month youth T pass for people age 12 to 21.

The activists were protesting the Transportation Department's lack of action on a youth pass pilot program, which they say Transportation Secretary Richard Davey promised them in 2011. MassDOT is currently facing budgetary constraints, but Casey says there are ways to fund the pilot program without draining the agency's pockets.

Interviewed after a recent MassDOT meeting, Casey says the current \$26 monthly student T pass is unaffordable for most Boston teens. In some cases, she says, students miss school or don't receive health care because they cannot afford transportation. The T recently raised all fares except those for the current student pass and RIDE, which provides door-to-door transport for the disabled.

At 23, Casey describes herself as "adult support" for the teen-led Youth Affordabili(T) Coalition. Though no minors were arrested at the sit-in, Casey is adamant the coalition is a youth-led movement.

"I'm not a decision-maker," she says, adding that the decision to hold the sit-in came from a group of teens between the ages of 15 and 18. She says the coalition's rallies and protests typically draw hundreds of young people.

Casey is adamant that the protests are building support for the pass. She even saw evidence of that growing support while being arrested at the sit-in. The police officer who arrested her told her the city needed it, she says.

► JESS ALOE

Agency heads differ on expense reimbursements

► COLMAN M. HERMAN

THE PEOPLE WHO run the state's quasi-public agencies have very different philosophies about seeking reimbursement for the expenses they incur.

Noting that "perceptions matter a lot," Clark Ziegler, the executive director of the Mass Housing Partnership, says he is averse to conducting meetings with bankers, developers, and others over lunch or dinner. "When we schedule a meeting with somebody from the outside, or they want to schedule a meeting with me, the instinct is always to do that in somebody's office during normal business hours," he says. "That's just the way 99 percent of our business gets done." Agency records bear that out.

By contrast, Pamela Goldberg, the CEO of the Massachusetts Technology Collaborative, regularly holds business meetings at restaurants and lets the agency pick up the tab. For example, MassTech paid for Goldberg's \$57 lunch at The Kinsale across from Government Center with political strategist and lobbyist Doug Rubin and one of his colleagues. The Kinsale is located in the same building as Goldberg's Boston office. She also dined with Greg Bialecki, the secretary of housing and economic development, and a MassTech board member, at the nearby Scollay Square restaurant and had the collaborative foot the \$49 tab.

Goldberg even had the agency pick up the \$500 bill for her membership dues for The Boston Club, an organization for female executives.

Thomas Glynn, the chief executive officer of the Massachusetts Port Authority, also frequently conducts business over breakfast, lunch, and dinner. A few examples: a \$50 breakfast with Milton Benjamin, an "expert on disadvantaged business enterprise," according to Massport; a \$56 lunch with Department of Transportation board chairman John Jenkins; and a \$76 dinner with attorney/lobbyist Steven Baddour, a former state Senator.

There are about 40 quasi-public agencies, or authorities, in Massachusetts. They are technically public entities, but they are given far more financial and operational independence than regular state agencies so they can be more entrepreneurial. While state officials face specific limits on meals and other reimbursements, the quasi-public agencies set their own rules.

Through public records requests, *CommonWealth* sought expense records from January 1, 2012, to August 2013 from the leaders of a number of the state's quasi-public agencies. Officials at the agencies said all spending was within their board-approved reimbursement guidelines. They also noted that none of the expenditures involved taxpayer dollars. But the expense reports suggest wide disagreement among agency heads on what they consider acceptable.

John McCarthy, the executive director of the Massachusetts School Building Authority, travels all over the state to visit schools and attend meetings, groundbreakings, and ribbon cuttings. But he only bills his agency for mileage, tolls, and parking—never for food out on the road.

“I don’t think I should get reimbursed for things I’m going to do anyhow, like eat no matter where I am,” says McCarthy, who is paid \$154,000 a year, on the low side compared to other agency heads. “The same holds true for the people working for me.”

Charles Grigsby, the president of the Massachusetts Growth Capital Corporation, whose mission is to help create and preserve jobs at small businesses and women- and minority-owned businesses, feels much the same way.

“I view minor expenses such as parking, occasional meals, and travel for local company visits to be my responsibility in doing my job,” he says. “The organization pays me well enough [\$150,000 a year] to cover my local expenses... We manage funds originally appropriated from public funds. I’m also a Massachusetts taxpayer.”

James Rooney, the executive director of the Massachusetts Convention Center Authority, who billed the agency for nearly \$34,000 in travel-related expenses, rarely sought reimbursement for food. The records show that Rooney billed for only one meal over the 20-month period—\$602 for a local dinner that included Rooney, his general manager, and four people from Pax East, which runs an annual video game convention.

“If Jim is hosting a business meal, he files for reimburse-

ment,” says MCCA spokesman Mac Daniel who has since left the agency. “[But] if it’s a minor or low-cost meal, he does not seek reimbursement. And if he’s having a personal meal, even when traveling, he pays for it himself.”

But other leaders at quasi-public agencies regularly seek reimbursements, big and small, for meals and other expenses while traveling.

Goldberg, who makes \$211,500 a year, billed MassTech for a \$5 snack on a plane. When she needed a lock for her luggage, the agency picked up the \$14 cost.

Susan Windham-Bannister, who is stepping down as the \$285,000-a-year head of the Massachusetts Life Sciences Center, has submitted expense reports seeking reimbursement for \$1.50 for a cherry scone, \$1.65 for a cup of coffee, and \$3.50 for a slice of pound cake.

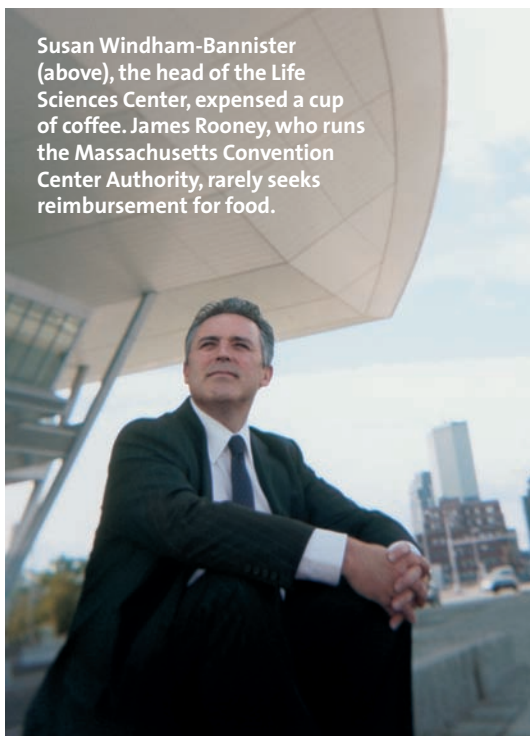
When she travels, Windham-Bannister often calls room service. At a hotel in Shanghai, for example, she used room service eight times at a cost to her agency of \$275. An airline seat change for Windham-Bannister and Bryan Jamele, a vice president at the center at the time, came to \$198. Windham-Bannister also received a \$50 reimbursement for using valet parking on two occasions at the Mandarin Oriental in Boston.

Nancy Snyder, the president and CEO of the Commonwealth Corporation, whose mission is to “strengthen the skills of Massachusetts youth and adults,” often dines alone when she travels. For example, she ran up tabs of \$64, \$57, and \$50 that were paid for by her agency.

Thomas Gleason, the executive director of the Massachusetts Housing Finance Agency (MassHousing), likes to go out of state a lot. His expense reports reveal that he



Susan Windham-Bannister (above), the head of the Life Sciences Center, expensed a cup of coffee. James Rooney, who runs the Massachusetts Convention Center Authority, rarely seeks reimbursement for food.



traveled 13 times to destinations such as Washington, DC, San Francisco, Denver, and New York, all paid for by MassHousing to the tune of close to \$12,000 for the 17-month period covered by Gleason's expense reports. Hotel rates ran as high as \$423 a night, with Gleason using room service five times at a total cost of \$169.

Marty Jones, the president and chief executive officer of the Massachusetts Development Finance Agency, whose mission is to strengthen the Massachusetts economy, got reimbursed \$50 and \$43 for when she dined by herself in Washington, DC, and Denver, respectively. In Boston, Jones was reimbursed the \$31 tab for lunch at Beantown Pub with then-board member Ronald Marlow. Jones and Marlow have offices within walking distance each other.

When Thomas Graff, the executive director of the Massachusetts Educational Financing Authority, attended a conference being held in a hotel/spa in California, MEFA picked up the \$262 tab for two dinners at the bluEmber restaurant at the hotel, which included paying for other people.

"Colleagues from other states joined me," Graf says. "I think I had been there first, and the expense went on my room. That's just the way it worked out."

State boosting rents for yacht, boat clubs

► COLMAN M. HERMAN

STATE OFFICIALS ARE trying to put their property management practices in order, preparing to charge 31 yacht and boat clubs more for the public lands they are leasing and possibly taking one deadbeat yacht club to court for failing to pay its long-overdue back rent.

The new rental system, being phased in over the next

HARVARD TO PAY \$18,000

12 to 18 months, will replace one-year permit rentals with 30-year leases and steadily increase the rents. It would also require the clubs to provide in-kind contributions as part of their lease agreements, with possibilities including picnic tables, public restrooms, bike racks, boating instruction, and local scholarships. The clubs will also be required to make repairs and improvements to their facilities, the cost of which won't be deducted from the rent.



MASSBAR

A S S O C I A T I O N

THE PREEMINENT VOICE OF THE LEGAL PROFESSION™

Doing Right by Those Who Labor for Justice

The Massachusetts Bar Association is Proud to Support Fair and Equitable Compensation for Attorneys Serving the Commonwealth in its Criminal Courts.

Read the May 2014 Report of the MBA's Commission on Criminal Justice Attorney Compensation at www.massbar.org/blueribbonreport.

**Wollaston Yacht Club
owes more than \$30,000
in back rent. DCR referred
the matter to Attorney
General Martha Coakley.**



For educational institutions such as Harvard and Boston University that are renting land for their boat clubs and sailing pavilions along the Charles River and elsewhere, the increases will be the most dramatic. The schools are currently paying \$5,000 a year in rent (Harvard was only paying \$1 a year for its sailing pavilion until last year), but payments will initially jump to \$18,000 the first year under the new plan and increase every year thereafter. The rents will double by the fifth year and max out at \$100,000 a year in 30 years.

The new system allows all of the clubs to deduct dollar-for-dollar the value of in-kind contributions from their rental payments starting in the sixth year of the lease.

State officials are also cracking down on the Wollaston Yacht Club, a small club on Wollaston Beach in Quincy that owes more than \$30,000 in back rent. The officials have referred the matter to Attorney General Martha Coakley for collection.

Jack Murray, the commissioner of the Department of Conservation and Recreation (DCR), which owns the land rented by the 31 clubs, says the state has been patient with the Wollaston club, hoping members would work out a

payment plan. “But as we got further into the process, it became clear that either they were unable to make these payments or did not have any intention to do so,” he says. “So we have referred this case now to the attorney general for possible litigation.”

CLUB DUES PAID

The commodore of the Wollaston Yacht Club, Michael Pelosi, declined to comment.

Officials at MIT, Northeastern, and Tufts say they are in discussions with the state about new lease terms but had nothing more to say at this point. A Harvard spokesperson was unaware of the upcoming rent increases.

A law passed four years ago called for the development of a new lease system for yacht and boat clubs on state property. Implementation has been slow, which has meant lost revenue for the state. If the new rental program had been implemented one year after the law was passed in 2010, the state would have pulled in about \$668,000 more in revenue from the clubs than it has under the present system. If it had been launched two years after the law took effect, the state would have about

\$377,000 more in its coffers.

The responsibility for drafting the new leases belongs jointly to the Department of Capital Asset Management and Maintenance (DCAMM), the state's real estate arm, and DCR. The leases must also be approved by the state inspector general.

"There is a little bit of lag time that goes along with the agency getting the legislation, looking at it, and interpreting it. And it was a significant charge that we were given," says DCR's Murray.

Under the existing permit system, clubs are grouped into four tiers. Small clubs and virtually all of the clubs affiliated with educational institutions are in the first tier and pay fixed rents of \$5,000 a year. Medium, large and very large clubs are in the second, third, and fourth tiers, paying \$8,000, \$10,000, and \$15,000 a year, respectively. All the current rents are below market rates.

The educational institutions affected by the new lease system are Harvard, Boston University, Northeastern, MIT, Belmont Hill/Winsor, and Buckingham Browne & Nichols, all of which have facilities on the Charles River. Tufts has a sailing pavilion on Upper Mystic Lake.

The educational institutions will all be moved from their lower tiers into the highest tier, paying \$18,000 in

rent the first year. The other clubs renting state land will be divided among the four tiers based on factors such as membership size and land and water area. The rents for the three lower tiers will start at \$6,000, \$9,600, and \$12,000 the first year. The annual rent in each tier will double over five years and then rise 5 percent a year thereafter before topping out at \$33,000, \$53,000, \$66,000, and \$100,000.

As previously reported by *CommonWealth*, oversight of state leases, licenses, and permits by the short-staffed DCR and DCAMM has been lax in the past. Rent from some of the state's agreements was going uncollected, expiration dates on others were being ignored, and deals were being renewed in perpetuity at bargain-basement rents.

Ed Lambert, the DCR commissioner at the time, called in state Auditor Suzanne Bump to investigate the state's property management practices. The July 2013 audit report identified \$367,000 in uncollected fees dating back to 2005.

Part of the agency's problem in administering the leases is that information on them is in disarray. To help bring some order to the records, DCR hired a company called TR Advisors in April. The firm is being paid \$514,000 for its services.

We honor MassINC's
dedication, innovation and
commitment to improving
the community.

TUFTS  Health Plan

Union officials raise Great Wolf concerns

► JESS ALOE

GREAT WOLF LODGE, a newly refurbished resort and indoor water park in Fitchburg, opened to great fanfare in early June. Kim Schaefer, the company's CEO and "Mama Wolf," was on hand for the opening along with Fitchburg Mayor Lisa Wong. A few days later Cody Simpson, an Australian pop star and *Dancing with the Stars* contestant, gave a performance at the lodge before heading off on a European tour.

It was just the kind of buzz the Wisconsin-based Great Wolf was looking for to build excitement for the newest of its 12 facilities, where guests spend \$200 a night for rooms that come with access to the water park included in the price. The resort also features restaurants, mini-golf, and a kids' day spa that offers ice cream-themed manicures and chocolate facials. Fitchburg officials are hoping the water park will attract visitors to the economically depressed

Gateway City.

But the publicity about Great Wolf in Fitchburg hasn't been all good. Union officials are raising concerns that one state agency approved about \$17 million in tax breaks for Great Wolf shortly after another state agency cited some of the company's subcontractors for labor violations.

In December, the state Department of Industrial Accidents issued eight stop-work orders to eight subcontractors working on the resort. Six of the subcontractors were from out of state. All of the violations were related to workers compensation issues and were quickly corrected.

David Minasian, an organizer with the New England Regional Council of Carpenters, says Great Wolf should be decertified and made ineligible for the tax breaks because it violated state labor laws. Great Wolf says the violations were an oversight, the result of its general contractor being unfamiliar with Massachusetts laws regarding workers compensation.

The union says the violations went deeper than that, and included misclassifying some workers as independent contractors and paying others in cash. Minasian says the violations contribute to an underground economy that ultimately costs the state in terms of lost tax revenue. (Mark Erlich, president of the council of carpenters, sits on the

BUILDING THE BRIDGE BETWEEN
RESEARCH AND ACTION

Education Health & Well-being Mid-sized Cities Sustainability

To learn how to partner with us:
mosakowskiinstitute@clarku.edu

MOSAKOWSKI INSTITUTE
FOR PUBLIC ENTERPRISE

CLARK UNIVERSITY 1887
WORCESTER • MASSACHUSETTS • USA

board of MassINC, which publishes *CommonWealth*.)

A spokesman for Attorney General Martha Coakley, who investigates worker misclassification, declined comment.

More than 50 developers have lost tax breaks in the past because their projects failed to create the number of permanent jobs that were promised, but the union says state officials should go further and deny tax breaks to projects that fail to meet state labor standards during construction.

Business and municipal officials in the Fitchburg area oppose any effort to deny Great Wolf the tax breaks. David McKeehan, the president of the North Central Massachusetts Chamber of Commerce, wrote a letter to Greg Bialecki, the state secretary of Housing and Economic Development, shortly after the violations were announced, strongly urging him to push for Great Wolf's tax breaks. Bialecki's agency oversees the council that approves local tax breaks.

"To say that this is a critical project for the area would be an understatement; it is the single largest investment being made in the economy of this region right now," he wrote in the letter. McKeehan called the idea of rescinding the tax breaks "absurd."

"The city of Fitchburg understood what was going on before the benefits were extended," he said. He expects the lodge to bring in \$1 million in hotel rooms taxes alone, as

well as create hundreds of jobs and bring people from all over the northeast to Fitchburg.

Susie Storey, a spokeswoman for Great Wolf, says the project will be good for Fitchburg. She says 250 full-time and 205 part-time workers have been hired at the resort and more than 20 Massachusetts-based subcontractors helped build it, receiving pay totaling between \$7 and \$8 million.

Storey downplayed the resort's use of contractors from out of state. "Great Wolf Lodge used a few out-of-state contractors that have specialized skills and knowledge related specifically to indoor water park construction," she said.

State Sen. Jennifer Flanagan of Leominster and Rep. Stephen DiNatale of Fitchburg also sent a joint letter to Bialecki, adding their support for Great Wolf.

Less than two weeks later, the Massachusetts Office of Business Development invited the resort to reapply for the tax breaks. Great Wolf was asked to provide a description of each allegation of non-compliance, a list of citations issued and the entities who received them, and documentation proving each incident has been resolved.

In March, the Great Wolf resort received the tax breaks —\$16.5 million in local tax relief spread out over 20 years and \$680,000 in state tax credits. **CW**



mixed-use
retail
office
NAIOP is multifamily
industrial
lab
institutional

The Commercial Real Estate Development Association

NAIOP is the leading organization for developers, owners, and professionals from all sectors of the commercial real estate industry. NAIOP provides close to 1,500 members from a diverse mix of over 450 companies with the essential advocacy, networking and educational opportunities they need to succeed.

If you're involved in commercial real estate, you belong in NAIOP.
www.naiopma.org

NAIOP
MASSACHUSETTS

Change agent

With her upset victory, incoming Massachusetts Teachers Association president Barbara Madeloni delivered a jolt to the education establishment

BY MICHAEL JONAS | PHOTOGRAPH BY JOSEPHINE CAPPUCCIO

What was the message of your election as the new MTA president? I think the message is that educators want to reclaim the space where our voices are being heard and we want to bring the voices of parents and students into decision-making about what our public schools will look like.

Had the leadership of the union sold out the members? That's a baiting question. I think the union leadership has had a different understanding of the nature of what's happening. The union leadership thought we could work with people around education reform as if we shared the same interests. The analysis that the membership responded to understands that the corporate reform efforts are not helpful to our students, not helpful to our communities, and in fact, undoing the promise of public education as a space for democracy.

You've been very critical of high-stakes tests, but their introduction was driven by a sense of urgency that schools had failed poorer children. How would we ensure that we're not returning to those days if we put the brakes on high-stakes tests like MCAS? Public education in this country for many people has been really successful. We have had issues in terms of working with poor students and students of color. How we understand what the structural impediments have been to serving our poorest students and students of color is a really important part of understanding the strategies that we're going to use to help those students. The first thing we have to do is have those students not be poor anymore. They also have to have the same kinds of resources within their school building as the students at our best public schools. Historically, we have not provided the same

things for our poor children and for our students of color.

You've also been critical of the state's new teacher evaluation system. What sort of a system would you replace it with? If we start with the premise that teachers are capable

and informed, and we can give them the autonomy and trust to do their work and to work with each other and with parents and students to develop in their work, then we create communities based on trust and based on the belief that we can all help each other grow. That's what an evaluation system would look like, and that's what a true growth model would look like. We can create communities where we can do that that are not based on a punitive measure and certainly where student test scores, which are the most insignificant piece of what happens in the classroom, are not a part of the decision about a teacher's effectiveness.

Shouldn't there be mechanisms in place to remove teachers who are not doing the job despite all these efforts? Absolutely. Those are in place right now. That's always something that can happen if somebody is not serving children, is not capable of growing within the job.

You and state education commissioner Mitchell Chester don't agree on a number of issues, especially the use of testing, and he's called some of your views "concerning." There is a growing movement within Massachusetts, across the country, of teachers, parents, students, community members, who understand that what's happening in our schools is not good for our students and not good for our communities. That should be the concern that we have—that and the incredible economic inequality that we have in this country. **CW**



Not exactly party time in Massachusetts

BY STEVE KOCZELA

POLITICAL PARTIES IN Massachusetts are approaching a crossroads, as fewer new registrants choose to affiliate with either party and the number of unenrolled voters climbs to historic highs. Since 1978, the number of unenrolled voters in Massachusetts has soared by 97 percent, while the two major parties each added just 9 percent to their rolls. Since 1990, unenrolled voters have outnumbered Democrats and Republicans, and since 2008, have been an outright majority of voters in the Commonwealth.

The number of voters in the Massachusetts Republican Party has been a cocktail party punch line for some time. But the Democratic Party is also declining as a share of the overall electorate.

While a candidate's party affiliation will remain an important signal for voters, funders, and campaign operatives, there is nothing on the horizon which suggests party registration trends will change anytime soon. Younger voters are the least likely to choose a party when registering. As today's younger voters become a larger share of tomorrow's electorate, the percent of unenrolled voters is likely to keep climbing, unless something happens to interrupt the trend toward registering without a party.

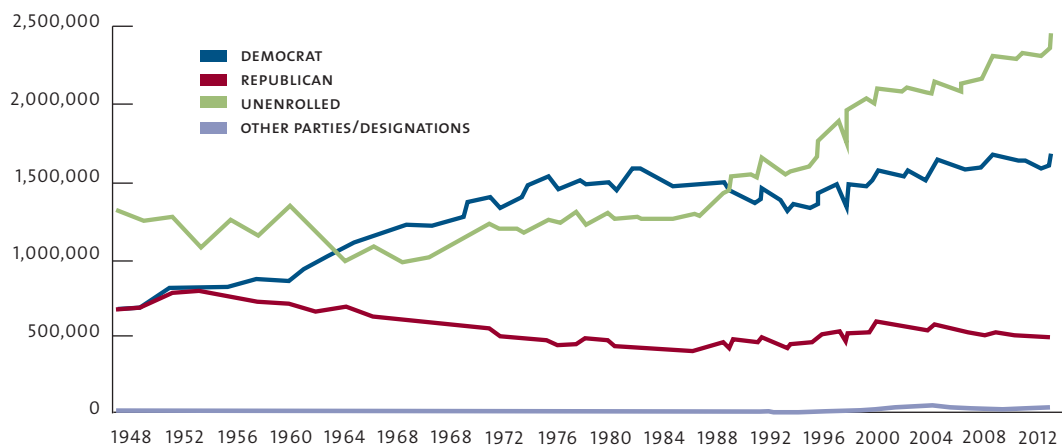
Part of what is driving the rapid growth of unenrolled voter counts is the apparent lack of interest in registering with a party among younger voters. Younger Massachusetts voters are far less likely to

choose a party affiliation than older voters, with 60 percent of those under 22 choosing to register unenrolled. This is 10 points higher than those in the middle of the age spectrum, and 20 points higher than the oldest of the Commonwealth's voters.

Behind this trend toward registering unenrolled is elevated skepticism among younger voters about the benefits offered by either party, and the magnitude of differences between the two. National polling shows younger people are less trusting in a variety of institutions, and political parties are no exception. Young people are the least likely to see major differences between the two major parties, with just 31 percent of millennials saying there is a "great deal" of difference between the two parties, the lowest of any age group. This ambivalence is a key reason why young voters are more and more likely to eschew registering with a party in favor of remaining unenrolled. They are also less likely to self-identify as either Republican or Democrat when asked how they lean by pollsters.

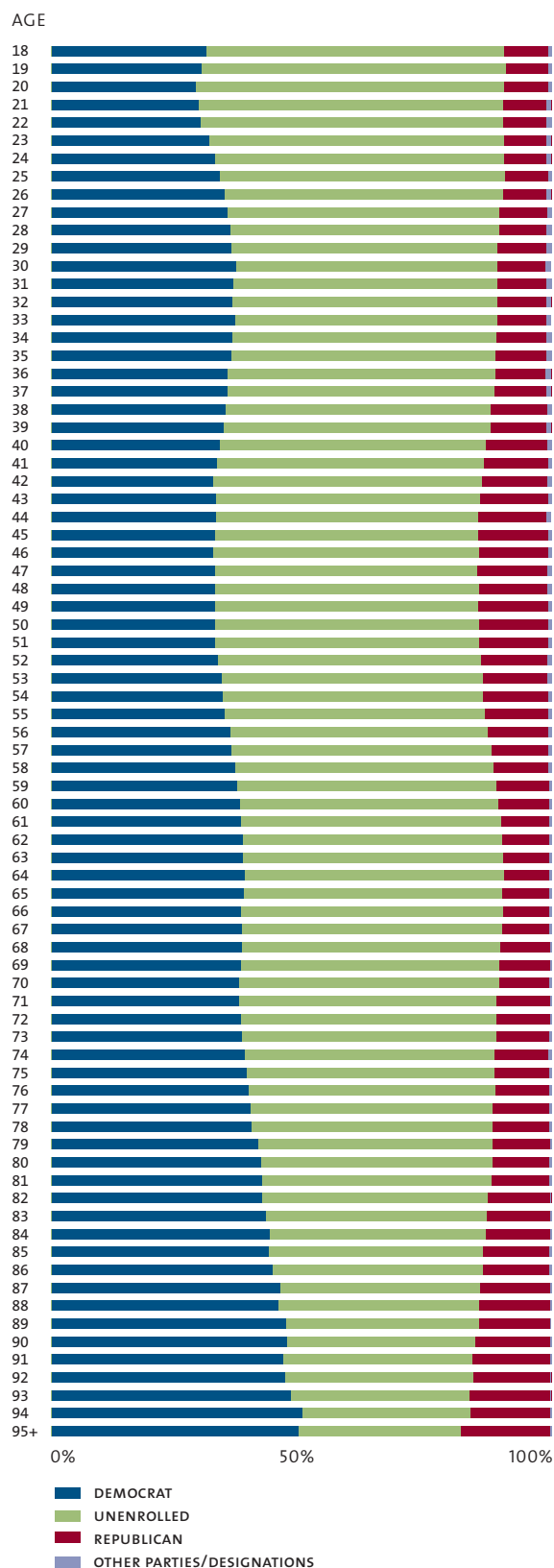
Democrats can take comfort in knowing that, for now, younger people skew heavily toward the Democratic Party, both in their values and their vote choices. In 2012, Elizabeth Warren enjoyed a roughly 20-point margin among voters under the age of 29, according to exit polls. But this preference for Democrats could change, given young people's skepticism about both parties, and their apparent

COUNT OF REGISTERED MEMBERS OF EACH PARTY, MASSACHUSETTS 1948-2012



Source: Data from the Office of the Secretary of the Commonwealth.

MASSACHUSETTS PARTY REGISTRATION BY AGE OF VOTER



Source: Massachusetts registered voter database.

lack of long-term commitment to the Democratic Party. If Republicans can offer political ideas more reflective of young people's values and ideals, there is nothing to suggest party loyalty alone will keep them pulling the lever for Democrats.

With more voters abandoning party registration, parties face a long-term reckoning in maintaining their value. In some states, registering with a party enables a voter to participate in party primaries. But, in Massachusetts, unenrolled voters can participate in either primary without affecting their registration status.

This pressure on parties is exacerbated by the diminished role of parties in fundraising, as more dollars flow to super PACs and other outside groups that recent court decisions have allowed to flourish as long as they operate independently of individual campaigns.

Despite these growing challenges, parties still enjoy a number of advantages in terms of the role they play in forming campaign infrastructure and providing important cues to voters.

First off, parties still provide valuable campaign and fundraising advantages. Independent candidates have a much harder time attracting campaign operatives, whose career success often depends on remaining in good standing with their chosen party. And, without the credibility that party affiliation provides, independent candidates have a harder time attracting money from donors who want to curry favor with potential winners.

Parties also provide access to the considerable technological and data infrastructure they have developed in recent years. Building competitive data and technology infrastructure from scratch and on a campaign timeline is not feasible, given the enormous strides the parties have made over the last 10 years.

Finally, decades of political science research have shown party affiliation is an important—often *the most* important—characteristic many voters will consider when deciding how to cast their ballot. Even while more register independent, many of these same voters think of themselves as closer to one party or the other. While 52 percent of voters statewide are registered as unenrolled, only about 17 percent of voters say they don't lean either Democrat or Republican when asked in polls. In other words, there are far fewer actual independents than examining the voter rolls would suggest. Thus, even a weakened party infrastructure with fewer registered members can provide a candidate an essential partisan label which will draw votes.

Because of these advantages provided by party affiliation and infrastructure, the changes in party registration figures in Massachusetts do not suggest that independent candidates have any better chance now than they did in past years. This year, despite a choice of several qualified and well-funded independent candidates in the race for

Governor, none of them poll in double digits as of deadline. This could change, of course, but changing registration figures alone are not sufficient evidence that voting dynamics will be different this year.

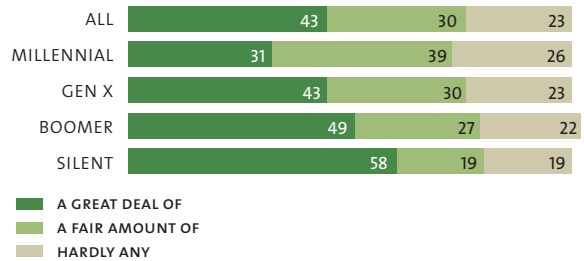
The disconnect between more unenrolled voters and tepid support for independent candidates is evident in past elections. Unenrolled voters have been in the majority for years but, two independent candidates have broken 5 percent in recent years: Tim Cahill in 2010 and Christy Mihos in 2006. Even with respectable spending by both campaigns, neither independent candidate even came in second in a single town in Massachusetts.

The state's miserable record of supporting independent candidates highlights the challenge ahead for Evan Falchuck, Jeff McCormick, or Scott Lively. The most recent examples of lifelong independents winning statewide office come from Maine and Vermont. In each of those cases, the winning candidates were clearly aligned with the preferences of one party, even if the candidates themselves were not affiliated with the party on paper.

In both cases, Democrats were far more likely to support the independent candidate than were Republicans. Republicans in Maine voted against now-Sen. Angus King by a 45-point margin in 2012, similar to the 49-point

FEWER MILLENNIALS SEE BIG DIFFERENCES BETWEEN PARTIES

% saying there is...difference in what the Republican and Democrat Parties stand for



Source: Pew Research survey, Feb. 12-26, 2014

margin against Vermont Sen. Bernie Sanders in the same year. The winning formula in both cases was not to appeal equally to both parties, as a theoretical "centrist" might. Instead, each drew support from a specific part of the ideological spectrum, and in each case, won votes from the party with the most self-identified members in the state on Election Day. **CW**

Steve Koczela is the president of the MassINC Polling Group, a subsidiary of MassINC, which publishes Commonwealth.




The one Authority you can trust to be on your side when it comes to paying for college.

As the Commonwealth's college financing authority, MEFA not only helps families plan, save and pay for college – we also created the U.Fund and the U.Plan college savings plans, and have offered low-cost financing options for over 30 years.

Learn more at www.mefa.org or by calling 800.449.MEFA (6332).



mefa® **LOANS** **UFUND**® **UPLAN**® **your plan**™
for the future



HEALTH CARE REFORM FOR THE ENTIRE NATION. INDIVIDUAL ANSWERS FOR YOU.

BLUE CROSS BLUE SHIELD OF ANSWERS.

With National Health Care Reform, many things are changing and it's affecting everyone differently. It's a lot to digest, especially on your own. You need a partner who not only understands the reform, but also what it means for you. That's where we come in.

Learn more at www.bluecrossma.com/straight-answers



MASSACHUSETTS

Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association.



Do Not Call

The list is leaking like a sieve, and Massachusetts residents are among those complaining the loudest. **BY SHAWN ZELLER**

THE FEDERAL TRADE Commission's Do Not Call Registry, once an effective deterrent to unwanted telemarketing calls, is now a toothless tiger. Telemarketing scam artists have found ways around the registry, as reflected in the rising number of complaints from angry consumers. Americans filed more than 3.7 million complaints about unwanted phone calls last year, more than twice as many as were filed in 2010, and no quick fix appears to be in sight.

Massachusetts residents are among those complaining the loudest. According to FTC records, Massachusetts ranks fourth in the nation in terms of per capita Do Not Call registrations, with more than 85 percent of the state's residents signed up. Only New Hampshire, Connecticut, and Colorado have a higher percentage of residents on the Do Not Call list.

The problem for Congress and the FTC is that there's little government can do to block the rising tide of calls. Few of the complaints pouring into the FTC are about calls from legitimate companies. Instead, the complaints are mostly about calls from companies using cheap Internet-based calling technology to make millions of calls without much fear of consequence. The scam artists are offering to help reduce credit card interest rates or to fix computer virus problems, but typically provide no service after consumers provide a credit card number.

The FTC is hoping that new technology—allowing people to filter calls the way they filter spam emails—is the answer. But phone carriers are reluctant to offer the new call-blocking technology. They make big money carrying telemarketing calls and even the most optimistic prognosticators think it may be years before most

Americans gain access to call filters. For the short term, then, expect the evening disruptions to get worse, before they get better.

"The problem is so pervasive that even if we threw every law enforcement resource at it, we couldn't stop the gigantic tidal wave of calls," says Bikram Bandy, the coordinator of the FTC's Do Not Call program.

By routing their calls through a variety of phone networks and faking the information that appears on caller ID machines, the scammers are making it nearly impossible for the FTC to track them down. Even when the agency figures out who the culprit is, the FTC is finding that many of the call centers are overseas in poor, English-speaking countries such as India and Pakistan, beyond the reach of US law enforcement.

"Because of the evolving technology, the challenge is keeping up," says Delara Derakhshani, who is a policy counsel for Consumers Union, an advocacy group that supports tougher Do Not Call Registry enforcement. Her group put together a petition signed by more than 100,000 consumers demanding that regulators crack down on companies who "robocall" consumers using automated dialers and recorded voices to market scams. Those tactics keep costs low for the telemarketers (the FTC estimates robocallers are paying as little as a penny a minute), since only consumers who agree to be connected to a live operator hear the full sales pitch. "With the advent of robocalling, it's become easier and cheaper to harass consumers," says Derakhshani.

She is hoping for an "all-of-the-above" response from Washington that would include new enforcement powers as well as incentives for phone carriers to adopt call-filtering technology. But, like much



MEKETA INVESTMENT GROUP

Boston Miami San Diego

Since 1978, Meketa Investment Group has served our clients as independent investment fiduciaries. Today, we are a full service investment consulting and advisory firm, providing creative investment solutions, custom tailored to fit the unique circumstances of our clients. We work with clients on both a full retainer and project basis, and all of our services are available on a discretionary or non-discretionary basis.

Our consulting and advisory services fall into two primary categories: **General Consulting and Private Markets**. We provide these services to a broad array of institutional investors & plan sponsors:

Plan Sponsors

- Taft-Hartley
- Public
- Corporate
- Non-Profit

Plan Types

- Defined Benefit
- Defined Contribution
- Endowments & Foundations
- Health Plans, OPEBS & VEBAS

100 LOWDER BROOK DRIVE • SUITE 1100
WESTWOOD MA 02090
781 471 3500 • www.meketagroup.com



TRINITY

DEVELOPMENT & MANAGEMENT



WASHINGTON NOTEBOOK

else in Washington, potential solutions are caught up in partisan gridlock.

During a Senate Commerce Committee hearing on robocalling last year, the top Republican on the panel, Nevada's Dean Heller, said he saw private sector solutions, such as call-filtering technology, as the best approach. By contrast, the committee's chairwoman, Democrat Claire McCaskill of Missouri, wanted to make it more difficult to fake caller ID information and to increase criminal penalties for telemarketers engaging in fraud. She also said Congress should ban anyone from calling numbers on the Do Not Call Registry, including the politicians, charities, and research firms that Congress exempted from the do-not-call rules.

For its part, the FTC says it needs more powers to regulate phone carriers. Currently, the FTC says it has no authority to do anything about carriers it believes are complicit in the sudden rise in unwanted calls. As of now, no one in Congress has introduced legislation to make these changes.

Since 2003, the FTC has brought 105 enforcement actions against companies and telemarketers and resolved 80 of them so far. The agency has assessed more than \$41 million in civil penalties and confiscated another \$33 million in profits from the firms who made the illegal calls. Last year, the agency said it exacted its largest fine ever for Do Not Call Registry violations, hitting the Florida-based Mortgage Investors Corp., which refinances veterans' home loans, with a \$7.5 million fine.

The agency is encouraging the private sector to take matters into its own hands, urging an Internet industry group to set engineering standards that would make it harder to fake caller ID numbers. The agency also sponsored a contest last year, offering prize money for the best idea to stop robocalls. It gave out three awards, two \$25,000 prizes to independent software developers and one large company prize, with no cash award, to two Google engineers. All of the ideas focused on crowd-sourcing the problem, using consumer complaints and call patterns to identify robocalls and block them.

"A decade ago, people's inboxes were barraged with unwanted spam emails. But the industry created pretty good spam filters that keep most email users relatively spam free. This is the same idea," says Bandy, who is pressing phone carriers to make call-filtering as ubiquitous as voice mail and caller ID.

One of the software developers who won the FTC prize, Aaron Foss, has begun to market his product, Nomorobo, to phone carriers. The software flags numbers from which thousands of calls are being made in quick succession, or from which calls to many similar phone numbers are made at the same time. The numbers are added to a blacklist and all calls from them are subsequently blocked. The con-

sumer's phone never rings.

Foss, who lives on Long Island, admits it's possible for legitimate calls to get caught in the system, so any blocked caller is given an opportunity to enter a two-digit code to be put through. That would allow human callers to get through but would stymie dialing machines.

So far, though, only Internet-based phone carriers have bought the system. Foss says he suspects other phone carriers haven't purchased his software because robocalls are too lucrative for them. It's akin, he says, to the way the

Phone carriers say proposals have flaws.

Postal Service doesn't want to cut back on the junk mail it's paid to deliver.

But the carriers contend that widespread adoption of call filtering would put them in legal jeopardy because of the potential for blocking legitimate calls. They also say the technology would likely fail to stop the problem.

"Today's solution could very well turn into tomorrow's Maginot Line," Kevin Rupy, the senior director of law and policy for the major phone carriers' trade group, the United

States Telecom Association, told McCaskill's committee last year about the notion that new technology can fix the problem. "It could have unintended, adverse consequences."

Rupy says that all of the proposed ideas have serious flaws. Blacklists based on calling patterns could block legitimate calls, such as those from an airline seeking to alert passengers to weather-related delays. Since the filters use the fake numbers appearing on caller IDs to create blacklists, they will also block calls from the legitimate callers who own those numbers. Rupy says the current regulatory regime works well enough, by targeting bad actors.

But Foss and other companies offering filtering technology, such as Primus Canada, a phone carrier in Ontario that has its own system, say the risks are overstated and that any snafus would be caught and corrected quickly. To rely on the Do Not Call list and the FTC's enforcement means it will only get worse, says Foss. "The Do Not Call list was set up to solve a different problem than our current problem," he says. "A lot of reputable companies were doing telemarketing to drum up business and there was no way to tell them you didn't want to be called. The FTC solved that problem pretty well. But then this new breed of illegal robocallers came up and that is the scourge we face right now." **CW**

With the Carpenters Union,
we know what to expect from
the development phase to
completion of the project.

Mark DiNapoli
Suffolk Construction



Long-lasting partnerships are born of shared values and vision. For Suffolk Construction and the New England Regional Council of Carpenters, those common bonds include well-trained workers, exceptional quality, collaboration, and a commitment to the communities in which we work. The Carpenters Union delivers a predictability that contractors and developers can rely on – from timeframe to budget to safety and more. That's not only unique in the building industry; it's unique in any industry.

The New England Regional Council of Carpenters. It's time to build. To learn more, visit NERCC.org

The hiring man

Sidestepping seniority and tenure rules,
Boston principals such as William Thomas
are hiring who they want.

BY BRUCE MOHL | PHOTOGRAPHS BY JOSEPHINE CAPPUCCIO

WILLIAM THOMAS, THE headmaster at Charlestown High School, got to do something new this spring: He posted his job openings for next year and personally selected the teachers to fill them. The power to build his own team didn't receive a lot of attention locally, but it was a revolutionary moment for the Boston Public Schools, where



William Thomas, the principal of Charlestown High School, has a tchotchke in his bookcase that says "Teachers change the world one child at a time."


union rules have hindered the ability of school principals to build their own staffs.

The 42-year-old Thomas says the old way of hiring typically narrowed his choices to just three candidates forwarded to him by the school system's central office. The three would usually be drawn, based on seniority, from a pool of tenured Boston Public School teachers looking for new positions. For principals, it was a little like rolling the dice. Sometimes the teacher that landed the job would fit in at the school and work out well. But Thomas, and just

about every other principal in the Boston Public Schools, has horror stories about the teachers that didn't work out.

"I'd get people who didn't want to be here and didn't want the position they were offered," says Thomas. "It's the old pattern of the dance of the lemons."

Teachers are almost universally recognized as the single, most important factor in improving student performance, particularly in urban school districts serving poor and minority students. But getting the best possible teacher in every classroom is one of the biggest challenges



Ross Wilson, an assistant superintendent in charge of human capital, uses a sports analogy to make the case for hiring autonomy. "We'd never tell coaches they can't assemble their own team, so we shouldn't tell principals that."

facing American educators. Between tenure and seniority, many principals say their hands are tied.

One approach to the problem has been the end run, creating a new breed of school (charters, innovation schools, turnaround schools are just some of the names) where principals are freed from union constraints and given hir-

Most people in Boston would be surprised to hear that the schools are on the cutting edge of the hiring autonomy issue.

ing and budget autonomy. The Obama administration's Race to the Top program used federal funds as a carrot to entice states to lift caps on charter schools and to conduct annual performance evaluations of teachers and administrators. Some states and municipalities have gone further, rolling back seniority rules, passing mutual consent hiring laws, and implementing merit pay for teachers.

In June, a California judge garnered headlines across the country when he ruled that five state laws dealing with teacher tenure and seniority violated the constitutional rights of students by saddling their schools with what the judge called "grossly ineffective teachers." In his opinion, Judge Rolf Treu cited research suggesting a single year in a classroom with a grossly ineffective teacher would cost the students in the classroom \$1.4 million in lifetime earnings. He also cited a study indicating students taught by a poor teacher lose 9.5 months of learning in a single year compared to students with average teachers. "The evidence is compelling," Treu wrote. "Indeed, it shocks the conscience."

Most people in Boston would be surprised to hear that the Boston Public Schools are on the cutting edge of the hiring autonomy issue because it has received so little attention. John McDonough, the soft-spoken but steely-eyed 62-year-old interim superintendent of the Boston Public Schools, is exploiting what is being described as a loophole in the teacher's contract to push ahead with a \$30 million plan to give all principals the power to hire whomever they want and the tools to remove underperformers.

He's got pro-union Boston Mayor Marty Walsh on board as well as a host of foundations and corporate executives interested in ponying up private money to give every principal at every school in the district the power to hire their own team. It doesn't sound like much—hiring the best people you can find—but, in the risk-averse

world of school bureaucracies and teachers unions, it's what McDonough calls "transformative."

Even more amazing is how McDonough and Ross Wilson, the superintendent's point man on hiring autonomy, have pulled it off. The Boston Teachers Union is opposing the loophole initiative, but there's been none of the blood-letting that's occurred in other urban school districts. McDonough and Wilson aren't bashing the teachers union or trying to do away with seniority and tenure. Instead, the two school officials keep emphasizing their desire for a great teacher in every classroom and they talk a lot about fairness. If charter school operators or schools taken over by the state can hire the teachers they want, why not principals at regular schools? Why should they wait?

"I equate it to the NBA or the NFL," says Wilson. "We'd never tell coaches they can't assemble their own team, so we shouldn't tell principals that. If you had a choice between a No. 1 draft choice and a No. 26 choice, which would you choose?"

NUMBERS LOOK GOOD

Hiring autonomy in the Boston Public Schools is off to a strong start. There is more competition for jobs, positions are being filled more quickly, the number of minority hires is increasing, and the hiring system overall is far more transparent. The numbers look very good, but that's partly because they were so bad before.

The hiring system revolves around a Rube Goldberg machine called the excess pool. The excess pool is the place where tenured teachers without positions park themselves while they look for a new job. All sorts of teachers end up in the excess pool. Some are there because their job at a particular school gets eliminated. Others end up there because their school is taken over by the state or a charter operator that wants to bring in their own people. Still others are returning from leaves of absence or just simply looking to move from their current job to a different job.

Lack of choice was the problem with the old hiring system. A principal would post a job opening; if teachers in the excess pool were interested in the job, they would apply for it. The names of the three teachers with the most seniority would be forwarded along to the principal, who would rank them and then wait for the central office to make the final decision. Mary Driscoll, a principal at the Thomas Edison School in Brighton, says one teacher came to her out of the excess pool who showed up for work unprepared to deal with students with emotional behavior disabilities. Driscoll says the teacher ended up going out on disability and had to be replaced by a substitute

for the entire year. Driscoll says that bad experience made her wary of dealing with the excess pool in the future.

That wariness is pervasive among principals. It became so bad that the principals would plot and scheme to avoid getting stuck with teachers out of the excess pool. Thomas, the principal at Charlestown High, says he would ask teachers who were preparing to retire to put off their announcement until late in the summer when the excess pool was nearly empty. If no one is in the pool, a principal is free to hire anyone. Other principals say they would make job openings sound as unattractive as possible to discourage applicants from the excess pool.

The excess pool also caused headaches for nontenured teachers, those with less than three years on the job. If someone in the excess pool was unable to find a position, they had the option of bumping out and replacing a nontenured teacher. The bumping would often take place toward the end of the summer, which meant young teachers couldn't rest easy about their jobs until school actually started. Many would seek a job in another school district rather than run the risk of getting bumped out of Boston at the last minute. School officials estimate they could have lost as many as 300 nontenured teachers this year if hiring autonomy had not been in place.

All this maneuvering and gamesmanship around hiring resulted in enormous delays. Prior to the start of the 2013-14 school year, officials say 64 percent of all teacher hires were completed in August and September; another 28 percent wrapped in July. That meant more than 90 percent of all teacher hires took place in the summer, long after most other school systems had finished their hiring and grabbed the best candidates. The timing also meant principals couldn't observe job candidates in classroom situations and most teachers couldn't prepare for the coming school year over the summer.

The new hiring system ends all the subterfuge. Any job that becomes available is posted and anyone can apply for it. Principals are required to interview applicants from the excess pool and a representative sample of minority teachers, but they can interview as many other candidates as they want and select the teacher they prefer.

"You're able to create your own team. It's more competitive. You can be picky about who you put in," says Thomas, who keeps a tchotchke on his bookshelf that says "Teachers save the world one child at a time."

Principals say they are no longer reticent about looking at candidates from the excess pool because they now have a choice in who they select. Indeed, a number of teachers at the Dever Elementary School in Dorchester, a

school being taken over by the state, went into the excess pool this spring and were quickly gobbled up by other schools. Driscoll at the Edison took two. Nontenured teachers are also feeling less stressed because they are now on equal footing in applying for jobs with tenured teachers.

With all the gamesmanship gone, the hiring clock moved forward dramatically this year. Nearly four-fifths of the 1,010 open postings were filled by the end of the school year, a dramatic reversal of what had occurred in past years. School officials say they are also hiring a greater percentage of African American and Hispanic teachers.

The biggest challenge for principals has been finding the time to interview applicants and to observe finalists in classroom situations. More than 4,000 interviews have been conducted so far. Principals, usually working with existing teachers at their schools, have squeezed in the interviews on weekends and at night. Thomas says the number of interviews he conducted varied from a high of 147 for a history job to a low of 17 for a physics post. He

The BPS used to hire most of its teachers during the summer. Now most are hired in the spring when the best applicants are available.

averaged 46 interviews per position.

"It's a lot more work," he says, "but in the long run it will be a lot less work because you get the best qualified person and they'll be more likely to stay at the school for a long time."

HUMAN CAPITAL STRATEGY

As Mayor Marty Walsh and top school officials make their financial pitch on behalf of hiring autonomy before foundation boards and corporate executives, they don't play up the fact that the centerpiece of the \$30 million initiative is based on a contract loophole that is being grieved by the Boston Teachers Union.

The contract allows school officials to open post a job, meaning they can hire anyone they want, if they pay a one-time \$1,250 stipend to the person selected. Officials say the provision was originally included in the contract to attract educators teaching certain types of math and science courses for which candidates can be scarce. McDonough, who previously served as the system's chief



Katie Everett, executive director of the Lynch Foundation, says the foundation community is excited.

financial officer, is using the provision to open post every position this year. The stipend cost for traditional schools is nearly \$600,000. The union has filed a grievance to block the district's use of the stipend for every hire.

McDonough isn't waiting for the grievance decision. He's giving principals hiring autonomy now and pushing ahead with what is being described as a broader "human capital strategy to attract, support, retain, and grow effective teachers, while also using rigorous performance evaluation to exit underperforming educators from our system."

The city is budgeting \$6 million for the three-year initiative and counting on foundation and corporate support for another \$25 million. The budget for the initiative calls for spending \$3.5 million to conduct evaluations to identify and remove poor performing teachers from classrooms. Under a heading entitled "Why Boston? Why now?"

school officials make their pitch: "The Boston Public Schools is prepared to succeed where other large, urban school districts have failed. Mayor Marty Walsh is prepared to show impact on education in his first year."

Walsh pitched the initiative to the Gates Foundation in Washington and made another presentation to potential donors in June in Boston at a Bank of America event hosted by Peter and Carolyn Lynch (who have already donated \$1 million), BOA Massachusetts President Bob Gallery, and Paul Grogan of The Boston Foundation. "There's a lot of interest," says Walsh. "I'm very invested."

Chris Gabrieli, who advocates for a longer school day at Mass2020, says the presentation by school officials is very good. "What's impressive is its sweep," he says. "It's not a pilot project. The fact that they are doing this at every school is incredible."



Boston Mayor Marty Walsh says people in organized labor have to adapt.

tract and superintendents usually give in,” he says. “In fact, the superintendents should be claiming the world when they read the contract.”

But what happens if the union wins the grievance? Wilson looks sternly at me and says that’s not going to happen. “I’m comfortable that you hire all these people, we’re not going to undo this,” he said. “The grievance will not blow this up.”

EXCESS TEACHERS

The one thing Boston school officials don’t like talking about is the tenured teachers expected to be left stranded, unhired, at the start of the coming school year. School officials estimate the number will be somewhere between 75 and 150. Richard Stutman, the head of the Boston Teachers Union, thinks the number will be 125. Based on the average Boston teacher salary of \$88,000, that works out to \$11 million being paid to teachers who won’t be teaching.

McDonough says these excess teachers will be put to work in “suitable professional positions.” There has been talk they could be used as long-term substitutes, tutors, or teacher assistants. The superintendent describes the excess teachers as “one of the costs of change at this time.”

Stutman declined comment but referred a reporter to a blog post that suggests the teachers are being treated shabbily. “All are permanent and have been vetted throughout their careers by BPS administrators,” he says in the blog post on the union’s website.

Katie Everett, executive director of the Lynch Foundation, says she believes the foundation community is excited about what’s happening in Boston because of its great potential. “You’ve got to prove that if you change your teaching hiring practices and evaluation procedures and provide a quality teacher in every classroom, you will change the entire school system,” she says.

Frederick Hess, the director of education policy studies at the American Enterprise Institute and author of *Cage Busting Leadership*, says what McDonough is doing in Boston is what superintendents and principals should be doing across the country. Instead of whining about how union rules make reform so difficult, he says superintendents should take the tools they already have and use them to push the envelope for change.

“Unions tend to claim the world when reading a con-

Superintendent McDonough says the 75 to 150 excess BPS teachers without jobs will be put to work in “suitable positions.”

“All have continually undergone thorough performance evaluation reviews, and yet, four months into this new process, they await job offers for next year. Some even

await their first interview.”

Wilson, the assistant superintendent, expects the number of excess teachers to drop steadily and disappear over the next three years as teachers are absorbed into the system or removed via the performance evaluation process. “The system has to get better. The number has to go down year after year,” he says. “This is a transition cost. We’re going to deal with it.”

The proportion of excess teachers in Boston is about the same as the estimate of grossly incompetent teachers in the California court decision on seniority and tenure. In the California decision, Judge Treu said evidence presented at the trial indicated 1 to 3 percent of the state’s teachers were “grossly ineffective.” The estimate of excess teachers in Boston during the coming school year is 75 to 150, or 1.7 percent to 3.5 percent of the district’s 4,300 teachers.

The big difference is that McDonough and Wilson have never suggested that tenured teachers who are not selected for positions during the open posting process are bad teachers. “We call them excess teachers who haven’t received positions yet,” says Wilson.

When a recent *CommonWealth* story referred to the excess teachers in a headline as “leftover teachers,” Mc-

Donough and Stutman sent a letter to the magazine expressing great umbrage. “Every teacher has the potential to be great—even those who are not selected this spring—and the BPS and BTU are committed to supporting them and working with them in the year ahead,” they wrote.

Wilson says the funds raised privately for the school department’s human capital initiative will not be used to pay the salaries of the excess teachers, but McDonough and many of those who have listened to the school district’s fundraising pitch are more equivocal.

Mayor Walsh, who headed the Boston Building Trades union group before running for office, doesn’t appear to be troubled by the situation. “My job as the mayor of Boston is to get the best quality education I can for the children of the city of Boston,” he says.

Walsh says he has not personally reached out to Stutman to talk with him about the situation, but he insists the union is excited about the initiative. When asked what he means by that, Walsh says teachers want a better school system and he is convinced hiring autonomy will produce a better school system.

“Every so often it’s good to mix things up,” the mayor says. “No profession is the same as it was 50 years ago. People in organized labor have to adapt.” **CW**

The number one private
health plan ten years in a row.
Further proof that working
together just works.

COUNT US IN  **Harvard Pilgrim
HealthCare**

NCQA's Private Health Insurance Plan Rankings, 2011-14, HMO/POS. NCQA's Health Insurance Plan Rankings 2010 - 11 - Private. U.S. News/NCQA America's Best Health Insurance Plans 2005-2009 (annual). America's Best Health Insurance Plans is a trademark of U.S. News & World Report. NCQA The State of Health Care Quality 2004.

Comeback



Phoenix students show great "resilience and emotional will-power," says humanities teacher Yu Chen. From left to right, Jazzmin Hernandez, Jay Grullon, Martin Acosta, and Lea Marie Pastore.

kids

At Phoenix Charter Academy in Chelsea, former dropouts aim high

BY MICHAEL JONAS | PHOTOGRAPHS BY MARK OSTOW



Jazzmin Hernandez doesn't fit anybody's profile of a likely high school graduate, never mind a soon-to-be college student.

When she was 10, she and her older brother spent two years in foster care as their mother battled drug addiction. By the time she was in high school, Hernandez was back home with her mom, but in a bad relationship where she suffered domestic abuse at the hands of her boyfriend. She felt increasingly isolated at Revere High School. She got pregnant, and after Averyanna was born, Hernandez and her daughter were kicked out of her home by her mother, with whom her relationship had become increasingly strained.

Hernandez dropped out of school and stayed with friend for several months before getting her own apartment. She worked three jobs, putting in 80 hours a week to make ends meet. After three years out of school, however, she knew she was going to have a hard time keeping her head above water on low-wage service jobs, to say nothing of having little chance of getting beyond subsistence wages to give herself and her daughter a better life.

That's when someone told Hernandez about an alternative high school in Chelsea that offered a solid curriculum for students who had dropped out. What's more, Phoenix Charter Academy had an onsite child care center, so she and Averyanna could head off to school together each day. Last year, Hernandez decided to take the plunge.

"I was nervous," she says. "My test scores were horrible. I could not read out loud without messing up the whole time. And then I met Mr. Chen," she says of Yu Chen, a humanities teacher at Phoenix with whom she developed a quick bond. "He knew my background, he knew my story. And he

didn't just take that as an, OK, we're just going to excuse you for everything. It was more of a reason to challenge me."

In June, Hernandez was one of 29 students at Phoenix who received their high school diplomas. The poised 22-year-old has become a straight-A student, while holding down two part-time jobs and caring for her daughter. And she's now on her way to the bachelor's degree program at the Massachusetts College of Pharmacy and Health Sciences.

What she has done shows "the resilience and emotional willpower our kids have," says Chen. "These are students that people really don't have many expectations for, but if you give them the right structure and set a high bar, they will rise up to meet the challenge."

Hernandez's story is one that the school hopes to repeat with all those who arrive at Phoenix. The eight-year-old charter school has set out to show that young people facing all sorts of hurdles—dropouts, court-involved youth with criminal records, recent immigrants with limited English skills, and those in the state foster care system—can not only get back on track and finish high school, but can do so at a school with high expectations that gets them ready for the rigors of college studies.

It's a high bar in the world of alternative education, which for years was more of a dumping ground of diminished expectations than a place to give students the structure and support to try to aim as high as other young people.

The message students get from their first day is, "we're going to hold you to the expectations that good schools and great schools hold their kids to, because we care about you that much," says Phoenix founder Beth Anderson. "When did it become OK to say

to a kid who's poor or who has dropped out or who is having significant challenges inside a poor system, I won't expect as much from you even though I know that those expectations and meeting them are critical to you being successful?"

Phoenix is expanding to deliver its high-expectations model to other Massachusetts communities. In Lawrence, where the chronically struggling school district was put in the hands of a state-appointed receiver two years ago, Phoenix was asked to open a school for dropouts as part of the district turnaround plan. Meanwhile, the organization will open a second charter school this fall, in Springfield.

There is little future in today's economy for someone without a college degree or some type of post-secondary training, never mind for someone who hasn't finished high school. "The world is increasingly unforgiving of dropping out, and is nearing intolerance," says Paul Harrington, director of the Center for Labor Markets and Policy at Drexel University.

Neil Sullivan, executive director of the Boston Private Industry Council, which coordinates education and workforce training for Boston youth, says dropping out can be likened to "economic suicide."

College graduates earn three times as much over their lifetime as a high school dropout, and the Boston area economy, with its focus on knowledge-based industries, creates a particularly wide gulf between the education haves and have-nots.

Meanwhile, a recent Brookings Institution report spotlighted just how grim the trajectory has been for the have-nots. According to the study, a black male born in 1975 who failed to complete high school had a nearly 70 percent of chance of having served time in jail by the time he reached his mid-30s.

Against that bleak backdrop, Jeff Riley, the appointed school receiver in Lawrence, where fewer than half of all students were graduating at the time of the state takeover, says tackling the dropout problem is not just an important challenge, but "a moral obligation."

FITS AND STARTS

It's a Monday morning, and the week is not starting well for Christian Morales. He's in Andrea Cioffi's geometry class at Phoenix, where she is trying to get students to focus on the difference between area and volume. Fidgety and defiant, Morales keeps ignoring Cioffi's request to pull up his pants, which are in full sag mode, a dress violation at the school. Morales is quick with a quip, in a way that shows he's a sharp thinker—and a frequent challenge when it comes to corralling his energy into more

productive pursuits.

Cioffi tells him she'll have to send him out of the room if he can't conform to the school's dress code, which also requires students to wear khaki pants and a fleece or t-shirt with the school's name and logo. Before she can, however, he grows frustrated and storms out himself.

Cioffi, in her fifth year teaching at Phoenix, picks up the phone on the wall to report that he has left class, and returns to the lesson, barely missing a beat. Now it's up to someone from the school's student support center to intercept him and try to get Morales settled and focused enough to return to class.

At the end of the week, as they do each Friday morning, the whole school gathers in the ground floor cafeteria in the handsome three-story stone building, the former home of a Catholic parish elementary school. The weekly community meeting is one of many ways that Phoenix,

'When did it become OK to say to a kid who's dropped out, I won't expect as much from you?'

with its 225 students, doesn't feel like one of the massive district high schools where many of its students previously fell between the cracks. The gathering offers students and staff the chance to offer public apologies for anything that happened that week that they now regret as well as shout-outs to anyone they want to recognize for praise in front of the whole community.

After a few shout-outs and an apology from one teacher to her class for getting sidetracked during a lesson, Cioffi stands up and says she wants to offer a shout-out to Christian Morales. "He had a really strong week," she says, describing how he was one of the first to understand many problems his geometry class worked on and was diligent about completing assignments.

It was a welcome bookend to a week with a rough start for Morales. But it's the sort of study in contrast that happens regularly at the school, which demands strict compliance with rules, but is all about redemption and second chances.

A few days later, Morales isn't dwelling on all the run-ins he's had with his teacher. "Ms. Cioffi—she's helped me a lot," he says. "When I'm mad, I can go in there and take my frustration out on a math problem."

Cioffi says the strapping 16-year-old has real strengths in math. He also has plenty of things to get angry about. He's been in state foster care for four years, ever since his



Jazzmin Hernandez and her daughter Averyanna. "I knew coming back to school opened doors for her as well as me."

mom, an overwhelmed single parent of seven, gave up her custody rights. He bounced among Boston foster homes in East Boston, Dorchester, and Roslindale, and was on the receiving end of threats from gang members who were after his older brother. The turmoil has all contributed to the anxiety and depression Morales is now getting help for.

Amidst the chaos of constant moves, and with no steady adult presence in his life, school was hard for Morales to stick with. Eighth grade is the last full school year he completed. Morales says he felt totally lost in ninth grade at East Boston High School. "It was just so crowded," he says of the school of nearly 1,400 students. "They never had a handle on anything."

He says the close-knit Phoenix community and a new foster home in Chelsea have both made a huge difference. "This school has been an amazing experience," he says. "I feel like this is my second chance at life and I don't want to give it up. I don't plan on leaving here 'til I graduate."

How long that might take, however, is unclear. By early June, a set of serious issues that he was dealing with began taking a toll, and Morales disappeared from school.

Though he hasn't been in school as the year winds down, Morales hasn't severed the ties he quickly forged at Phoenix and the trust he developed in adults there. He has been "texting Phoenix staff, saying, 'I want to come back. I care about graduating,'" says Anderson.

She says these sorts of fits and starts with the high-need population Phoenix serves probably occur at some point with at least half the students who enroll at the school. It's why the model is designed to keep in touch with and not give up on kids other schools would write off and, often all too gladly, scratch from their rolls.

Anderson says the school is working on getting Morales to return in the fall. "We're going to get him back," she says.

While critics accuse charter schools of skimming the best students from district systems—something charter leaders strongly deny—no one could ever level that charge

at Phoenix. It is one of just a handful of Massachusetts charter schools explicitly focused on educating those who have in many ways been relegated to the bottom of the education heap, the castoffs who have struggled in traditional schools or, in some cases, been thrown out of them or not allowed in because of their age or other issues. And it's the only one that has made college-readiness so central to its mission.

"I really think of it as the Statue of Liberty: Give us your tired, your hungry masses," says Kacy Robinson, a teaching coach at Phoenix who will take over as acting head of the school in the fall. "Give 'em to us. We really think we can serve their needs. Let us go for it."



Students working on group math projects in Anne Gridneva's Algebra 2 class. Phoenix students must earn a C or better in a course to pass.

The demographics of the school read like a check-list of students often pegged as likely to fail. Of the school's 225 students, 91 percent are black or Hispanic. More than two-thirds are former dropouts or near-dropouts (38 percent had quit school and 30 percent had major truancy problems). Almost half are court-involved, and 14 percent are pregnant or, like Jazzmin Hernandez, already parenting a child. Overall, 81 percent are from low-income households, while 23 percent are English language learners, and 24 percent are special needs students.

Anderson, who now oversees the network of three Phoenix schools, is a feisty 45-year-old who gets even more animated when she talks about the disservice she says American education has done to kids like this. "In a world that says 'No child left behind,' Phoenix is saying, well, you left some behind. So we're going to pick them up," she says. "We're at least going to give them that chance."

Anderson taught for two years following college in a tough inner-city Los Angeles school through the Teach for America program. "That pretty much set the course for the rest of my life," she says of the zeal with which she pursues connecting kids who have been shunted to the margins with a challenging, first-rate education.

"Beth's contribution to the sector has been quite tremendous in terms of developing a college preparatory alternative school," says Cliff Chuang, director of the state education department's charter school office, which over-

sees Phoenix.

Unlike some charter schools, Phoenix has unusually good relations with nearby district systems.

"Traditional American high schools are expected to address all the individual needs of every student. For us, that's a hard bar to reach," says Mary Bourque, superintendent of the Chelsea public schools. Chelsea is not alone. Few traditional high schools are set up to serve the complicated needs of students like those at Phoenix. Bourque says she's "not a huge fan of charter schools." But Phoenix, she says, to which Bourque regularly refers students who are having trouble at Chelsea High, is different. "What I love about Phoenix is they help us with a group that is high-risk and high-need that we haven't had the ability to give those intensive wrap services to. I can't say enough about them," she says.

HIGHER AIM

A 2010 report by Jobs for the Future, a national Boston-based nonprofit focused on education and workforce training issues, offered a harsh assessment of alternative education programs generally. "Too often," it said, "alternative schools operate under antiquated policy that treats them as second-rate settings for the non-college bound."

Phoenix opened in 2006 with the goal of upending that idea. "Alternative schools for ages have been filled with great

people who love kids,” says Anderson. “But love doesn’t put you in college. High expectations put you in college. That’s what has been missing.”

The school has a rich curriculum that now includes AP classes in English and physics, and higher-level math courses, including algebra 2, trigonometry, pre-calculus, and calculus. The school day goes from 9 am to 5 pm, with longer class periods than traditional schools. And students must earn a C grade or better in a course to pass. Letting kids squeak by, says Anderson, is selling a false bill of goods that only sets them up for future failure.

Though most students enter the school several grades behind in basic English and math skills, the focus on rigorous academics and high standards has paid off with good results on the state MCAS exam. On the 2013 test, 71 percent of Phoenix students scored proficient or higher in English, while 57 percent scored proficient or better in math. The numbers certainly aren’t on par with wealthy suburbs, but are very comparable to those for the Chelsea district, where proficiency rates were 74 percent for English and 57 percent for math.

The school recognizes the steep challenge it has put in front of its students, and it deploys an army of adults who are ready to help them meet the high standards that Phoenix has set. Class sizes average 12 to 15 students. Along

the sorts of false starts that Christian Morales is experiencing, with lots of them leaving the school and returning after a period of time, with that cycle sometimes repeating several times until schooling finally “sticks.” The state education department figures also include in the school’s count students who register but only show up for a few days or weeks before vanishing, something Phoenix says is not unusual.

The school says measuring student outcomes after six years is a more reasonable benchmark. Phoenix says its six-year graduation rate is 35 percent after dropping those who enrolled but attended for less than a full 45-day quarter. Anderson says Phoenix could have a higher rate if it eased off its standards, especially the requirement that students earn a C or higher to pass a course, but she says that would be “counter to our mission.”

Though it can be struggle to keep Phoenix students attending school every day, it’s not for lack of effort by the school. The school’s retention team, aided by a group of the AmeriCorps tutors, focuses intently on student attendance, with almost nothing out of bounds in terms of what they’ll do to make regular attendees out of students who may have spent years floating in and out of schools with only minimal attention paid to their truancy.

“We’re relentless in our efforts. We will keep on trying to get in touch with you,” says Emma Brazo, who is part of the student retention team. “I’m going to keep showing up. I’m going to keep calling. I’m going to stay on top of you.”

Lea Marie Pastore can attest to that firsthand. “They don’t take no for an answer. If you do not come to school, they will come to your house,” she says. “Trust me.” In a scene not uncommon at Phoenix, Pastore says she was roused from bed one morning last year

by Phoenix staff members at her doorstep after she got weary from school and the full-time job she was holding down and her attendance started slacking.

Pastore, who says a lot of painful family issues turned her into something of a walking powder keg, first dropped out of high school in 2005, and then found herself expelled from a succession of five more high schools for fighting and other infractions.

“I’ve done the tour,” says Pastore, now 25. “I was out of control, fought a lot. When I would go to class, if you looked at me the wrong way—teacher, student—I would just hit you,” she says, leaning in with a no-nonsense look that makes a listener not doubt her word.

She got caught up in drug activity, and says she was “looking at jail time” when she was told her only alternative would be to return and finish high school. “I didn’t think about my future,” she says. “I was so much into the streets, and the streets ate me alive.”

The demographics of the school read like a check-list of students often pegged as likely to fail.

with 17 classroom teachers, the school has three people on its student support team dealing with discipline and other non-academic issues, two people focused on attendance and retention, two full-time social workers, and two staff members who work on college counseling and providing support to Phoenix graduates once in college. Since 2010, Phoenix has also had a team of freshly-minted college graduates who serve one-year stints as tutors through the federal AmeriCorps program. This year, there are 29 AmeriCorps tutors at the school.

The extensive support and staffing at Phoenix, including added academic tutoring, post-graduation counseling and social work services, are all features that have been identified as key to effective alternative schools.

The school’s four-year graduation rate is just 18.3 percent, a figure that bumps up to 20.6 percent if students are allotted five years to graduate. Phoenix leaders say their rate suffers because so many students go through



Lea Marie Pastore:
"I'm not used to having people help me."

who is gay, says she felt increasingly estranged from her adopted family, which was disapproving of her, and she left home.

"The second I walked in everybody was just showing me support and love, and it was just crazy, because I wasn't used to that," Grullon says of her arrival at Phoenix last year. "And I'm not talking about, you know, patting my shoulder, but like that hard love. Telling me right from wrong type of things. And I needed that. I needed that type of guidance in my life, because nobody ever gave me that," says Grullon, who is 20 and dropped out of Lynn English High School when she was 15. She is on track to graduate next year.

Phoenix subscribes to the "no excuses" philosophy that guides a lot of higher-performing charter schools that don't cater to special populations like the Chelsea school. But the no-excuses approach, which says poverty or other challenges in a student's life shouldn't be a crutch to justify subpar academic performance, isn't the same as "sink or swim."

Pastore, who started at Phoenix last year, got suspended at the beginning of this last school year. "I had a scuffle with some student," she says. But she came back and was determined to graduate this spring. "I'm doing it, even though there's bumps and struggles," says Pastore, who has made the school honor roll.

Like many Phoenix students, she latched on to a staff member whom she has come to lean on for support. Anderson calls the rich relationships the school fosters the "secret sauce" that makes the high expectations and other components of the school work. For Pastore, that go-to person has been Andrew McGuinness, one of the student support specialists at the school.

"No matter what, he'll bend back for you," she says. "Nobody in other schools has ever done that. It's crazy because I don't know how to react. How do I even say thank you? I'm not used to having people help me. So he's my main man. Honestly, if it wasn't for him this year, and pushing me through, I don't think I would be able to graduate."

For a lot of Phoenix students, the support they get at the school can be jarring.

Jay Grullon's mom died of a drug overdose when she was young, and her father got deported to the Dominican Republic. She was adopted when she was three, but Grullon,

"For me, no excuses is more about the adults than the kids," Anderson says of the demands the school makes of staff members to work every angle that might help a student decide it's worth the effort to bear down and make it through. "I don't think taking a kid who wants to succeed and can't break a pattern and figuring out how to get them there is making excuses. I would actually argue allowing that kid to fail and not come to school would be the excuse."

PROVING IT'S POSSIBLE

With only a few weeks to go in the school year, the 29 Phoenix students making up the school's class of 2014 are eagerly anticipating the big moment, with some literally counting the days. "I graduate in 24 days," says Pastore one afternoon in mid-May. "It feels awesome. And, honestly, if it wasn't for this school, I would be in jail."

Instead, she plans to be at Bunker Hill Community College in the fall, with dreams of eventually transferring to a four-year school. Pastore, who maintains a tough veneer, has to catch herself as she relates the moment a few days earlier when she told her mom she would graduate and go on to Bunker Hill. "She cried," says Pastore, cracking a thin smile. "She didn't think I was going to do it."

Of this year's graduating class—the school's largest since it opened in 2006—all but five are heading to two- or four-year colleges. "Some are very excited," says Aaron Spencer, one of the school's two college guidance counselors. "Some are also very nervous."

Along with the high academic standards Phoenix maintains, the school requires that every student apply to college and have at least one acceptance in order to graduate. Of the last three graduating classes, 81 percent enrolled in a two- or four-year college.

The school says it is still developing its tracking system to follow college completion results among its graduates—130 in all, including this year's class. But Phoenix has followed the percentage of its graduates persisting in col-

'We need to imagine the scale of the solution because we've proven we can do something about it.'

lege after their first year. The one-year college persistence rate for Phoenix's class of 2012 was 70 percent. For class of 2007 graduates of Boston public schools, which includes those from its regular district high schools as well as graduates of the city's selective exam schools such as Boston Latin, the one-year college persistence rate was 81 percent, according to a report issued last year by The Boston Foundation.

"If we're 10 points off from Boston, I'll take that," says Anderson.

SCALING UP

As grim as the economic outlook is for dropouts, the good news is that the number of young people making it through to graduation has been on a steady upswing, with correspondingly fewer leaving high school before finishing. Nationally, the high school graduation rate has reached 80 percent for the first time, while in Massachusetts it now stands at 85 percent.

That has translated to big reductions in dropouts, with the number of young people quitting high school in Massachusetts falling from more than 10,000 a decade ago to just over 6,200 during the 2012-13 school year.

In Boston, which accounted for nearly 20 percent of the state's annual dropouts, a consortium of education, government, and nonprofit organizations issued a call 10 years ago to address the city's dropout problem. A report the group released, "Too Big to Be Seen: The Invisible

Dropout Crisis in Boston and America," said the scale of the problem was enormous, but it had seemed intractable for so long that it was not getting the attention it deserved. Since then, focused efforts by the city's schools and nonprofit partners have led to a remarkable halving of the number of Boston high school students who drop out each year.

What we need now, says Sullivan, the Boston Private Industry Council director and a member of the Boston consortium, is greater capacity to serve the most hardcore young people who still teeter on the brink of leaving school or who have already left despite the heightened efforts being directed at the problem.

A decade ago, he says, "we couldn't acknowledge the scale of the problem because we couldn't imagine the solution. We didn't think we could do anything about it. Now we need to imagine the scale of the solution because we've proven we can do something about it."

In 2010, the state won a five-year, \$15 million federal grant to support dropout prevention and "recovery" efforts to get those who have already dropped out back

on track toward graduation. At the same time, however, the line item in the state budget to provide additional aid to alternative schools has been cut dramatically, from \$1.5 million in 2006 to less than \$150,000 each year since 2010, according to a report on alternative education released in June by the Rennie Center for Education Research and Policy.

Anderson is eager to be part of the greater capacity Sullivan says is needed. She hopes the Phoenix expansion to Lawrence and Springfield can also help change the thinking about alternate schools so they are seen as places where students can reach as high as their counterparts in traditional schools. Phoenix wants to be "the disruptor in alternate education," she says.

Meanwhile, along with her community college studies, Pastore says she wants to pay forward what Phoenix did for her by serving as a mentor there in the fall. "I'll probably come in like twice a week, and take one student and talk to them, so they know there's somebody there, they're not forgotten about," she says. "Because if you feel like you're forgotten, it sucks. I was one of those people."

For her part, Jazzmin Hernandez, who is gearing up for the Massachusetts College of Pharmacy, sees her accomplishments as a double-victory.

"I want my daughter to have options. I knew coming back to school and graduating opened doors for her as well as me," says Hernandez. "I didn't have those role models in my life. Children don't follow what their parents say; they follow what they do." **CW**

Inching along in the market

The UMass endowment has shown impressive growth,
but its conservative investment approach
may be hurting it in today's market

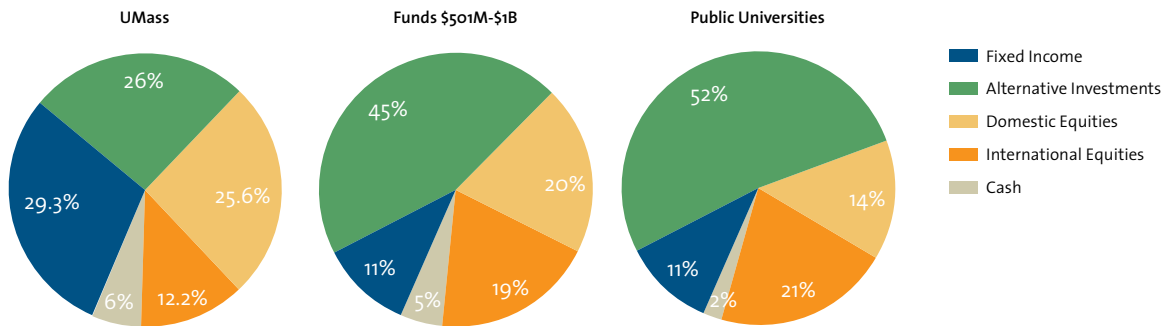
BY JACK SULLIVAN | ILLUSTRATION BY PETER AND MARIA HOEY

IN 1996, WHEN William Bulger took over as president of the University of Massachusetts, the school system was an afterthought in many ways on the college scene, both regionally and nationally. A disparate collection of five campuses with varying curricula and missions, the system was often overshadowed in academics, sports, and, especially, endowments by its private peers in and around the state and public brethren around the country.

Bulger, who as Senate president used the state budget to bolster initiatives he wanted funded, recognized that money could fix a lot of what ailed the system. So in addition to using his

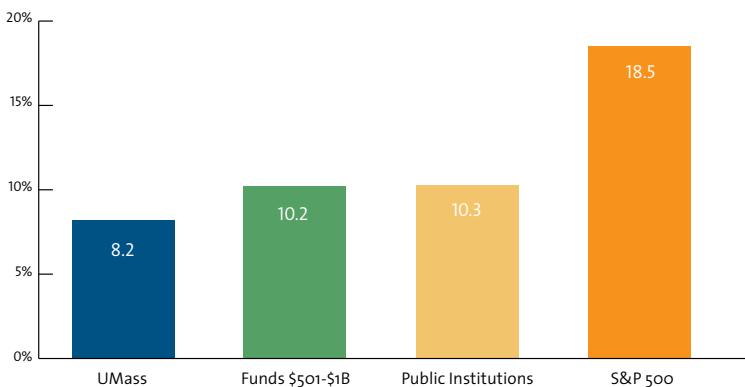


ASSET ALLOCATION FOR ENDOWMENTS SIMILAR TO UMASS



SOURCE: University of Massachusetts Endowment, National Association of College and University Business Officers

UMASS INVESTMENT PERFORMANCE VS. OTHERS, 3-YEAR AVERAGE FY 11-13



SOURCE: University of Massachusetts Endowment, National Association of College and University Business Officers

grow the endowment. Successful fundraising initiatives allowed the size of the endowment to grow to more than \$664 million, a figure that places UMass in the top 15 percent of college endowments nationally, according to a survey by the National Association of College and University Business Officers and the Commonfund Institute, a division of the largest nonprofit investment group that oversees a number of public and private college and university endowments.

State House connections to beef up the school's funding, he also put a laser focus on growing the sleepy endowment that totaled about \$38.5 million. It was a relatively tiny pot of gold that put UMass at the lowest end of endowment per student, a financial indicator that measures the strength of an endowment.

Bulger began to tap the large pool of alumni who rarely ever heard from their alma mater, reaching out to some of the more successful graduates, such as General Motors Chairman Jack Smith and General Electric CEO Jack Welch, not only to tap their largesse but also their names and connections.

The efforts paid off. By the time Bulger stepped down in 2003, the endowment had more than quadrupled to \$171.6 million. The amount still paled when compared to many private schools and still lagged behind some of the university system's more established public peers. But the system now had money to begin investing in areas that were previously closed to it.

Jack Wilson, Bulger's successor, and current UMass President Robert Caret also bought into the need to

performance, however, hasn't matched many of its peers, mainly because the foundation's investment strategy is mired in the mindset of small donations and small bank accounts. The safe, vanilla strategy of putting money in low-risk/ low-yield investments such as bonds and legacy blue chip stocks has helped the fund avoid the huge losses experienced by Harvard and other large endowments during the weak economic periods over the last decade.

But this cautious—some would say timid—investment approach has kept the endowment out of emerging stocks, hedge funds, private equities, and venture capital and left UMass trailing its peers who are reaping the windfall benefits of a recovering market. The school system's conservative investment approach is potentially costing the school millions of dollars in returns.

Joshua Humphreys, president of the Croatan Institute in North Carolina and a fellow at the Boston-based Tellus Institute, is the author of a report on endowment investing in the wake of the Great Recession. He says the nature of what it means to be a prudent, responsible investor has shifted dramatically in recent years. "They [endowment

funds] should be invested conservatively, but they should take risks,” he says. “You can take risk in an endowment that you can’t necessarily take in a pension fund, where you have a high annual payout to retirees.”

Charles Pagnam, a UMass executive vice president who began overseeing the school system’s endowment about a year ago, acknowledges the need to take the reins off the fund’s investment managers and unleash the power of the accumulated dollars the foundation is sitting on. But, he insists, it’s not as simple as shifting money from one pot to another. And he says the increased risk is something the endowment’s volunteer investment board has been reluctant to assume.

“You invest differently when you’re a larger fund,” says Pagnam. “You’re turning, in some ways, a supertanker as opposed to a speedboat.”

COMING ON STRONG

The UMass Foundation is a private nonprofit organization that manages the UMass system’s endowment and owns buildings and property that it leases to the five campuses. The foundation is headed by UMass President Robert Caret, run by a staff that includes several UMass employees, and overseen by a 19-member board of trustees, many of them with investment experience.

The foundation was a fairly sleepy little organization from the time it was established in 1950 until the mid-1990s. Then things began to change. Donations, gifts, and

The UMass Foundation was very sleepy until the mid-1990s. Then donations, gifts, and grants began flowing in.

grants started flowing in. State lawmakers agreed to match some private donations with tax dollars. There were ups and downs with the economy, but over time the endowment grew to its current size of \$664 million. UMass has also been placing its own assets in the fund that over time have grown in size to about \$300 million, bringing the grand total under foundation management to nearly \$1 billion.

A university endowment is basically like a mutual fund. Donors give money to one of the UMass campuses in Boston, Lowell, Amherst, Dartmouth, or Worcester. The campuses put the money into the endowment, the

money is pooled and invested, and a portion of the fund is taken out each year for specific purposes and allotted to individual campuses based on their share of the overall fund.

Donors receive periodic reports on how their money is being invested and the returns on that investment. The reports identify categories of investments, such as stocks, alternative, fixed income, and foreign investments, but details about which specific stocks or bonds are purchased or the names of the investment managers, who earned \$8.8 million last year, are not provided to donors or the general public.

“We are a private foundation. We’re not a public foundation,” says Pagnam, an employee of UMass.

Most school endowments take a similar approach to investment disclosures, although there are exceptions. The University of Texas, for example, issues an annual report that details all of the system’s specific investments, including how much is invested in them, the return on that investment, and who the investment managers are.

Jerry Paros, a UMass alumnus, donated more than \$2 million to establish a research fund for environmental sciences at his alma mater. Paros, the chief executive officer of Paros Scientific in Redmond, Washington, says he would like to see UMass do more with his money than simply invest it. “I have encouraged UMass to leverage our seed investments more by applying their expertise to solving problems in government and industry,” he says.

UMass officials say the foundation does attempt to invest in environmentally responsible and sustainable companies, but has not formally embraced policies related to environmental, social, and governance investment criteria that 18 percent of the nation’s endowments have adopted.

The growth in the UMass endowment has given the five campuses a financial safety net as well as an avenue to help reduce the financial burden of tuition and fees on students, with the bulk of the endowment dedicated to scholarships.

The foundation pays out 4 percent of the endowment’s total value each year, which came to \$13.4 million last year, down from \$18.7 million the previous year. The foundation doesn’t break down exactly where the money goes, but three-quarters of the funds in the endowment are restricted for specific purposes, such as scholarships, endowed chairs, research, and other academic needs. Sixteen percent of the money is temporarily restricted. Only 7 percent of the money in the endowment is unrestricted, meaning the foundation can funnel the proceeds to whatever purpose it wants. The \$300 million invested with the foundation by the UMass system is controlled by UMass, but UMass does pay a 1

percent management fee to the foundation for its management services.

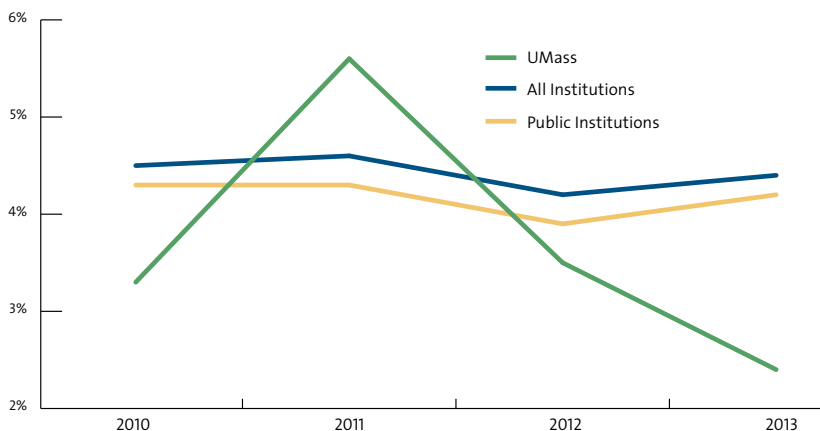
UMass financial reports do not break out how much of the payout from the endowment goes to fund the school system's operating budget, but foundation officials say the amount was very small. The officials say money distributed for the operating budgets of the five campuses came to a less than one-half of 1 percent of the school system's \$2.9 billion operating budget. Framingham State spends about 3 percent of its endowment, roughly \$250,000, on the school's operating budget. The endowment at Fitchburg State University contributes nothing toward the school's operating budget and earmarks all of the money for scholarships. At Harvard University, by contrast, 40 percent of the operating budget is funded by endowment funds.

In size, the UMass Foundation's \$664 million endowment is among the biggest in the country. It ranks 126th out of 841, placing it in the top 15 percent, according to a survey by the National Association of College and University Business Officers and the Commonfund Institute, which is part of a nonprofit investment group that oversees a number of public and private university endowments. With more than \$32 billion in its endowment, Harvard University leads all schools by a wide margin. Yale University is second, with an endowment of \$20.8 billion. The University of Texas, which has the largest public university endowment in the nation at \$20.4 billion, comes in third.

Of all the public and private school endowments in the nation exceeding \$1 billion, nine of them are in Massachusetts and 13 are in New England. That means the foundation has a lot of competition in attracting donor dollars and finding investment opportunities.

"We're in New England, where you have the Harvards, the MITs, the Dartmouths," says UMass spokeswoman Ann Scales. "No other research university around the country has that kind of challenge in their backyard."

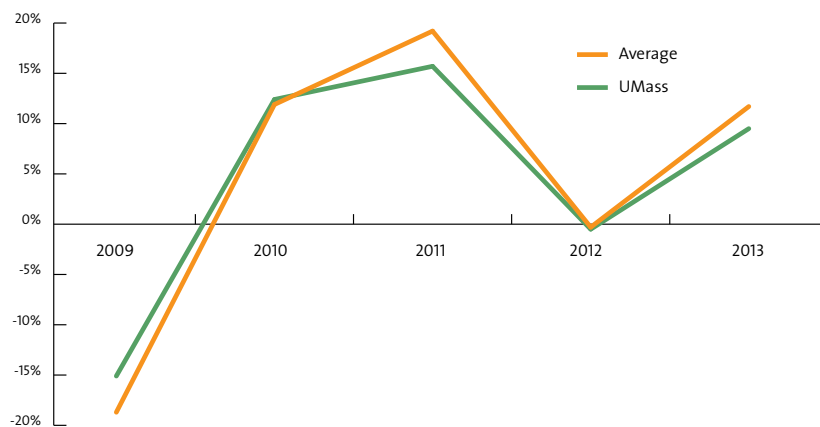
ANNUAL NET SPENDING RATES OF ENDOWMENTS



* UMass, like many endowments, requires a donor fund to be active 12 months prior to distribution so payouts are based on the prior year endowment balance.

SOURCE: University of Massachusetts Endowment, National Association of College and University Business Officers

ANNUAL INVESTMENT RETURN OF ALL COLLEGE AND UNIVERSITY ENDOWMENTS



SOURCE: University of Massachusetts Endowment, National Association of College and University Business Officers

A CONSERVATIVE APPROACH

The UMass Foundation is a conservative investor. The average public school endowment nationally has more than half its money—52 percent—in higher-risk alternative investments, including hedge funds, venture capital, private equity, and energy and natural resource plays. Approximately 11 percent is invested in safe, low-risk fixed income investments such as bonds and annuities and 2 percent in cash. UMass does just the opposite. It has nearly 30 percent of its money in fixed income investments, 6 percent in cash, and 26 percent in alternative investments. The rest is split between domestic blue-chip stocks and international equities.

The UMass endowment gained nearly 9.5 percent on

its investments in 2013, but its average gain over the five-year period ending with 2013 was 3.9 percent. From 2009 through 2013, UMass had three years of positive returns—2010, 2011, and 2013—and two years of losses—2009 and 2012. In each of those years except 2009, the endowment's performance was below the national average for all endowments and below the average for endowments of similar size. In 2009, the year UMass outperformed other endowments, the fund lost 15.1 percent of its value, compared to an average loss of 16.5 percent for endowments of similar size and an average loss of 18.7 percent for all endowments.

The go-go performance of the Standard & Poor's 500 since the Great Recession has blown away the returns of most endowments, but most fared a little better than the UMass endowment. Since 2009, the UMass endowment has had half the gains of the stock-only S&P 500.

UMass officials say the fund's conservative investment strategy may not garner the gains of sexy stock purchases or hedge fund allocations in the good times but the approach protects against severe losses when the

economy tanks.

"I don't think any member [of the board of directors] would be apologetic for the conservative strategy," says Judith Murphy, associate vice president and controller of the UMass Foundation. "Preservation of capital is important to them."

UMass officials point out that comparisons to other groups of endowments focus on averages and don't represent a roadmap of how to invest. But experts say that, while the needs of each school are unique, the averages tell a story and give a clue as to best practices among investment policies.

"We recommend people compare themselves as close to peer groups as they can," says John Griswold, executive director of the Commonfund Institute.

Richard Bookbinder, a managing member of Terra Verde Capital Partners in New York City, has been in the financial and investment advisory business for more than 40 years. His clients have included a number of college endowments. He says the conservative investment approach of the UMass Foundation can hurt the endow-

THE GENESIS OF THIS STORY

Few stories start in a vacuum. At some point, quite often outside of work, a reporter or editor will come across information that is worth examining. That's how I began this look at the endowment fund run by the University of Massachusetts Foundation.

I am on the board of a small, South Shore charity, the Julie Rodick Scholarship Foundation, which was started more than 20 years ago to fund grants for graduate students at UMass Boston. It is that involvement that troubled UMass officials when I first began asking questions about the school's foundation.

During the course of a meeting between several Rodick board members and a representative from UMass to present our annual check to the school and receive information about the performance of the fund, it struck me how little information was available even to donors. The school's representative was fully aware of me being a reporter and I told him I intended to look into the matter more as a reporter.

I talked with *CommonWealth* editor Bruce Mohl, explaining what I planned on looking into as well as how I first

became interested. He knows, and I repeated to him, my involvement as a board member on the scholarship fund. We agreed, as long as all parties were aware of my background, we were on safe ground.

I called Robert Connolly, the school's vice president for communications and former colleague from the *Boston Herald*, and explained my interest in looking into the endowment. He arranged interviews with Charles Pagnam, the vice president of advancement, and Judith Murphy, an associate vice president and controller.

After a brief introduction and after explaining the genesis of my interest, Pagnam asked me "which hat" I was wearing. "My reporter's hat," I told him.

After a second interview and requests for information, both Connolly and Ann Scales, a university spokeswoman, emailed *CommonWealth* with concerns that I had a conflict of interest, given my association with the Rodick foundation.

"I see nothing wrong with personal experiences driving a reporter to dig," Scales, a former *Boston Globe* reporter wrote. "But I think journalists have to

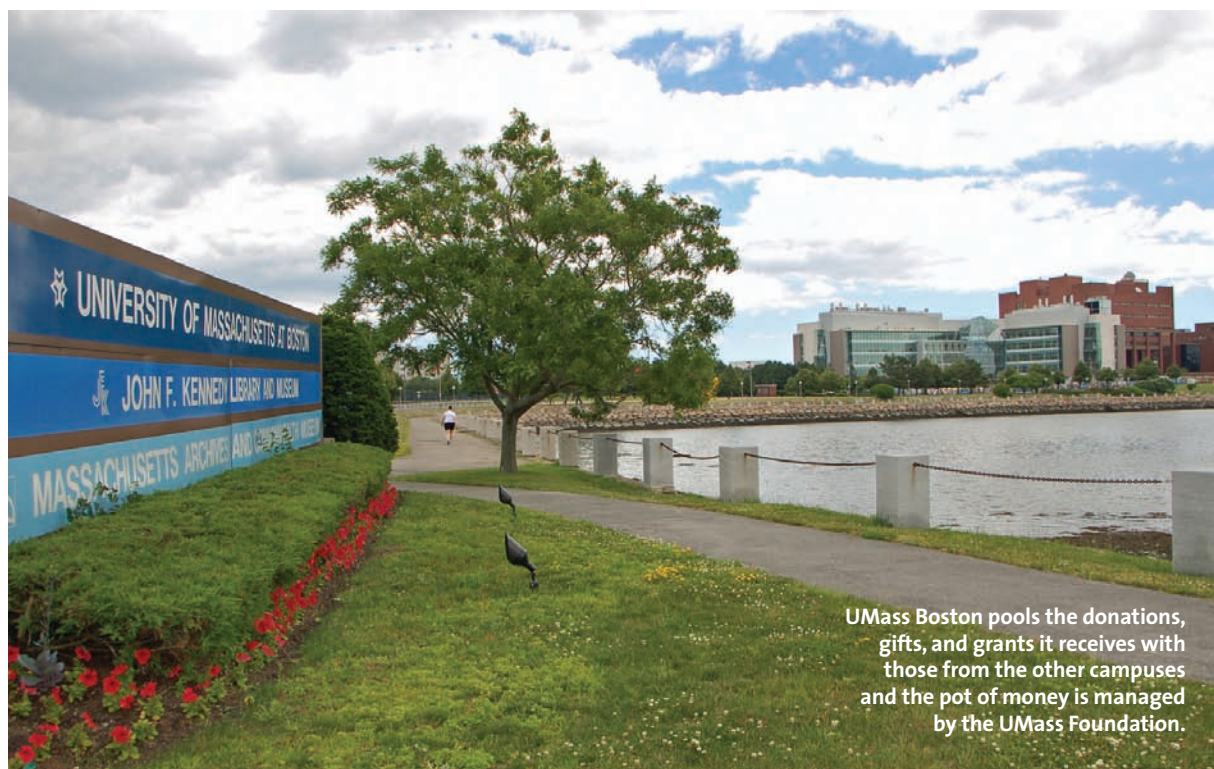
tread very carefully when their stories affect their financial self-interest. You have a dog in this race and that dog is and has been impacted by the foundation's investment strategy, and that's the part of your reporting on it that I find so unsettling."

Connolly said he did not think I was intending to write a story despite his asking initially what the story would be and what my interest was.

"You said you weren't sure that this was for a story but that you just had this interest and would like to speak to senior people at UMass in order to get something of a primer on the subject," Connolly wrote. "As a courtesy, I immediately set the wheels in motion of arranging a briefing for you. I say as a courtesy in the sense that maybe we don't do this for John Q. Public, who you would have been if this ended up being just for the purpose of satisfying your personal interest."

My story grew out of a personal interest that quickly morphed into a professional interest. Everyone who was interviewed and quoted for this story was well aware they were talking to a reporter.

—JACK SULLIVAN



UMass Boston pools the donations, gifts, and grants it receives with those from the other campuses and the pot of money is managed by the UMass Foundation.

ment's bottom line because the low rate of return on fixed income investments is less than what a typical fund pays out each year in spending and management fees.

"As an investment professional, I think there a couple of messages. I'd have to ask what their reticence is in a greater concentration of alternatives," Bookbinder says. "I would argue [that] the risk profile of the portfolio with the lower level of alternatives is higher than the portfolio that has more debt [bonds]."

BIGGER IS BETTER

When it comes to endowments, size matters. In general, smaller endowments steer clear of alternative investments, partly because of the greater risk involved but also because of the large up-front capital outlay needed to invest in a hedge fund or make a venture capital play. Smaller endowments can't afford to make a losing bet, so they adopt a more conservative investment philosophy.

Larger endowments, by contrast, can afford to put money into alternative investments because they have the resources to spread the risk among a larger pool of investments. In essence, larger funds take risks because they can and their size means the risks are manageable.

The UMass endowment has grown by attracting more

and more donations from supporters of the system's five campuses. Some experts say the UMass endowment could grow even bigger by pooling its funds with those from the endowments run by other state schools. Instead of each school hiring its own team of investment advisors, the schools could pool their money together in one large pot and hire one team of investment advisors to manage it all.

Some observers believe UMass has the money to take on a higher level of risk but the mindset of a smaller investor.

It's an approach that has worked for municipal pension funds, which have joined together under the state Public Employee Retirement Administration Commission to reduce costs and maximize investment capital.

Robert Antonucci, the president of Fitchburg State University and a former state education secretary, says he and the eight presidents of the other state universities, not including UMass, had investigated pooling their endowments about three years ago but abandoned the

idea because they had different investment approaches.

“Financially, it didn’t look like it was going to get us any benefits,” says Antonucci, whose school has a \$14.7 million endowment.

But Antonucci says it may be time to circle the wagons to get the most bang for the buck. Nearly all of the 29 public colleges and universities in Massachusetts have endowments, ranging in size from \$1.5 million at Massasoit Community College to \$26.9 million at Salem State University, totaling nearly \$200 million. If added to UMass’s \$664 million endowment, plus the \$300 million in investment assets from the UMass system, the schools could make investments that the smaller endowments can only fantasize about now.

“I think it’s a great idea,” says Antonucci. “My bottom line is protection and two, that we get a good return on our investment. We would take a good look at something like that. We have that kind of flexibility.”

UMass, to some observers, has the money to take on a higher level of risk now but retains the mindset of a small investor. “There has been more of a migration, since the market debacle, to alternative assets,” says Bookbinder.

In an email, Paros, the UMass alumni, says his donation to UMass has been managed better than his donation to the University of Washington but not as well as his donation to Columbia University. He says the ability to make the value of his donation grow was one of the priorities of his gift in order for it to become self-funding and perpetual.

“It was a factor insofar as one would like the growth to exceed the inflation-adjusted expenditures, but I feel it is more important to treat the endowment as an entrepreneur would,” Paros wrote. “This means higher risk for higher rewards rather than settling for minimal low-risk returns.”

Pagnam says the foundation has been looking to get its foot in the door with some alternative investments. But he says those investments require large up-front capital outlays and personal relationships with the principals of startups or emerging companies, neither of which UMass has had before.

Bookbinder scoffs. “How much do they have?” he asks. “Six hundred million? They can get into any fund that they want.”

Pagnam insists it’s not that simple.

“It’s very, very difficult to get in,” says Pagnam. “A Yale and Harvard and those who have been in for some time, they go back to people they already know. The best don’t have to look for new people to put into their fund... I’m very comfortable in the approach that the investment committee is taking to get into the private arena. This same conversation in five years will be a different conversation.” **CW**

LEARN WHAT THE INSIDERS KNOW.

GET THE BACK STORY.

CommonWealth
**BACK
STORY**

FREE to sign up!

Contact: John Prandato at
jprandato@massinc.org



Members of the Berkshire
County NAACP, with
Will Singleton in center
in drawstring pants.

Caught in a time warp

The NAACP's Will Singleton says Pittsfield's municipal government doesn't reflect the community's changing demographics

BY GABRIELLE GURLEY | PHOTOGRAPHS BY KATHLEEN DOOHER

ILL SINGLETON DIDN'T know what to make of it. The retired Pittsfield native had been back in town for years, and he never saw any African Americans working in City Hall. People of color account for nearly 15 percent of the population in this western Massachusetts city of 45,000, but they are largely invisible in city government. Only 4 percent of the city's workforce is black, Hispanic, or Asian.

The 70-year-old Singleton grew up in Pittsfield. He has fond memories of spending time at the Boys Club, the YMCA, and the region's lakes in the summer. He went on to a career

in education, retiring more than a decade ago as the superintendent of a New York school district. Seven years ago, Singleton's siblings suggested the widower return to Pittsfield to care for their elderly father, a retired General Electric employee. What Singleton found was a city caught in a time warp.

Pittsfield is a predominately white city in overwhelmingly rural and white Berkshire County. Yet over the last 20 years the makeup of the city has begun to change. Between 2000 and 2010, the black population grew about 40 percent and the Latino population by nearly 140 percent. Immigrants are moving to Pittsfield, with significant numbers of people coming from Ecuador, Mexico, and Ghana.

Yet as the demographics of the city began changing, the makeup and mentality of City Hall remained largely the same. The city's affirmative action hiring plan, crafted about 20 years ago, was forgotten and ignored. Pittsfield Mayor Dan Bianchi, a former city councilor, says he never heard any concerns about minority hiring during the decade that he represented an African American neighborhood. When the job of cultural development director opened up recently, Bianchi appointed a search committee made up of three men and one woman, all of them white.

To Singleton, seeing the city with fresh eyes, the problems were easy to spot. "When I was growing up here, even though we didn't use the word diversity, I had the sense that if you were willing to work hard and you were honest and straight-forward, you had a chance of opportunity, especially when General Electric was here," he says.

Singleton's nostalgia for the GE days is not unique. Many black and white Pittsfielders of a certain age share his view. They remember a time when jobs were plentiful. African Americans were mostly clustered in low-level positions, but those jobs catapulted them into the middle class, enabling them to buy a home and send their children to college, just as Singleton's father did. During that golden age, residents say, there were more black business owners catering to these workers and more black teachers in the schools.

But with GE gone and not coming back, Singleton says it's time to take a more pro-active role on diversity. He restarted the long-dormant Berkshire County NAACP chapter in 2012. In November, the group filed complaints with the Massachusetts Attorney General's Civil Rights Division, the Massachusetts Department of Elementary and Secondary Education, the US Department of Justice, and the US Department of Labor alleging that the city had disregarded its own affirmative action policies and discriminated against African Americans in recruitment and hiring. The NAACP wanted the affirmative action policy reactivated, municipal employment monitored, diversity training launched, and

minorities included on search committees.

The NAACP's complaints haven't generated any official response yet, but city officials have dusted off the affirmative action policy and begun talking about diversity. Some think the matter could become an issue in the mayor's race next year, although Bianchi doesn't believe residents are really interested.

But after two years trying to elevate the discussion about race and employment, Singleton, the NAACP chapter president, is impatient with City Hall—and with Mayor Bianchi. "My problem with the mayor is that he seems to have an attitude that he is not going to be told how to go about selecting the people he wants to work for him. We are not telling him to hire x person or y person.

"We're saying that the employees should reflect the diversity in the community," Singleton says. "Because of past discrimination, because it was intentional, not benign or accidental, I'm saying that you have to be pro-active in getting black people into these positions."

ISOLATED CITY

Pittsfield is the biggest community in the Berkshires, but it's the most isolated city in Massachusetts. According to Nat Karns, the executive director of the Berkshire Regional Planning Commission, the Pittsfield region has more in common with northern New England states such as Vermont than it does with western Massachusetts cities such as Springfield or Holyoke. And Boston might as well be at the edge of the universe.

Several factors fuel Pittsfielders' sense of being a world

To Singleton, seeing the city with fresh eyes, the problems with minority representation were easy to spot.

apart. There is no dedicated Pittsfield exit on the Massachusetts Turnpike; there are just two scheduled buses a day to Springfield and Boston; and the Berkshire Regional Transit Authority's limited schedules makes car-free, county-wide travel a time-consuming headache.

According to the 2010 census, the city's population is nearly 45,000. Nearly 86 percent of residents are white. African Americans are the largest minority group (5.3 percent), followed by Hispanics (5 percent); Asians (1.2 percent); and multiracial people (3 percent).

Pittsfield Mayor Dan Bianchi:
“If a person of color or minority
candidate is right for the job,
I would have no hesitation
hiring somebody.”



Of the city's 700 employees, more than 95 percent are white. There are 17 black employees, 12 Hispanics, and 2 Asians, according to 2013 statistics submitted by the city to the federal Equal Employment Opportunity Commission. Only two of the town's 36 managers are minorities: Police Chief Michael Wynn, an African American and a 25-year veteran of the force, is Pittsfield's only minority municipal department head.

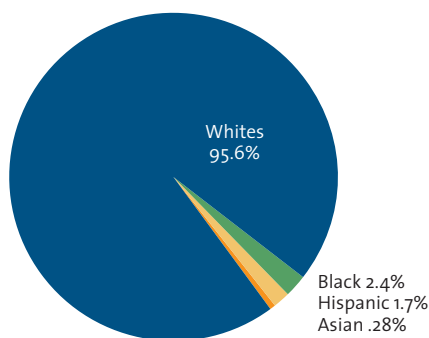
Eleven people were hired by the city last year, according to the EEOC figures. One of those employees was Hispanic; none were African American.

Pittsfield's public school students are a diverse group, but the teachers are not. Minority students make up nearly 30 percent of the district's 6,000 students, with African Americans the largest percentage at 11 percent, according to 2013-2014 Massachusetts Department of Elementary and Secondary Education statistics. By contrast, only three of the district's 400 teachers are African American, three are Hispanic, and two are Asian.

At an April NAACP educational forum, minority students talked about their experiences in the mostly white schools and described difficult interactions with some

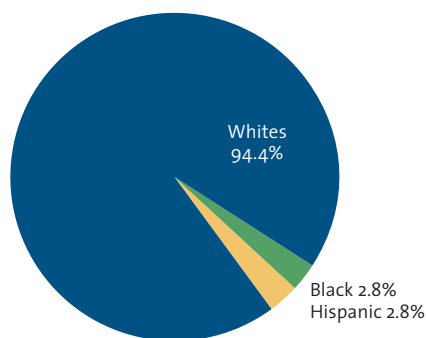
PITTSFIELD CITY GOVERNMENT

Total employees: 707



PITTSFIELD OFFICIALS AND ADMINISTRATORS

Total: 36



SOURCE: FY13, City of Pittsfield, US Equal Employment Opportunity Commission.

white teachers. Shelia Atiemo, a 15-year-old Pittsfield High honors algebra student, says her teacher called her “retarded” after she asked a question during a test. Atiemo says the teacher then told her they should meet with Atiemo’s guidance counselor and the school psychologist “to see if there is something wrong.”

FILLING CITY HALL JOBS

In the anteroom to the Pittsfield mayor’s office there is a magisterial portrait of William Pitt, the 18th century British prime minister the city is named after. Another important figure in Pittsfield history is also in the room, but a visitor has to move aside a black lampshade to see the photograph of Rev. Samuel Harrison, a former slave, who became the chaplain of the 54th Massachusetts Volunteer Infantry Regiment, one of the country’s first all-black military units.

Like Harrison, African Americans have been mostly out of sight when it comes to filling municipal jobs in Pittsfield, a situation that has put a spotlight on Mayor Bianchi. Sitting in his spacious office, the slim, grey-haired man who sports half-rimmed glasses, is eager to talk. A former city administration and finance director, he was first elected as mayor in 2011 and re-elected unopposed last year. He served on the city council from 2000 to 2010, representing a ward that included the West Side, a neighborhood where many African Americans live.

“When I first came into office, I wasn’t cognizant of the number of the minorities we had in the municipal sector,” Bianchi says. Had he heard anything about minority hiring or any other racial issues from his African American constituents during his tenure on city council? “Honestly, no, nothing,” he says.

Bianchi doesn’t believe that there are barriers to municipal employment in Pittsfield for African Ameri-

cans or other minorities. He notes that, historically, blacks have not been part of the informal employment networks that whites use. But he pushes back against a question about whether patronage has been a factor in determining who gets City Hall jobs. “I’ve really tried to go for the most qualified people,” the mayor says. “It’s never been about ‘I got a pal who needs a job.’”

Bianchi says Pittsfield is on the right track. “We have raised the consciousness of our managers with regards to hiring,” he says. “If a person of color or minority candidate is right for the job, I would have no hesitation hiring somebody.”

The mayor is the city’s affirmative action receiver. The receiver has overall responsibility for the direction and oversight of Pittsfield’s equal opportunity and affirmative action policy, including adhering to good practices in recruitment, hiring, and training. John DeAngelo, the city’s personnel director reports to the mayor and acts as the affirmative action officer who implements and reviews the program.

Last year, the city restarted its affirmative action advisory committee to monitor employment. The committee has retooled the city’s affirmative action policy, originally written and last revised in the early 1990s. The advisory group meets quarterly and counsels city officials; it has no enforcement powers.

The committee also proposed that the mayor hire an independent receiver to oversee the affirmative action

The committee wanted an independent receiver, but the mayor rejected that approach and took on the job himself.

policy. Bianchi rejected that proposal and took on the job himself.

In the first half of 2014, there were three department head-level vacancies in Pittsfield: the executive director of Berkshire Works, a state-run career center, for which the mayor of Pittsfield has appointing authority, the director

of administrative services, and the director of cultural development.

An all-white search committee of three men and one woman interviewed four people for the cultural development position. According to Bianchi, the search team gave its top recommendation to Jennifer Glockner, a white tourism coordinator in the cultural development office, who had previous work experience with the Berkshire Chamber of Commerce and in media and public relations.

Under the city's affirmative action policy, the city's affirmative action officers "will assure that an appropriate number of protected group members are represented on hiring committees." The protected groups include minorities, women, people with disabilities, and veterans.

With the debate on public sector minority hiring percolating around him, Bianchi did not consider any African Americans or other racial or ethnic minorities for the search team. "I didn't see the relevance of having somebody of color, because whoever I had on that committee would have looked at all candidates reasonably," he says.

One of the 29 people who applied for the cultural development director job was Shirley Edgerton, a well-regarded African American community leader. She was the only minority candidate interviewed.

Long active in the Pittsfield schools and in youth performing arts, Edgerton established Youth Alive, a 21-year-old step-dance and drum team and the Women of Color Giving Circle, a group that promotes education, the arts, and civic engagement. The mayor also interviewed Edgerton for the position.

Bianchi says he wanted a person who could "manage the city's cultural activities and understand the business aspects of arts and culture." "She is a wonderful social worker, but she didn't have that experience," the mayor says of Edgerton, who currently works for the state's Department of Developmental Services.

Reached by telephone, Edgerton says, "The situation speaks for itself." She declined to elaborate.

By her own admission, Mary McGinnis, the city's former administrative services director, did not have the most relevant qualifications for her temporary, year-long stint at City Hall when the mayor appointed her to the job. McGinnis, who is white, is a nurse and baker. "How can you be hanging IVs one minute, and the next be the director of administrative services?" asks McGinnis who left her City Hall job in May and now heads up the city's all-volunteer affirmative action advisory committee.

African Americans sometimes wrestle with negative views about their capabilities in the workplace. In 1899, W.E.B. Du Bois, the civil rights pioneer who hailed from Great Barrington, said: "Men are used to seeing Negroes in inferior positions; when, therefore, by any chance a Negro gets in a better position, most men immediately conclude



Seniorlink offers expertise in managing care for elders and people with disabilities, and an innovative service model, Caregiver Homes, for those who need care coordination and significant help with activities of daily living.

Through Caregiver Homes, Seniorlink:

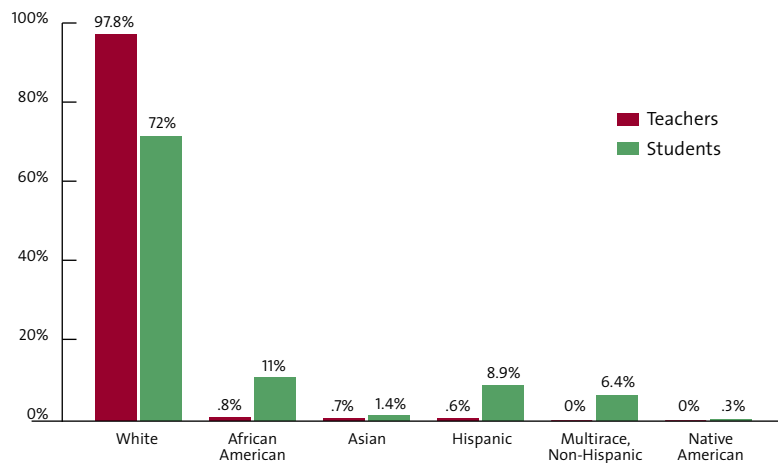
- ▶ Serves 2,100 elders and people with disabilities in 4 states (Massachusetts, Indiana, Ohio, Rhode Island)
- ▶ Saves more than \$45 million for Medicaid and Medicaid Managed Care payors by providing high-quality, in-home, around-the-clock care at half the cost of institutional placement
- ▶ Employs more than 200 full-time professional staff and provides income to 2,100 caregivers committed to caring for a loved one or person in need

SENIORLINK

caregiver homes

To learn more, visit us online at
www.seniorlink.com

PITTSFIELD SCHOOLS 2013-14 SCHOOL YEAR



SOURCE: Massachusetts Department of Elementary and Secondary Education, 2013-14 school year.

that he is not fitted for it, even before he has a chance to show his fitness.”

Rev. Ralph Wesley Howe of the First United Methodist Church of Pittsfield says “African Americans are reading the signs very clearly. They see systematic behavior that they know has an adverse effect on the rights and opportunity of people of color,” says Howe, who is white and has been living in Pittsfield for a year. “White folks, by and large, are not really conscious of the way in which color, gender, or economic status privileges them. There is a belief that affirmative action is a stupid thing that would benefit people who are under-qualified.”

SOME IMPROVEMENTS

No one in City Hall, including Bianchi, knew that an official affirmative action policy existed until Singleton nudged municipal officials to track it down. But since the policy has been uncovered, Pittsfield has made some improvements in its hiring and oversight practices that have benefited all potential job applicants, including minorities.

“When it was brought to [Mayor Bianchi’s] attention, he said ‘Let’s get this affirmative action policy up and going,’” says Melissa Mazzeo, the city council president. “I want to give this mayor credit. He got on board with it. No one else before him did anything.”

The Pittsfield personnel department now sends all municipal job postings to Berkshire Works, online employment sites, and a broad range of community groups such as the NAACP and area colleges. Since February, Pittsfield has hired 10 people: Six white, three Hispanic, and one African American. The pool of applicants for jobs has increased, but the numbers of minority candidates

remains small.

Pittsfield Superintendent Jason McCandless has moved to diversify hiring in the school district. To fill one of three principal vacancies, district officials hired Gina Coleman, an African American Williams College associate dean. She graduated from Williams, holds a master’s degree from the Massachusetts College of Liberal Arts, and Ph.D from the University of Nebraska.

The superintendent is also requiring teachers and administrators to attend cultural competency training to better understand the racial, ethnic, and economic dynamics at work in the city and the schools. McCandless notes that the

school district’s informal networks are mostly white, mostly middle-class individuals, which may hinder efforts to find minority job candidates. “It’s hard to accept [that] we aren’t looking hard enough, [but] I think it’s probably true,” he says.

Police officers receive diversity training during their police academy stints, according to Chief Wynn. He also has sent members of the police department to recent diversity training sessions for school and city employees. “People don’t like change and cops like change less than anybody,” says Wynn. “There may be some grumbling, [but] they take the training. They understand the utility and the benefit of the training.”

Despite these steps, the city has some legal issues to work out. The NAACP’s complaints against the city with various state and federal agencies are still pending. There have also been a couple of individual complaints against the city. In 2013, Rosaura Roman, a City Hall legal secretary who is Hispanic, filed a complaint with the Massachusetts Commission Against Discrimination alleging that the city did not post a job notice for a position she was interested in. A younger, white male worker later got the job. The MCAD enforces the state’s fair employment laws and reviews specific allegations of discrimination through an administrative process.

This spring, Doreen Wade, an African American woman, filed a complaint against Mayor Bianchi with the city’s newly re-established human rights commission, alleging that he used racially inappropriate language during a meeting about small business loan opportunities for her online black newspaper. The commission, which has subpoena powers and can make referrals to federal and state agencies, investigates cases of discrimination and harassment in employment, housing, and other areas. The commission

postponed hearing Wade's case pending the outcome of several similar complaints she has filed with the Attorney General's office and the US Department of Justice.

Questions remain about oversight of the city's affirmative action policy itself. The mayor oversees the city's affirmative action efforts but who oversees the mayor?

City Council president Melissa Mazzeo gives Mayor Bianchi credit. 'No one before him did anything,' she says.

Bianchi sees no problem with the current framework. "We've got enough elements to create the oversight and commitment that we need," he says. Former mayor Jim Ruberto disagrees, and blames himself for not establishing an independent diversity director to monitor the entire process during his tenure. "From an organization perspec-

tive, that is what's needed, to make somebody responsible for outcomes," he says.

Under a recent city charter change, the winner of the 2015 mayoral election will serve a four-year term instead of the current two years. Bill Everhart, *The Berkshire Eagle* editorial page editor, sees minority hiring as a topic that is ripe for debate. "It's going to be a big issue next year, which is good, because it is a subject that needs to be discussed," Everhart says. Bianchi is running for re-election, but no other candidate has jumped into the race yet.

Some say the city's changing demographics have put Pittsfield at a crossroads on affirmative action, though Bianchi says most people aren't interested in the subject. "I don't think there is a general feeling in the city of Pittsfield that there is an issue," he says.

But Singleton is frustrated with trying to break down barriers. "With affirmative action being looked on as almost worse than cursing your grandmother, people like the mayor of Pittsfield really believe that they don't have to do anything in terms of diversity," he says. "They can have their own people: If they happen to be white and male and, in some cases, white and female, if you don't like it, too bad." **CW**

Why do we invest in Massachusetts? We live here too.

At Citizens Bank, we believe the most important investment we can make is in our communities. Whether it's supporting an affordable housing project, providing a small business loan or having our colleagues volunteer at a local food pantry, it's all a part of a larger goal - to build stronger communities and facilitate growth. It's good citizenship and it's good business.

 **Citizens Bank®**
Good Banking is Good Citizenship®

Member FDIC. Citizens Bank is a brand name of RBS Citizens, N.A. 380557



Mr. Sunshine

Bringing an ad man's optimism to the cynical world of journalism, the *Boston Globe's* new CEO sees bright days ahead.

PHOTOGRAPHS BY MICHAEL MANNING

FOR SOMEONE RUNNING what many consider a dead-end business, Mike Sheehan is incredibly optimistic. The former Hill Holliday ad executive, who took over as the *Boston Globe's* first-ever CEO in January, believes the newspaper can invest more in its journalism and come out ahead financially. He laid out his sunny philosophy at the unveiling of the *Globe's* new political section in June at the Paramount Theatre in Boston. "You cannot cut your way to success," he said. "You can only invest your

way to success."

Aaron Kushner followed a similar approach when he bought the *Orange County Register*, but he now finds himself scaling back his expansion ventures and laying off employees at the California paper. Most newspapers around the country are in the same boat. Sheehan thinks the *Globe* can buck the tide. He acknowledges the serious challenges ahead for the newspaper, but he embraces his optimism. He says the paper is profitable now and will

become more profitable as time goes by.

John Henry, the billionaire owner of the Red Sox, the Liverpool Football Club, and Roush Fenway Racing, paid \$70 million in cash last October for the *Globe*, the Worcester *Telegram & Gazette*, and affiliated properties. The 53-year-old Sheehan was brought aboard in January, initially as a consultant and quickly promoted to CEO. He and Henry are something of an odd couple. Henry seems shy and quirky, someone who's content to stay out of the limelight. Sheehan, with his white hair and 6 foot 5 frame, is outgoing and comfortable in his role as the public face of the *Globe's* business team. Sheehan and Brian McGrory, the *Globe's* editor, both grew up in Weymouth, played CYO basketball together, and became almost family later in life, as McGrory's mom and Sheehan's uncle became romantically involved after their spouses passed away.

Sheehan's resume is well suited for his current position. He says he was the sports editor of the *Weymouth News* at 15. He attended the US Naval Academy for a semester, shifted to Northeastern, and ended up somewhat by happenstance graduating from Saint Anselm College, a Catholic school in Manchester, New Hampshire. He says he rode along with a friend who was visiting the school and on a lark filled out an application. He ended up being admitted and later served 10 years on the board of trustees, four of them as chairman. All through college he worked weekends in the *Globe's* library.

After college, Sheehan worked nights as a reporter at the *Patriot Ledger* and days at a South Shore ad agency. He says he preferred the ad work, so he began pursuing an advertising career in earnest, moving between firms in Chicago and Boston, serving such clients as McDonald's, John Hancock, and Dunkin' Donuts. He was named president of the Boston firm Hill Holliday in 2003, and transitioned to the chairman's job last year, a move that gave him time to do the consulting work that led him to the *Globe*.

The Henry-owned *Globe* is moving rapidly to improve the news product, streamline operations, and launch new ventures. Henry unloaded the *Telegram & Gazette* in May to a Florida company. He is now trying to sell the *Globe's* Morrissey Boulevard property and has plans to move the printing operations to a facility in Millbury and the newsroom to a downtown Boston location. Four new reporters have been hired. Along with the new weekly section on politics, the *Globe* has revamped its real estate section, beefed up its Beta Boston tech site, and assigned a reporter to the travel section. A new website devoted to the pope and Catholicism is in the works and a TV venture is under development.

The gloom and doom that pervaded the *Globe* newsroom for the last five years is gone and Sheehan would like to keep it that way. He says optimism is important to the success of the newspaper, which is important to Boston

and the region as a whole. "Outside of government, I don't think there's anything more important to a city than its newspaper," he says.

I interviewed Sheehan in the *Globe's* boardroom. What follows is an edited version of our conversation.

— BRUCE MOHL

COMMONWEALTH: Were you close friends with John Henry before you took this job?

SHEEHAN: I had never met him before. I got an email from him back in December, asking if I wanted to have breakfast.

CW: How did he come to contact you?

SHEEHAN: I don't know the details of it, but I think probably we travel in very similar circles. Maybe he heard about me from [former *Globe* publisher] Chris Mayer [who Sheehan would basically replace]. I would meet with Chris routinely once a quarter. There's also [*Globe* editor] Brian McGrory and others. They would say to him, talk to Mike, he knows advertising. And I know newspapers, kind of. I don't know newspapers in depth, but I love journalism.

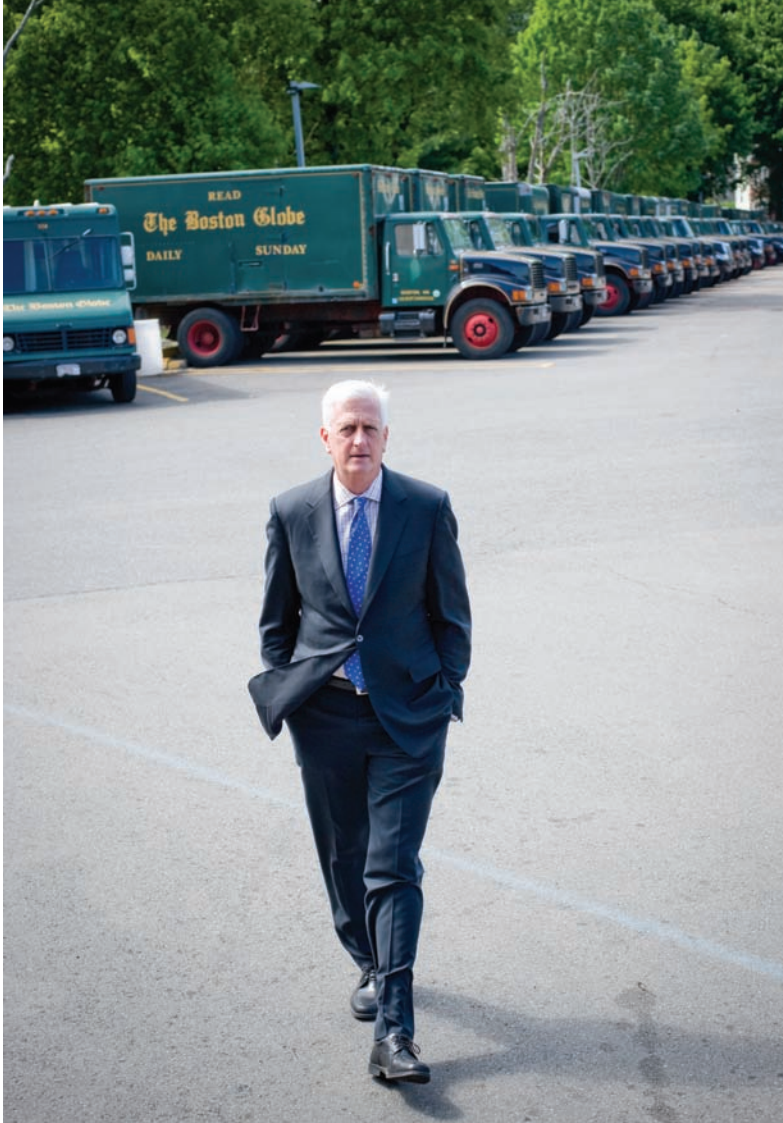
CW: Where did you and Henry have breakfast?

SHEEHAN: At the Mandarin Oriental.

CW: Was he just feeling you out, or did he immediately ask you to start working for the *Globe*?

Outside of government,
I don't think there's
anything more
important to a city
than its newspaper.

SHEEHAN: He's all business. And it was interesting because it's certainly nothing I would have ever considered. You kind of watch from afar the whole process of people buying the *Globe* over a 10-year period. This was an epic drama, with ins and outs, fits and starts, threats. So you couldn't help but watch it. I had friends inside the building, so I certainly cared about them as well. The two things that I wanted to check, No.1, did he buy the *Globe* as a trophy? And the other question was: Did he buy it with romantic notions of what newspapers used to be in the belief that he was going to be the one to bring them back to that golden era? And I knew within five minutes that neither of those were even remotely his motivation. I knew right



away he bought this paper for every right reason. First of all, he was incredibly articulate and knowledgeable about where the business had to go and where it was going. He's a student of media, and he had all the right motivations. He understands the importance of institutions to a city. There's a certain sense of civic responsibility or, what's the right word, civic duty? He knows the *Globe* is an important institution in the city.

CW: Did he contact you initially with an email in the middle of the night?

SHEEHAN: I don't remember. You're the second reporter that's asked me about that. I also send emails at 2 in the morning when I wake up, but when I do it I'm not eccentric. I am probably his equal at sending emails between 1 and 4 in the morning. That's when I'm up.

CW: Do you have a romantic notion of newspapers?

SHEEHAN: No, I worked here from 1978 to 1981. Those were glorious days for newspapers. The *Boston Globe* in New England was a utility. Every home got gas, electrici-

ty, water, and the *Globe* delivered every day. You could set your price for advertising. Now it's a lot more fun because the *Globe*'s a business and there's real competition and people don't have to get it. So now you've got to earn the right to be on everyone's doorstep every day. And that's what makes it fun.

CW: What did you say at the meeting with Henry?

SHEEHAN: I had some ideas about advertising, some areas they could really get more aggressive in and get better at. And then we met for dinner the next Friday at Mistral. We talked about the business and what he was seeing. He said why don't you come over and consult. I had so much on my schedule for January and February that it only made sense to do that. It's funny. I planned to spend two days a week in here but it became five days a week right away.

CW: Why did your time here expand so rapidly?

SHEEHAN: Because there's so much opportunity.

CW: What do you mean?

SHEEHAN: There's so much here to leverage that hadn't been leveraged. We have 170,000 subscribers on weekdays, 300,000 with pass-through [to family members and others]. Their household income is over \$130,000 a year. The reason they're reading great journalism is because they're engaged in the community. So these people are more likely to go to movies, to buy stuff, to go places, to travel. They're going to be better employees. But the No. 1 opportunity is to be here at a time when the ownership issue is finally settled. And the owner's local. That's a real important dynamic. I'm not being critical of the *New York Times* at all, but there is something fundamentally different about remote ownership by a publicly traded company that's not based here versus privately held ownership based in Boston. There's no comparison.

CW: What is that difference?

SHEEHAN: Once you reach a decision, you go. You also don't have to disclose everything you do. You can experiment without having to be public about it. You don't have to make decisions based on what the quarterly numbers are going to be. We can make long-term, prudent decisions here.

CW: What did you do when you first arrived at the *Globe* as a consultant?

CONVERSATION

SHEEHAN: I got to know the team. I stuck my office in the back of the ad sales department, so I got to know how people worked. It kind of helped, because my background is advertising. I focused on how we could become more relevant to advertisers and how do we tell our story better to advertisers. They had been working on a new Sunday real estate section called Address. It's a perfect example of what I'm talking about. We started working right away on a section called Capital. You know I've always thought we have a great sports section, but the other sport in Boston is politics, and it's time we had a weekly sports section for politics. As an advertising space, if you're a campaign, a referendum question, a casino, or you advocate on Beacon Hill, this is going to be a great place for you to reach influential people every Friday. These are ideas you bring to John Henry and they're approved in five minutes.

CW: Are you the *Globe's* first CEO?

SHEEHAN: I think so. I'm in charge of the day-to-day oversight of the company. I know how to run a business, maintaining a constant eye on profitability, sustainability, and viability, but also bringing ideas for the future to the business. My background in the agency business was through the creative side, so I have just an inherent belief that the better the creative product, or content, the bigger the audience. And the bigger the audience, the more appealing it is to advertisers and then you generate more revenue. And then you take that money and pour it back into the content, pour it back into the newsroom. That's the only way it works.

CW: It's hard to believe, since the *Globe* has been shrinking for a long time.

SHEEHAN: A 360-person newsroom is still a very solid-size staff. It certainly covers less outside the region, but I think people buy the *Globe* for information about Boston. The trust that the public has in the *Globe's* journalism is important. It's the core. What we have to do is invest in the newsroom to do more, to go deeper.

CW: You're obviously a big fan of Brian McGrory.

SHEEHAN: He was put on the face of the earth to be the editor-in-chief of the *Boston Globe*. This is his destiny. He's in the third inning of what he's going to do here. There was a quote when I went to the Naval Academy. There are two types of leaders: those you would follow into fire and those you would push into fire. The newsroom would follow Brian into fire. That's what you need, because we're walking into fire.

CW: Everyone I talk to at the *Globe* seems fairly optimistic, as if they've cleared a major hurdle. Is that because John Henry is putting money into the paper?

SHEEHAN: We're doing better financially. Our revenue is well ahead of plan for the first six months of the year, which allows us to release the pressure valve. I'm responsible for helping to create a culture. Pessimism and optimism are self-fulfilling prophecies. If you have a culture of pessimism, I can tell you how that book ends, and it's not going to end well. If you can develop a culture of optimism, of people just believing, that can be really important.

CW: What is creating that optimism?

SHEEHAN: It starts with a company doing better than its forecast.

CW: Was that forecast optimistic or conservative?

SHEEHAN: It's a forecast that was realistic and based on the industry, and we're way ahead of the industry. When an organism is growing—and we can get there very soon—everything's good. When an organism is shrinking, everything sucks. I sound like Chauncey Gardiner in *Being There*.

There's so much
opportunity. There's
so much here to
leverage that hasn't
been leveraged.

CW: Is being in line with the industry good enough?

SHEEHAN: It's not good enough for me. From Day One, I said that's unacceptable. We're better than that. We're in a better market. We're going to get the swagger back and do much better than that. If they're predicting a decline in the industry, my goal is to be even, and then grow next year, and we can do that.

CW: What does growing mean?

SHEEHAN: We added 2,000 home delivery subscribers last week. I don't know why yet, but we're working on that. The first quarter, we were one of the top performers in the ad revenue space in the country among major metro dailies. John brings a business sensibility to this place and when you start performing better financially, people can

CONVERSATION

sense it. If there is money to invest, you start doing new sections, taking risks.

CW: What accounts for this turnaround you're describing?

SHEEHAN: It's probably a hierarchy of change that begins with local ownership and I think leadership across the board. You can't describe what it's like with distant ownership but it makes a difference.

CW: Did Henry give you an ownership stake in the newspaper?

SHEEHAN: No, John owns 100 percent.

CW: Is he putting money into the paper?

SHEEHAN: He bought it and it's profitable. The *Boston Globe* is a profitable enterprise. I think it can be more profitable, but it's a profitable enterprise. Look, we're not going to run this like a hedge fund trying to raise crazy EBITDA. You could do that. You could cut. John's objective is to make the *Globe* sustainable, to come up with a model that makes it sustainable forever. The better we do on the revenue side, the more we're going to pump into the content side.

CW: You're here every day. Is John Henry here every day?

SHEEHAN: No, but he's here, certainly regularly. Regularly is the wrong term. Irregularly but consistently.

CW: And you trade emails in the middle of the night?

SHEEHAN: Yep.

CW: Linda Pizzuti, John Henry's wife, is listed on the paper's masthead as the managing director. What does she do?

SHEEHAN: Linda's here when John's here and when he's not here. She's taken on some special projects. She's certainly involved in the real estate move because she's got a lot of expertise in that area. There's different initiatives that are important to her. She's terrific to work with. She's great.

CW: As CEO, can you summarize the challenge facing the *Globe*?

SHEEHAN: The opportunity I see is to take the *Globe*, as a pillar of olde Boston, and the old has an "e" at the end of it, and make it a catalyst of a new community. It's not something where we strictly report what's going on here, but we become an active participant in helping Boston become



Building Relationships. Enhancing Lives.

The MENTOR Network is a national network of local health and human services providers offering an array of quality, community-based services to adults and children with intellectual and developmental disabilities, brain and spinal cord injuries and other catastrophic injuries and illnesses, and to youth with emotional, behavioral and medically complex challenges as well as their families.



313 Congress Street, 5th Floor
Boston, MA 02210
p. 617-790-4800 | f. 617-790-4271

Visit our new website at
www.thementornetwork.com



Sheehan says interest in purchasing the *Globe* property along the Southeast Expressway has been overwhelming.

a new Boston. That's things like Beta Boston, like hiring John Allen [who writes about the Catholic Church]. Becoming a catalyst for the new Boston, that's where the opportunity is.

CW: I thought you were going to answer that question by talking about finances and economic challenges.

SHEEHAN: Don't forget I came from the creative side. That's how we build our audience. That's how we connect with millions of people.

CW: And that audience will pay to get the content and advertise?

SHEEHAN: I think so, but we have to figure that out. I view it like coffee. I worked on the Dunkin' account all those years, right? Dunkin' is a morning ritual. And part of that is because caffeine is addictive. I believe, and I'll go to my grave believing, that great journalism is addictive. If you feed people enough and regularly, they'll keep coming back for more.

CW: How do you personally read the *Globe*?

SHEEHAN: I read the e-reader on my 30-inch Apple monitor. I love the e-reader.

CW: I've heard some negative rumblings about the Boston.com redesign. How's that going?

SHEEHAN: It may be an age thing, which is not unintentional.

I think Boston.com is going to have a little more edge to it. It'll be quicker, breezier. It's going to refresh every five minutes. We'll take stuff from the BBJ and refer people to the BBJ to see it, but we'll often refer people to the *Globe*. Back to my nutrition analogy, for snacking, Boston.com is great five times a day, 10 times a day, 20 times a day. But it should lead you to the *Globe* where you go for nutrition. That's where you go for your meals, but you've got to pay for it. You've got to pay for journalism.

CW: And the metered approach at BostonGlobe.com, how's that working?

SHEEHAN: That's starting to work. That's starting to get some traction, as far as subscriptions go. As a reformed creative person, I was deeply offended that the *Globe* used to give away its product. It offended me and I didn't even work here. Newspapers giving away their product, it was just a bad idea from the start. You've got to pay for journalism.

CW: Coming in today, there was a group outside the building scoping out what would go where when they buy the property. How's the sale coming along?

SHEEHAN: The interest has been overwhelming. It's a pretty unique site in Boston. It's a building that was built for the way media properties operated in 1958. It's not efficient today. When I want to go see Brian, I need to put on my running shoes.

CW: Once you sell the property, the word is you're going to move the offices downtown and shift the printing operation to a Millbury printing plant acquired in the *Telegram & Gazette* purchase. Is that right? [In addition to printing the *Globe*, the *Globe* also prints the *Boston Herald*, the *Telegram & Gazette*, the *Patriot Ledger*, *Brockton Enterprise*, and the northeast edition of the *New York Times*.]

SHEEHAN: That's a very high likelihood. There will be a plan to have a transition where we would expand Millbury for printing. It could mean buying a used press and ultimately moving this stuff out there. There's a high

likelihood that we'd keep distribution and inserting in Boston. So a truck would bring the papers from Millbury here and then the papers would be put on trucks and sent out for distribution. There would be a plan where we wouldn't miss a beat, but it's not an inexpensive capital expenditure to do that.

CW: What's the timetable on this?

SHEEHAN: The high concept is we sell to someone who leases it back to us for three years while we figure out what to do. Most people like that three-year leaseback until they figure out what they're going to do. It's a perfect site for mixed use, for an urban Legacy Place, like in Dedham.

CW: Where do you want the *Globe* newsroom to be located?

SHEEHAN: I want the *Globe* to be closer to Boston.

CW: Aren't you close now?

SHEEHAN: Not really, we're close to Quincy. I'd love to be in the Seaport area. If we were within walking distance of South Station, that would be ideal.

CW: Is Linda Pizzuti handling the sale?

SHEEHAN: We have a team of people working on it and she's part of the team. She knows her stuff.

CW: Do you plan to build or lease space for the new newsroom?

SHEEHAN: We're not sure, but it's an unbelievable opportunity. To have the opportunity to redefine the brand and the culture and to work with a great space planner to do that would be transformational. I'd love to have digital signage outside the building that says what we do, that has headlines on it.


CW: The *Globe's* former editor, Marty Baron, used to talk about leveraging the *Globe* news staff to offer news and entertainment on TV and radio. Is that what John Henry was talking about when he said he wanted to launch a *Boston Globe* TV station? What's the concept?

SHEEHAN: We're working on it. Marty said it absolutely correctly. The newsroom, I would say, is the best newsroom, the richest newsroom, in the region. People are looking

Become a **CommonWealth** underwriter and reach over 12,000 opinion leaders with your organization's message.




For more information about sponsorship and advertising in *CommonWealth* contact Caroline Palmer at cpalmer@massinc.org



COLLEGE STUDENTS

Interested in
public policy,
communications,
or journalism?

MassINC and *CommonWealth*
magazine are now accepting
applications for summer interns.



E-mail your resumé to
Anne Middle at
amiddle@massinc.org



THE GATEWAY CITIES Vision

for Dynamic Community-Wide Learning Systems

GATEWAY CITIES INNOVATION INSTITUTE

The MassINC Gateway Cities Innovation Institute is pleased to present *The Gateway Cities Vision for Dynamic Community-Wide Learning Systems*.

Read the report online at www.massinc.org/research, or call 617-224-1645 to purchase a hard copy.

CONVERSATION

for journalism and I don't think they're finding a whole lot of it on television. Look at where the local news has gone in the past 15 years. I think there's space for having access to the *Globe* newsroom on television. We're looking at that right now, how do we do that, how do we create a property and who do we partner with on that. We're not going to start a *Globe* channel. But there are people we could partner with.

CW: Who's leading that effort?

SHEEHAN: John, Andrew [Perlmutter, executive vice president], Brian, me. We talk about it all the time. Brian is engaged in absolutely every initiative here. He is a business savvy editor. He's got good business instincts.

CW: John Henry said he wanted to sell the *Telegram & Gazette* to a local owner, but that didn't work out. Was that your decision?

SHEEHAN: No, that was John Henry. From my perspective, and I'm not speaking for John at all, I don't see the *Telegram & Gazette* as being a strategic asset of the *Globe*. There was no local bidder, so what can you do?... It was certainly a very prudent business decision.

CW: There's been a lot of talk about launching a stand-alone website devoted to the new pope and the Catholic Church. Is there really an audience for that?

SHEEHAN: Don't think of this site as the place you go to buy statues you bury in the backyard. It's going to be news and analysis of all things Catholic. It will be a website with contributions that will also be in the paper. You have a pope who is all about social inequality, social justice, feeding the poor. John Allen is the foremost middle-of-the-road journalist writing about what's going on in the Vatican, what the Pope's doing, where he's going, what it means. So for news and analysis, there's no one in the world better informed than John Allen. Given the fact that there are so many Catholics here—Scituate has the highest per capita number of Roman Catholics of any zip code in the country, although the *Globe* does not do particularly well there—there is an audience to find out what's going on. Being a Catholic, you're obligated to go to Sunday Mass. Attendance is 14 percent in the Archdiocese of Boston, but there is a renewed interest in what's going on in the Catholic Church. So there's a real opportunity for us to do well with this. I look every day at what is being read digitally, and whatever John Allen writes is always in the top five, which means it's relevant to people here but also people from around the country are coming in to read it, too.

CW: You can build a website around that?

SHEEHAN: Yes. It will have a global audience. There's a natural audience for it.

CW: What's the timetable for that?

SHEEHAN: August.

CW: How much time are you spending meeting advertisers?

SHEEHAN: I usually lunch with an advertiser. I can meet with someone for an hour but every meeting goes two hours. Every advertiser wants to know what's going on at the *Globe*. It's of intense interest. Those advertisers that are of the community, they want the *Globe* to succeed. They need the *Globe* to succeed. But the *Globe*'s not going to succeed because advertisers want it. We're going to succeed only if we deliver an audience that advertisers want.

CW: Hill Holliday used to do all those *Globe* ad jingles. Do you think we'll ever see the *Globe* advertising like that again?

SHEEHAN: Yes.

CW: What do you think the jingle would be?

SHEEHAN: I don't know. Pillar of olde Boston.

CW: Will you share with the public how the *Globe* is doing financially?

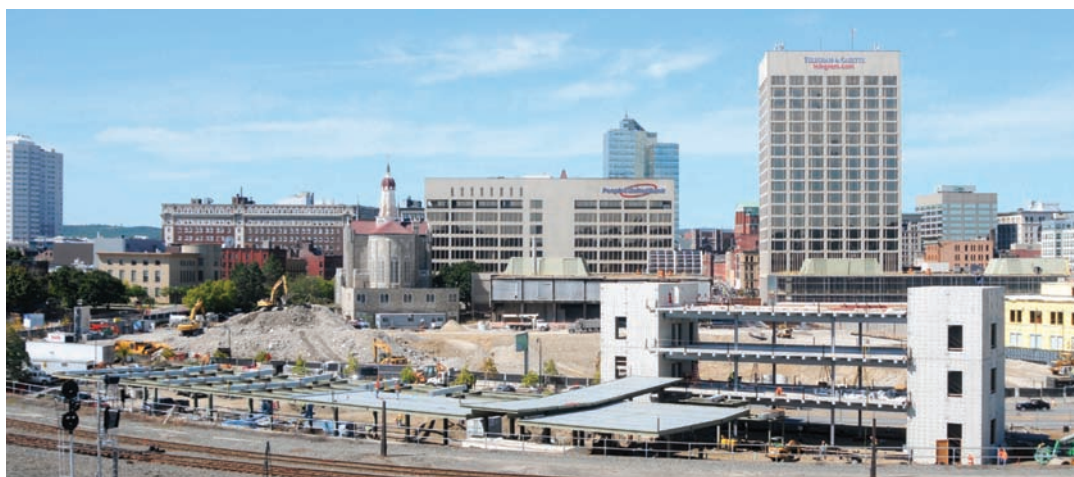
SHEEHAN: No. We're wonderfully private. Being private is just great. You can make decisions and say this is going to pay off two years from now but let's do it. You can't do that with a public company. We're going to experiment with a lot of things and we're going to talk about those things that succeed. What's that look? What are you questioning?

CW: There's so few details.

SHEEHAN: It's your job. When I was spending nights in the *Ledger* newsroom and days at the ad agency, people would ask me what's the difference. I'd say as a journalist you're paid to be cynical. The best reporters are really cynical. I'm a really optimistic person so I found the agency to be much better suited for me. At an ad agency, you're paid to be optimistic, to believe. If we can get a little bit of belief into the cynicism of the newsroom, this place will take off. **CW**

TRANSFORMATIVE REDEVELOPMENT

Strategic State Policy for Gateway City Growth and Renewal



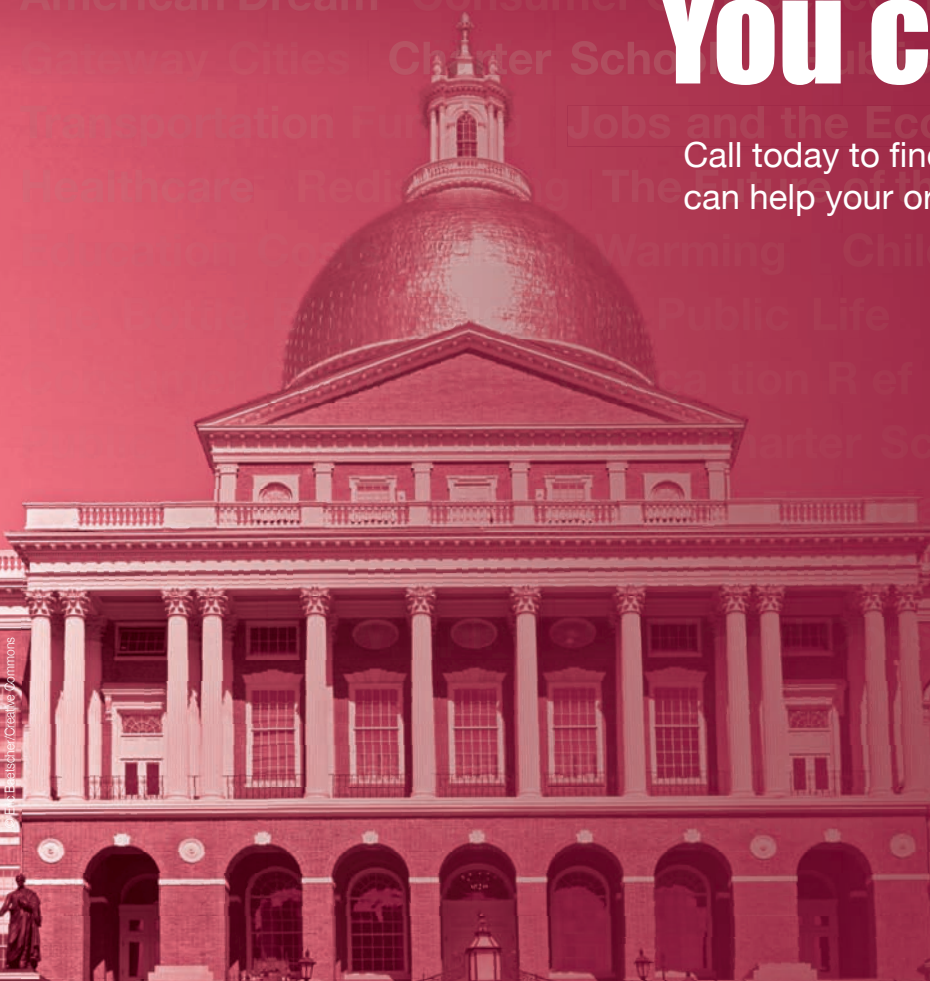
GATEWAY CITIES INNOVATION INSTITUTE

The MassINC Gateway Cities Innovation Institute is pleased to present *Transformative Redevelopment: Strategic State Policy for Gateway City Growth and Renewal*. Read the report online at www.massinc.org/research, or call 617-224-1645 to purchase a hard copy.

**Leaders in both the public and private sectors
rely on The MassINC Polling Group for accurate,
unbiased results.**

You can too.

Call today to find out how we
can help your organization.



OPINION POLLING

MARKET RESEARCH

STRATEGIC CONSULTING

COMMUNICATIONS STRATEGIES



Independence. Integrity. Impact.

MassINCPolling.com

[@MassINCPolling](https://twitter.com/MassINCPolling)

(617) 224-1628

info@MassINCPolling.com



Applying Piketty

Five things we can do in Massachusetts to address the concentration of wealth and capital documented by author Thomas Piketty. **BY DAN WOLF**

Thomas Piketty's *Capital in the Twenty-First Century* must be taken as a profound challenge.

Piketty's big thesis is that wealth and capital must accumulate and concentrate—it's the inherent nature of our economic system. It's happened before, it's happening right now, and he proves it. Overwhelming events like world wars, or a great depression, can reverse the flow. So can public policy defined by the belief that, to be a healthy society, opportunity and mobility cannot become a mirage.

The argument is so convincing that those who doubt the crippling effects of a vast disparity of wealth seem akin to those who deny climate change. Which begs the question: Now what are we supposed to do?

As a state senator, Piketty's multinational solutions, such as a global wealth tax, are above my pay grade. But his approach and conclusions can be translated to the state level, to help redefine a direction and agenda for Massachusetts.

Here are five initiatives we can apply to the Commonwealth, built on Piketty's thesis. Some steps we can take right now, some are longer term—understanding that it's taken a generation to get to this point, and may take a generation to repair the damage. I think of them as economic pillars on which we reconstruct our economy, and with which we repair our social compact.

RAISE THE MINIMUM WAGE

We have just taken a historic step to make our state's minimum wage the highest in the nation at \$11 an hour by 2017. But let's keep in mind that our minimum wage has declined 25 percent since the late 1960s, and this hike won't even get us back to

that level. So we need to keep closing the gap between a minimum wage and a living wage.

As we do that, we benefit all of the working poor, stimulating the economy from the bottom up and middle out as we adjust to a rising wage floor. This is the opposite of trickle-down economics; this is welling up.

And when minimum wage workers earn more, they need less government support. Proof positive: The largest single group receiving taxpayer subsidies in our country is



Walmart employees. Studies show that in one Walmart store in California employees receive as much as \$420,000 a year in assistance. Even working full-time at minimum wage, people remain

below poverty level and qualify for housing subsidies, health care, food stamps, and fuel assistance.

Helping people in need is one of government's most important roles. But what we are actually doing by keeping the minimum wage low is subsidizing the world's richest people—the Walton family's net worth is reported at more than \$160 billion.

So, as a matter of fairness and economic stimulus, let's raise the minimum wage to at least \$11 an hour and index it to inflation.

INVEST IN EDUCATION AND INFRASTRUCTURE

We know that quality early education is one of the best indicators of a child's success. Yet we have 40,000 children in our Commonwealth on wait-

lists for pre-school programs due to lack of public support. At the other educational bookend, the cost of public higher education drags college graduates into deep debt that cannot be discharged even in bankruptcy. A great public university education that cost \$3,800 in 1982 now costs more than \$24,000. This is unconscionable, and here's to Sen. Elizabeth Warren for keeping this issue front and center on the national stage.

The companion investment we must make is in our infrastructure, and the jobs created by rebuilding it. We should have the kind of world-class public transportation that makes visitors from other countries marvel. We need to continue to invest in new energy production and distribution, conservation and renovation that acknowledges climate change. We need to invest in water systems and environmental protection. We need to continue to extend high-speed Internet much like we built the Interstate highway system in the 1950s.

The jobs arising from these investments offer enough income to live with dignity, building a shared vision as well as shared prosperity. Juxtapose the future they offer with the hollow promise of casinos and the imperative becomes even more clear.

PAY FOR THE VISION

As Piketty has proven, our economy now has concentrated so much wealth and capital that we must build a tax structure reflecting this. A flat, almost horizontal tax code cannot work; the present policies maintain the status quo. Put another way, raising taxes on middle class and working families is unfair, unnecessary, and unproductive. The Massachusetts Tax Fairness Commission's recent report makes the case in a thoughtful way, and advocates for new tools such as a graduated income tax, an earned income tax credit, smarter capital gains taxes (a local, imperfect version of Piketty's "wealth" tax), and a reformed property tax.

History proves that a progressive tax structure, which allows us to fund true public works, creates deeper prosperity. We also understand that the way to reverse the trend toward more wealth concentration is through revenue policies that allow us to reinvest. As Piketty explains, we no longer have a population boom that of itself broadened the distribution of wealth. In the next generation, inheritance will make the disparity we see even more pronounced unless we fundamentally transform our tax code.

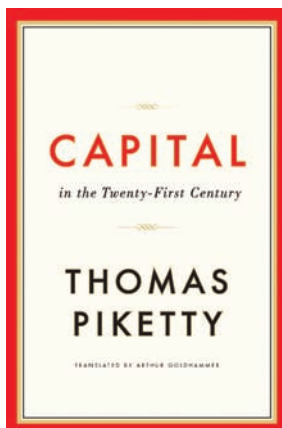
BRING WORKING PEOPLE TO THE TABLE

The Democratic Party claims to speak for people on the front lines, but no political party can substitute for workers having their own voice and independent standing. Labor organizations that express the intellect and spirit of working people, that harness and channel intelligence and experience, are the best (maybe only) counter to the overwhelming influence of big money and special interests in our public and private lives.

There is more than one reason why 35 percent of our private sector workers had a voice through organized labor 40 years ago—when our working and middle class had much more power—and now less than 7 percent of them have that voice. A concerted effort has worked to break their connection to organized labor.

But some of the responsibility must rest with unions that lost touch with rank and file, and narrowed their vision. Unions need to rebuild. A great start would be to

organize Walmart, fast-food workers, and other low-wage earners, developing strength from the bottom up. That's a campaign that shouldn't be left to union organizers alone; legislators and other public figures should step up as well. And then if there is no seat at the table, public or private, workers will have the power to demand one.



CAPITALISM: BEND IT, DON'T BREAK IT.

In Piketty's grand spirit, let's put this big one on the table, too. Our economic system has been the envy of the world, with amazing strengths in innovation and efficiency, but it has relied on extraction and consumption. By extraction, I mean taking and using up human and natural resources; by consumption, I mean depleting the planet.

We soon will have no choice but to move our economy toward more generative, sustainable goals and tactics. We already have biotech and high-tech companies leading in this direction. We also have better models of ownership: In the financial sector, mutual banks and credit unions are more responsible and responsive than Bank of America. In energy production, cooperatives and municipal utilities create better performance and service than corporate utilities committed to fossil fuel and nuclear power. In the food industry, grow-local and farmer collectives can supplement agribusiness, and provide healthier alternatives. Employee stock ownership strengthens companies—the company I founded, Cape

Air, now has more than 1,200 employees and a shared ownership plan.

It's also crucial that we adopt more meaningful and honest benchmarks for how we're doing. Defining success by a rising Dow Jones average or gross domestic product ignores Piketty's truths; all these measurements really show is that there is more wealth to concentrate. Our econo-

A flat, almost horizontal, tax code cannot work; it preserves status quo.

mists have not been holistic in their analysis, disconnecting "growth" and "profit" from real impact on people's lives, ignoring fundamental social values.

These five "pillars" respond to Piketty's challenge. But faced with his overwhelming evidence and painstaking analysis, other questions persist.

Why isn't there broader understanding, especially in the political system, that wealth and capital have concentrated, and how bad is this for democracy? Why isn't there more consternation, even outrage? And why haven't we

done more to reverse this?

Answering those questions would take another long book, and in fairness that conversation has been ongoing. *What's the Matter with Kansas* by Thomas Frank is one excellent take on why people vote against their economic self-interest. And let's not forget those visionary rabble-rousers known as the Occupy Movement, whose calling out of "the 1 percent" seemed so radical a short time ago; now their perspective, backed by Piketty, seems mainstream.

For this state Senator, the challenge is clear: Use Piketty to help people understand that our economy should be the powerful tool we use to shape the society we want, rather than allowing powerful economic interests to shape and control our lives.

Government, at its best, is the civic expression of our collective will as citizens. And so we must use our government to help bring our economy, and our society, back into balance. **CW**

Dan Wolf is the Massachusetts senator from the Cape and Islands and chairman of the Joint Committee on Labor and Workforce Development. He is also the founder and CEO of Cape Air.

Help support
CommonWealthmagazine.org
and reach an audience
that gets politics and policy
online, everyday.



Place an ad on *CommonWealth* magazine's online news site.

For more information contact
John Prandato at jprandato@massinc.org

CommonWealth
POLITICS, IDEAS & CIVIC LIFE IN MASSACHUSETTS

MIDSIZE CITIES WERE ONCE GATEWAYS TO THE AMERICAN DREAM. THEY CAN BE AGAIN.



VISION The Gateway Cities Innovation Institute envisions vibrant midsize cities driving regional economies.

MISSION The Institute's mission is to serve a committed group of Gateway City leaders working to prepare a skilled workforce, improve public safety, advance community health, and build the infrastructure for tomorrow's economy.

APPROACH Leveraging MassINC's capacity, the leadership and perspective of distinguished Fellows, and the organizing power of Members, the Institute works to strengthen connections between Gateway Cities and advance their common agenda.

THANK YOU to our founding sponsors



Theodore Edson
Parker Foundation



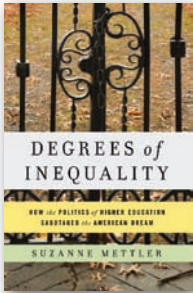
For more information on becoming a sponsor or member contact:

Benjamin Forman, *Director* | 617.742.6800 ext. 152

www.gateway-cities.org | [@gatewaycities](https://twitter.com/gatewaycities)

Back to school on the American Dream

Congress needs lessons in bipartisan cooperation to get US higher education policy back on track



Degrees of Inequality: How the Politics of Higher Education Sabotaged the American Dream

By Suzanne Mettler

New York: Basic Books

261 pages

REVIEWED BY JOHN SCHNEIDER

THE AMERICAN DREAM is in trouble. As our economy has become more globalized and competitive, it has become harder to achieve what was once available to most Americans—a good job with a good wage, a house, and access to an affordable college education. Wealth for those at the top of the income scale has increased significantly, income for those in the middle has stagnated, and social mobility—the opportunity to move up the income ladder—has become much more difficult.

Globalization, the decline of labor unions, and the role of technology in changing the labor market are often all cited as causes of the decline of the American middle class and rising inequality. But perhaps the most significant factor is that the United States no longer has the global advantage in educational attainment. Rising college costs, indifferent public policies, and flat public investment have made this essential component of the American dream more expensive and harder to achieve for many.

Suzanne Mettler takes on this important topic in her new book, *Degrees of Inequality: How the Politics of Higher Education Sabotaged the American Dream*. Mettler, a professor of political science at Cornell University, delivers a tour de force on the failures of Washington to live up to its responsibilities to promote sound public policies that help students obtain a college degree and, with it, a shot at the American dream. Her book is a good history on an important public policy topic. Her prescription for how we can improve higher education policymaking, however, is at best incomplete.

The promotion of higher education is one of the nation's proudest legacies. But as Congress has

become polarized and awash in special-interest money and lobbyists, Mettler says that American higher education, once a system for facilitating upward mobility, now contributes to the nation's growing inequality. "The higher education crisis in the United States points to the demise of opportunity and the emergence of a society with caste-like characteristics," she writes. "This bodes ill for the nation's economic future, indicating that we will likely fall short in meeting the demand for a highly educated workforce."

There was a time in our nation's history when creating opportunity meant having the world's best system of higher education. For those who can afford the top tier, that remains true. But the vast majority of American students rely on public higher education and here, Mettler argues, declining support is having an adverse effect on college graduation rates.

It wasn't always this way. As Mettler chronicles, for more than 100 years, policymakers engaged in a remarkable series of steps that greatly extended access to higher education for Americans. From the passage of the Morrill Act of 1862 that ushered in the era of land grant colleges, to the GI Bill that opened the door to college for our World War II vets, and the Higher Education Acts of 1965, and the creation of Pell Grants in 1972, policymakers displayed a steady commitment to opening ever wider the door of opportunity to higher education.

Investment in higher education produced more college graduates, which helped spark technological innovation, which resulted in economic gains that were broadly shared. Claudia Goldin and Lawrence Katz, in their important book on this issue,

The Race Between Education and Technology, argue that education began to lose that race as degree completion rates started to lag in the late 20th century, helping to usher in today's era of growing economic inequality. (See "Learning curve," *CW*, Fall 2011.) Mettler digs into that slowdown in educational attainment to try to explain *why* policymaking that so effectively boosted college access for much of the nation's history has faltered. She lays blame principally with the growing partisanship that has poisoned even those issues that once seemed uncontroversial. Policymaking worked previously, she says, because Congress and the president were productively engaged in what Mettler defines as "policy maintenance," the regular revision of public policy to ensure that it keeps up with the times, despite partisan differences.

The passage of the Montgomery GI Bill in 1987 is a good example. Wanting to extend the GI Bill to the all-volunteer military, Rep. Gillespie "Sonny" Montgomery, a Mississippi Democrat, worked diligently with fiscal conservatives from both parties for seven years (or, as Montgomery put it, at a pace "slower than a snail on crutches") to extend the benefit to new veterans of the all-volunteer military. It may have been slow going, but it nonetheless went. Policy maintenance worked, argues Mettler, because "[i]t involved both Democrats and Republicans recognizing the value of existing programs and their constituents' reliance on them, uniting to maintain, modernize, reform, and upgrade as needed." The GI Bill, updated again in 2007 in a bipartisan show of support for our post-9/11 veterans, remains one of the foundations of American higher education policy.

During his first term, President Obama wanted to make student aid reform a cornerstone of his agenda. Key to Obama's plan was to shift the student loan system to direct lending, authorizing colleges to make loans and cutting out the middleman role of banks and lending agencies and eliminating their subsidies. With the savings, estimated by the Congressional Budget Office at as much as \$87 billion annually, the president hoped to turn Pell Grants into an entitlement. Obama also proposed the American Graduation Initiative, a \$12 billion investment in programs to increase community college graduation rates, with an audacious goal of increasing the number of college graduates by 5 million by 2020.

As the bill moved to the Senate, it became entangled with health care reform. Partisan parliamentary maneuvering by Senate Democrats helped the student aid bill emerge. Direct lending, a policy battleground since the 1990s pitting banks against borrowers, remained intact. But funding for the more innovative features of the president's bill, such as making Pell Grants an entitlement and the American Graduation Initiative, was cut.

To Mettler, the passage of Obama's student aid reforms nonetheless contributed to "the largest collective increase

in the generosity and availability of federal aid to facilitate college-going since the passage of landmark laws at least four decades prior." Pell Grant recipients rose from 5.2 million in 2006-2007 to 9.3 million in 2010-2011, and the American Opportunity Tax Credit was claimed on 13.2 million tax returns in 2010. Mettler says that the lesson learned here is that "even among high levels of polarization, lawmakers can manage to achieve meaningful reforms to improve the opportunities of low to middle income Americans and to restore the promise of educational opportunity."

It was, indeed, a hopeful moment—but it happened during the brief recent window in which one political party controlled the White House and both branches of Congress, making it more anomaly than a sign of policy vitality. Unfortunately, it seems, higher education, like many other areas of policymaking, has become just another pawn in the winner-take-all game of partisan politics being played in Washington.

Consider the problem of student loan debt, now the largest form of consumer debt outside of mortgages. Sen. Elizabeth Warren has proposed a plan to help students refinance their debt, paid for by the so-called Buffett Rule, closing a tax loophole for millionaires. Warren's plan appears to be classic policy maintenance, but because of the extremely partisan nature of policymaking these days, its likelihood of passage seems slim.

Mettler opposes using tax credits to expand student aid, a position that seems odd given her interest in bipartisan policymaking. The popular federal tuition tax credit program, begun under President Clinton with support from both parties, is one example of cross-aisle collaboration and is now a mainstay of higher ed policy. But Mettler calls tuition tax credits a "reckless response to the challenge of improving the nation's college graduation rates" because of the drain on the treasury. It would be hard, however, to put that genie back in the bottle given its wide appeal. Mettler comes at these issues with a strong left-of-center view, and that sometimes gets in the way of her very useful analysis of how we can make better public policy.

In the end, Mettler proves to be better at diagnosing the problem than providing a cure. She says we must "make elected officials more responsive to ordinary Americans and diffuse the forces of polarization and plutocracy" that make getting things done in Washington so difficult. But identifying what needs to be done and laying out how to make that happen are two very different things. One useful higher education investment might be to send our lawmakers back to school for a refresher course on policy that advances the American dream. **CW**

John Schneider is an education policy consultant and a fellow at MassINC's Gateway Cities Innovation Institute.

50 Years OF SERVICE, ACTIVISM, AND ACHIEVEMENT

UNIVERSITY OF MASSACHUSETTS BOSTON
50 Years 1964–2014

For half a century, the University of Massachusetts Boston has been actively engaged in the community and has helped to shape the Commonwealth's future by making available a high-quality affordable education to the most diverse student population in New England. Boston's only public university is and will always be a research university with a teaching soul.

– PRESIDENT ROBERT L. CARET



INQUIRY | CREATIVITY | DISCOVERY | OPPORTUNITY | TRANSFORMATION

Visit MassINC online at www.massinc.org

RESEARCH + JOURNALISM + CIVIC LIFE = IMPACT

MassINC thanks the many individuals and organizations whose support makes *CommonWealth* possible.

CHAIRMAN'S CIRCLE SPONSORS

Anonymous (2)
The Boston Foundation
John S. and James L. Knight Foundation
MassMutual Financial Group
Nellie Mae Education Foundation
Public Welfare Foundation

LEAD SPONSORS

Anonymous (2)
Beacon Health Strategies
Irene E. & George A. Davis Foundation
Eastern Bank
Gardiner Howland Shaw Foundation
Hyams Foundation
Massachusetts Teachers Association
Metropolitan Area Planning Council
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
NAIOP Massachusetts

MAJOR SPONSORS

Anonymous
Blue Cross Blue Shield of Massachusetts
Citizens Bank
Foley Hoag LLP
Harvard Pilgrim Health Care
IBM

Massachusetts Bar Association
MassDevelopment
Massachusetts Educational Financing Authority
Massachusetts Medical Society
The MENTOR Network
New England Regional Council of Carpenters
Theodore Edson Parker Foundation
Partners HealthCare
Trinity Financial
Tufts Health Plan
University of Massachusetts
State House News Service

CONTRIBUTING SPONSORS

BNY Mellon
Bingham McCutchen LLP
Clark University's Mosakowski Institute for Public Enterprise
The Chief Executives' Club of Boston
Google
Massachusetts Association of REALTORS®
Meketa Investment Group
Merrimack Valley Economic Development Council
Northeastern University
Nutter McClennen & Fish LLP
Retailers Association of Massachusetts
Seniorlink

For more information on joining the sponsorship program call MassINC at 617.224.1701