

National **Charter School** **Resource** Center

at LEARNING POINT ASSOCIATES

Welcome to the Webinar!

Charter Management Organizations: Innovations, Opportunities, and Challenges

We will be starting soon.



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The National Charter School Resource Center is funded by the U.S. Department of Education's Office of Innovation and Improvement and administered by Learning Point Associates under contract number ED-04-CO-0109/0004.



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October 27, 2010



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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**.

Presenter

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

	CMOs	Schools
Universe of CMOs	82	496
Fewer than four schools in 2007-08	30	79
Formerly for-profit	4	57
Serve unique student population (e.g., dropout recovery, special education)	3	35
Otherwise ineligible by Fall 2007	2	11
Included in this study	43	314

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

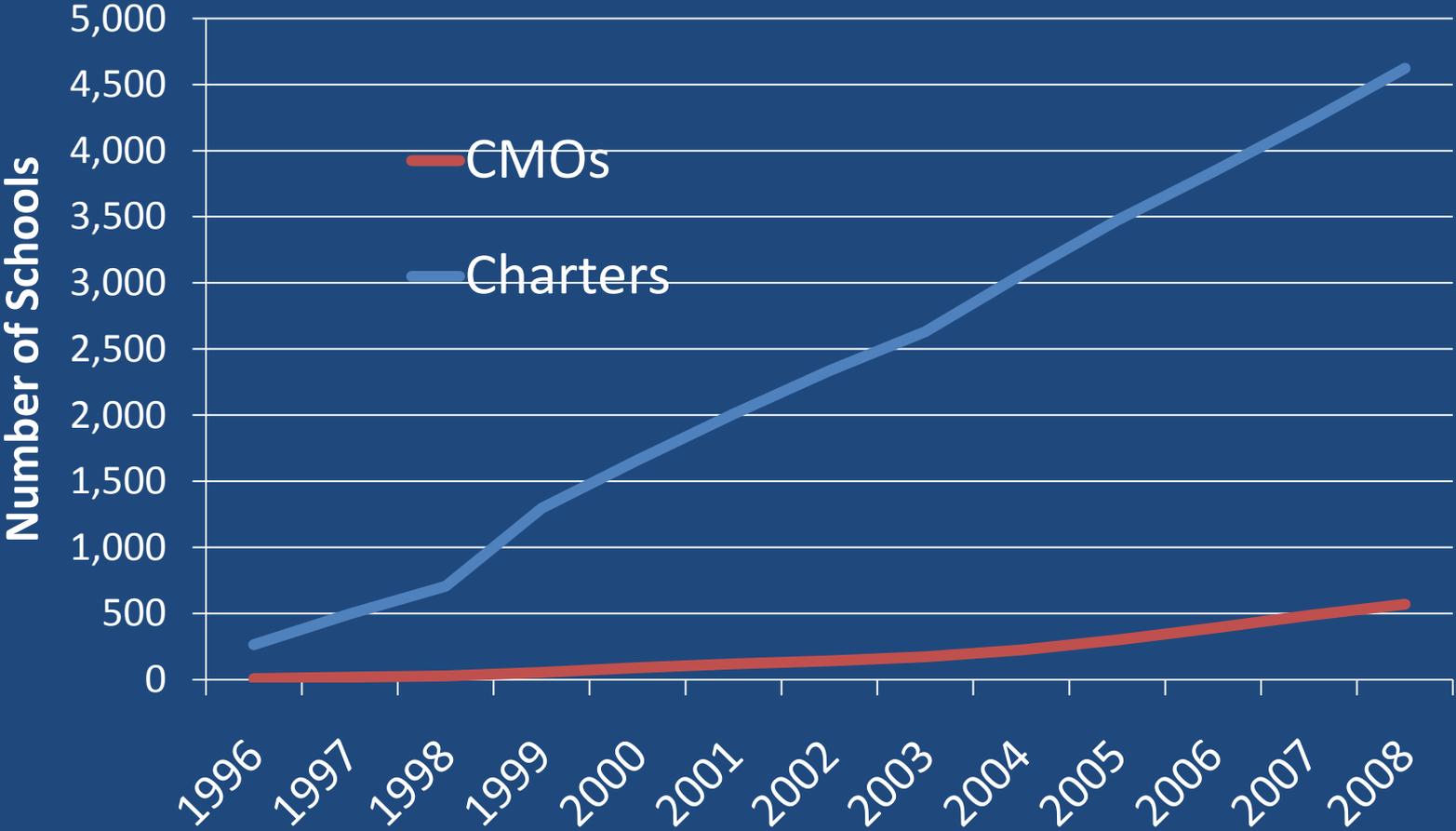
- Landscape
- How CMOs differ; where they converge
- CMOs and districts
- Challenges
- Recommendations

Roadmap

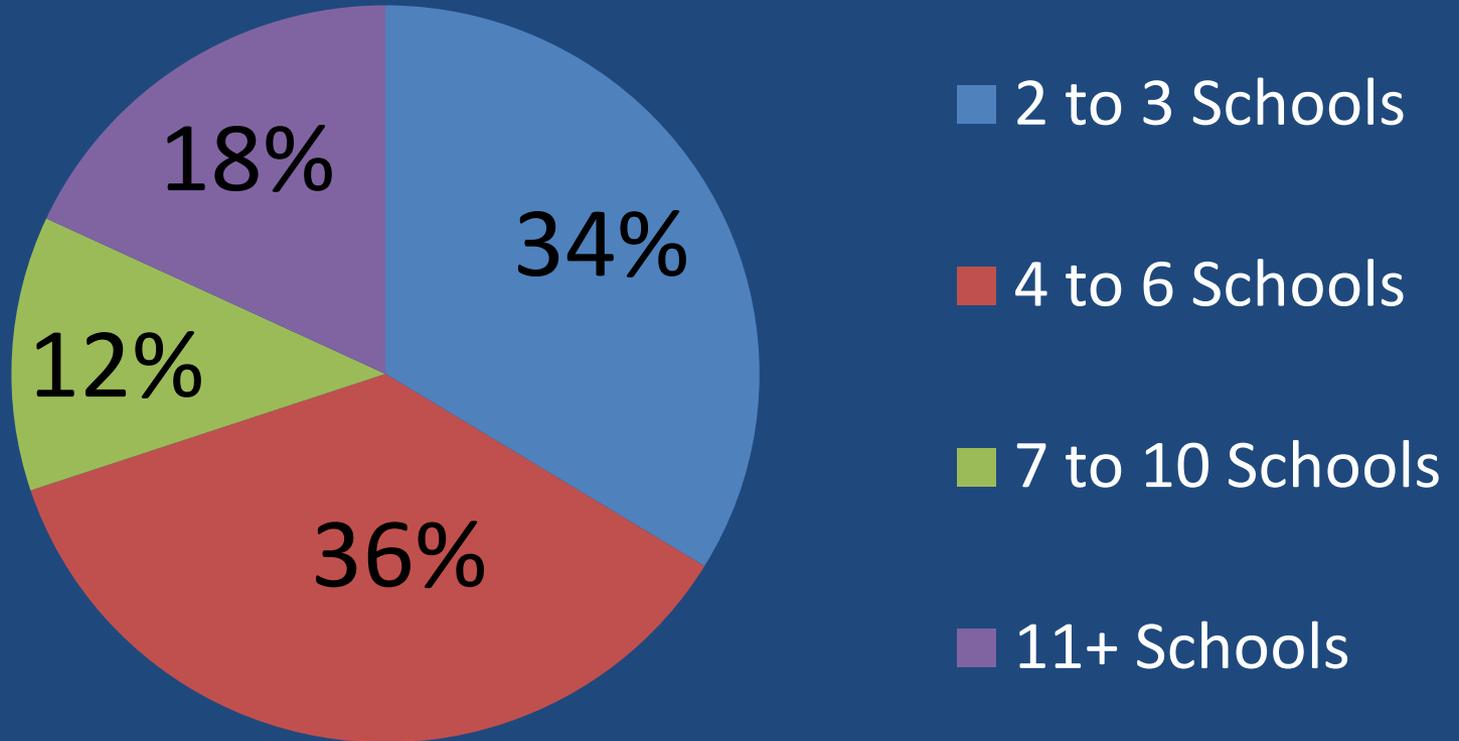
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CMOs Comprise Growing Share of All Charter Schools

CMO and Overall Charter Growth Since 1996



Most CMOs Are Small Organizations



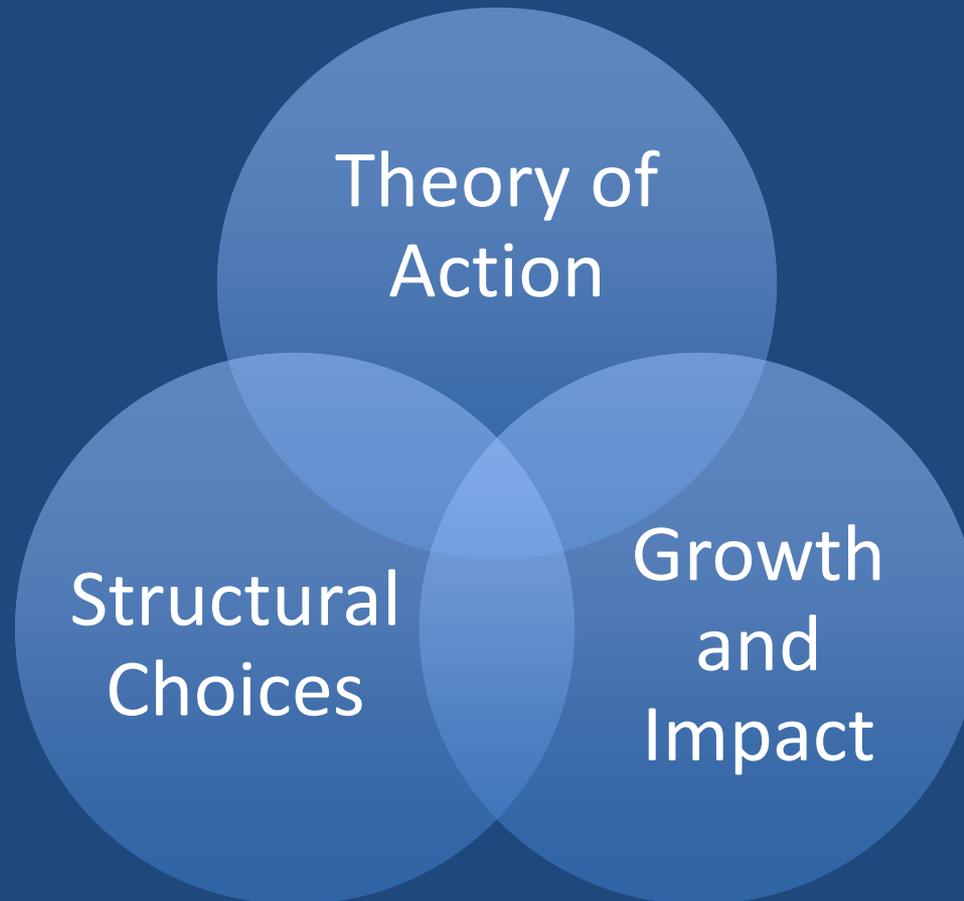
CMOs Try to Provide All School Supports

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

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CMOs are More Different Than People Think

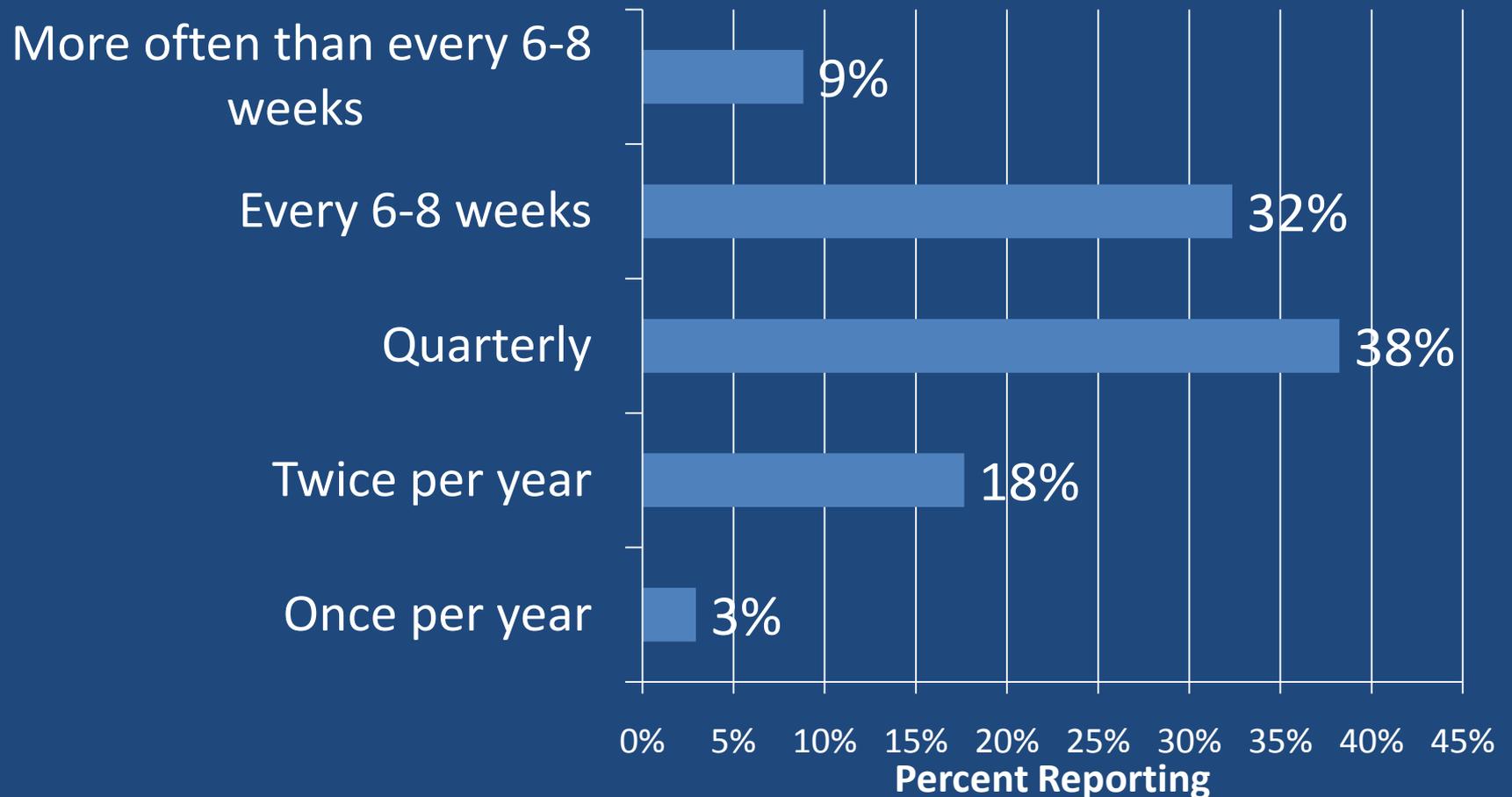


Theory of Action

	Most	Some
Educational design	Use a mix of strategies, but also have strong opinions	Follow one unifying approach
Focus on student behavior	Prioritize creating orderly schools	Employ a very specific behavioral system
Ethos of continuous improvement	Conduct ongoing organizational improvement and regular data analysis	Embrace an “Every minute counts” culture

Most CMOs Assess Students Quarterly, And 40% Assess More Often

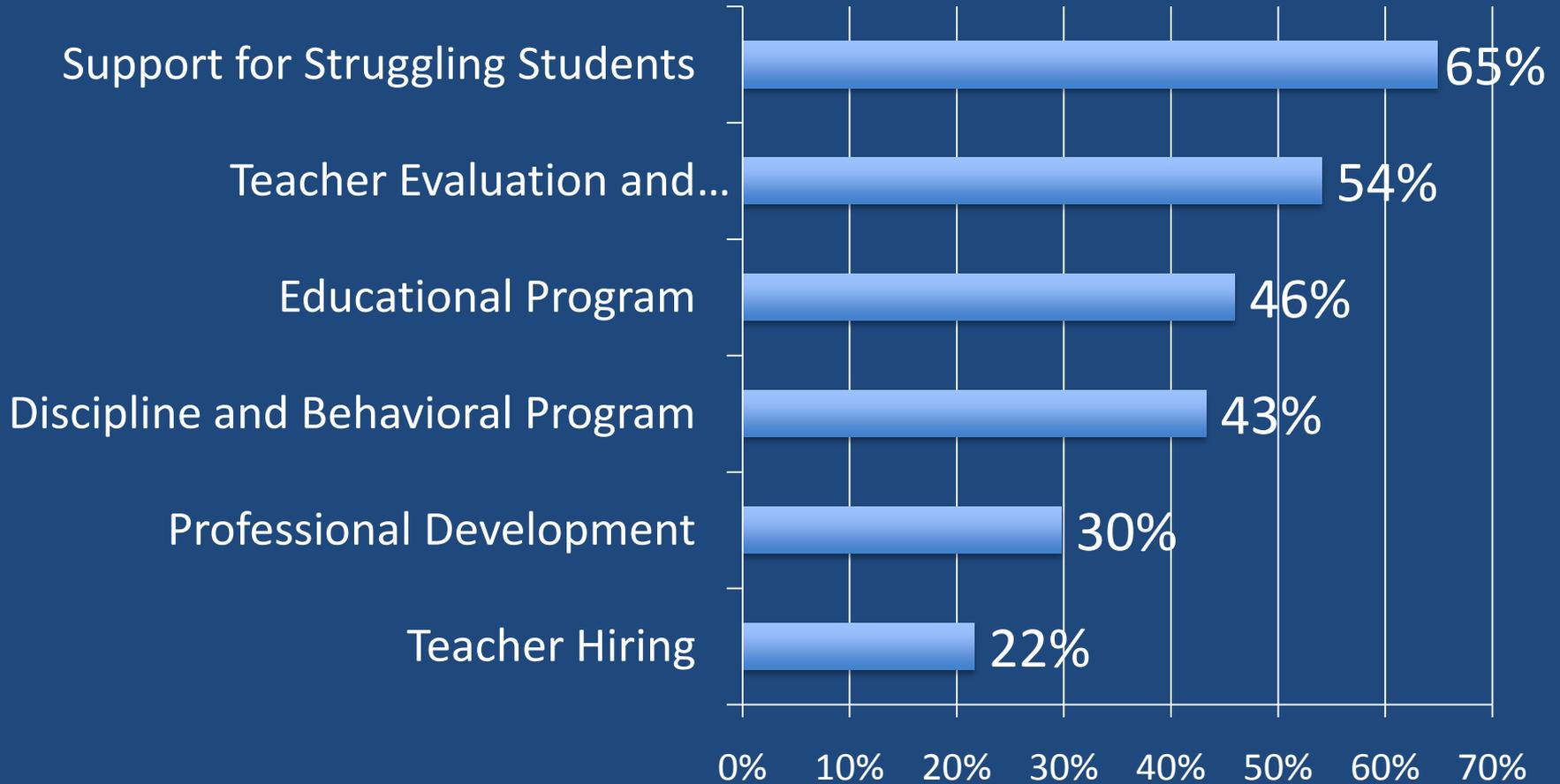
Frequency of interim assessment administration



Structural Choices

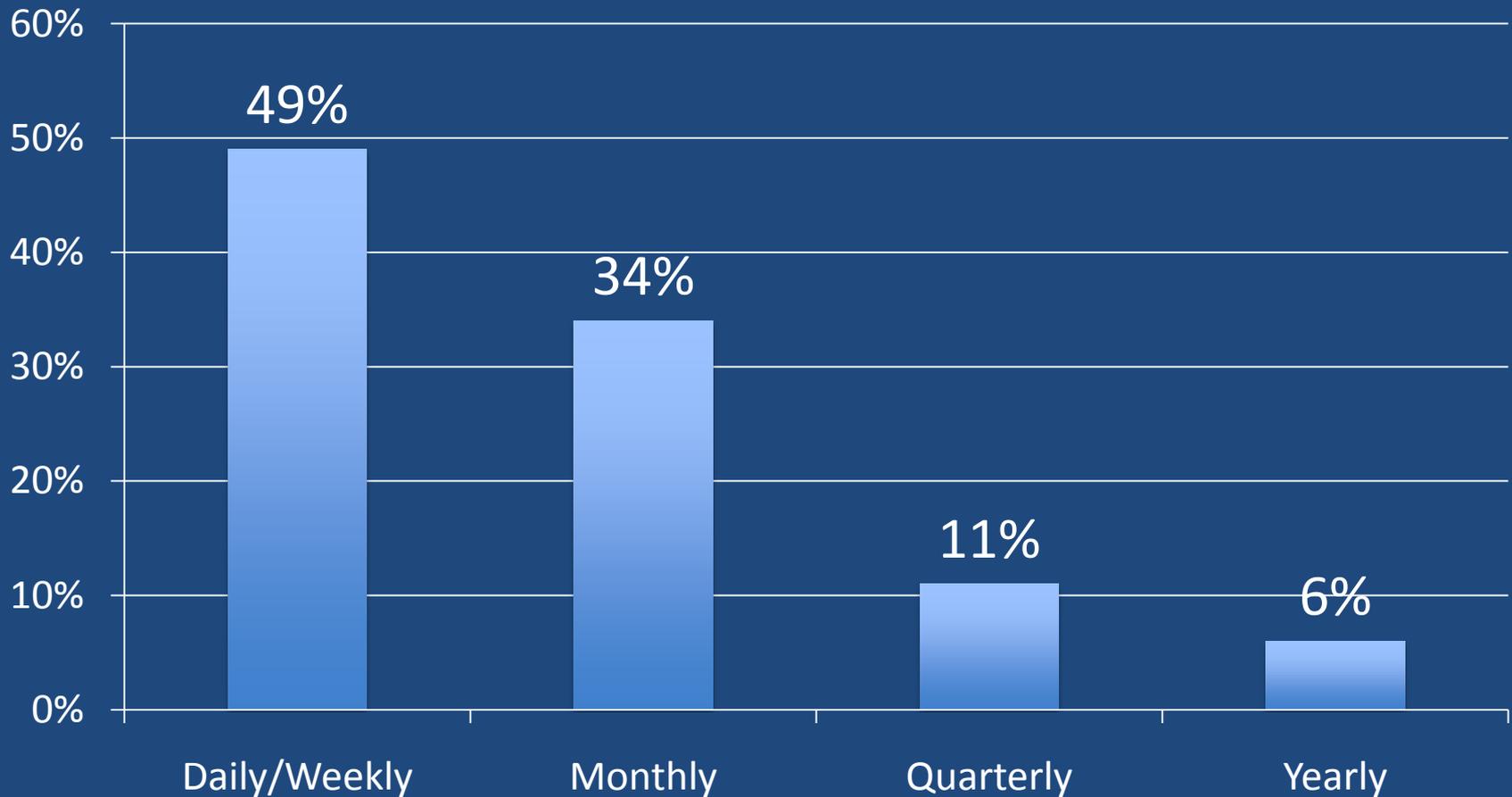
	Most	Some
Degree of centralization	Prescribe or centralize many functions	Defer to school and teacher judgment
Means of quality control	Visit and communicate with schools frequently	Manage via systems
Human Capital strategies	Emphasize hiring and developing local teachers who fit the mission	Follow a “great people” strategy, relying on sources like TFA

CMOs Are Most Prescriptive Around Student Support



Percent Reporting Decision Is Made at the Central Office

CMO Central Office Staff Are Commonly in Schools *Daily or Weekly*



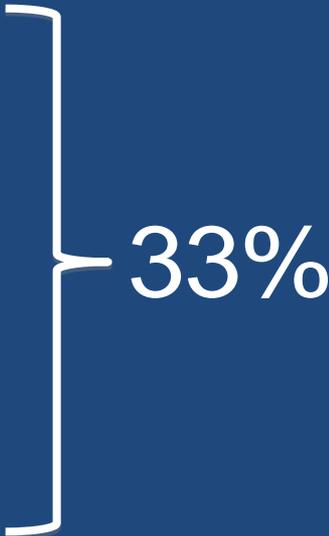
“Good to Great” vs. “Great People” hiring strategies

“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

Teacher Hiring Sources	Percentage of Teachers in CMO Schools
Other charter schools	10%
Teach for America Alumni	9%
Teach for America Corps	6%
Private or parochial schools	5%
Teaching Fellows or New Teacher Project	3%
Traditional education programs	29%
Local district schools	28%
Other staff source	10%

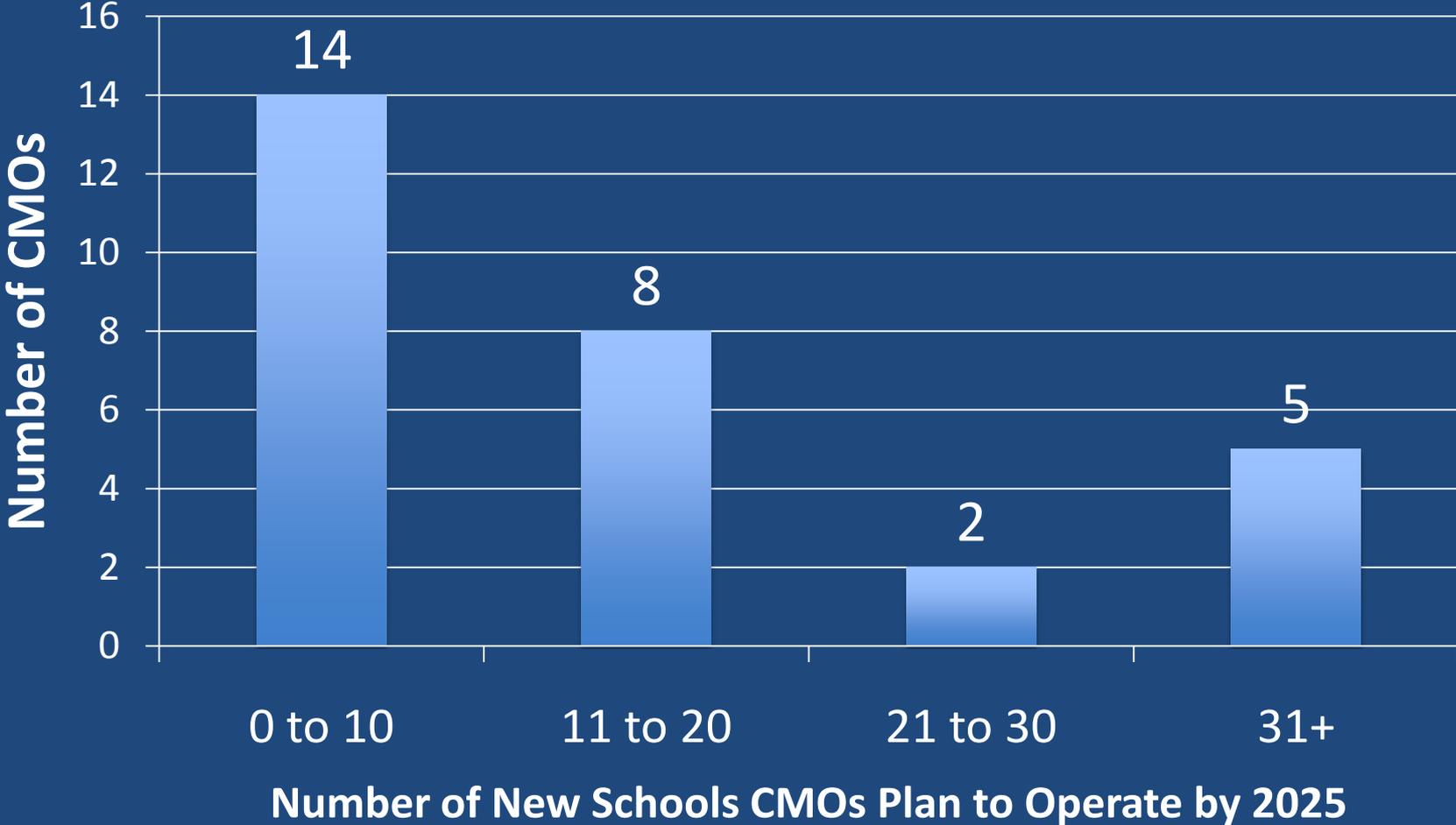


33%

Growth and Impact

	Most	Some
Pace of growth	Expand slowly until model is effective in multiple schools	Open multiple schools at once to reach scale
Hiring strategy	Seed new schools with DNA of experienced staff; internal career ladders	Staff schools with outside principal and teachers; provide training
Use of feeder schools	Open feeder schools to limit remediation	Expand and specialize in just one age cohort

Most CMOs Aim for Moderate Growth



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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

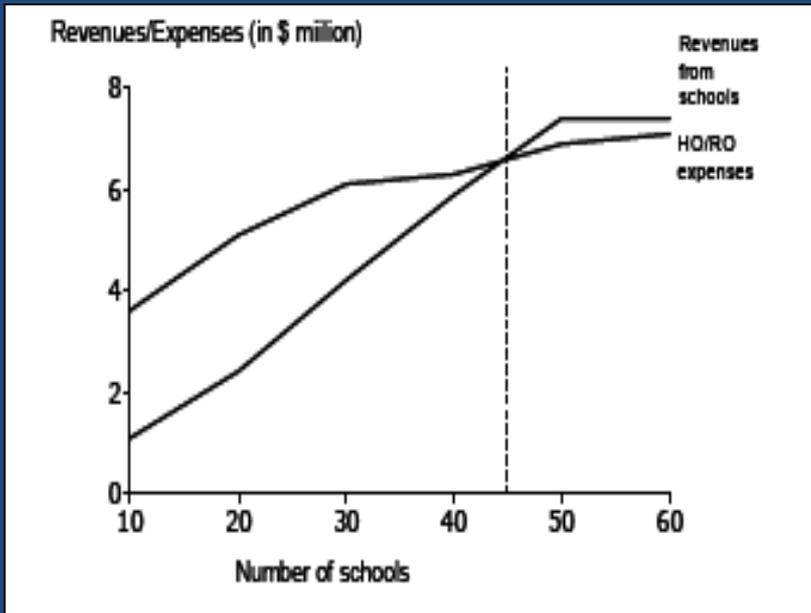
- Landscape
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What Keeps CMO Leaders Up at Night

- 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”

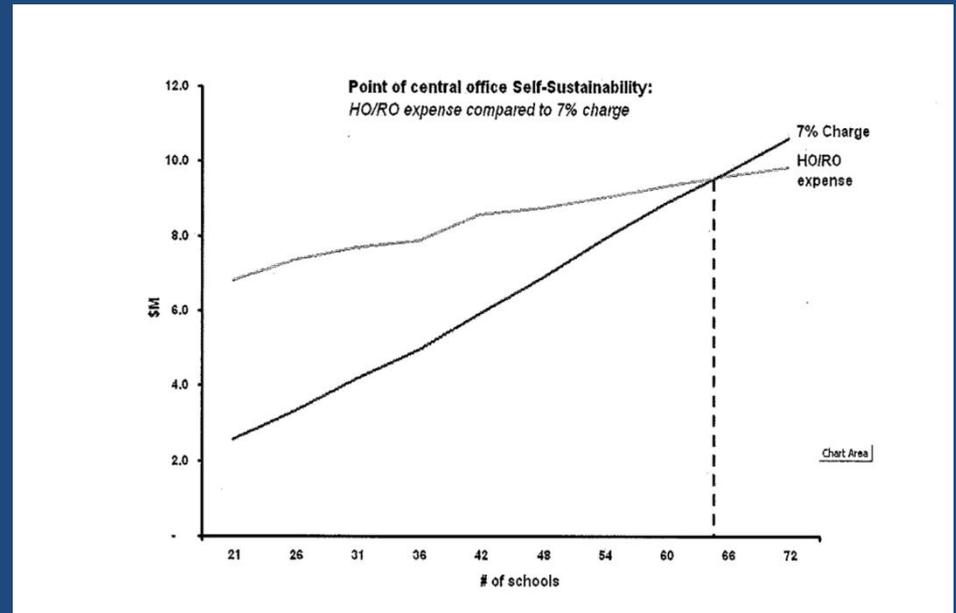
This CMO has increased its projected break-even point by 20 schools

2004 Business Plan



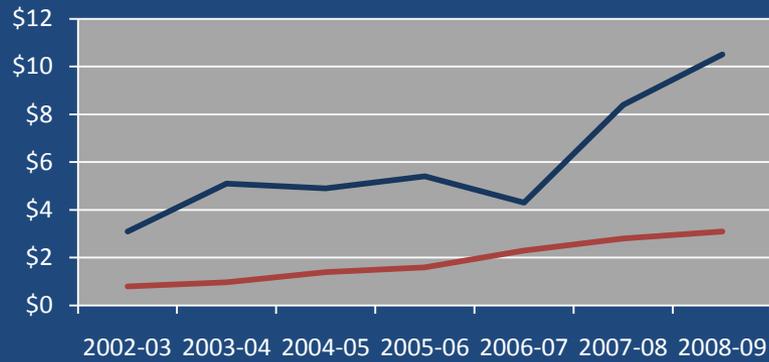
Estimated Break-Even Point
in 2004: 45 Schools

2007 Business Plan

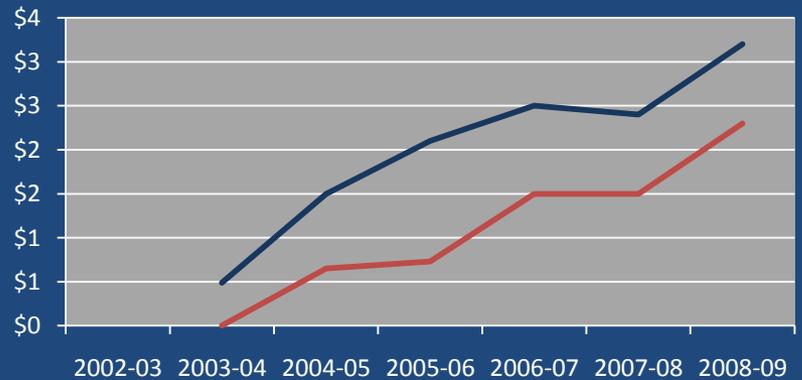
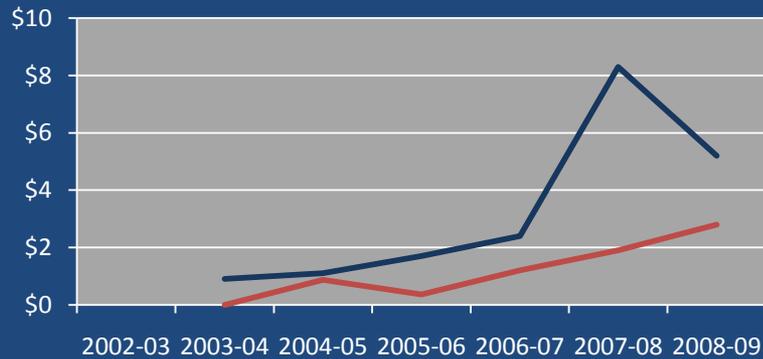
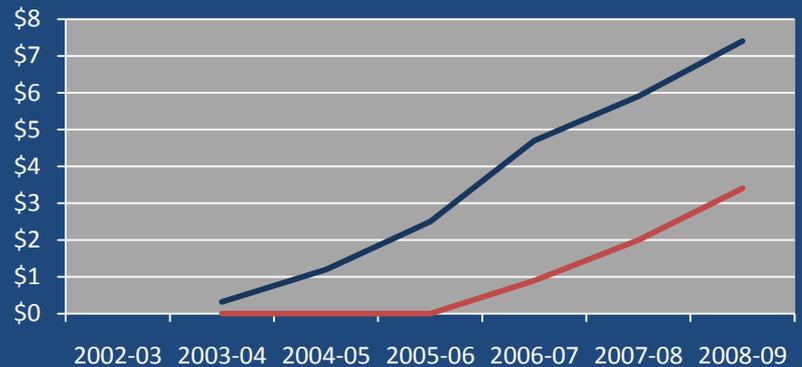


Estimated Break-Even Point
in 2007: 65 Schools

Four CMOs' Operating Costs and Fee Revenues, 2002-2009 (\$M)

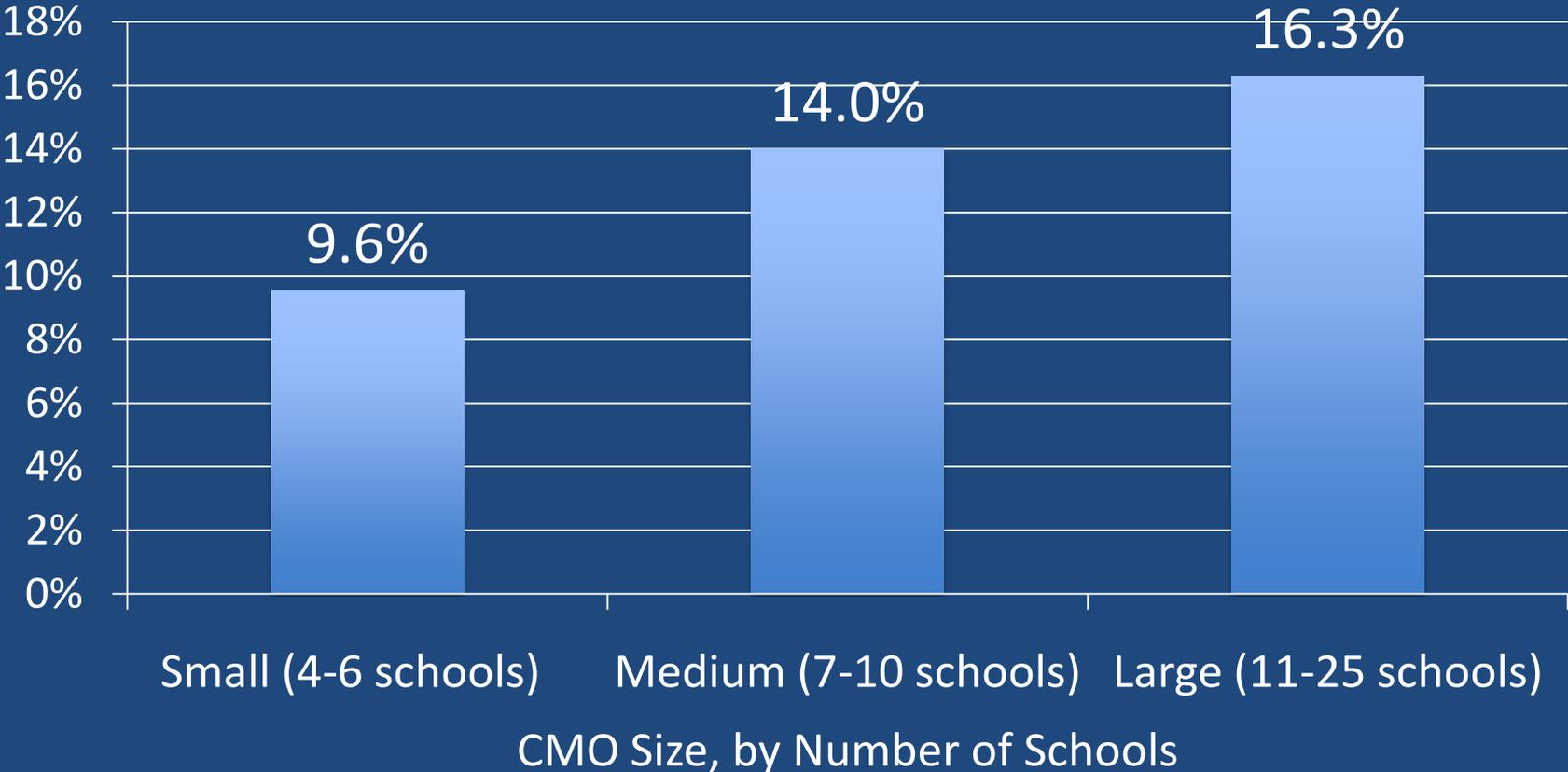


Legend:
■ Total Operational Spending
■ Total Revenues from Management Fees



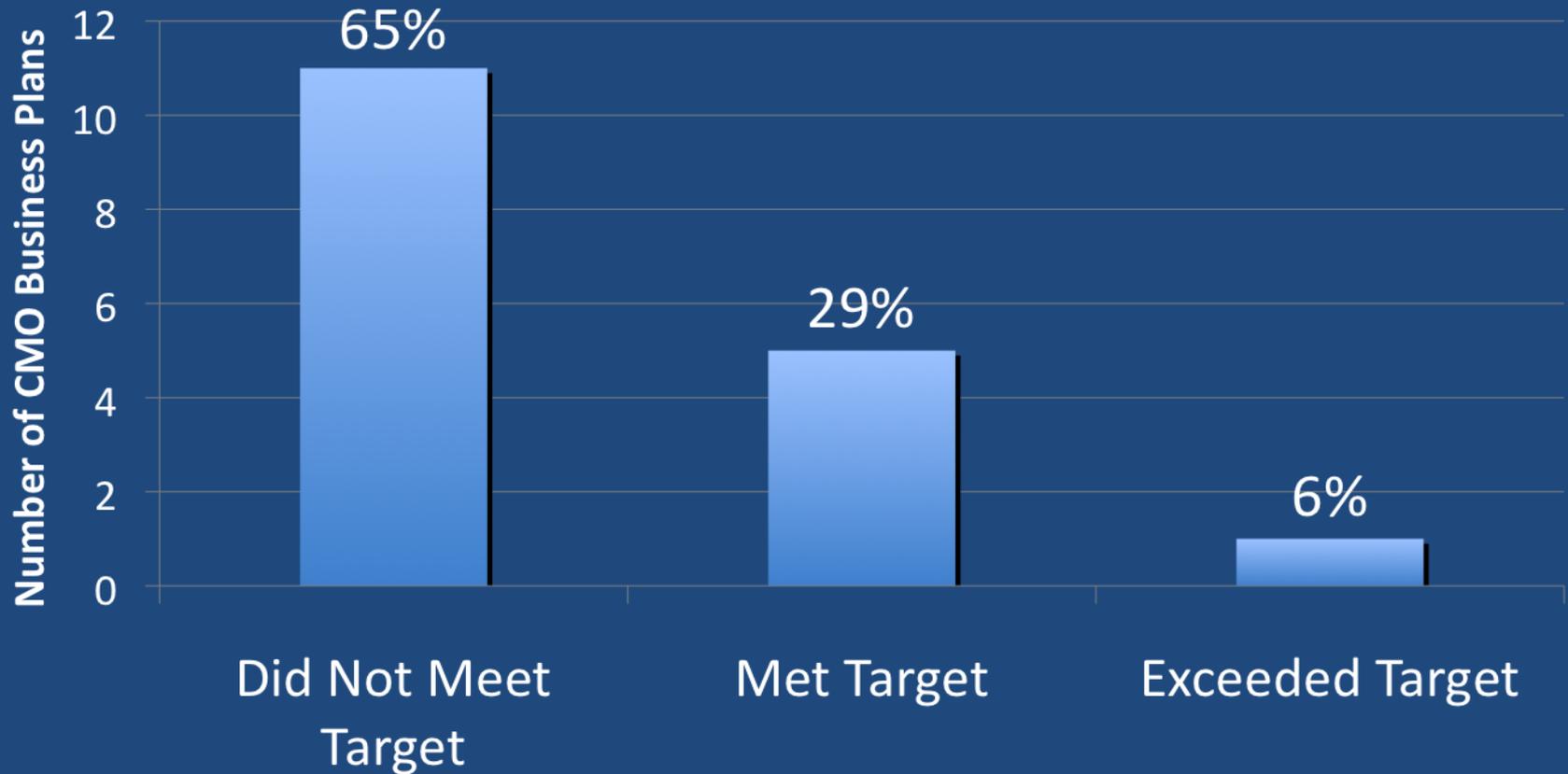
CMOs Rely Most on Philanthropy as They Grow Beyond 10 Schools

Reported % of CMO Budget That Comes From Philanthropy



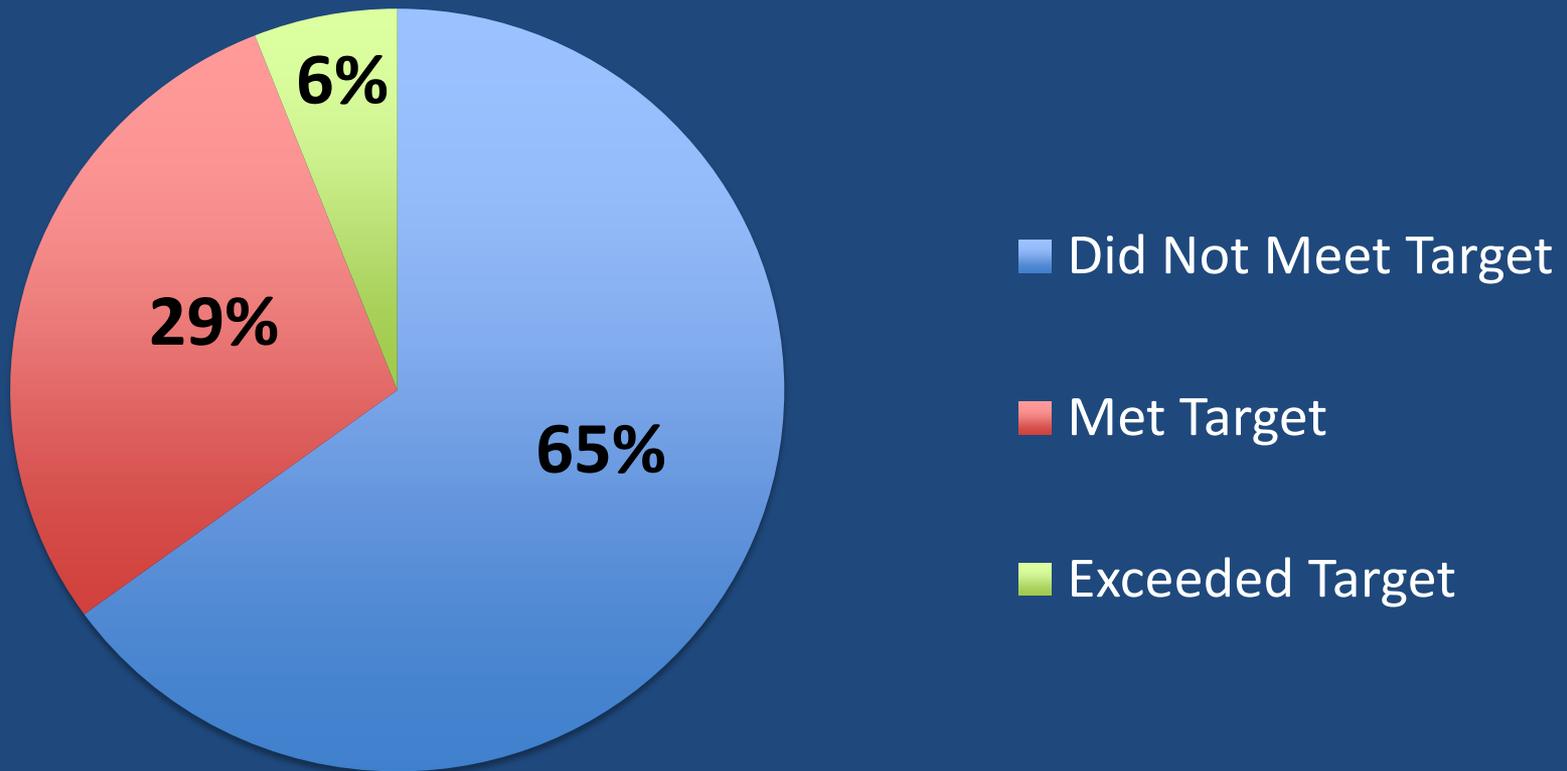
Growth Almost Always Slower Than Planned

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



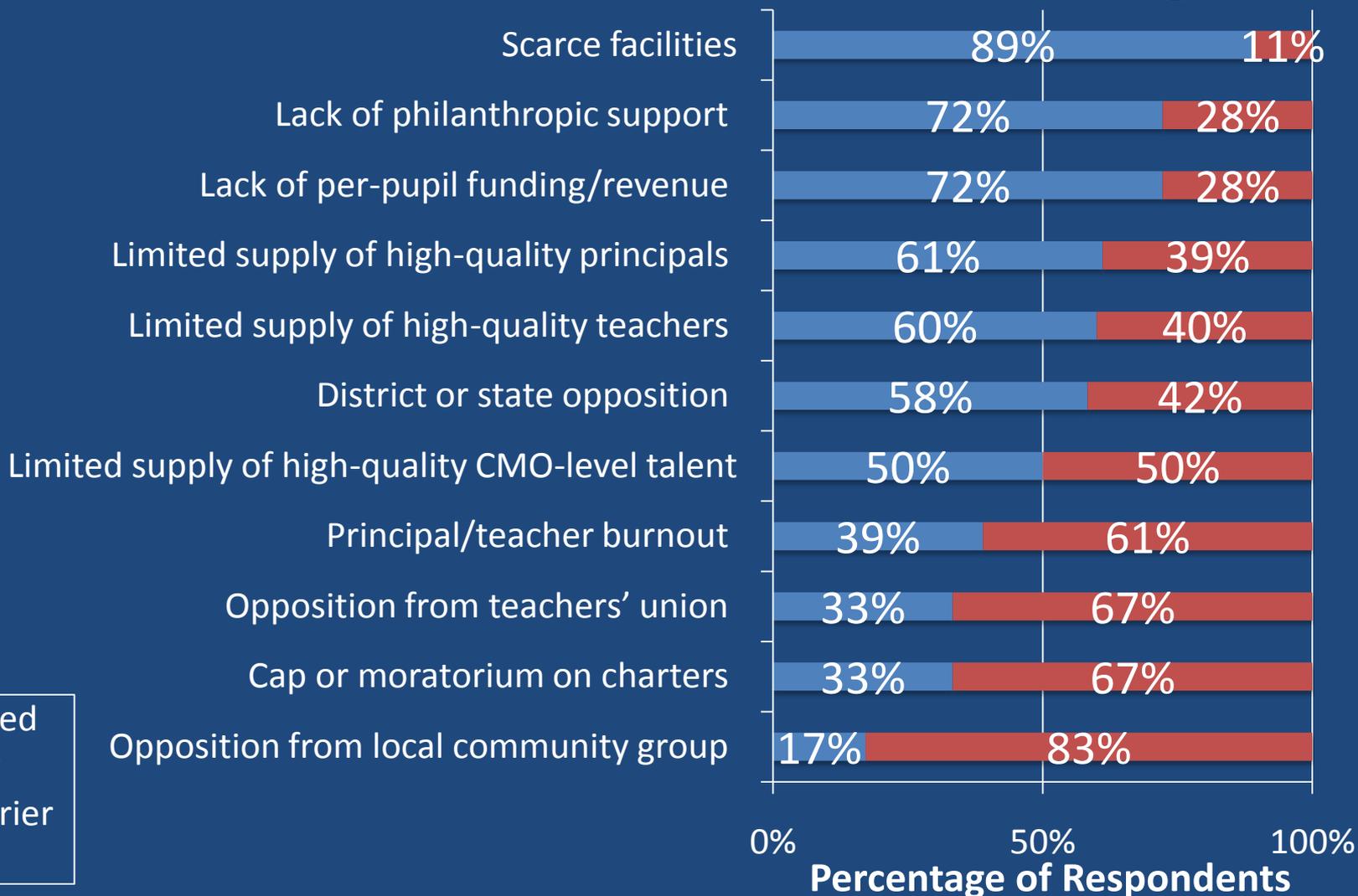
Most CMOs Have Not Met Initial Growth Targets

of CMOs that have met growth targets stated in business plans



Greatest Reported External Barriers to Growth Are Facilities and Funding

Barriers to Growth



"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

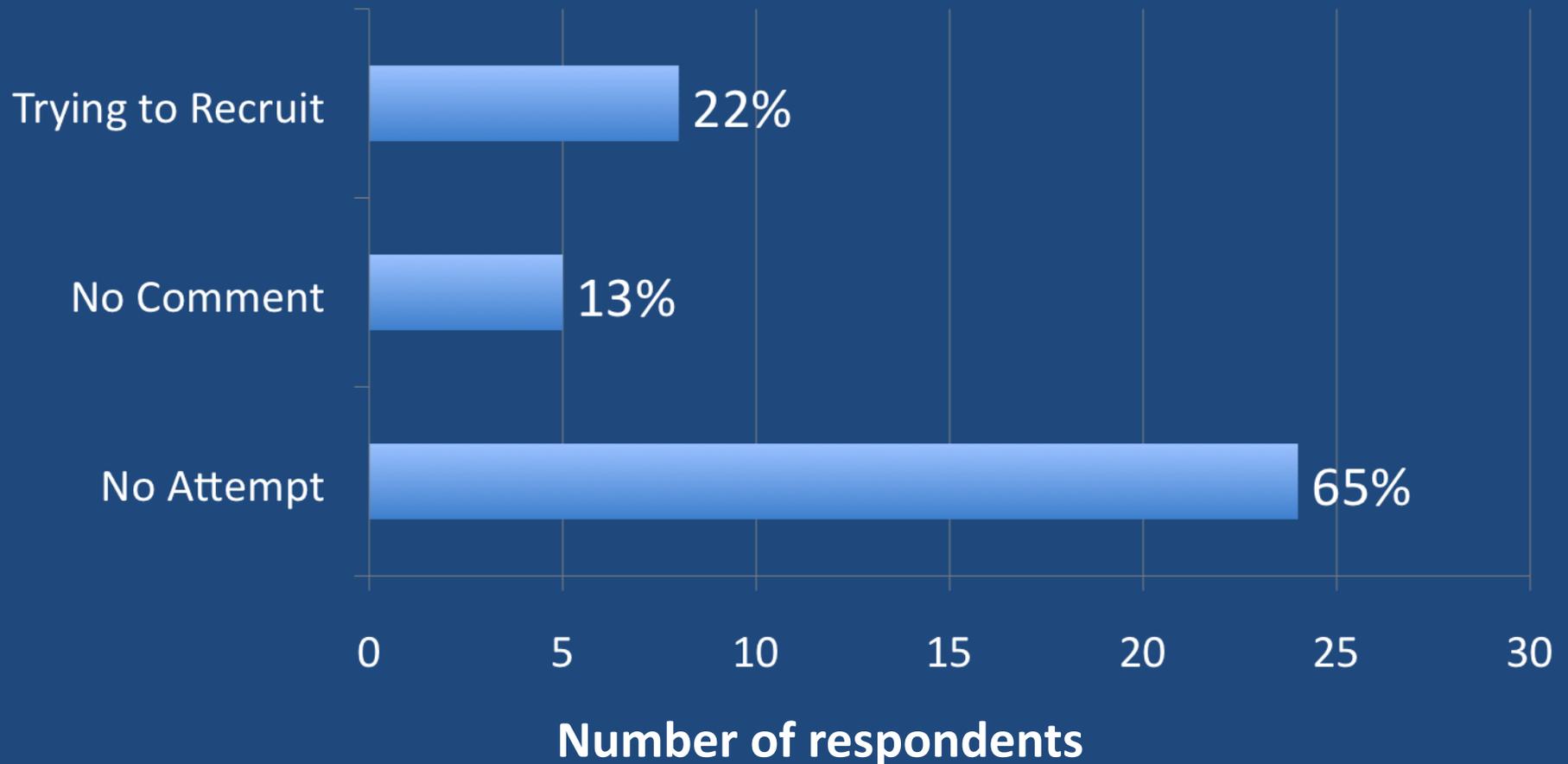
“[This CMO] has gained some sense of success and notoriety doing things a certain way... What if those aren't right, or what if those aren't enough? One [student scored] 92nd percentile ... on Stanford 10. But if you took his writing and compared it to an average kid at [a private school], no way. Not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

The Threat of Unions

More Than 1 in 5 (22%) Non-Unionized CMOs Say Unions Are Actively Trying to Recruit Their Teachers



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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

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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