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# Operations and Finance at Proyecto Vimenti

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By Robin Lake and Silene Vargas Díaz

**vimenti**  
「espacio  
para el  
desarrollo」

by Boys & Girls Clubs of Puerto Rico



ABSTRACT:

Proyecto Vimenti, Puerto Rico's first public charter school, was founded to change the trajectory of students and families in one of the island's most economically depressed and isolated communities. The Boys & Girls Clubs of Puerto Rico (BG CPR) has been serving young people inside the Ramos Antonini Public Housing project for 50 years—operating an afterschool program focusing on education, health, life skills, leadership development, and arts. They serve 350 children and youth annually.

After decades of work with local youth, BG CPR leaders realized that the community's families were locked into intergenerational cycles of poverty that made it nearly impossible for the young people they served to achieve upward mobility. They became convinced that they had to take a radically different approach implementing a two-generation model that includes opening a school and related services as interlocking pieces that would tackle education and poverty and provide opportunity for young people and their families.

Vimenti is authorized and overseen by Puerto Rico's Department of Education under Act 85, the education reform bill passed in March 2018 as an Alliance (charter) School. This is one of three papers documenting lessons about finance and operations, professional development, and student support from the first year and a half of Proyecto Vimenti's start-up phase. The goal is to inform the next phase of work and to help other Puerto Ricans consider the implications for other Alliance- and Department of Education-run public schools. The authors conducted structured interviews with more than 20 members of the Vimenti community, including parents, teachers, administrators, board members, consultants, funders, and officials from the Puerto Rico Department of Education.



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Several years ago the leadership of the Boys & Girls Clubs of Puerto Rico (BG CPR) collectively sat down to take a hard look at the community's youth. With 87 percent of the youth they served living in poverty, leadership realized that they were not adequately addressing the systemwide trappings of poverty and how hard it is to escape. They realized no single direct program would be enough and decided to make a significant investment in changing the trajectory of youth. Eduardo Carrera, BG CPR CEO, explained why he and others believed they had to fundamentally rethink their approach: "The more we worked on the issue, the more we understood the depth of need." BG CPR spent two years studying and developing a unique program delivery model and decided to pilot it in the community they'd served for 50 years.

The idea was to create a school that would give children growing up in poverty the best possible educational opportunities. BG CPR wanted to address the underlying health and wellness barriers the children faced. And they believed they had to break the cycle of intergenerational poverty by helping their families' economic prospects. They researched models that work to break the cycle of poverty, identifying the "two-generation approach" from the Aspen Institute as a promising model.<sup>1</sup> They adopted the model and designed their service model based on three core areas: education,

social, and economic. The central hypothesis: The opportunity of high-caliber education for children would yield different results. The thought: Connect with the best they could find on each component.

“We believe child poverty is not a disease,” explained Carrera, “It is a condition in which a parent cannot earn enough to raise their child properly. This led us to increase our capacity to provide for children and break the cycle. The family is the essential unit. Nothing happens in isolation. Each of the components is meant to address an important piece. Each complements the other. Every action has a reaction. So the social component is the glue. It is the most significant part. We take an inventory of the family's talents, and gaps, and work with them to address them.”

What did it take to open Puerto Rico's first charter school? What capacities did the host organization bring? What lessons were learned in the process that might inform future charter openings in Puerto Rico? This paper explores the financial and operational lessons learned from the first year and a half of Proyecto Vimenti's operation.

<sup>1</sup> Joan Lombardi et al., *Gateways to Two Generations: The Potential for Early Childhood Programs and Partnerships to Support Children and Parents Together* (Washington, D.C.: Aspen Institute, 2014), [https://ascend.aspeninstitute.org/wp-content/uploads/2017/10/Gateways\\_paper\\_May2014.pdf](https://ascend.aspeninstitute.org/wp-content/uploads/2017/10/Gateways_paper_May2014.pdf).



## Designing a Path Out of Poverty

Once the BG CPR board approved the plan, Carrera created a small design team with himself, Bárbara Rivera, who led the design work (and later became Vimenti's director), Luz Nereida Arroyo, strategic director, and Eric Torres, a former Walmart finance and strategic business planning expert who led the finance and operations planning. The team toured high-performing schools, read, studied, and began to connect with local partners. The design team also drew heavily on the broader institutional knowledge and connections of BG CPR for specific design topics, including finance, strategic management, and human resources.

An early key partner was Saint John's School, one of the island's elite private prep schools. Saint John's had approached BG CPR about scholarship opportunities, but the design team saw the greater opportunity in replicating Saint John's program with its own future students. Lorraine Lago, Head of Saint John's School, explained why they decided to partner:

“Eduardo approached us to tell about dream he had: opening a school in housing project. He said, 'I want to model it after the best school in Puerto Rico.'”

For Saint John's School, giving back to the community is an essential part of their mission and they already had some connections to the community. This process of partnership was presented and validated with the board of Saint John's School. The main idea was to receive support in the academic and instructional experience of one of the best private schools in Puerto Rico.

However, the design process drew most heavily on the community. The team created three focus groups with students and families and used human-centered design<sup>2</sup> principles to learn what was most important to them. They asked young children (ages 6 and 7) to create a school for a superhero through play. The children acted out how children would be treated at their superhero schools—they wanted a school where students were treated with kindness and care. The design team also spoke to teens who were almost ready to leave school and asked them to reflect on their ideal elementary school.

Carrera said he realized in their interviews that the desire for a good education was the same in these families as in his family. “We have the same aspirations. They really want the best opportunities.” The design team, he said, took care to ensure everyone is aligned around those aspirations: “It is very important.” However, it also became clear that

parents were defining quality in terms of whether a school had air conditioning, not academics. As Carrera noted,

“They didn't know kids were not learning at the schools they thought were high quality.”

The team visited local families to identify education- or literacy-related artifacts in the home. One house they visited had no written material at all, not even a magazine.

The design team learned through these conversations and observations that food was more important to these families than nutrition. Food was a way to connect, to learn about culture, and was an essential nutritional reality. They decided to hire a chef at the school and serve breakfast to all the families. They also learned about the importance of treating families with respect. One mother told Carrera,

“Listen, I have two jobs and I have to travel hours to get to them. The last thing I need is for the school to call me in and have me sit in the hardest chair there.”

Carrera told us he believed this mother wasn't just talking about the chair. She was telling them how hard she works and wanted to have that acknowledged. “She wanted someone to see her,” Carrera said. That led the team to prioritize case managers who work with families and put them at the center:

“We always have to be in alignment with that.”

As of January 2018, the plan was to open the school as a private, tuition-free school. The goal was always to bring more public funds to the community, but at that point, the law didn't allow charter schools. The most important element for the design team was that the school would be able to operate differently than the highly centralized government schools that yield, on average, 30 to 40 percent academic proficiency.

The BG CPR planned to invest \$16 million in the project (including the school and related social and economic supports) for four years, and then have enough comparative data to show what was possible. In February 2018 the school was licensed to operate as a private school. In March 2018 the charter law passed. BG CPR told the community they would open the school whether it was public or private.

## Budgeting for Complexity

While Carrera and Rivera were working through the vision, Eric Torres was putting numbers to it. He had known Carrera for 10 years through Walmart and a personal collaboration and supporting task within a strategic committee at the BG CPR organization.

“Sometimes in life the pieces are put together by destiny,” Torres said.

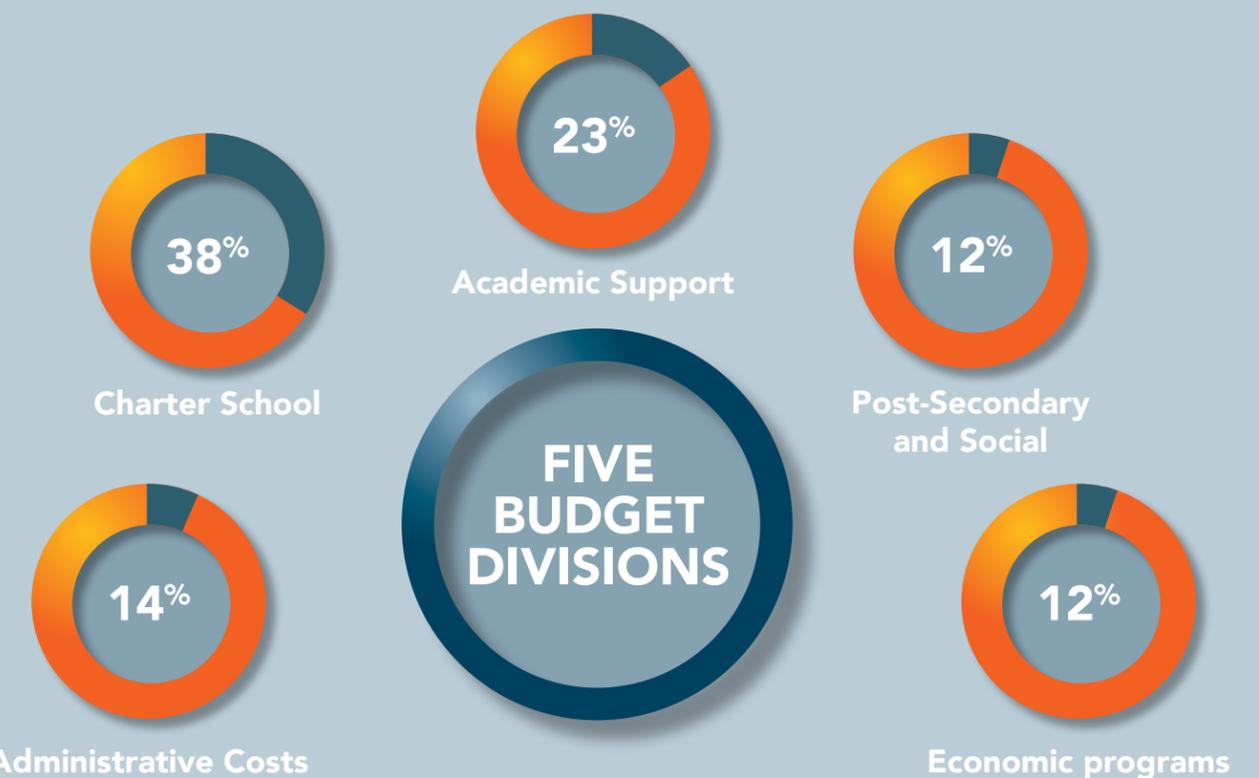
The team brainstormed for over a year before getting serious about budgets. Torres built out assumptions about how many teachers the school would need, and the costs of the building, security, maintenance, etc. Based on his extensive experience working on complex Walmart retail operation projects and more recently as a consultant of business development for investors and local companies, Torres insisted on creating “divisions” inside the broad project to ensure accurate budgets and accounting details of costs in different areas.

The five budget divisions consisted of:

- 1) Charter School (38%)
- 2) Academic Support (23%)
- 3) Post-Secondary and Social (12%)
- 4) Administrative Costs (14%)
- 5) Economic programs, such as career supports and entrepreneurship training (12%)

Torres also recognized that they had to think beyond just operations—the focus of most nonprofits. He built a budget that considered initial start-up investments, including but not limited to preopening expenses, wage assumptions and revenue forecasts, taxes, initial materials and supplies, depreciation schedules, and contingencies.

The total budget came to \$4 million for the first year (\$3 million in operating expenses and \$1 million in capital investment). Over a four-year period, the cost was expected to approach \$16 million for the entire project and \$7 million for the school. Critically, these budgets were built two to three years before the school opened, allowing them develop the financing and build well ahead of the actual opening. In the first year of operation the school's total operating cost was \$1 million, or about \$16,000 per child. They expect to spend \$14,000 per child at full enrollment.



## The Charter Process

In February 2018 the BGCPR team applied to open as a private school, just six months before it was slated to open and a month before Puerto Rico's education reform act was signed into law. The Department of Education's application process involved an application and panel interview. A decision would come in July—for an August opening.

Members of the founding team attended Department of Education meetings, asked questions, and put together the application. They hired teachers and recruited families in June. In July they learned the application process was delayed; they held a retreat and told families they would open with or without a charter. Finally, their charter was approved in early August and opened August 20, 2018, as Proyecto Vimenti.

According to Department of Education officials, Vimenti was uniquely qualified to be the only application they approved: they met the requirements of the application criteria and, most importantly, they knew the community they wanted to serve and had their support.

“If we hadn't worked for two years to prepare, it would have been difficult, if not impossible” to get approved and open successfully, said Carrera.

Being a charter school allowed Vimenti to access public funding, but they received only half of what they'd expected. The Department of Education initially said Vimenti would receive \$6,400 per child but after the application was approved, they learned it would be only \$3,200. The Department claimed this was better aligned with what other Puerto Rican public schools received. Because the Puerto Rican system is highly centralized, the Department of Education calculated the total expenditures per student and then subtracted the cost of other services offered from the central office, as well as regional educational offices' costs, which are assigned directly to the school from the central office. This is a strikingly low figure, however, especially compared to other per-pupil allocations on the mainland. A recent study of charter schools in 14 U.S. cities found that charter schools received an average of \$8,468 in state revenues and an average of nearly \$16,000 in combined federal, state, and local revenues.<sup>3</sup>

The charter school portion, then, amounts to about 50 percent of the total dollars spent on other public schools. This is unlike most mainland charter school laws, which only hold back a small percentage of state and federal funding for the purpose of oversight. Puerto Rico's Secretary of Education Eligio Hernández Pérez says that the Department will receive financial support from a local foundation to share the data behind their per-pupil cost calculation. Hernández Pérez says it is extremely important to them to have that third-party review. He notes that authorizing charter schools in Puerto Rico has resulted in a lot of learning and has

“required us to leave our comfort zone as an educational system.”

Unlike mainland U.S. charter schools, the Puerto Rican government did not provide start-up funding and did not provide any public funds until Vimenti had been in operation for eight months, in April or May of its first year of operation. The Department of Education provides funding based on reimbursements and reporting of expenses, not just on enrollment numbers.

All of this was complicated by significant turnover and confusion in the Department of Education when Secretary of Education Julia Keleher stepped down and was later arrested on corruption charges.<sup>4</sup>

Despite the fact that nearly a third of their students qualify for special education services, Vimenti has yet not received any Title I funds, though a special education teacher who works for the Department of Education was assigned to the school in the second year. The Department is aware of the obligation to provide funding for special education services, but federal funds are currently frozen because of alleged corruption. Vimenti is assuming for now that they must simply make up the difference between what the Department is providing and what the students need.

Carrera is clear that although public funding is important to the project, he also believes it is important to show what can be done under a government accountability model:

“Accountability is empowerment to make change. The problem is when multiple layers of decisions are an obstacle to quality. The flexibility of the charter allows us to make timely decisions. I think people can grasp that different interventions lead to different results. We want to be the specific case that people can point to.”

Vimenti is also committed to documenting and publishing the results of the school.



<sup>3</sup> Corey A. DeAngelis et al., *Charter School Funding: (More) Inequity in the City* (Fayetteville, AR: Department of Education Reform, University of Arkansas, 2018), <http://www.uaedreform.org/downloads/2018/11/charter-school-funding-more-inequity-in-the-city.pdf>.

<sup>4</sup> Nicole Acevado and the Associated Press, "Puerto Rico's former education secretary, others arrested in federal fraud probe," NBC News, July 10, 2019, <https://www.nbcnews.com/news/latino/puerto-rico-s-former-education-secretary-others-arrested-federal-fraud-n1028251>.

## Recruiting Families

Prior to Proyecto Vimenti's launch, BGCPR held over 400 conversations with community residents. Ongoing recruitment efforts included distributing flyers at neighboring schools during arrivals and dismissals, open houses, public meetings, neighborhood meet-and-greets, street canvassing, vehicle audio messages, presentations at community-based organizations, and conversations with local officials—all in the local high-need community with Vimenti's target population of educationally disadvantaged youth. As the first charter school on the island, Vimenti educates parents about its no-cost, public model and about parents' continued rights to the school's special education services, which they sometimes give up to attend private schools. The school is committed to ensuring that the community is aware of the opportunity at Vimenti for bilingual education with wrap-around social, emotional, and educational supports for students and families.

In its first year, Vimenti served students in kindergarten and first grade. In the second year it added second grade, and will add a grade every year through grade five, with two classes per grade. The school had rolling admissions in its first year and did not need to implement a lottery. In the second year they received around 66 applications for 39 spaces, so a lottery was implemented to determine admissions.

## Early Operations and Lessons Learned

Funding partners: Proyecto Vimenti (the school and its associated programs) operates as a largely privately financed organization. Nearly half (47 percent) of the total budget comes from private foundations, nearly a third (30 percent) from corporate donations, nearly a fifth (18 percent) from government programs (Department of Education plus other public programs). The remainder comes from individual donations.

The funds received from the Department of Education for the Proyecto Vimenti charter school total only \$300,000 to 400,000—a tiny portion of the project's \$4 million annual budget. The school is currently spending about \$15,000 per student, not including other programs, and is reimbursed at only \$3,200 per student. The per-pupil cost will diminish somewhat as the school grows each year (its current enrollment is just under 100 students; the school expects to enroll 160 students in its fourth year). But BGCPR expects to continue to heavily subsidize the school.



**Fiscal controls:** Torres is proud that his initial cash flow and budget projections were largely held at Year 1. However, as in any start-up project, unexpected expenses cropped up to support operations, maintenance, and equipment, plus other services—nursing, an additional security guard, cooks, and psychological services—deemed necessary to support the students.

Having an experienced finance director and enough time to plan the operations and fiscal aspects of the school were critical to that first year. As a small nonprofit run mainly by people with an education—not business—background, things could have gone off the rails quickly. Staff had to learn to work within budgets and record their expenses correctly. Torres says that more could have been done to train staff to do this, but he feels they are 80 percent “there.” Staff are very committed to running a professional and fiscally disciplined organization that uses data to inform internal improvement, funders, and government. They continue to work to best position the organization for strategic growth aligned to the mission.

## Integrating the Community Early

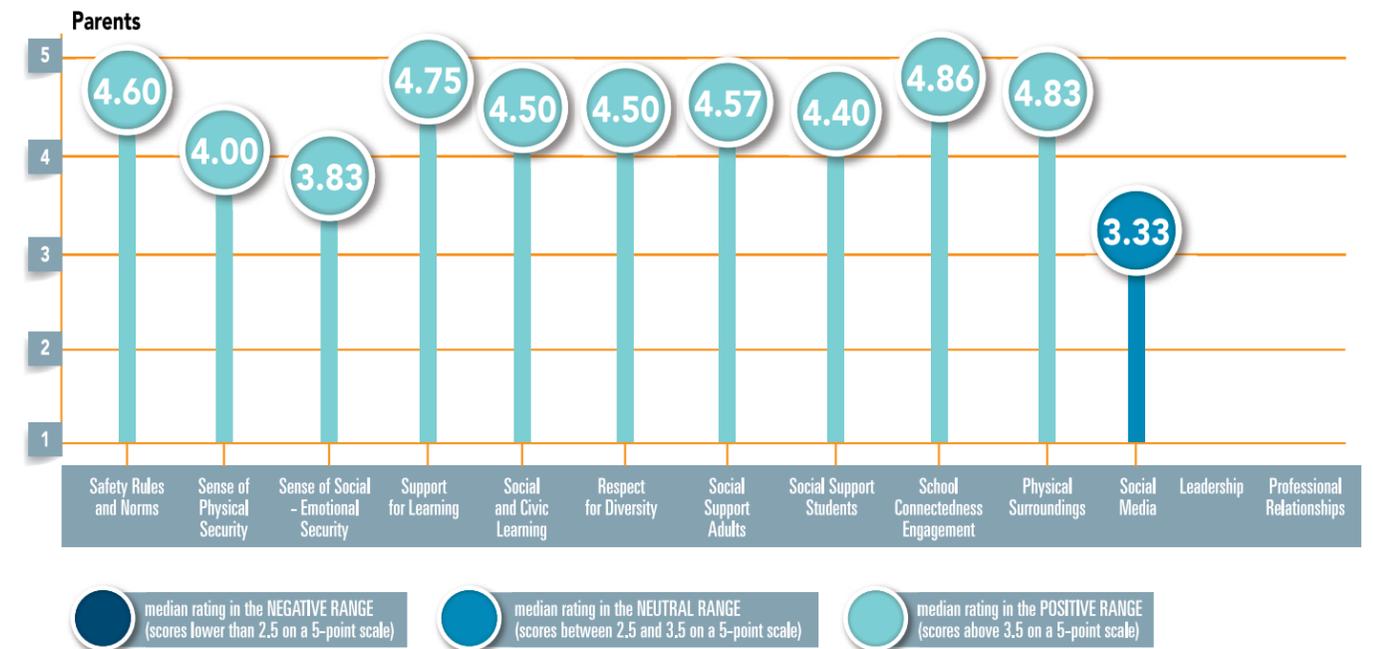
The decision to deeply engage the community in the design process seems to have paid off. Parents give Vimenti consistently high rankings on a school climate survey administered by the National Center on School Climate. The survey measured satisfaction on a five-point scale across domains such as school

safety, social supports and security, support for learning, connectedness and engagement, and respect for diversity. Parents gave an average ranking of 4 or better in all but two domains. Parents ranked “school connectedness and engagement” as well as “physical environment” highest at an average score of more than 4.8.

Our interviews with parents (described in more detail in the companion paper on student supports) also revealed high satisfaction and appreciation for both the core academic supports and the nontraditional elements of the school, especially student mental health and career support and training for families.



## OVERALL PROFILE School Climate Survey 2018-2019



## Agility to Manage Change

Broader BGCPR management expertise and capacity has proved critical. Its governing board is legally responsible for the overall project, but the board voted to delegate most of its responsibility to the Vimenti school board, which oversees policy and tracks progress. The law allows only nonprofits to apply to become an Alliance charter school; the reality is that it is very difficult for anyone but established non-governmental organizations to do this.

Hernández Pérez, Secretary of Education, described to us what he referred to as “an impressive and very exhaustive workload” for Vimenti, just based on Department of Education requirements. As an Alliance school, Vimenti must file the same reports as other Puerto Rican public schools, including teacher attendance, quarterly grade reports and student promotion data, use of funds, and federal reporting requirements. In addition, at the end of each year Department of Education officials visit the school and review student performance data, the professional development of teachers, and relationships with families. Needless to say, managing those requirements is time consuming for the school.

What’s more, the complicated model—with its three interacting academic, social, and economic pillars—requires a hierarchical organization, with directors for each of the pillars. But Vimenti also employs a horizontal and participatory model of communication. Teacher and parent representatives are on the board and working committees to address particular issues.

Bárbara Rivera, Proyecto Vimenti’s director, provided critical guidance during what was at times a tumultuous start-up phase. Rivera sees her job as inspiring the leaders of the organization and connecting them with the mission. She says,

“Every day you have to keep the team connected to the mission because it is definitely not simple... I feel like a facilitator, removing obstacles that one is discovering along the way... We have to stay focused on what the plans are, on what the strategy is.”

The political context has also been challenging. No organized opposition to the school emerged until the charter was announced. Union opposition was likely tied to mainland opposition to nonunionized charter schools, but local context also played a role. Puerto Rican government bankruptcy led labor unions—not just the teachers union—to see education as the first frontier for privatization. Carrera said,

“We have been the poster child for the opposition.”

In response, the leadership team focused on transparency and on communicating why they were doing the work. They held two press conferences. They publicly present processes and results twice per year and talk about things that worked and those that didn’t. Everyone interviewed for these papers, for example, were open about the early challenges, as well as successes. Carrera believes this openness has allowed them to present a different face than what people expected.

## Looking Forward

The financial, organizational, and personal commitment to this project have been immense and will continue for some time, if not indefinitely. The Proyecto Vimenti team implemented a very complex project, organizationally and financially. A priority moving forward is to continue to improve data management and organizational changes based on evidence of what works. The school is also looking to improve parent integration in its governance, committees, and instructional approach. While parents are thankful and happy with the services, Vimenti leaders believe it is necessary to better integrate them in its governance and academic approach.

The Boys & Girls Clubs of Puerto Rico will continue its financial support through the pilot period, but replicability (should the model prove successful) will rely on a greater level of public support. “We will be there for the kids,” Eric Torres explains, “but the

state needs to commit more resources. Funding is still not representative of the law.” He adds, “Frankly, I don’t see how other organizations can get into the charter school model. The numbers don’t balance. \$3,200 [per student] is nothing. The business model is impossible. Who is going to support them?”

And yet, no one we spoke with, from funders to the founding team, regrets the mission or has any doubts about continued commitment to the mission. When asked if it has been worth it, Carrera responded,

“Definitely. Yes. Puerto Rico needs 20 to 30 high-performing schools to create a tipping point. We are holding ourselves responsible for quality. For the benefit of all children in Puerto Rico, we need to show what is possible. We want to be the first to the dance floor. But hope others will want to join us.”



## SCHOOL SERVICES



