
PRIVATE SCHOOL PIONEERS

Studying the Emerging Field of Private
School Management Organizations

Juliet **Squire**
Kelly **Robson**
and Andy **Smarick**

DECEMBER **2015**

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Executive Summary

The charter school sector has grown by leaps and bounds in recent years, propelled in large part by charter management organizations (CMOs) and education management organizations (EMOs), which operate one in three charter schools across the country. Meanwhile—due to financial constraints, human capital costs, and charter school competition, among other challenges—the number of urban private schools has declined precipitously.

Some private school leaders have taken note of CMO and EMO success and begun adapting the network model to the private school sector. These budding private school management organizations (PSMOs) are independent entities that operate or help operate three or more private schools. They are a potentially important innovation in the supply of private schools.

Yet virtually no research has been done on PSMOs. What are they? How do they differ from one another? What must be done if they are to become viable organizations capable of consistently generating diverse, high-quality options for families?

We set out to answer those questions. Through our research, we identified 14 PSMOs operating 134 schools and serving approximately 42,000 students. In the process, we identified five key dimensions that can distinguish different types of PSMOs. (See Table 1)

- Whether they operate new or existing schools
- Whether growth is aimed at the financial sustainability of existing schools or increasing their footprint
- The primary source of their funding (tuition, philanthropy, or public dollars)
- Their degree of independence from religious institutions
- Their degree of academic and operational centralization

Based on those five dimensions we were able to categorize PSMOs into three types:

Redemptive PSMOs include Catholic Partnership Schools, Faith in the Future Foundation, Independence Mission Schools, Jubilee Schools, Partnership Schools, and Drexel Initiative. These networks generally operate existing schools, prioritize financial sustainability, are either church-operated or church-affiliated, and tend to be operationally centralized but academically decentralized.

Expansion PSMOs include Blyth Academy, HOPE Christian Schools, LUMIN Schools, Thales Academy, and The Oaks Academy. These networks usually operate new schools, seek to grow the number of high-quality seats available to students, are either church-affiliated or fully independent from a religious institution, and are generally both academically and operationally centralized.

Hybrid PSMOs include Notre Dame ACE Academies, Cristo Rey, and Denver Street Schools. These networks share some similarities with both Redemptive and Expansion PSMOs but have distinctly innovative elements to their models.

All told, these PSMOs still make up less than 1 percent of the nation's private school enrollment, which, in turn, makes up just 9 percent of the school-aged population in the United States. Fledgling, promising, but little understood, PSMOs deserve greater attention. This paper aims to begin that work. Social entrepreneurs, practitioners, policymakers, advocates, philanthropists, and others who see potential in PSMOs can play a role in creating an environment where PSMOs may demonstrate proof of concept, expand, evolve, and ultimately help meet America's need for a diversity of high-quality schools. With this in mind, we offer several recommendations.

Recommendations

There is much more to learn about these organizations, especially as the field grows and

TABLE 1 Categorized Sample PSMOs

	Type of Schools	Growth	Primary Funding	Church Relationship	Centralization	
					Academic	Operational
Blyth Academy (Washington, D.C.)	new	footprint	tuition	independent	low	high
Catholic Partnership Schools (Camden, NJ)	existing	sustainability	philanthropy	church-affiliated	high	high
Cristo Rey (Multiple Cities)	new	footprint	other	church-affiliated	high	low
Denver Street Schools (Denver)	new	footprint	philanthropy	independent	low	high
Drexel Initiative (San Jose, CA)	existing	sustainability	tuition	church-operated	low	high
Faith in the Future Foundation (Philadelphia, PA)	existing	sustainability	tuition	church-affiliated	low	high
HOPE Christian Schools (Milwaukee and Racine, WI)	new	footprint	public	independent	high	high
Independence Mission Schools (Philadelphia, PA)	existing	sustainability	blend	church-affiliated	low	high
Jubilee Schools (Memphis, TN)	both	sustainability	philanthropy	church-operated	low	high
LUMIN Schools (Milwaukee and Racine, WI)	both	both	public	independent	high	high
Notre Dame ACE Academies (Tucson, AZ; St. Petersburg and Orlando, FL)	existing	sustainability	blend	church-affiliated	low	high
Partnership Schools (New York, NY)	existing	sustainability	philanthropy	church-affiliated	high	high
Thales Academy (Apex, Raleigh, Rolesville, and Wake Forest, NC)	new	footprint	tuition	independent	high	low
The Oaks Academy (Indianapolis, IN)	new	footprint	blend	independent	high	high

diversifies. Researchers should study and report on numerous aspects of PSMOs. Topics include, but are not limited to: how a common culture is built across PSMO schools; the nuances of the PSMO-church relationship; PSMO finances; and, most importantly, student outcomes.

The field of PSMOs would benefit from more access to publicly funded private school choice programs. Such programs would enable more students to access those schools, help new schools start and enable successful schools to expand, help diversify the kinds of PSMOs available, ensure schools have sufficient operating funds to provide high-quality programming, and more.

A number of other issues are also important to the growth of various PSMO types.

Redemptive PSMOs

- Redemptive PSMOs and churches should ensure that contractual agreements and/or memoranda of understanding include clear divisions of responsibility and explicit expectations for financial, operational, and academic outcomes.
- Redemptive PSMO leaders interested in centralizing their academic programs should proceed with caution. Catholic schools' long history of independence may make this a challenging change management proposition. Moreover, school-level autonomy—and all it entails and produces—may have been key to past success.

- Donors should not shy away from funding annual scholarships or other year-after-year expenses for high-quality PSMOs.
- Redemptive PSMOs should consider whether to diversify their portfolios to include new-start schools (instead of just existing schools).
- Philanthropists, business leaders, and civic leaders across the country should consider whether a Redemptive PSMO could help sustain and improve existing schools in their communities.

Expansion PSMOs

- Advocates and policymakers should work to broaden eligibility requirements for public programs and ensure that new Expansion PSMO schools are immediately able to participate in them.
- Philanthropies should support high-quality Expansion PSMOs by providing start-up dollars, similar to how many funders currently provide grants to support the replication of high-quality charter schools.

Hybrid PSMOs

- Hybrid Networks remind us that the field of PSMOs is nascent and evolving quickly. Policymakers, analysts, and philanthropists should not jump prematurely into “best practices.” PSMOs provide an opportunity to explore new ideas; space should be protected for them to continue doing so.

This report is among the first efforts to understand the landscape of PSMOs. We hope that education researchers, analysts, philanthropists, and policymakers will be intrigued by what we’ve learned so far, share our excitement about the potential for this new field, and decide to explore PSMOs as viable and valuable options for families.

Part I: Introduction

The ability of school choice to improve student outcomes is based on a productive interaction between demand (families' desire to choose from among educational options) and supply (the availability of such options). As parents seek options for their children, the logic goes, schools will seek to meet their needs and preferences.

A great deal of evidence demonstrates that demand for a variety of school choices is strong, especially in urban areas. In 2014, more than one million students were on charter school waitlists.¹ The number of students participating in publicly funded private school choice programs increased from 7,000 in 1991 to a projected 337,000 in 2015.² Fourteen cities have more than 30 percent of students enrolled in charter schools today.³ Last year, 11 cities had charter school market share increase 20 to 40 percent in a single year.⁴ In many high-choice cities, common-enrollment systems and better school-level information are helping parents navigate robust choice marketplaces.

Charter schools are driving much of this change. Charter enrollment grew 74 percent between 2009 and 2014 and has now reached an estimated 2.5 million students, propelled by charter management organizations (CMOs), such as Knowledge is Power Program (KIPP), Aspire, Uncommon Schools, and Success Academies, and their for-profit counterparts: education management organizations (EMOs).⁹ CMOs and EMOs have been able to replicate and now operate one in three charter schools across the country.¹⁰

However, the supply of urban private schools has declined precipitously since 1965, mostly due to the closure of Catholic schools.¹¹ The expansion of publicly funded choice programs has fueled the growth of private school supply in isolated pockets across the country, but numerous challenges—such as fewer urban families able to pay tuition, the increasing costs of human capital, and competition from charter schools—have challenged the financial viability of this sector.

Private Schools In Developing Countries

Although our report focuses on domestic private schools, an international phenomenon deserves mention. Private schools are burgeoning in poor areas of many developing countries such as India, Nigeria, and Ghana. James Tooley, a professor of education at the University of Newcastle, has studied these schools for 15 years and found they are increasingly popular among families who are highly dissatisfied with public options or who do not have access to public options.⁵ Described in a 2007 article in *The Atlantic*, the schools Tooley visited were often small and under-resourced, “sometimes occupying a single classroom, staffed in some cases by just the teacher-proprietor and an assistant. Yet they were busy—crowded with eager pupils—and the teacher was actually teaching.”⁶ In the slums of Lagos, Nigeria, Monrovia, and Liberia, at least seven out of 10 children have chosen private over state-run schools.⁷

Some researchers argue the evidence for the effectiveness of these schools is inconclusive, but Tooley is more optimistic.⁸ In 2008, he launched a chain of low-cost private schools in Ghana. It is still far from clear whether the US private-school sector will serve as a similar engine for educational options for low-income urban families. PSMOs may help answer that question.

Some private school leaders are taking note of the success of CMOs and EMOs and have begun adapting the network model to the private school sector—both to sustain existing schools and create new schools. (In 2014, we explored what private schools might adopt from the charter sector in *The Chartered Course: Can Private School Choice Proponents Learn from the Charter School Sector?*¹²)

We define these private school management organizations (PSMOs) as independent entities

that operate or help operate three or more private schools. They are a nascent and potentially powerful innovation for urban school systems.

Discussions of the supply of private schools often intersect with debates about publicly funded private school choice programs. That policy conversation is important and, indeed, we find that many PSMOs that operate without publicly funded programs must rely heavily on a challenging, year-after-year quest for philanthropic support. However, public funding is not the central focus of this report. Our goal here is to understand the landscape of PSMOs and their potential to expand the options available to low-income families in urban areas.

Though a few emerging private school networks have received some attention, PSMOs have never been closely examined or compared. In the pages that follow, we seek to address the following questions: What are PSMOs? How do they differ from one another? What must be done if they're to become viable organizations capable of consistently generating diverse, high-quality options for families?

First, we briefly review the trends in school choice participation and the potential value of private school options. We then suggest a typology for

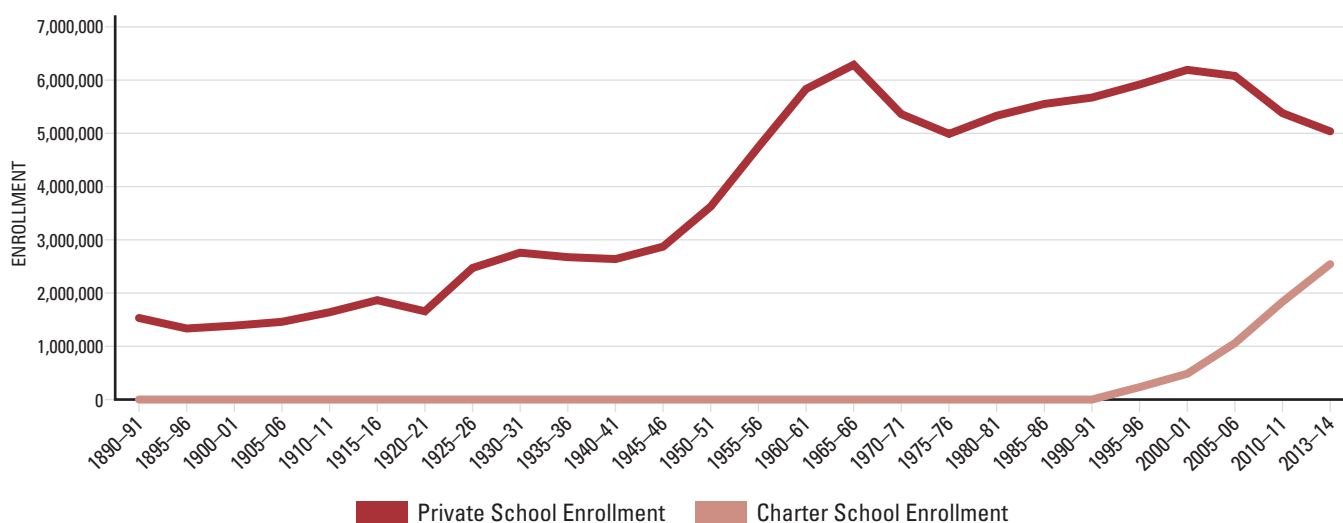
understanding different kinds of PSMOs and analyze the categories of networks that emerge. We end by offering recommendations for exploring and investing in their quality and growth.

School Choice Participation Trends Across Sectors

Despite the surging growth of the charter sector and the precipitous closure of private schools, private schools still enroll more than twice as many students as charters.¹³ This is because while charter schools are a relatively new entrant into the supply-side of school choice (the first charter school opened in Minnesota in 1992), private schools have played a significant role in the provision of education in the United States since before its founding.

Enrollment in private schools increased dramatically beginning in the early 20th century. Between 1890 and 1965, the number of students enrolled in private schools increased from 1.5 million to 6.3 million nationwide—largely due to the proliferation of Catholic schools.¹⁴ Private school enrollment in the U.S. reached an all-time high of 6.3 million students during the 1965–66 school year.¹⁵

FIGURE 1 Enrollment Growth in Private and Charter Schools, 1890–2014



Sources: Thomas D. Snyder, ed., *120 Years of American Education: A Statistical Portrait*, NCES 93442 (Washington, DC: US Dept. of Education, National Center for Education Statistics), pp. 36-37, table 9, <http://nces.ed.gov/pub93/93442.pdf>; National Center for Education Statistics, "Elementary and Secondary Schools: Private Schools," accessed Aug. 1, 2015, http://nces.ed.gov/programs/digest/mobile/Enrollment_ES_Private_Schools.aspx; National Alliance for Public Charter Schools, "Dashboard: Total Number of Students," accessed Sept. 15, 2015, <http://dashboard.publiccharters.org/dashboard/students/page/overview/year/2014>.

But about 50 years ago, Catholic school supply started to wither. Between 1960 and 1970, more than 1,500 Catholic schools closed.¹⁶ While the number of secular private schools increased overall between 1970 and 2000, enrollment in Catholic and other faith-based urban schools (primarily serving at-risk students) continued to decline. By 1990, there were approximately 2.5 million students in Catholic schools, less than half the number enrolled just 30 years prior.¹⁷ And between 2005 and 2015, 21 percent of Catholic schools were reported closed or consolidated.¹⁸

Between 2007 and 2013, enrollment in private schools fell from 5.9 million to 5 million.¹⁹ In 2013–14, NCES projected that just 9 percent of students were enrolled in private schools—the lowest since the late 1930s.²⁰ Since 1997, the percentage of city-based private schools fell from 39 percent to 32 percent of all private schools.²¹

Since 1992, the charter sector has grown by leaps and bounds. Between 1999 and 2014 the average annual growth rate in the number of charter schools in operation nationally was approximately 11 percent, increasing from just over 1,500 to a projected 6,500 schools.²² According to the National Alliance of Public Charter Schools (NAPCS), charter school students accounted for approximately 5 percent of public school students nationwide during the 2013–14 school year.²³

Charter schools can offer families a tuition-free alternative to local district schools. Private schools, once the only district-school alternative, often still have a price tag for families and can lose enrollment as a result.²⁴ It is estimated that in large urban areas as many as 32 percent, 23 percent, and 15 percent of charter elementary, middle, and high school enrollments, respectively, are drawn from private schools.²⁵ Currently 42 states and the District of Columbia have a charter school law,²⁶ compared to 28 states and the District of Columbia, which have publicly funded private school choice programs.²⁷

In recent years, CMOs have been the primary drivers of growth in the charter sector. At the beginning of the 2007–08 school year, for example, less than 22 percent of all charter schools nationally were affiliated with a

CMO or EMO. Just three years later, in 2010–11, nearly 33 percent of charter schools were operated by either a CMO or an EMO.²⁸

There is no one definition of a CMO, but they are generally understood as networks of schools that are managed by a central office, which provides shared academic, human capital, back-office, operational, and/or financial services to the schools in their portfolios.²⁹ Done right, the network model provides economies of scale. A “home office” can centralize hiring, fundraising, messaging, and partner engagement; negotiate lower prices; manage the creation of new schools; and much more. This frees principals and teachers from countless administrative responsibilities, enabling educators to focus on student learning.³⁰ Multi-school networks also provide an opportunity to evaluate quality across multiple campuses with a greater volume of data and to provide staff with quality professional development and opportunities for sharing best practices.

The Value Proposition of Private Schools

Many proponents of public school choice (via charters) question the importance of preserving and expanding private school options. Why not just create more charter schools? There are three assumptions baked into this question that deserve to be challenged. The first assumption is that the growth of school options—public or private—is a zero sum proposition. In fact, charters alone may not meet the demand among low-income students for high-quality schools. Demand in many cities across the country is sufficiently strong to support growth in both sectors.

The second assumption is that charter schools and private schools are interchangeable. However, charter and private schools often operate under varying constraints and have different levels of autonomy through which to design and implement educational programming—the ability of private schools to provide religious education is one important differentiator.³¹ It is not at all clear that the expansion of charter schools will meet families’ demands for particular educational programs.

The third assumption is that opening a new charter school is more practical or efficient than opening a new private school or sustaining an existing private school. However, launching a new high-quality charter school requires significant start-up funding and may prove to be a less certain enterprise than supporting and sustaining an existing high-quality private school. Further, many private schools have operated in communities for generations and have accrued social capital that may be impossible to transfer to or replicate in a new school.

These factors likely contribute to private school choice proponents' concern about the decline of faith-based urban schools. As Mike Petrilli, now president of the Thomas B. Fordham Institute, lamented in a 2008 interview with NPR, "Inner-city Catholic schools have a long record of doing a great job educating poor and minority children. ... [A]t the same time that we're working very hard on turning around failing public schools and creating new good schools in the inner city, we have good schools in the inner city that are closing down."³²

As Rev. Timothy R. Scully, CSC, the founder of the Alliance for Catholic Education at the University of Notre Dame and the Director of Notre Dame's Institute for Educational Initiatives has explained, "Across the country, we see so much evidence that faith-based schools are indispensable instruments of both intellectual formation and social transformation. These schools truly are sacred places serving a valuable civic purpose, and we owe it to our communities and our children to do whatever it takes to support their revitalization."³³

Certainly not all private schools are successful. But a significant body of research makes a compelling case for the strength of Catholic schools serving low-income populations. Two books published in the early 1980s argued that the most positive impacts of Catholic high schools occur for the most disadvantaged youth.³⁴ In the 1990s, *Catholic Schools and the Common Good* by Anthony Bryk and colleagues suggested that the benefits Catholic schools provided for low-income youth could be attributed to the social capital existing

in those schools, rather than to superior human capital, more well-off student populations, or other measurable factors.³⁵ More recently, *Lost Classroom, Lost Community: Catholic Schools' Importance in Urban America*, a book by University of Notre Dame scholars Margaret F. Brinig and Nicole Stelle Garnett, bolstered Bryk's findings, suggesting that Catholic schools promote the development of social capital in the communities in which they are located, and that closure of urban Catholic schools leads to "disorder, crime, and an overall decline in community cohesiveness."³⁶

Researchers have also analyzed the impact of private school vouchers in multiple cities, including Milwaukee, Wisconsin and Washington, D.C. For example, Dr. Patrick Wolf from the University of Arkansas led an evaluation of the D.C. Opportunity Scholarship Program in 2010 and found that while the program had no discernable effect on student achievement, voucher students had a greater likelihood (21 percentage points) of graduating from high school.³⁷

Wolf also completed an evaluation of the Milwaukee Parental Choice Program (MPCP) in 2012 and found that "enrolling in a private high school through MPCP increased the likelihood of a student graduating from high school, enrolling in a four-year college, and persisting in college."³⁸ Also in 2012, Matthew Chingos, then at the Brookings Institution's Brown Center on Education Policy, and Paul Peterson, a professor of Government at the Harvard Kennedy School, analyzed the longer-term outcomes of low-income, minority students who were offered a voucher to attend private elementary schools in New York City. While they found no positive impacts for students overall, they did find that African American students were 24 percent more likely to enroll in college.³⁹

Finally, William H. Jeynes of California State University at Long Beach conducted a meta-analysis of 90 studies examining the effects of schools and found that students who attend private religious schools were nearly 12 months ahead academically compared to their district school peers. When controlling for

socioeconomic status, race, and gender, these students still have an advantage of nearly seven months. Further, Jeynes found that the achievement gap in faith-based schools (as measured by both race and socioeconomic status) is about 25 percent narrower than in public schools.⁴⁰

This research is not unchallenged. Others have argued the higher performance of private school students can be explained by demographic differences. Christopher Lubienski and Sarah Thuele Lubienski have analyzed NAEP scores across public, private, and charter schools and found, “After controlling for demographic differences, no charter or private school means were higher than public school means to any statistically significant degree; moreover, particularly at grade 4, public schools actually scored significantly higher than did private and charter schools.”⁴¹

Many families appear to believe that private schools (or at least some private schools) have academic benefits. But it also seems to be the case that many families choose private schools because of other harder-to-quantify attributes. In a 2013 survey published by the Friedman Foundation, James P. Kelly and Benjamin Scafidi found that 85 percent of parents report choosing a private school because of a “better learning environment.” Sixty-four percent of parents cite “religious education,” and 47 percent cite a “greater sense of community.”⁴²

Regardless of the research findings on the entire private school sector, the research on the academic outcomes of PSMOs is virtually nonexistent. While many PSMOs we studied have encouraging anecdotal data on student learning, there has not yet been independent, rigorous analysis of those findings. As discussed more later, the academic impact of PSMOs (in particular, the impact of PSMOs compared with independent private schools as well as to charter and district schools) is ripe for exploration.

The network approach pioneered by CMOs could be utilized to sustain and grow the number of high-quality private schools. Networks of private schools are growing but—by our best estimations—serve

a very small segment of school-aged children in the United States. Our sample of fourteen PSMOs, discussed below, operates 134 schools and educates just 42,000 students.⁴³

Part II: Typologies

We define PSMOs, the private-school counterpart to CMOs, as independent entities that operate or help operate three or more private schools.⁴⁴ There are three key criteria in this definition.

First, a PSMO must be an independent entity. This means that it is neither a governmental agency nor embedded within a church hierarchy, which is the traditional organizational structure for most faith-based schools. Second, a PSMO operates or helps operate schools. Whether through direct operation or close partnership, a PSMO is in charge of supporting key functions for the schools in its portfolio. These functions may include hiring principals, teachers, and other staff members; procuring services and supplies; providing back-office administrative supports for finances, HR, and facilities; analyzing and reporting student data; and more. Responsibilities are shared between the school site and the central office, but ultimately the PSMO ensures that schools have what they need to function on a daily basis. Third, in order to qualify as a PSMO, the organization must run three or more private schools.

Because the goal of this research is to understand rather than to evaluate existing PSMOs, the language we use to describe them is intended to be neutral. For example, “centralized” is not meant to attach a value judgment; instead, it should be interpreted in its most denotative sense, as in to draw to or gather about a center.⁴⁵ In the same vein, we recognize that categorizing PSMOs requires drawing bright lines through grey areas. While categorization could mask nuances of various PSMO models and operations, we believe the exercise is a useful way to understand this emerging field.

There is no existing database of PSMOs—no diocesan

leader could see them on the horizon. They created the Drexel Initiative to head off a crisis. In lieu of these resources, we conducted an online search for private school networks and asked experts in the field and the leaders of networks known to us through previous research for referrals to other organizations to include. The group of PSMOs on which we report here is predominantly urban and Christian or Catholic. That might accurately reflect this burgeoning field, or it could reflect a bug in our methodology. We hope future research will advance our understanding of PSMOs, including what should constitute a PSMO and which organizations fit that definition.

Our preliminary research identified 18 existing organizations that provide support to groups of private schools.⁴⁶ We conducted informal interviews with the leaders of each, using a common set of questions regarding the relationship between the network's central office and its schools, the history of the network, its governance structures and relationships with religious institutions, its past and future plans for growth, and whether decisions regarding operational and academic matters were decided by its central staff or at the school level (see Appendix 1). Based on these interviews and subsequent email correspondence, 14 networks ultimately met our definition of a PSMO and are included in the typology.⁴⁷

TABLE 2 Sample of PSMOs

PSMO Name	Religious Affiliation	Year Founded	Geographic Location	Number of Schools	Number of Students
Blyth Academy*	None	1977	Washington, D.C., Canada, and 32 other countries	1 US; 9 in Canada	100 (in US school)
Catholic Partnership Schools (CPS)	Catholic	2008	Camden, NJ	5	1,000
Cristo Rey Network	Catholic	1995	19 states and Washington, D.C.	30	9,000
Denver Street Schools (DSS)	Christian	1985	Denver, CO	3	85
Faith in the Future Foundation (FIF)	Catholic	2012	Philadelphia, PA	21	14,000
HOPE Christian Schools	Christian	2002	Milwaukee and Racine, WI	6	2,000
Independence Mission Schools (IMS)	Catholic	2012	Philadelphia, PA	15	4,700
Jubilee Schools	Catholic	1999	Memphis, TN	9	1,561
LUMIN Schools	Lutheran	2002	Milwaukee and Racine, WI	6	1,600
Notre Dame ACE Academies (NDAA)	Catholic	2010	Diocese of Tucson, AZ; St. Petersburg, FL; and Orlando, FL	8	2,325
Partnership Schools (PNYC)	Catholic	2010	New York City, NY	6	2,000
San Jose Drexel Initiative	Catholic	2013	San Jose, CA	7	1,951
Thales Academy	None	2007	Apex, Raleigh, Rolesville, and Wake Forest, NC	5	1,400
The Oaks Academy	Christian	1998	Indianapolis, IN	3	665
Totals				134	42,387

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44 for a complete list of sources.

*Note: We did not distinguish between nonprofit and for-profit PSMOs in our sampling or analysis. Blyth Academy is the only for-profit PSMO on this list and, therefore, we are unable to make comparisons based on tax status.

As we studied these 14 PSMOs, five themes emerged that help explain their similarities and differences:

- Whether the PSMO operates/partners with new or existing schools
- The type of growth the network is pursuing
- The primary funding source(s) for each PSMO
- The degree of independence the PSMO has from a church or religious institution
- The degree of academic and operational centralization across the schools in the PSMO's portfolio

Based on these five dimensions, we categorized existing PSMOs into three types: Redemptive, Expansion, and Hybrid.

Redemptive PSMOs generally operate existing schools, prioritize financial sustainability in their portfolios, are either church-operated or church-affiliated, and are generally operationally centralized but academically decentralized.

Expansion PSMOs generally operate new schools, seek to grow the number of high-quality seats available to students, are either church-affiliated or

fully independent from a religious institution, and are generally both academically and operationally centralized.

The final type, Hybrid PSMOs, share some similarities with both Redemptive and Expansion PSMOs, but they are innovating in one or more ways that create important distinctions between them and the other categories.

Dimension 1: Type of Schools

One of the key differentiating factors among PSMOs is whether the network opens new schools, takes over existing schools, or both. This dimension corresponds to a similar difference among CMOs, where organizations operate either “takeover” or “turnaround” schools versus the much more prevalent “new-start” approach.

Two PSMOs, Jubilee Schools in Tennessee and LUMIN Schools in Wisconsin, have re-opened closed schools. Because the work that both Jubilee and LUMIN did to re-open these closed schools is essentially equivalent to opening a new school (hiring teachers and leaders, recruiting and enrolling students, establishing a curriculum, obtaining materials, etc.), we combine re-opening schools that were previously closed with opening new schools.

TABLE 3 PSMOs by Type of Schools

New schools	Both new-starts and existing schools	Existing schools
The Oaks Academy HOPE Christian Schools Thales Academy Blyth Academy Denver Street Schools Cristo Rey [†]	LUMIN Schools* Jubilee Schools*	Notre Dame ACE Academies Catholic Partnership Schools Faith in the Future Independence Mission Partnership Schools San Jose Drexel

*Network has re-opened one or more closed schools

[†]Although some of Cristo Rey's earliest schools were existing schools that joined the network, Cristo Rey is now only pursuing growth through the opening of new schools.

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

Importantly, all the networks that solely take over existing schools are Catholic. There are three ready, related explanations. First, thousands of Catholic schools have closed in recent decades, and ongoing financial challenges threaten to shutter even more. Dioceses may see alternative operations and governance arrangements, including network models, as a way to achieve financial sustainability for their schools.

Second, urban district-run and charter schools threatened with closure are typically persistently underperforming and/or unsafe. It may be the case that urban Catholic schools on the brink of closure are struggling financially but continue to succeed academically and contribute to a community's social capital. If this is true, leaders may view urban Catholic schools as a precious asset to be preserved, not a failing institution needing to be replaced.

Third, due to the sheer number of Catholic schools, there is simply more opportunity to form networks of existing schools. A corollary to scale is concentration. Many cities have a significant number of Catholic schools in a compact geographic area, whereas a struggling Lutheran or Baptist school is likely to be more isolated from other Lutheran or Baptist schools. In other words, networking existing Catholic schools may seem to some a natural organizational decision.

In addition to the Catholic networks included here, LUMIN, a network affiliated with the Lutheran Church's Missouri Synod, has also taken over existing religious schools. The reasons behind these takeovers mirror those of the Catholic networks: declining enrollment, dire financial conditions, and a need for the stronger organizational support promised by a network. In addition, the historical prevalence of Dutch and German populations in eastern Wisconsin may have created a concentration of Lutheran schools, making a network approach more feasible.

A second group of PSMOs—The Oaks, HOPE Christian, Jubilee, Thales, Blyth Academy, Denver Street Schools, and Cristo Rey—have opened new schools. These PSMOs not only were formed by the

replication of existing schools, but, with the exception of Jubilee, they are also all interested in opening additional schools, discussed below.

Dimension 2: Growth Focus

Another distinction between PSMOs is their primary purpose, often evidenced by the type of growth they pursue. In some cases, networks are looking for ways to help existing schools improve their quality and make their financial ends meet. This “sustainability growth” usually begins by growing enrollment in existing schools while placing a sharp focus on school quality.

Other organizations have adopted a network strategy in order to scale; that is, they hope to grow more and more high-quality seats associated with a particular educational approach. We call this type of growth “footprint” growth.

Importantly, nearly all the networks with a sustainability-focused growth mindset operate in a single city and are formed in response to dire financial situations. Independence Mission Schools (IMS) and the Faith in the Future Foundation (FIF)—both in Philadelphia—are two examples.

Several business leaders, philanthropists, and practitioners created IMS in 2012 after the Archdiocese of Philadelphia announced that 44 elementary schools and four high schools were slated for closure.⁴⁸ A number of the schools on the initial closure list were identified as educational assets located in poor inner-city neighborhoods. To help ensure that they remained open, the Archdiocese created a new category of schools, called “mission schools.” Eight schools were initially designated as such; the Archdiocese would work with these schools to develop alternative funding strategies to ensure their survival in poor inner-city neighborhoods.⁴⁹ The Independence Mission Schools PSMO grew out of the “mission schools” concept. Now, through an agreement with the Archdiocese of Philadelphia, IMS has full operational control of 15 Catholic elementary schools.⁵⁰

FIF, also in Philadelphia, was created by an independent board in response to similar financial strains in the Archdiocese's high schools. Upon its creation, FIF was given full operational control of all 17 diocesan high schools and four schools of special education. In addition, by the terms of a management agreement with the Archdiocese, the entire Office of Catholic Education reports to FIF. The impetus for each network was the same: The Catholic schools in Philadelphia faced a troubling future, and, without significant intervention, many would likely have closed.

In Memphis, Jubilee operates nine schools. Six of those schools had closed and were reopened as Jubilee Schools in 1999. The Jubilee network has since opened one new school and assumed operation of two schools that never closed. The Jubilee schools were re-opened in 1999 thanks to a substantial philanthropic gift; as these funds are drawn down, Jubilee Schools must achieve financial sustainability. A new governance arrangement that provides the Jubilee network increased independence from the Memphis Diocese (discussed in greater detail under Dimension 5) was, in part, driven by a need for a greater focus on philanthropic support. In San Jose, financial problems had not yet reached the point of emergency, but

diocesan leaders could see them on the horizon and wanted to head off a crisis.

Notre Dame ACE Academies (NDAA) is the sole exception to the single-city focus, but it too is prioritizing financial sustainability. NDAA currently partners with schools in the Diocese of Tucson, Arizona and the Diocese of St. Petersburg, Florida. As of July 2015, ACE established a long-term partnership with four schools in the Diocese of Orlando, Florida.⁵¹ Like IMS, FIF, Jubilee, and Drexel, NDAA aims to increase enrollment quickly to secure an adequate and reliable stream of income.

PSMOs with a footprint-growth mindset vary in whether they operate in a single city, across cities within a single state, or across states. The Oaks Academy and Denver Street Schools each operate in one city; The Oaks Academy is focused on Indiana but is open to expansion elsewhere. HOPE Christian Schools and Thales Academy both operate in multiple cities within one state; HOPE is open to expanding into additional states.

Both Blyth Academy and Cristo Rey currently operate across multiple states. Blyth-Templeton Academy is the first, and currently only, US-based school affiliated

TABLE 4 PSMOs by Type of Growth

	Footprint growth	Both Footprint and Sustainability	Sustainability growth
Sustainability Growth	The Oaks Academy Denver Street Schools HOPE Christian Schools* Thales Academy	LUMIN*	Catholic Partnership Schools Jubilee Schools Faith in the Future Independence Mission San Jose Drexel Partnership Schools
Multiple States	Cristo Rey Blyth Academy		Notre Dame ACE Academies**

*Plans to operate in multiple states in the future

**Current model is sustainability, however is interested in pursuing footprint growth in the future

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

with the larger Blyth Academy network, which operates 12 brick-and-mortar schools in Canada and 32 international programs.⁵² However, network leaders are actively pursuing opening additional US-based schools in the near future. Largely due to its unique funding structure (discussed under Dimension 3), Cristo Rey operates 30 schools in 19 states and the District of Columbia.⁵³

LUMIN is the only PSMO that is currently pursuing both sustainability and footprint growth. The existing market of schools in a given city dictates LUMIN’s approach: in cities where the market is saturated with schools, LUMIN would consider taking over existing schools to strengthen them academically, operationally, and financially. In cities where communities are in need of a school, LUMIN would consider opening a new school. LUMIN currently operates in multiple cities within a single state, but is open to expanding into additional states.

A comparison of networks along these first two dimensions is instructive. It appears that the majority of the networks that operate at least one new-start school are all actively pursuing footprint growth. The majority of networks that solely take over existing schools have no current growth plans. This stands to reason. The impetus for most networks of existing schools was financial necessity, and they must focus first on sustainability. For instance, NDAA is focused on sustainability growth in the short term, but has ambitions to pursue footprint growth once it has demonstrated the viability of its model.

Dimension 3: Funding Sources⁵⁴

The networks studied have three primary sources of funding: tuition, philanthropy, and public programs. The networks can be placed in four different categories: those that rely primarily on tuition, primarily on

TABLE 5 PSMOs by Type of Schools and Type of Growth

	New-start Schools	Both New-start and Existing Schools	Existing Schools
Sustainability Growth		Jubilee	FIF Drexel IMS PNYC CPS NDAA*
Both Sustainability and Footprint		LUMIN	Notre Dame ACE Academies†
Footprint Growth	HOPE The Oaks Thales Denver Street Blyth Academy Cristo Rey		

*Plans to operate in multiple states in the future
†Current model is sustainability, however is interested in pursuing footprint growth in the future
Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

philanthropy, or primarily on public programs, and those that blend the three relatively evenly.

Blyth Academy, Thales Academy, and Faith in the Future have funding models that rely primarily on family-paid tuition. A detailed breakdown of Drexel's financials was not available; however leaders there indicated that their funding comes primarily from family-paid tuition, followed by local fundraising.

Two networks, HOPE and LUMIN, rely almost entirely on publicly funded programs, such as vouchers or tax-credit scholarships.

Importantly, these networks have a footprint-growth mindset. Because they want to grow new schools and need reliable per-pupil funding to do so, they only operate in states where public programs exist.

Denver Street Schools, Jubilee, Partnership Schools, and the Catholic Partnership Schools rely primarily on annual private philanthropy (CPS receives some of its funding through the diocese, a kind of pass-through philanthropy). It is important to note that Colorado (home to DSS), Tennessee (Jubilee), New York (PNYC), and New Jersey (CPS) all lack the kind of public voucher or tax credit program that support IMS in Pennsylvania and The Oaks Academy in Indiana.

FIGURE 2 PSMOs that Rely Primarily on Tuition

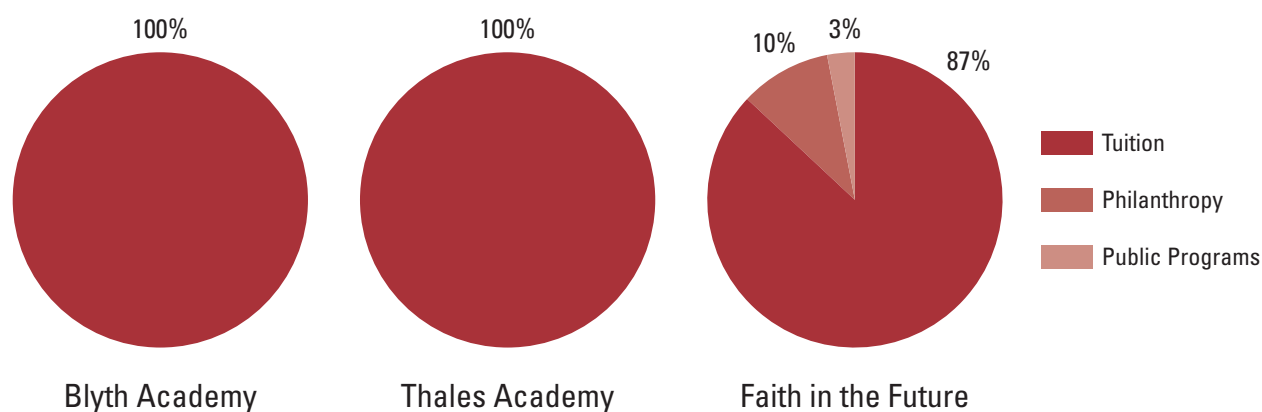


FIGURE 3 PSMOs that Rely Primarily on Public Programs

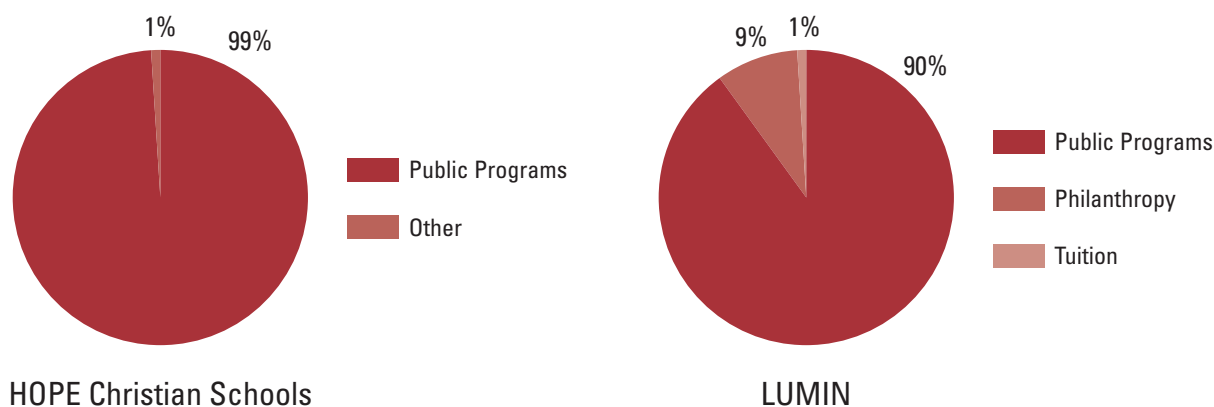
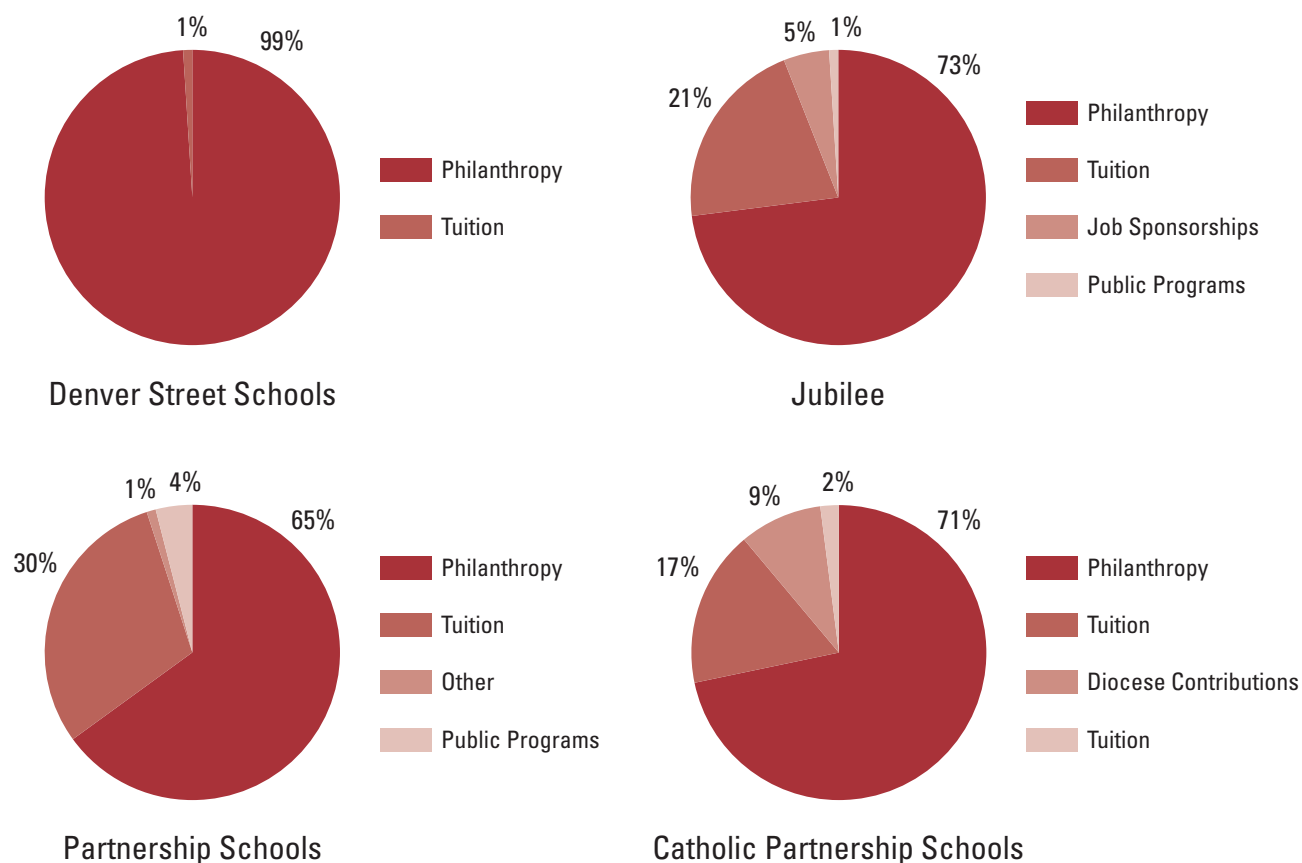


FIGURE 4 PSMOs that Rely Primarily on Philanthropy


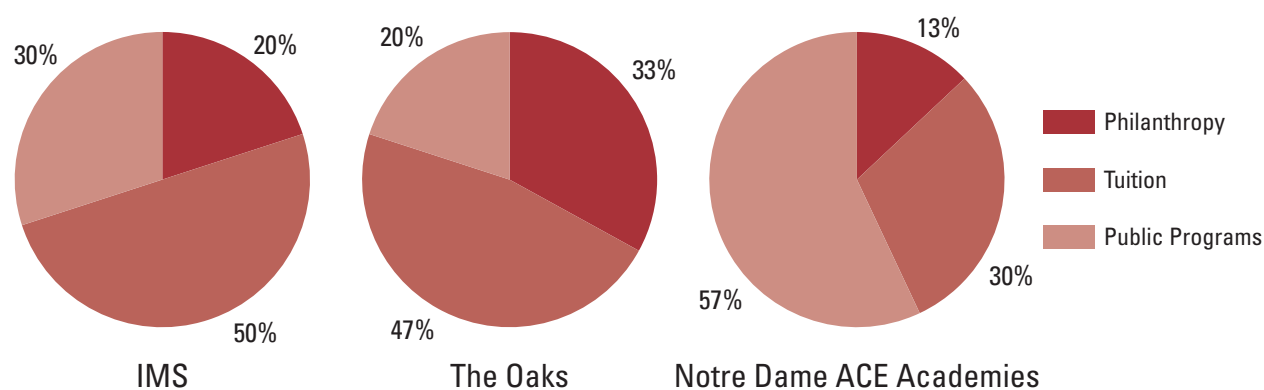
Denver Street Schools serves an especially disadvantaged population, meaning that relying on families to pay significant tuition is not realistic. DSS has struggled to make its financial ends meet. After a significant grant from a large national funder was not renewed, it was forced to scale back both the number of students it serves and its future growth plans. Though local funders, individuals, and businesses have stepped up to fill some of the gap, securing adequate and reliable funding is a major challenge.

Jubilee was funded initially by a multimillion-dollar gift from two anonymous donors. That helped the network's bottom line for quite some time. But the network's leaders understand the risks of relying on philanthropy in perpetuity. While Jubilee's leaders work to develop a broader and deeper base of philanthropic support, they also actively supported the passage of publicly funded

programs in Tennessee. In 2015, Tennessee passed legislation establishing individualized education accounts. While limited to special needs students (just two percent of students statewide), the program could bring some public funding into the network.⁵⁵

IMS, The Oaks Academy, and schools that partner with NDAA have the most diversified funding sources. All of them make use of public programs. All of them raise private dollars and receive at least 30 percent of their income via tuition.⁵⁶

Cristo Rey is the sole PSMO included in our study that relies on a funding source other than philanthropy, tuition, or public programs for a significant source of its operating budget. Cristo Rey's unique work-study program helps the schools meet their financial needs. All of Cristo Rey's students work five days each month

FIGURE 5 PSMOs with Diversified Funding Sources


at a local business. The businesses pay the school between \$20,000 and \$30,000 per team of five students;⁵⁷ the funds account for between 40 and 60 percent of the school's operating budget.⁵⁸ Fundraising and tuition cover the remaining expenses. This unique financial arrangement allows Cristo Rey to open schools in any state, regardless of whether a public program exists. It does, however, typically limit Cristo Rey to one school per city, since there are a finite number of interested partner employers per location.

Dimension 4: Degree of Independence from a Religious Institution

One of the primary differences between PSMOs and their counterparts in the public sector is that the majority of PSMOs operate faith-based schools. Some

PSMOs have to navigate complex church hierarchies. This is particularly true for networks of Catholic schools, as in order to be considered "Catholic," a school must be formally recognized by the Catholic Church, and typically a priest or pastor remains in charge of overseeing the spiritual formation of the staff and students.⁵⁹ Canon law also applies to these schools.⁶⁰

Catholic schools can be operated under a variety of governance structures; the level of parish and/or diocesan oversight varies by model. Historically, the four most common models have been:

- **Parish schools:** A local parish governs and operates a school to serve the families within that community
- **Diocesan schools:** Governance of some number of parish schools is consolidated at the diocesan level

TABLE 6 PSMOs by Degree of Independence from Religious Institution

Church-operated	Church-affiliated	Independent
Drexel	CPS	LUMIN
Jubilee	IMS	HOPE
	FIF	The Oaks
	PNYC	Denver Street Schools
	NDAA	Blyth Academy
	Cristo Rey	Thales

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

- Consortium schools: A subset of parish schools form an affiliation to capitalize on economies of scale
- Independent schools: Schools are fully separated from local parishes but remain recognized as Catholic.

More recently, other variations have emerged. In some cases, diocesan-operated schools have been spun into quasi-independent entities within a church. In others, schools (or an external entity) have negotiated contracts with the diocese to gain full operational control of the schools.

The relationship between religious schools and churches is most formalized within Catholicism, but other religious denominations do own and operate schools. For example, the LUMIN network operates two schools in Milwaukee that are still part of the Lutheran churches that started them. The churches own the buildings, but LUMIN has a contract with the local churches to give LUMIN full operational control over the schools.

We classify PSMOs' independence from a religious body into three categories: church-operated, church-affiliated, and independent. While we classify all PSMOs as independent entities, there is some grey area that deserves explication. Specifically, some PSMOs are operated by an office or body within a church but are separate from the traditional reporting structure. This arrangement can be considered similar to a "skunk works" operation within a large firm, in which a small group of people pursues a new idea outside of routine organizational procedures.

We consider this arrangement to be the lowest level of independence a network of schools can have from a church and still be considered a PSMO. Both the San Jose Drexel initiative and the Jubilee Schools are church-operated networks.

The Drexel PSMO operates seven schools within the Diocese of San Jose. These schools are still diocesan schools, although a completely separate office—

with a separate director and board of directors—oversees them. However, its director reports to the superintendent of schools for the entire diocese.

Jubilee Schools has a similar arrangement. When Jubilee first reopened its original six schools in 1999, they were governed directly by the diocese. In late 2014 the Diocese of Memphis created a new office and separate board to govern them. This office has considerable autonomy to operate Jubilee schools and is responsible for its own budget. However, the board still falls under the authority of the Bishop, school staff are employees of the Diocese not Jubilee, and the Diocese provides important back-office support for the schools. As a result, we categorize both Drexel and Jubilee as being church-operated PSMOs.

Church-affiliated PSMOs are those whose central offices are separate 501(c)(3) organizations that manage a subset of schools through a negotiated contract with a church. The specifics of these agreements vary across networks, but most often the church maintains responsibility for the school facilities and in some cases (particularly for Catholic networks) retains oversight of the spiritual development of the students. Generally the PSMO central office manages all aspects related to academics and operations. We classify the remaining Catholic PSMOs—Notre Dame ACE Academies, Catholic Partnership Schools, Independence Mission Schools, Faith in the Future, and Partnership Schools—as church-affiliated. Their central offices are independent nonprofit organizations, but the schools they operate or help operate maintain some connection to and oversight by the local diocese.

For example, the Partnership Schools (also known as Partnership for Inner-City Education or "PICE") has an 11-year agreement with the Archdiocese of New York stipulating that the PSMO will provide educational, administrative, and operational services to six PK–8 schools in Harlem and the South Bronx. Under the agreement the archdiocese maintains ownership of the school facilities and oversees the religious curriculum; it gives the Partnership

broad authority over the remaining aspects of the schools' budgets, finances, operations, and academic programs.

In New Jersey, the Diocese of Camden signed an agreement with the Catholic Partnership Schools (CPS) that gives CPS the authority to operate five K–8 Catholic schools. The schools were previously operated under a traditional parish model; through the agreement with CPS, the pastors of these schools no longer have responsibility for their schools' payroll, finances, facilities, or staff. All existing staff members became CPS employees, and CPS assumed fiduciary responsibility as well as responsibility for the facilities, fundraising, and academics of the five schools. Though CPS, which is an independent nonprofit, runs the five schools, the Diocese of Camden still considers the schools diocesan schools. CPS's executive director meets monthly with diocesan staff but retains autonomy to make decisions on behalf of the CPS schools.

The relationship between NDAA and the dioceses with which it works looks quite different from those forged by other Catholic PSMOs. Once invited into an area and a partnership is established, NDAA helps create a new, separate board of limited jurisdiction to govern a subset of schools. NDAA provides a couple of board members and a school principal. While the parish continues to oversee and operate the school, the board of limited jurisdiction and new principal allow NDAA to play a key role in school operations such as school culture, governance, finance, instruction, and family and community engagement.

Cristo Rey is also a church-affiliated network, but just barely. Its relationship with the church affords it more independence than other church-affiliated networks. To open a Cristo Rey school in a new city, the local bishop must give his assent. Aside from this approval, however, there is no formal contract or agreement between the diocese and Cristo Rey. The bishop's benediction allows Cristo Rey to operate as a fully independent—but still Catholic—school. And although voluntary, individual Cristo Rey schools do cultivate substantive relationships with

the various orders that sponsor them. Because the assent of the Catholic Church is a prerequisite, we consider Cristo Rey a church-affiliated network, though we recognize it has many commonalities with independent networks as well.

Finally, some PSMOs have high levels of independence from religious institutions. LUMIN, The Oaks Academy, Denver Street Schools, and HOPE Christian Schools all operate religious schools, but they are not affiliated with a particular church. (Two of the six schools operated by LUMIN are still part of individual churches and have partial independence. The majority of LUMIN's schools are fully independent from a religious institution, so we consider the network to be independent.)

Both Blyth Academy and Thales Academy are secular and are therefore independent from religious institutions.

When analyzing the level of independence from a religious institution and the type of growth the PSMOs pursue, two clear groups of schools emerge:

TABLE 7 PSMOs by Type of Growth and Level of Independence from Religious Institution

	Church-operated	Church-affiliated	Independent
Sustainability Growth	Drexel Jubilee	CPS IMS FIF PNYC NDAA	
Footprint growth		Cristo Rey	LUMIN HOPE The Oaks Denver Street Schools Blyth Academy Thales

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

First, with the exception of Cristo Rey, all the networks that are either church-operated or church-affiliated take over existing schools and focus on creating financial sustainability for these schools. They are all also networks of Catholic schools. This makes sense given the long history of the Catholic school system's reliance on parish and/or diocesan control. The emergence of PSMOs offers a chance to build a new relationship between a church and its schools—one where the church has less responsibility for the day-to-day operations of schools—but the starting point for these discussions is the church's traditional model.

Church-operated and church-affiliated PSMOs seem to offer two advantages over the traditional centralized model: First, they explicitly make room for outside, lay expertise in the academics, operations, and governance of Catholic schools. Second, they free pastors (previously burdened by responsibility for all aspects of the schools) to focus on the faith-based components of the schools, overseeing the religious curriculum and the spiritual growth of the staff members and students.

The second group of networks consists of PSMOs that are fully independent from a religious institution and that pursue footprint growth by opening new schools. These networks aren't beholden to long-established schools or systems. They can operate and grow without these constraints and are directly accountable to their students' parents and governing boards.

Cristo Rey is the sole exception in this framework. We have identified it as a church-affiliated because of the role of local bishops. Apart from that consideration, Cristo Rey functions much like the non-Catholic, footprint growth-focused, and independent PSMOs.

Dimension 5: Degree of Network Centralization

The fifth dimension along which PSMOs can be assessed is the degree of network centralization. We consider both operational and academic centralization. In assessing operational centralization, we sought

to understand whether decisions about finance, budgeting, and network growth are made by school leadership or central office staff, as well as whether the network's central office or the individual schools are responsible for securing facilities, managing back-office tasks like job postings and procurement, and maintaining compliance for public funding (if relevant).

We considered networks to be operationally centralized if most of these tasks are performed by the network's central office, rather than by individual schools. If individual schools primarily perform these tasks, we considered that network to be operationally decentralized.

For academic centralization, we sought to understand whether the central office or individual schools are responsible for decisions related to curriculum, classroom materials, scheduling, and hiring teachers and other school-based staff. Similar to our categorization of operational centralization, we considered networks where these academic decisions are primarily made by the central office to be academically centralized, and networks where these decisions are primarily made at the individual school level to be academically decentralized.

It is important to note, however, that during our interviews, PSMO leaders indicated that academic centralization is a particularly fluid characteristic. These arrangements are evolving as networks mature, and several organizations have efforts currently underway to centralize academics.

As the graphic on the next page indicates, the vast majority of PSMOs are operationally centralized. This might not be surprising, but it is noteworthy. Private schools, especially Catholic schools, have historically been independent. The network approach appears to be breaking this tradition, presumably, as intended. One of the primary benefits of a network is that the central office can take on many of the tasks associated with operating a school, freeing school leaders to focus on teaching and learning. However, it is also possible that centralization of key functions could stymie some valuable school-level autonomy.

TABLE 8 PSMOs by Level of Academic/Operational Centralization

	Operationally Decentralized	Operationally Centralized
Academically Decentralized		NDAA Blyth Academy Denver Street FIF IMS Jubilee Drexel
Academically Centralized	Thales Cristo Rey	PNYC CPS HOPE LUMIN The Oaks

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

The centralization of PSMOs' academics is more varied. Interestingly, the majority of PSMOs with low degrees of academic centralization are Catholic networks that take over existing schools. This might be a legacy of the schools' historical autonomy.

However, the leaders of some of these networks—in particular, NDAA, Jubilee, and IMS—indicate their desire to create greater academic cohesiveness across the schools in their portfolios. These networks are relatively new, and the operations and finances of the schools they took over were of greater initial concern. But they have started to centralize academics by implementing some common academic standards, curricula and instructional and assessment programs across schools. This is likely to accelerate through the 2015–16 school year. As such, our analysis may turn out to be a lagging indicator of academic centralization. CPS is perhaps furthest along the path toward centralized academics. Though there is some variation in instructional materials, all CPS schools already use a common set of standards, curriculum, and assessments. PNYC has also worked to implement common curricula and assessments across its schools,

so we categorize it as academically centralized, as well.

The networks that operate primarily or solely new-start schools all tend to have higher degrees of academic centralization. It is likely that opening new schools makes it easier for PSMO leaders to establish academic cohesiveness across schools, as there are no existing programs or histories of school-level independence to contend with.

Both Blyth Academy and the Denver Street Schools are exceptions. They operate solely new-start schools, but have relatively decentralized academics. Blyth-Templeton Academy, located in Washington, DC, is the first U.S.-based school affiliated with the larger Blyth Academy network, which operates nine schools in Canada and more than 30 programs internationally. Blyth-Templeton will rely on the network's central office for all of its business operations including admissions and finances.

However, each school within the Blyth Academy network is relatively autonomous in terms of its academics. Blyth's model is a small-school approach, averaging 100 students per school and eight to 10 students per class, which takes advantage of existing community resources to provide students with a hands-on, experiential education. Thus, although the network has developed a central set of standards, individual teachers are free to determine the materials and learning activities necessary to ensure students meet the standards. The learning activities that each classroom undertakes differ based on existing community resources.

The Denver Street Schools PSMO has a unique focus on educating highly at-risk youth, particularly those who have dropped out, have been expelled, are homeless, are struggling with addiction, are pregnant or parenting, have criminal records, and/or are in gangs. Denver Street Schools opened a third campus in the fall of 2015 that focuses specifically on the needs of girls who have been rescued from human trafficking. The unique populations of students that these schools serve require that each site maintain high degrees of autonomy to meet its students' needs.

Finally, and interestingly, Thales Academy and Cristo Rey stand out as the sole PSMOs that have relatively high degrees of academic centralization with low degrees of organizational centralization. Thales currently operates four schools in North Carolina and has plans to open a fifth school. However, while a local business called CaptiveAire provides some back-office support, there is no formal central office that manages the operations of the schools. Thales' founder Bob Luddy is also the President and Founder of CaptiveAire and has facilitated the relationship between his company and schools.

The academics at the elementary level are already quite consistent, but the network is hiring new staff to help bring this consistency to the network's high schools by working with teachers to develop common syllabi, curriculum sequences, and exams.

The Cristo Rey Network operates 30 schools across 19 states and the District of Columbia. While all of

the schools subscribe to the network's ten mission effectiveness standards, pay dues, and are supported by and accountable to the network's central office, the schools themselves are separately incorporated and are in charge of their own hiring, fundraising, and budgeting. As a result, we categorize the network as operationally decentralized.

The academics are much more centralized and consistent across individual schools. The Cristo Rey Network has developed its own proprietary academic curriculum, corporate work-study program, and to-and-through college culture to which all schools subscribe.

PSMO Types: Redemptive, Expansion, and Hybrid

We analyzed the 14 PSMOs included in this study along these five dimensions:

TABLE 9 Summary of PSMO Characteristics

	Type of PSMO	Type of Schools	Growth	Primary Funding	Church Relationship	Centralization	
						Academic	Operational
Blyth	Expansion	new	footprint	tuition	independent	low	high
HOPE	Expansion	new	footprint	public	independent	high	high
LUMIN	Expansion	both	both	public	independent	high	high
The Oaks	Expansion	new	footprint	blend	independent	high	high
Thales	Expansion	new	footprint	tuition	independent	high	low
CPS	Redemptive	existing	sustainability	philanthropy	church-affiliated	high	high
FIF	Redemptive	existing	sustainability	tuition	church-affiliated	low	high
IMS	Redemptive	existing	sustainability	blend	church-affiliated	low	high
Jubilee	Redemptive	both	sustainability	philanthropy	church-operated	low	high
PNYC	Redemptive	existing	sustainability	philanthropy	church-affiliated	high	high
Drexel	Redemptive	existing	sustainability	tuition	church-operated	low	high
NDAA	Hybrid	existing	sustainability	blend	church-affiliated	low	high
Cristo Rey	Hybrid	new	footprint	other	church-affiliated	high	low
Denver Street	Hybrid	new	footprint	philanthropy	independent	low	high

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

Based on these five characteristics, the 14 PSMOs studied fall into three categories, which we’ve called Redemptive PSMOs, Expansion PSMOs, and Hybrid PSMOs.

Redemptive PSMOs

Redemptive PSMOs generally operate existing schools, have a sustainability-focused growth mindset, are either church-operated or church-affiliated, and are academically decentralized but operationally centralized. These networks rely primarily on either philanthropy or family-paid tuition to support the operating costs of the schools in their portfolio.

Six networks fall into the Redemptive category:

TABLE 10 Characteristics of Redemptive PSMOs

	Type of Schools	Growth	Primary Funding	Church Relationship	Centralization	
					Academic	Operational
CPS	existing	sustainability	philanthropy	church-affiliated	high	high
FIF	existing	sustainability	tuition	church-affiliated	low	high
IMS	existing	sustainability	blend	church-affiliated	low	high
Jubilee	both	sustainability	philanthropy	church-operated	low	high
PNYC	existing	sustainability	philanthropy	church-affiliated	high	high
Drexel	existing	sustainability	tuition	church-operated	low	high

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

Jubilee is the sole Redemptive Network that operates “new” schools. Jubilee has opened one brand new school and also assumed operation of two existing Catholic schools, but most of the schools in Jubilee’s portfolio are Catholic schools that were shuttered and have been reopened. So in a sense all Redemptive Networks salvage threatened schools—Jubilee has done so post- and pre-closure, whereas others intervened prior to closure. Another similarity is that Jubilee and the other Redemptives do not currently have plans to open/reopen additional schools.

Expansion PSMOs

The networks in this category look most similar to the CMO networks found in the public sector. They open new-start schools, have plans to grow their footprints, are funded primarily through either tuition or public programs, are fully independent of religious institutions, and generally have high degrees of both academic and operational centralization.

Five networks fall into the Expansion category:

TABLE 11 Characteristics of Expansion PSMOs

	Type of Schools	Growth	Primary Funding	Church Relationship	Centralization	
					Academic	Operational
Blyth	new	footprint	tuition	independent	low	high
HOPE	new	footprint	public	independent	high	high
LUMIN	both	both	public	independent	high	high
Thales	new	footprint	tuition	independent	high	low
The Oaks	new	footprint	blend	independent	high	high

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

LUMIN is somewhat unusual in that the network operates both existing and new-start schools and a religious institution helps oversee some of its schools. Two of LUMIN’s six schools are still under the umbrella of Lutheran churches; a contract between LUMIN and the church gives the PSMO full operational control of the schools, much like the contracts between Catholic dioceses and the PSMOs that operate Redemptive Networks. However, because LUMIN operates new-start schools and has plans to continue to open new schools, it is more aligned with the characteristics of Expansion Networks.

Additionally, both Blyth Academy and Thales Academy differ in the degree of academic and operational centralization that is typical for networks of this type. Blyth Academy’s experiential educational model, discussed under Dimension 5, accounts for its greater degree of academic flexibility across school

sites. The model of Thales Academy, also discussed in detail under Dimension 5, accounts for its high degree of academic centralization but low degree of operational centralization.

An important characteristic of Expansion Networks is their very modest reliance on philanthropy. Three of the five depend on virtually no philanthropy, and the other two receive less than a third of their income from private donations. Evidently, these PSMOs, wanting to grow and believing that philanthropy is either unreliable or unsustainable, have built financial models based on other streams of funds.

Hybrid PSMOs

The networks in this category do not fit neatly into the other types. Though they share some characteristics with both Redemptive and Expansion Networks, they have undertaken approaches that distinguish them in important ways from other PSMOs.

Three networks fall into the Hybrid category:

TABLE 12 Characteristics of Hybrid PSMOs

	Type of Schools	Growth	Primary Funding	Church Relationship	Centralization	
					Academic	Operational
NDAAC	existing	sustainability	blend	church-affiliated	low	high
Cristo Rey	new	footprint	other	church-affiliated	high	low
Denver Street	new	footprint	philanthropy	independent	low	high

Sources: Organization websites and interviews and emails with organization leaders. See endnote 44.

Notre Dame ACE Academies shares many characteristics with Redemptive Networks, including partnering with existing schools, focusing on achieving financial sustainability, and being church-affiliated. However, there are three important differences that separate NDAA from other Redemptive PSMOs. First, NDAA has a national focus, operating in several cities and states, whereas Redemptive Networks tend to focus on a single city or state. Second, while Redemptive PSMOs do not have plans to grow, NDAA is actively seeking additional partner schools.

Finally, NDAA's relationship with local dioceses also differs from those of Redemptive Networks. Most Redemptives negotiate agreements allowing the network to control their schools' operational and academic issues. NDAA doesn't do this. NDAA's leaders believe in existing Catholic schools and want to help sustain them, but they have designed their model (setting up and serving on a board of limited jurisdiction, appointing and supporting the school leader) to be replicable in many different contexts. This is an important lesson in prioritization for those interested in creating new PSMOs, or leaders of

existing PSMOs thinking about replicability: There are likely to be meaningful differences between a PSMO model tailored to a city's unique history and needs and a PSMO that can be applied to a wide variety of locations.

The Cristo Rey Network shares many characteristics with Expansion Networks: It opens new schools, has plans to grow its footprint, and is academically centralized. However, Cristo Rey's unusual funding model—relying on students' paid internships with local businesses to supplement tuition—and its decentralized operational structure sets it apart from the other Expansion Networks (see Dimension 3 above for a full discussion of Cristo Rey's model). Because its internship program relies on corporate partnerships, Cristo Rey may generally be limited to one school per city. It does not cluster new schools in a single location like Expansion PSMOs (or CMOs, for that matter). In addition, while most Expansion Networks are independent from the church hierarchy, Cristo Rey seeks approval from local church leaders before opening a new school.

Denver Street Schools, like Redemptive PSMOs, operates in a single city, relies primarily on philanthropy, and is academically decentralized. Like Expansion PSMOs, Denver Street Schools also opens new schools, has plans to grow its footprint, and operates with full independence from any religious institutions. The network's focus on educating highly at-risk youth, discussed in Dimension 5 above, explains why it has one foot in each category.

First and foremost, the unique needs of each at-risk population require that each "replication" looks different from the original. Academic strategies, course offerings, and student support structures may need to vary significantly from one school to the next to best meet the needs of a specific population. Unlike other networks, which pursue replications with a high degree of fidelity to the model of an existing school, the goal of DSS is to have more schools that can meet the unique needs of highly at-risk populations. Each replication starts with the DSS approach, but it must have the flexibility to tailor other aspects of the school—its academics, school schedule, and more—to meet its students' needs.

In addition, given the challenging life situations of the students, charging tuition is not a viable option. Colorado has a privately funded scholarship program, ACE Scholarships, which has provided scholarships to an average of 1,000 students per year since 2000.⁶¹ However, the state does not have a publicly funded private school choice program. The Colorado Supreme Court recently ruled the nearby Douglas County voucher program unconstitutional. As a result, Denver Street Schools must rely primarily on philanthropy, a limitation on their efforts to open additional schools.

Part III: Recommendations

The PSMOs identified in this report collectively operate 134 schools and serve approximately 42,000 students. This enrollment represents less than one percent of the nation's private school enrollment, which in turn makes up just nine percent of the school-aged population in the United States. Fledgling, promising,

but little understood, PSMOs are deserving of greater attention.

Social entrepreneurs, practitioners, policymakers, advocates, philanthropists, and others who see potential in PSMOs can play a role in creating an environment where PSMOs can demonstrate proof of concept, expand, evolve, and ultimately help meet America's need for a diversity of high-quality schools.

Most PSMOs would benefit from greater access to public funding. Publicly funded private school choice programs can help foster a more vibrant K–12 marketplace, generally, including greater opportunities for PSMOs to prove their mettle. Even with the recent additions of Nevada and Tennessee, still only 28 states and the District of Columbia have private school choice programs, and many of these offer scholarship amounts substantially less than the cost of educating a child in a public school.⁶² For high-quality private schools to play their part in providing high-quality school options (especially for low-income students), more states need to enact private school choice programs. Existing private school choice programs must also be strengthened to provide adequate funding.

It is not our intent to prioritize one kind of PSMO over another. We believe many types of PSMOs can contribute mightily and that diversity in the field of PSMOs would enable more families to find the schools that best meet their students' needs. Distinguishing PSMOs from one another as we have here is not meant to indicate that a particular approach is better than another. Instead it is designed to help improve our field's understanding of this growing sector and ultimately enable a wide array of stakeholders to engage constructively in this work.

Redemptive PSMOs

We recommend that Redemptive PSMOs and churches ensure that contractual agreements and/or memoranda of understanding include clear divisions of responsibility and explicit expectations for financial,

operational, and academic outcomes. One of the most interesting and complicated aspects of Redemptive PSMOs is the relationship between the PSMO and the church. In our conversations with PSMO leaders, they often expressed the importance of keeping open lines of communication between the PSMO leaders and the parish and/or diocesan leadership. At the same time, they underscored the importance of their autonomy to make decisions for their schools, even if those decisions don't align with the diocese's preferences.

Most PSMO leaders indicated that their success would not be possible without their full authority over the finances, operations, and academics of their schools. For instance, they argued that school staff should become employees of the PSMO rather than remain employees of the diocese to ensure that the PSMO has the flexibility it needs to make key human-capital decisions. Catholic PSMO leaders were generally comfortable with the Catholic Church's retaining responsibility for the religious identity and spiritual growth of staff and students.

Contractual relationships do and should vary among Redemptive PSMOs. There is no one right way to parse these relationships. However, variability in the possibilities makes clarity all the more important. Muddled lines of authority and accountability can be organizationally dangerous, especially in new organizations.

We recommend that Redemptive PSMO leaders interested in increasing the centralization of academics proceed with caution. Many PSMO leaders believe that more centralized academics will allow for better collaboration between schools, more efficiency in collecting and using data, and economies of scale in major purchases. However, many schools now part of Redemptive PSMOs have been in charge of their own academic programming for decades, often generations. There is at least one example—Nativity Miguel—of a private school network that closed due, at least in part, to the reluctance of member schools to surrender their independence.⁶³ A long history of independence may make academic centralization a challenging change-management proposition.

Moreover, it could be the case that private schools' success in serving low-income populations is partly a result of school-level independence—in which case centralization could counteract the key ingredient of high-quality private schools.

Either way, PSMO leaders who pursue academic centralization should be sure to tap available resources—including outside experts and fellow school network leaders—in assessing and implementing their plans. Philanthropists and social entrepreneurs can help by creating opportunities for collaboration among PSMOs and between PSMOs, CMOs, and EMOs.

PSMO leaders may consider surveying principals and/or teacher leaders to help understand whether and how to pursue academic centralization; temporarily bringing in outside experts to add capacity for planning and implementation; or collaborating with charter or district leaders who have wrestled with this same issue.

In addition, while none of this work is easy or free, social entrepreneurs and philanthropists can help. By founding PSMO associations, incubators, or other collaborative organizations, social entrepreneurs can create opportunities for PSMOs to learn about how academic centralization has worked (or not) for other private or charter school networks. Philanthropists can also support these transitions by supporting the necessary decision making, planning, and implementation processes.

Redemptive Networks currently rely on philanthropy for a significant portion of their annual budgets. Donors should not shy away from funding annual scholarships or other year-after-year expenses for high-quality PSMOs. Philanthropists should assess PSMO quality and potential before investing, but they should not recoil from subsidizing these young organizations' operations. We have a great deal to learn about their long-term contributions, their paths to financial sustainability, and their varied approaches to networking schools.

Operational funding may not appear to be as high-leverage as supporting the start-up of new schools, a new school model, or an innovative new program. And these one-time investments in new schools and models are essential to advancing both public and private schooling. But they are also often high-risk/high-reward wagers; even replications of successful models can have uncertain outcomes. Philanthropies willing to make operational investments in high-quality Redemptive PSMOs can help balance the risks in their own portfolios and, at the same time, complement the sector's laser focus on launching new schools with resources to preserve high-quality schools that already exist.

In addition, Redemptive PSMOs might benefit from greater consideration of whether to diversify their own portfolios to include new schools. To date at least, Redemptive PSMOs have been faithful to salvaging existing schools and have shown limited interest in doing anything else. It might be the case that these PSMOs develop a core competency in saving threatened schools and that the new-start approach, being a completely different enterprise, would require spending precious resources to develop entirely new skill sets. But it could also be the case that the network would learn a great deal by working with both existing and new schools.

Maybe Redemptive PSMO leaders may decide that protecting schools on the brink of closure is a critical strategy for preserving and growing high-quality private-school seats. At the same time, while the impetus for these PSMOs appears to be primarily financial, many PSMO leaders are also committed to academic improvement—a more complex challenge that has often eluded charter school turnarounds. PSMO leaders may come to the same conclusion as many CMOs—that new starts offer a better chance of academic success compared to turnarounds. Saving Catholic schools is critically important, but saving Catholic education may also require new schools and new school models.

Lastly, philanthropists, business leaders, and civic leaders across the country should consider whether

a Redemptive PSMO could help sustain schools in their communities. There is plenty of room for experimentation with Redemptive PSMOs. Local leaders of all kinds should assess the potential and viability of the Catholic schools (or other private schools) in their neighborhoods and consider whether a Redemptive PSMO could help preserve them.

Expansion PSMOs

Many current Expansion PSMOs rely heavily on public programs, but the constraints of these programs hinder PSMOs and limit families' access to them. In addition to helping Redemptive PSMOs achieve financial sustainability, increased access to public funding would enable Expansion PSMOs like HOPE, LUMIN, and The Oaks to prove their value and viability. It would also enable PSMOs like Thales and Blyth Academy, which rely almost exclusively on tuition dollars, to educate more students who cannot afford the full cost of tuition.

Advocates and policymakers should ensure that new Expansion PSMO schools are able to immediately participate in public programs. Whether directly through legislation or indirectly through accreditation requirements (accreditation usually occurs only after the school has been in operation for a number of years), some states require that a private school operate for a certain number of years prior to participating in a publicly funded program. In Louisiana, for example, private schools' scholarship recipient enrollment cannot exceed 20 percent until the school has been in operation for more than two years.⁶⁴ Policies like these limit the ability of Expansion PSMOs to start more schools and serve more students.

Current publicly funded private school choice programs also limit eligibility. We recommend that advocates and policymakers consider broadening these constraints. Eligibility requirements—based on family income, whether a child has a special need, or a child's previous attendance at a low-performing district school—are intended to help programs target particular subgroups of underserved students.

However, these restrictions also artificially constrain Expansion PSMOs from responding to demand and proving their models alongside charter and district-run schools. Policymakers should set income and other eligibility limits that ensure private-school access to all families that would not otherwise have it.

In addition to public funding, there is an important role for philanthropies in seeding and supporting Expansion PSMOs. Philanthropies can help cover start-up costs for high-quality Expansion PSMOs, similar to how many funders currently provide grants to support the replication of high-quality charter schools. A promising and exciting new effort, called the Drexel Fund, was recently launched for this very purpose.⁶⁵ Like the New Schools Venture Fund and Charter School Growth Fund in the charter sector, the Drexel Fund will incubate new networks of private schools, work to expand existing high-quality networks and grow high-quality single-site schools into multi-school networks, and strengthen the private school market “through information sharing and ecosystem-building activities.”⁶⁶ This new approach to funding and supporting private schools is a promising endeavor for growing the supply of high-quality Expansion PSMOs.

In addition, philanthropists and/or social entrepreneurs can support Expansion PSMOs by creating harbormasters, school accelerators, new-school incubators, talent pipeline organizations, and school facilities organizations. In some cases, organizations that currently serve the charter sector could proffer their services to private schools. In other cases, new organizations could be launched. These organizations have played a critical role in the charter school sector and have the potential to do the same for Expansion PSMOs.

Hybrid PSMOs

At their core, Hybrid Networks are innovative variations on the two dominant types of PSMOs—Redemptive and Expansion. As a result, many of the recommendations and supports that help these

networks will also help support and grow Hybrid Networks.

In addition to the policy environment, philanthropic funding, and social entrepreneurialism outlined above, Hybrid Networks would benefit from widespread awareness that this field is still too new for industry standards. The creation of new types of Hybrid Networks is important to the future of the sector. New cross-city models of schools, new funding approaches, and new educational programs can serve different populations of students. PSMOs are in a stage of experimentation and in many ways are uniquely equipped for it.

Operating in the private sector, PSMOs have more autonomy to innovate. Cristo Rey’s work-study program may not be permitted under many states’ public school attendance and seat-time requirements. Notre Dame ACE Academies might not be able to partner with schools across state boundaries if it had to adjust its model to comply with charter school policies. As a charter school, public accountability measures might exert pressure on Denver Street Schools to decrease the social and emotional supports it provides to its uniquely challenged student populations. And, of course, the religious education provided by most PSMOs would be prohibited in the public sector.

Other micro-innovations might also be prohibited. When opening a new school, The Oaks Academy not only designates a founding leader and a team of founding teachers, but also a team of founding families—families that will migrate to the new school and help ensure the culture from one school is replicated and sustained in the second. Lottery requirements might prevent this in the charter sector.

Those who see potential in PSMOs should certainly invest in identifying what is and is not working. That would benefit the sector tremendously. However, Hybrid Networks remind us not to jump prematurely into “best practices.” PSMOs provide an opportunity to explore new ideas, and interested parties should protect PSMOs’ space to do so.

Potential Pitfalls

All innovations come with risk, and PSMOs are no exception. One potential pain point for the growth of PSMOs is a general lack of transparency among private schools. Given their status as private schools, PSMOs face fewer regulations regarding their academic and financial transparency (vis-à-vis public schools). Even so, leaders should work to develop systems that make sense for their schools and ensure that parents, funders, and other stakeholders have access to accurate and adequate information about the schools' financial, operational, and academic outcomes. The availability of information, perhaps with private-sector organizations like Great Schools, will help families make informed decisions, which will help ensure that high-quality schools grow and low-quality schools do not.

Second, and related, while we advocate for increasing private schools' access to public funding, public funding often comes with calls for public accountability. PSMO leaders and policymakers will need to find balance between public sector accountability and private sector autonomy. PSMOs have the opportunity to lead on this and help build a body of evidence to support the growth of high-performing private schools. Getting ahead of this issue may also help PSMOs forestall state action to force participating private schools into accountability systems that limit their autonomy.

Third, while PSMOs may provide a new approach to providing high-quality private school options, the quality of these schools is paramount. It is critical that the growth of PSMOs does not happen at the expense of a razor-sharp focus on quality. Growing too quickly may lead to overlooking the necessary funding, human capital, and other elements necessary to open and run a high-performing school. Replicating or expanding schools that fall short on quality will do harm to the sector in the long term. PSMO leaders ought to grow their networks only as fast as maintaining quality will allow.

As noted previously, there is no extant research on the academic outcomes of PSMOs. PSMOs and their

supporters should take great care to assess whether PSMOs are producing the desired outcomes. Traditional measures of performance, such as graduation rates and test scores, can be informative. But families make school choices based on a variety of factors, and only some of those factors can be easily assessed and reported. For that reason, our understanding and appreciation for PSMOs will benefit from inductive reasoning. That is, rather than simply using traditional school measures to define a school's value, we should identify which schools families are choosing and try to understand what families are prioritizing through these revealed preferences. Advocates of PSMOs must remain open to the possibility that some PSMOs will fail to produce desired outcomes. However, skeptics should also remain open to the idea that non-traditional measures of schooling—e.g. faith, safety, discipline, civic mindedness, persistence, and social capital—are valued by families and communities.

Part IV: Conclusion

PSMOs provide an opportunity to grow the number of educational options available to students across the nation. Just as the nascent CMO movement 15 years ago grew into one of the charter sector's engines for school expansion, PSMOs could be on the verge of catalyzing high-quality supply in the private-schools sector.

Our research has led us to conclude that it is essential to understand the nature of existing networks so we can rate their effectiveness and support them as they grow and as new networks form. We have found that our five dimensions for assessing and comparing PSMOs bears fruit in this regard.

Nonetheless, it is entirely too early to draw definitive conclusions about PSMOs. They should be nurtured and studied carefully. In particular, there are numerous opportunities for future research and analysis:

- Regarding the PSMO-church relationship, should church leaders sit on the PSMO's board? Should the church or the PSMO employ school staff?

Should parish students have an enrollment preference if the school is oversubscribed?

- Are there PSMOs operating outside of urban centers? If not, could there be? How might the PSMO model translate to non-urban geographies?
- Are PSMOs taking advantage of the autonomies afforded them? Would a PSMO's school models—for instance, Cristo Rey's work-study program—be permitted in the public sector?
- How do PSMOs pursue and achieve financial viability, either through philanthropy or public funding? What funding sources and financial models are the most promising, and do the models vary based on PSMO type and context? Is there potential for social impact bonds to help ensure funding follows quality?
- How do new-entrant micro-schools, such as AltSchool or Action Academy, fit into the field of PSMOs? Is there potential for these schools to lower costs and serve particularly disadvantaged populations?
- And, finally, do different PSMOs produce different outcomes? If some PSMOs, or types of PSMOs, are more successful than others—why?

We're of the mind that PSMOs are among the most interesting and exciting innovations related to the supply of private-school seats—and potentially one of the most important recent developments in urban K–12 education. But much more work must be done if we're to realize PSMOs' promise. We hope that education researchers, analysts, philanthropists, and policymakers will take note of PSMOs and create a space to explore and support their potential.

Appendix 1: Qualitative Research Profile

TITLE: *Private School Pioneers: Studying the Emerging Field of Private School Management Organizations*

RESEARCH STUDY SPONSOR: Friedman Foundation for Educational Choice

STUDY CONDUCTOR: Juliet Squire, Kelly Robson, and Andy Smarick of Bellwether Education Partners

SOURCE OF FUNDING: Friedman Foundation for Educational Choice and the Walton Family Foundation

POPULATION: Leaders of existing private school networks

GEOGRAPHIC LOCATION(S):* Apex, NC; Austin, TX; Camden, NJ; Chicago, IL; Cincinnati, OH; Denver, CO; Indianapolis, IN; Los Angeles, CA; Memphis, TN; Milwaukee, WI; New York City, NY; Notre Dame, IN; Philadelphia, PA; San Jose, CA; and Washington, DC

INSTRUMENTATION: Interview protocol

DATA COLLECTION STRATEGIES: Semi-structured interviews

LANGUAGE(S): English

INTERVIEW DATES: April 7, 2015 to June 10, 2015

DATA COLLECTION LOCATION: Bellwether Education Partners' DC office: 1426 9th Street NW, Washington, DC 20001

DATA COLLECTION METHOD: Live phone calls

INTERVIEW LENGTH: 1 hour

SUBJECT ELIGIBILITY: Hold an executive leadership position at an existing private school network

NUMBER OF SUBJECTS: 18

STIMULI: N/A

TRAINING OF PROFESSIONAL INTERVIEWERS/CODERS: N/A

SUBJECT COMPENSATION: N/A

AUDIO OR VIDEO RECORDING: N/A

*These cities represent the geographic locations of each organization's central office; some organizations operate schools in multiple cities and/or states that are not included in this list.

Appendix 2: Interview Protocol

PSMO BACKGROUND AND STRUCTURE

1. How would you explain the structure of the network?
2. Has its structure changed at all since the network's founding? If so, how?
3. What is the relationship between the network's central office and its schools?
 - a. What is the central office responsible for?
 - b. What are schools responsible for?
 - c. How is school leadership selected?
 - d. What kind/level of support does the central office provide its schools?
4. What is the relationship between the schools within the network?
 - a. How similar are the educational models from one school to another across the network? (Curriculum, materials, etc.)
 - b. What resources and/or services are shared?

GROWTH

5. Do you have plans to expand the network to manage more schools?
 - a. How do you determine where to open new schools?
 - b. How do you determine what schools to take over/allow to join the network?
6. Are there plans to expand to other cities within the state? To other states?
7. What kind of schools do you foresee operating in the future? (New-starts, existing, both?)

HUMAN CAPITAL

8. Describe your teacher and principal recruiting processes.
 - a. Where do most teachers come from? Leaders?
 - b. What kinds of PD are offered?
 - c. Is recruitment and retention of teachers and leaders a challenge?
9. What kinds of training do your teachers and leaders participate in?

FUNDING

10. How are the network's schools primarily funded?
 - a. Philanthropy, tuition, vouchers?
11. What challenges have you faced in securing funding for the schools in the network?

OTHER

12. Are there particular policies or programs that would be especially helpful to your network/its schools? (For example, amendments to the voucher program, creating an incubator organization for new schools, etc.)
13. Is there anything else about the network that you think would be helpful for us to know?

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47. The five organizations that we excluded from this paper were the Catholic Schools Consortium in Los Angeles, the Consortium of Catholic Academies in Washington, DC, the Catholic Inner-City Schools Education Fund (CISE) in Cincinnati, the National Association of Street Schools (NASS), and Acton Academies. We determined that while the consortia in Los Angeles and Washington, DC provide various supports to groups of Catholic schools, these organizations more closely approximate technical assistance providers than operators or partners. There are a significant number of consortia across the country, and they deserve study, but they fall outside this report’s ken. Similarly, CISE in Cincinnati provides financial support to local Catholic schools through both direct aid to schools and through scholarships to students, but it does not directly operate any of the schools with which it works. Acton Academies, a micro school that started in Austin, Tex. in 2009 has expanded to include eight Acton Academies. However, the founders of the original academy do not operate all eight schools. Instead, they provide support and limited consulting support to others who wish to implement their model. We did not have a chance to interview Acton’s founders, but we do not believe it meets our definition of a PSMO. Finally, we did not include the StreetSchool Network (SSN) as a PSMO. SSN began in 1985 with two Denver-based schools. In 1996 the leaders of the Denver schools launched the National Association of Street Schools (now known as the StreetSchool Network). The original central office for the Denver-based schools continues to directly operate the Denver schools; it also provides information and support to its national members and hosts and annual conference for Street School leaders. However, the Street Schools’ central office does not directly operate any of its national member schools. As a result, we differentiate between the Denver Street Schools—which are directly operated by the organization’s central office—and the larger SSN—which is an organization of affiliated schools that are operated fully independently from the SSN central office and from one another. Therefore, for the purposes of this paper, we consider the Denver Street Schools (DSS) a PSMO, but do not consider the SSN a PSMO. Finally, we did not include online education providers like K12 or Connections in our analysis. These organizations have evolved to primarily provide unbundled school services like individual courses and therefore are not within the scope of our study of PSMOs.

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Bellwether Education Partners is a nonprofit dedicated to helping education organizations in the public, private, and nonprofit sectors become more effective in their work and achieve dramatic results, especially for high-need students. To do so, we provide a unique combination of exceptional thinking, talent, and hands-on strategic support.

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The authors welcome any and all questions related to methods and findings.

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