National Charter School Resource Center

Welcome to the Webinar!

Charter Management Organizations: Innovations, Opportunities, and Challenges

We will be starting soon.
About the Charter School Center

The **U.S. Department of Education** is committed to promoting effective practices, providing technical assistance, and disseminating the resources critical to ensuring the success of charter schools across the country. To that end, the Education Department, under a contract with Learning Point Associates, has developed the **National Charter School Resource Center**.
Robin Lake
Associate Director, Center on Reinventing Public Education (CRPE) at the University of Washington
Interim Report Findings
National Evaluation of CMOs

Robin Lake, Brianna Dusseault, Melissa Bowen, Allison Demeritt, and Paul Hill

Center on Reinventing Public Education
October 2010
National Study of CMO Effectiveness

• The CMO Effectiveness Study is a national, longitudinal research effort designed to
  – measure how nonprofit charter school management organizations (CMOs) affect student achievement,
  – and to examine the internal structures, practices, and policy contexts that may influence these outcomes.

• The study officially launched in May 2008 and will conclude in Summer 2011.
Defining “Charter Management Organizations”

A CMO is generally characterized by the following:

– It is a non-profit charter school operator overseeing more than one school

– It has a unified management team responsible for delivering the educational program and supervising the school leaders
We Used Additional Criteria to Choose CMOs for Our Study

- *Four or more charter schools* in the fall of 2007
- *Non-profit since inception*
- *Operational control* over their schools (i.e., able to hire and fire school leaders)
- *General population* of students, rather than a targeted population (e.g., dropout recovery, distance learning)
Study Includes About Half of All Known CMOs

<table>
<thead>
<tr>
<th>Condition</th>
<th>CMOs</th>
<th>Schools</th>
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</thead>
<tbody>
<tr>
<td>Universe of CMOs</td>
<td>82</td>
<td>496</td>
</tr>
<tr>
<td>Fewer than four schools in 2007-08</td>
<td>30</td>
<td>79</td>
</tr>
<tr>
<td>Formerly for-profit</td>
<td>4</td>
<td>57</td>
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<tr>
<td>Serve unique student population (e.g., dropout recovery, special education)</td>
<td>3</td>
<td>35</td>
</tr>
<tr>
<td>Otherwise ineligible by Fall 2007</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td><strong>Included in this study</strong></td>
<td><strong>43</strong></td>
<td><strong>314</strong></td>
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Data Used for This Report

• Case studies
  – 10 CMOs, 20 schools
  – Selected for variation on size, degree of centralization, theory of action, location/policy context

• Survey
  – all 43 CMO central offices
    • 86% response rate

• Review of 17 business plans

• Financial analysis
  – Comparison of CMOs and districts

• Interviews with school district leaders
FINDINGS
Interim Report Bottom Line

• CMOs are still a young and regionally concentrated phenomenon
• They have many promising characteristics that should not be ignored or dismissed
• But they also face serious growth challenges
• New strategies are likely needed to encourage CMOs to operate more efficiently
• Ultimately, the field cannot rely solely on CMOs to dramatically increase the number of quality charters
Roadmap

- Landscape
- How CMOs differ; where they converge
- CMOs and districts
- Challenges
- Recommendations
Roadmap

• Landscape
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CMOs represent large portion of charters (12%), but are highly concentrated.
CMOs Comprise Growing Share of All Charter Schools

CMO and Overall Charter Growth Since 1996

- CMOs
- Charters

Number of Schools

Most CMOs Are Small Organizations

- 34% 2 to 3 Schools
- 36% 4 to 6 Schools
- 18% 7 to 10 Schools
- 12% 11+ Schools
CMOs Try to Provide All School Supports

• Establish Purpose
• Develop Growth Strategy
• Provide Operational Structures
• Define, Refine and Enforce the Educational Model
• Ensure Consistent Quality
Roadmap

• Landscape
• How CMOs differ; where they converge
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• Challenges
• Recommendations
CMOs are More Different Than People Think

Theory of Action

Structural Choices

Growth and Impact
## Theory of Action

<table>
<thead>
<tr>
<th>Educational design</th>
<th>Most</th>
<th>Some</th>
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<tbody>
<tr>
<td></td>
<td>Use a mix of strategies, but also have strong opinions</td>
<td>Follow one unifying approach</td>
</tr>
<tr>
<td>Focus on student behavior</td>
<td>Prioritize creating orderly schools</td>
<td>Employ a very specific behavioral system</td>
</tr>
<tr>
<td>Ethos of continuous improvement</td>
<td>Conduct ongoing organizational improvement and regular data analysis</td>
<td>Embrace an “Every minute counts” culture</td>
</tr>
</tbody>
</table>
Most CMOs Assess Students Quarterly, And 40% Assess More Often

Frequency of interim assessment administration

- More often than every 6-8 weeks: 9%
- Every 6-8 weeks: 32%
- Quarterly: 38%
- Twice per year: 18%
- Once per year: 3%
## Structural Choices

<table>
<thead>
<tr>
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<th>Most</th>
<th>Some</th>
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<tbody>
<tr>
<td><strong>Degree of centralization</strong></td>
<td>Prescribe or centralize many functions</td>
<td>Defer to school and teacher judgment</td>
</tr>
<tr>
<td><strong>Means of quality control</strong></td>
<td>Visit and communicate with schools frequently</td>
<td>Manage via systems</td>
</tr>
<tr>
<td><strong>Human Capital strategies</strong></td>
<td>Emphasize hiring and developing local teachers who fit the mission</td>
<td>Follow a “great people” strategy, relying on sources like TFA</td>
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</table>
CMOs Are Most Prescriptive Around Student Support

- Support for Struggling Students: 65%
- Teacher Evaluation and...: 54%
- Educational Program: 46%
- Discipline and Behavioral Program: 43%
- Professional Development: 30%
- Teacher Hiring: 22%

Percent Reporting Decision Is Made at the Central Office
CMO Central Office Staff Are Commonly in Schools *Daily or Weekly*

- **Daily/Weekly**: 49%
- **Monthly**: 34%
- **Quarterly**: 11%
- **Yearly**: 6%
“Good to Great” vs. “Great People”

hiring strategies

“We are hiring the best teachers available to us. Most of our teachers are not widely traveled. But on the positive side, most of our teachers can relate to the kids in the families because they may be only one generation removed from where those kids came from.”

“We hire tough. One of the first things I let them know we’re hard workers. We’re not a 9:00 to 5:00 organization here. And if you’re not willing to put in extra hours beyond the school day here then generally this is not going to be the place for you.”
One third of CMO teacher hires are from non-traditional sources

<table>
<thead>
<tr>
<th>Teacher Hiring Sources</th>
<th>Percentage of Teachers in CMO Schools</th>
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<tbody>
<tr>
<td>Other charter schools</td>
<td>10%</td>
</tr>
<tr>
<td>Teach for America Alumni</td>
<td>9%</td>
</tr>
<tr>
<td>Teach for America Corps</td>
<td>6%</td>
</tr>
<tr>
<td>Private or parochial schools</td>
<td>5%</td>
</tr>
<tr>
<td>Teaching Fellows or New Teacher Project</td>
<td>3%</td>
</tr>
<tr>
<td>Traditional education programs</td>
<td>29%</td>
</tr>
<tr>
<td>Local district schools</td>
<td>28%</td>
</tr>
<tr>
<td>Other staff source</td>
<td>10%</td>
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# Growth and Impact

<table>
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<tr>
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<th>Most</th>
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<tbody>
<tr>
<td><strong>Pace of growth</strong></td>
<td>Expand slowly until model is effective in multiple schools</td>
<td>Open multiple schools at once to reach scale</td>
</tr>
<tr>
<td><strong>Hiring strategy</strong></td>
<td>Seed new schools with DNA of experienced staff; internal career ladders</td>
<td>Staff schools with outside principal and teachers; provide training</td>
</tr>
<tr>
<td><strong>Use of feeder schools</strong></td>
<td>Open feeder schools to limit remediation</td>
<td>Expand and specialize in just one age cohort</td>
</tr>
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</table>
Most CMOs Aim for Moderate Growth

Number of New Schools CMOs Plan to Operate by 2025

- 14 CMOs plan to operate 0 to 10 schools
- 8 CMOs plan to operate 11 to 20 schools
- 2 CMOs plan to operate 21 to 30 schools
- 5 CMOs plan to operate 31+ schools
Roadmap

• Landscape
• How CMOs differ; where they converge
• CMOs and districts
• Challenges
• Recommendations
A Better Mousetrap?

CMOs may be distinct from typical school districts in these ways:

• Less disruption due to politics
• Smaller schools, longer days
• Teacher accountability over parent/community involvement
• Pay based on performance, not experience
Districts Respect CMOs But Often Marginalize Them

- Formal partnerships, examples of influence appear to be rare, but promising
- Performance existence-proof, personal connections can be powerful influences
  - (New Haven, Oakland)
- Perception of creaming (teachers and students) creates resentment, detracts from example value
  - “CMOs don’t have it as tough as we do…”
Roadmap

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• Converging CMO practices
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What Keeps CMO Leaders Up at Night

- Financial sustainability is an aspiration, not reality
- Want teachers to work hard on behalf of students, but are encountering burnout, high turnover, and unions
- Need to standardize, but want to promote innovation, continuous improvement
- Pressure to grow, but costs, quality concerns force them to slow down
- Want to prep students for college but worry that students may not succeed once they get there
- Pressure to do turnarounds, but see it as “different ballgame”
This CMO has increased its projected break-even point by 20 schools.

Estimated Break-Even Point
in 2004: 45 Schools

Estimated Break-Even Point
in 2007: 65 Schools
Four CMOs’ Operating Costs and Fee Revenues, 2002-2009 ($M)

- Total Operational Spending
- Total Revenues from Management Fees
CMOs Rely Most on Philanthropy as They Grow Beyond 10 Schools

Reported % of CMO Budget That Comes From Philanthropy

- Small (4-6 schools): 9.6%
- Medium (7-10 schools): 14.0%
- Large (11-25 schools): 16.3%
Growth Almost Always Slower Than Planned

Number of CMOs that have met growth targets stated in business plans

- 65% Did Not Meet Target
- 29% Met Target
- 6% Exceeded Target
Most CMOs Have Not Met Initial Growth Targets

# of CMOs that have met growth targets stated in business plans

- 6% Exceeded Target
- 29% Met Target
- 65% Did Not Meet Target
Greatest Reported External Barriers to Growth Are Facilities and Funding

<table>
<thead>
<tr>
<th>Barriers to Growth</th>
<th>Percentage of Respondents</th>
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<tbody>
<tr>
<td>Scarce facilities</td>
<td>89%</td>
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<tr>
<td>Lack of philanthropic support</td>
<td>72%</td>
</tr>
<tr>
<td>Lack of per-pupil funding/revenue</td>
<td>72%</td>
</tr>
<tr>
<td>Limited supply of high-quality principals</td>
<td>61%</td>
</tr>
<tr>
<td>Limited supply of high-quality teachers</td>
<td>60%</td>
</tr>
<tr>
<td>District or state opposition</td>
<td>58%</td>
</tr>
<tr>
<td>Limited supply of high-quality CMO-level talent</td>
<td>50%</td>
</tr>
<tr>
<td>Principal/teacher burnout</td>
<td>39%</td>
</tr>
<tr>
<td>Opposition from teachers’ union</td>
<td>33%</td>
</tr>
<tr>
<td>Cap or moratorium on charters</td>
<td>33%</td>
</tr>
<tr>
<td>Opposition from local community group</td>
<td>17%</td>
</tr>
</tbody>
</table>

Percentage of Respondents

- Scarce facilities: 89% reported, 11% no barrier
- Lack of philanthropic support: 72% reported, 28% no barrier
- Lack of per-pupil funding/revenue: 72% reported, 28% no barrier
- Limited supply of high-quality principals: 61% reported, 39% no barrier
- Limited supply of high-quality teachers: 60% reported, 40% no barrier
- District or state opposition: 58% reported, 42% no barrier
- Limited supply of high-quality CMO-level talent: 50% reported, 50% no barrier
- Principal/teacher burnout: 39% reported, 61% no barrier
- Opposition from teachers’ union: 33% reported, 67% no barrier
- Cap or moratorium on charters: 33% reported, 67% no barrier
- Opposition from local community group: 17% reported, 83% no barrier
"Will this model work for...30+ schools? I think the quality will take a dip....I don't think there are enough people out there." - COO
The Limits of Test Prep

“[This CMO] has gained some sense of success and notoriety doing things a certain way... What if those aren’t right, or what if those aren’t enough? .... One [student scored] 92\textsuperscript{nd} percentile ... on Stanford 10. But if you took his writing and compared it to an average kid at [a private school], no way. Not even close.” – CAO
Pressure to Grow

“Because we didn’t grow last year, funding was pulled. And [funder] was so disconnected from the reality of what was happening to our organization ... I'm not sure they're even aware of the implications of what they're doing.” – CEO
More than 1 in 5 (22%) non-unionized CMOs say unions are actively trying to recruit their teachers.
Roadmap

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- Converging CMO practices
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- Challenges
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Policy and Investor Actions Needed for More Effective CMO Scaling

• Incentives for more productive CMO/district collaborations, including turnarounds
• New CMO high school designs
• CMO models that employ technology to reduce labor costs
• Greater access to facilities, equal public funding
CMOs alone will not meet need for new and better schools

- *Optimistically*, CMOs in our study will only provide 336 more schools by 2015
- Less than a handful have indicated interest in school turnarounds or going outside their state
- Some CMO challenges may be endemic to the model
- Experimentation with alternative approaches to scale could compliment CMO growth
Next Steps for This Study

- Analyze teacher and principal surveys
- Estimate CMO achievement outcomes
- Explore relationships between CMO types and outcomes
- Provide detail on promising CMO practices
For a link to the *The National Study of CMO Effectiveness Interim Report* please visit [www.crpe.org](http://www.crpe.org)
Questions?

Raise your hand or enter your question in the chat box on the left side of your screen.
Guiding Questions

- What challenges and opportunities exist for charter management organizations (CMOs) in your state?
- Are there state or local policy barriers in your community that prevent CMOs from scaling up high-quality charter schools? If so, how can these barriers be overcome?
- What lessons can state and district policymakers in your community learn from this study when considering how to scale up high-quality charter schools?
Guiding Questions

- Are there examples of productive CMO—district collaborations in your community? If so, how could state or district leaders further encourage these collaborations?
- In what ways can state and district policymakers develop policies to ensure that charter schools are able to attract talented teachers and leaders to areas with the greatest need?
- How can CMOs and charter schools in your community utilize technology creatively to reduce costs?
Thank you for participating.

- We look forward to your participation in future webinars hosted by the National Charter School Resource Center.
- This webinar will be archived at the following website: www.charterschoolcenter.org/events (Click on “Past Events” at the left side of your screen.)
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